

Board of Cooperative Educational Services of Nassau County

**Financial Statements
As of and for the Year Ended June 30, 2023
Together with
Independent Auditor's Reports**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

October 6, 2023

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 15, during 2023 the BOCES adopted Governmental Accounting Standards Board Statement 96 – *Subscription Based information Technology Agreements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of A431 and A380 school districts, Schedule of project expenditures – capital projects fund, Schedule of change from original budget to revised budget – general fund and schedule of net investment in capital assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023 on our consideration of the BOCES' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BOCES' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BOCES' internal control over financial reporting and compliance.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2023

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, 2023. This section is a summary of the BOCES' financial activities based on currently known facts, decisions, or conditions. It is also based on both the BOCES-wide and fund-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 2022-2023 fiscal year are as follows:

- The BOCES' total net position decreased by 1.2% or (\$9,959,998) as reflected in the Entity-Wide Financial Statements for the fiscal year due in large part to the increase of \$5,699,114 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 6.5%, 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 16.3%, over the prior year.
- The BOCES served approximately 1,936 students in its Career and Technical Education program, which now includes the Long Island High School for the Arts; 1,677 children in Special Education, and approximately 738 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 22,350 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 2022-2023 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 1,150 adult learners including career and technical education courses to approximately 480 adult learners in 2022/2023.

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

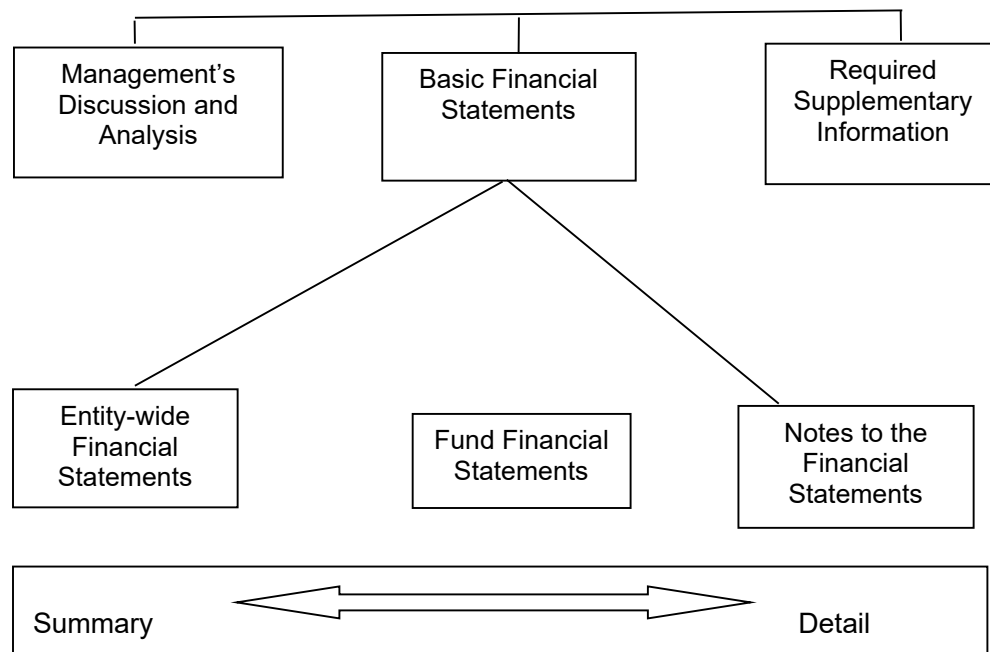


Figure A-2 summarizes the major features of the BOCES' financial statements, including a portion of the BOCES' activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

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

Changes in Net Position

Net position decreased to (\$817,748,025) for the year ended June 30, 2023, down (\$9,959,998) from the restated balance for 2022. This resulted primarily from the increase in the other post-employment benefits liability of \$5,699,114 in compliance with GASB 75.

	(In thousands of dollars)			
	Fiscal Year 2023	(restated) Fiscal Year 2022	Increase (Decrease)	Percent Change
Current and other assets	\$ 201,844	\$ 189,274	\$ 12,570	6.6%
Non-current assets	199,551	310,567	(111,016)	-35.7%
Deferred outflows of resources	<u>99,073</u>	<u>96,663</u>	<u>2,410</u>	2.5%
 Total assets and deferred outflows of resources	 <u>\$ 500,468</u>	 <u>\$ 596,504</u>	 <u>\$ (96,036)</u>	 -16.1%
 Current liabilities	 \$ 105,294	 \$ 95,983	 \$ 9,311	 9.7%
Long-term liabilities	935,627	867,214	68,413	7.9%
Deferred inflows of resources	<u>277,295</u>	<u>441,095</u>	<u>(163,800)</u>	-37.1%
 Total liabilities and deferred inflows of resources	 <u>1,318,216</u>	 <u>1,404,292</u>	 <u>(86,076)</u>	 -6.1%
 Net position:				
Investment in capital assets	133,645	127,913	5,732	4.5%
Restricted	90,933	82,614	8,319	10.1%
Unrestricted	<u>(1,042,326)</u>	<u>(1,018,315)</u>	<u>(24,011)</u>	2.4%
 Total net position	 <u>\$ (817,748)</u>	 <u>\$ (807,788)</u>	 <u>\$ (9,960)</u>	 1.2%

Note – Amounts may differ slightly from financial statements due to rounding.

FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE (Continued)

Figure A-4 Changes in Net Position from Operating Results

The BOCES' 2023 revenue was \$519,279,824 compared to the previous year of \$487,435,797 (see Figure A-4). Charges for services accounted for most of the BOCES' revenue by contributing approximately 93% of total revenue. (See Figure A-5). The remainder came from operating grants, investment earnings and miscellaneous revenue.

The total cost of all programs and services totaled \$529,239,822 for 2023, compared to \$454,926,950 in the previous year. These expenses are predominantly related to instruction (student instruction and instructional support) which accounts for approximately 72% of BOCES' expenses. (See Figure A-6). The BOCES' administration activities accounted for approximately 7% of total costs.

	(In thousands of dollars)			
	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Percent Change
<u>Revenue</u>				
Program revenue:				
Charges for services	\$ 482,381	\$ 457,696	\$ 24,685	5.4%
Operating grants and contributions	16,182	12,717	3,465	27.2%
General revenue:				
Use of money and property	14,508	11,887	2,621	22.0%
Sale of property and compensation for loss	544	332	212	63.9%
Miscellaneous	<u>5,664</u>	<u>4,804</u>	<u>860</u>	17.9%
Total revenue	<u>519,279</u>	<u>487,436</u>	<u>31,843</u>	6.5%
<u>Expenses</u>				
Instruction	279,127	227,992	51,135	22.4%
Administration	27,980	29,531	(1,551)	-5.3%
Itinerant services	1,902	1,100	802	72.9%
Instruction support	84,553	86,533	(1,980)	-2.3%
Other services	92,241	66,634	25,607	38.4%
Food services	2,276	2,043	233	11.4%
Debt Service Interest	462	395	67	17.0%
Amortization - unallocated	2,387	2,374	13	0.5%
Depreciation- unallocated	14,228	19,495	(5,267)	-27.0%
Surplus available for distribution	<u>24,083</u>	<u>18,830</u>	<u>5,253</u>	27.9%
Total expenses	<u>529,239</u>	<u>454,927</u>	<u>74,312</u>	16.3%
Increase (decrease) in net position	<u>\$ (9,960)</u>	<u>\$ 32,509</u>	<u>\$ (42,469)</u>	-130.6%

Note – Amounts may differ slightly from financial statements due to rounding.

FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE (Continued)

Figure A-5: Revenue Sources

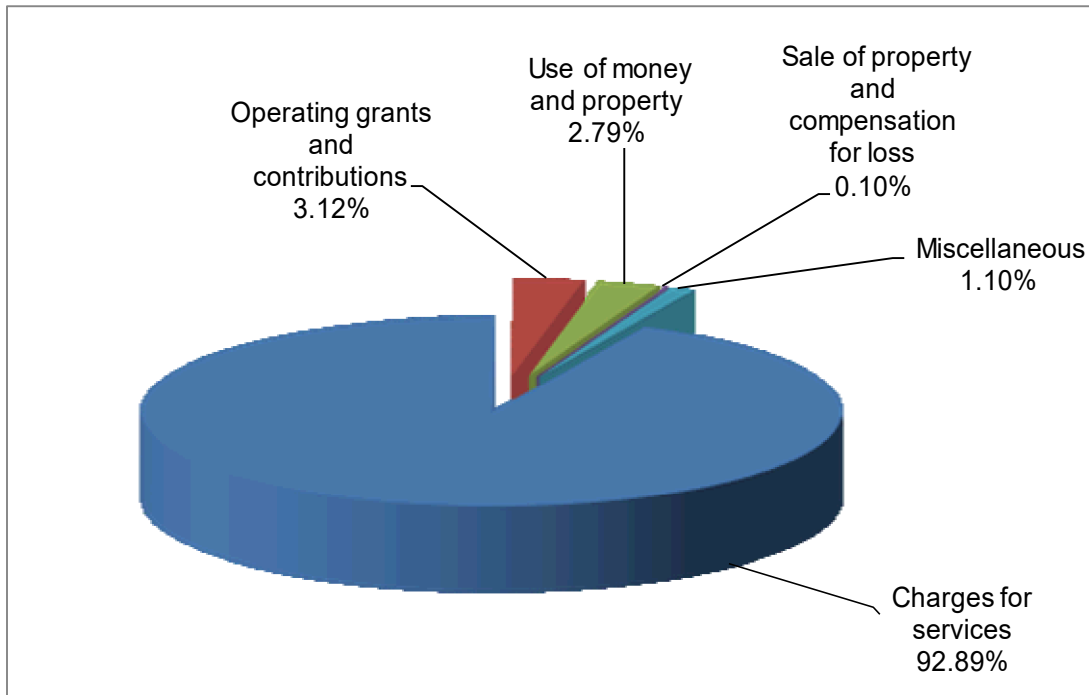
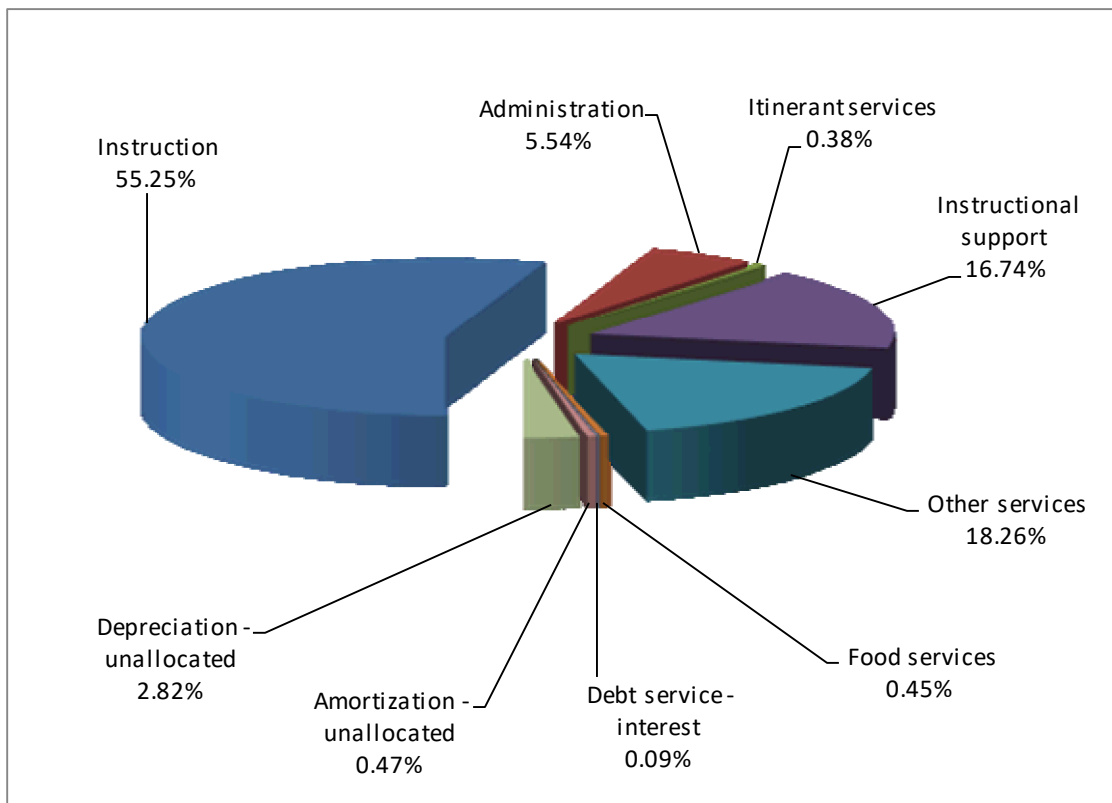


Figure A-6: Sources of Expenses



GOVERNMENTAL ACTIVITIES

Revenues for the BOCES' governmental activities totaled \$519,279,824 while total expenses equaled \$529,239,822. Expenses exceeded revenues. This resulted primarily from the BOCES recognizing an increase in the other post-employment benefits liability of \$5,699,114 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 2023	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2022
Instruction	\$ 279,127	\$ 227,992	\$ (7,923)	\$ 27,191
Administration	27,980	29,531	4,318	951
Itinerant services	1,902	1,100	(69)	639
Instruction support	84,553	86,533	8,749	1,922
Other services	92,241	66,634	6,176	26,435
Food services	2,276	2,043	(767)	(559)
Debt service - interest	462	395	(462)	(395)
Amortization - unallocated	2,387	2,374	(2,387)	(2,374)
Depreciation - unallocated	14,228	19,495	(14,228)	(19,495)
Surplus available for distribution	24,083	18,830	(24,083)	(18,830)
Total	\$ 529,239	\$ 454,927	\$ (30,676)	\$ 15,485

Note – Amounts may differ slightly from financial statements due to rounding.

The cost of all governmental activities this year was \$529,239,822. (Statement of Activities, Expenses column)

- The users of the BOCES' programs financed most of the cost with revenues of \$482,381,373. (Statement of Activities, Charges for Services column)
- The federal, state and local governments subsidized certain programs with grants of \$16,182,165. (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, 2023, the BOCES' combined governmental funds reported a total fund balance of \$101,741,256; an increase of \$3.7 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 2023	Fiscal Year 2022	Increase (Decrease)	Percent Change
<u>General Fund</u>				
Restricted for employee benefit accrued liability	\$ 7,095	\$ 6,890	\$ 205	3.0%
Restricted for career education instructional equipment	1,337	1,385	(48)	-3.5%
Restricted for liability and property loss	33	45	(12)	-26.7%
Restricted for unemployment insurance	357	417	(60)	-14.4%
Restricted for retirement contribution	27,716	27,219	497	1.8%
Assigned for administration	332	311	21	6.8%
Assigned for occupational instruction	162	627	(465)	-74.2%
Assigned for instruction for handicapped	1,334	1,684	(350)	-20.8%
Assigned for itinerant services	210	4	206	5150.0%
Assigned for general instruction	117	137	(20)	-14.6%
Assigned for general support	4,083	4,569	(486)	-10.6%
Assigned for other services	3,984	7,625	(3,641)	-47.8%
Assigned for athletics	6	6	-	0.0%
Total fund balance - General Fund	<u>\$ 46,766</u>	<u>\$ 50,919</u>	<u>\$ (4,153)</u>	-8.2%

Note – Amounts may differ slightly from financial statements due to rounding.

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 2023	Fiscal Year 2022	Increase (Decrease)	Percent Change
<u>School Lunch Fund</u>				
Nonspendable - inventory	\$ 35	\$ 30	\$ 5	16.7%
Assigned	<u>546</u>	<u>456</u>	<u>90</u>	19.7%
Total fund balance - School Lunch Fund	<u>\$ 581</u>	<u>\$ 486</u>	<u>\$ 95</u>	19.5%
<u>Debt Service Fund</u>				
Restricted	<u>\$ 1,125</u>	<u>\$ 1,084</u>	<u>\$ 41</u>	3.8%
Total fund balance - Debt Service Fund	<u>\$ 1,125</u>	<u>\$ 1,084</u>	<u>\$ 41</u>	3.8%
<u>Miscellaneous Revenue Fund</u>				
Restricted	<u>\$ 109</u>	<u>\$ 94</u>	<u>\$ 15</u>	16.0%
Total fund balance - Miscellaneous Revenue Fund	<u>\$ 109</u>	<u>\$ 94</u>	<u>\$ 15</u>	16.0%
<u>Capital Projects Fund</u>				
Restricted	<u>\$ 53,160</u>	<u>\$ 45,481</u>	<u>\$ 7,679</u>	16.9%
Total fund balance - Capital Projects Fund	<u>\$ 53,160</u>	<u>\$ 45,481</u>	<u>\$ 7,679</u>	16.9%
Total Fund Balance - all funds	<u>\$ 101,741</u>	<u>\$ 98,064</u>	<u>\$ 3,677</u>	3.7%

Note – Amounts may differ slightly from financial statements due to rounding.

The debt service fund balance increased by \$41,490 to \$1,125,026 as of year-end. The fund balance represents the balance required by DASNY for 2017 series bonds plus accrued gains on investments through June 30, 2023.

The capital projects fund balance increased by \$7,679,904 to \$53,160,439 as of year-end. The increase is due to revenue charged to component districts and from the allocation of the 2021/22 surplus exceeding expenditures.

FINANCIAL ANALYSIS OF THE BOCES' FUNDS (Continued)

Capital Assets

As of June 30, 2023, the BOCES had \$176,159,663 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 2023	(restated) Fiscal Year 2022	Increase (Decrease)	Percent Change
Land	\$ 9,236	\$ 9,236	\$ -	0.0%
Buildings and improvements	126,778	122,681	4,097	3.3%
Infrastructure	752	937	(185)	-19.7%
Equipment and furniture	32,472	31,385	1,087	3.5%
Right to use asset	6,872	5,027	1,845	36.7%
Subscription asset	50	-	50	100.0%
Total	<u>\$ 176,160</u>	<u>\$ 169,266</u>	<u>\$ 6,894</u>	4.1%

Note – Amounts may differ slightly from financial statements due to rounding.

The BOCES spent \$10,120,096 during the year in the capital projects fund on improvements and equipment purchases. The capital projects fund has a balance of \$53,160,439. 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, 2023, the BOCES had total bonds payable of \$6,400,000 and installment purchase debt payable in the amount of \$28,450,959. 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, 2023 and 2022 is as follows:

Category	(In thousands of dollars)		
	Fiscal Year <u>2023</u>	Fiscal Year <u>2022</u>	Increase (Decrease)
Installment purchase agreements	\$ 28,451	\$ 28,365	\$ 86
Unamortized bond premium	897	1,072	(175)
NYS Dormitory Authority bonds	<u>6,400</u>	<u>7,295</u>	<u>(895)</u>
Total	<u>\$ 35,748</u>	<u>\$ 36,732</u>	<u>\$ (984)</u>

Note – Amounts may differ slightly from financial statements due to rounding.

FACTORS BEARING ON THE BOCES' FUTURE

The general fund budget for the 2023-2024 fiscal year was approved for the amount of \$459,423,341. This is an increase of \$37,013,653 or 8.8% 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
Mrs. Colleen Lipponer
Assistant Superintendent for Business Services
71 Clinton Road
Garden City, New York 11530-4757
(516) 396-2219

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS:

Cash Unrestricted	\$ 7,341,232
Cash Restricted	90,975,763
Investments - restricted	1,125,026
Due from school districts	35,392,324
State and federal aid receivable	55,319,350
Accrued interest receivable	98,302
Accounts receivable	2,005,354
Lease receivable	9,485,390
Prepaid Expenditures	66,494
Inventories	35,199
	<hr/>
Total current assets	201,844,434

NONCURRENT ASSETS:

Lease receivable	23,390,999
Capital assets, net of accumulated depreciation	176,159,663
	<hr/>
Total non current assets	199,550,662

DEFERRED OUTFLOWS OF RESOURCES:

Deferred outflows of resources - bond refunding	379,605
Deferred outflows of resources - pensions ERS	38,288,734
Deferred outflows of resources - pensions TRS	60,404,404
	<hr/>
Total deferred outflows of resources	99,072,743

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 500,467,839

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

CURRENT LIABILITIES:

Accounts payable	\$ 12,010,008
Accrued liabilities	7,359,990
Accrued interest	137,462
Due to School Districts	50,985,674
Due to Teachers' Retirement System	12,764,971
Due To Employee Retirement System	3,332,049
Subscriptions payable	48,035
Other liabilities	1,630,347
Unearned Revenue	3,437,318
Short term portion of long term debt	13,587,838
	<hr/>
Total current liabilities	105,293,692

Compensated absences payable	6,862,395
Leases payable	5,294,216
Installment purchase agreements	18,382,284
Unamortized bond premium	897,376
NYS Dormitory Authority debt	5,460,000
Net pension liability - ERS	51,146,074
Net pension liability - TRS	11,073,430
Total other postemployment benefits	836,511,325
	<hr/>

Total long-term liabilities 935,627,100

Deferred inflows of resources - Leases	31,783,507
Deferred inflows of resources - pensions ERS	2,280,866
Deferred inflows of resources - pensions TRS	5,846,901
Deferred inflows of resources - OPEB	237,383,798
	<hr/>

Total deferred inflows of resources 277,295,072

1,318,215,864

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

NET POSITION

Net investment in capital assets	133,645,163
Restricted	90,932,582
Unrestricted net position	(1,042,325,770)
	<hr/>

\$ (817,748,025)

TOTAL NET POSITION

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

		Program Revenue		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
FUNCTIONS/PROGRAMS:				
Instruction:				
General instruction	\$ 25,826,008	\$ 26,000,356	\$ 447,539	\$ 621,887
Occupational instruction	33,919,398	30,100,598	1,995,585	(1,823,215)
Instruction for special needs	<u>219,381,981</u>	<u>203,420,225</u>	<u>9,239,851</u>	<u>(6,721,905)</u>
Total Instruction	279,127,387	259,521,179	11,682,975	(7,923,233)
Support services:				
Administration	27,980,101	31,403,027	895,078	4,318,004
Itinerant services	1,902,047	1,833,049	-	(68,998)
Instruction support	84,553,482	92,906,653	396,182	8,749,353
Other services	92,240,847	96,717,465	1,699,182	6,175,800
Food services	2,275,645	-	1,508,748	(766,897)
Debt service - interest	461,798	-	-	(461,798)
Amortization - unallocated	2,387,400	-	-	(2,387,400)
Depreciation - unallocated	<u>14,228,309</u>	<u>-</u>	<u>-</u>	<u>(14,228,309)</u>
Total support services	226,029,629	222,860,194	4,499,190	1,329,755
Surplus available for distribution	<u>24,082,806</u>	<u>-</u>	<u>-</u>	<u>(24,082,806)</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 529,239,822</u>	<u>\$ 482,381,373</u>	<u>\$ 16,182,165</u>	<u>\$ (30,676,284)</u>
GENERAL REVENUE:				
Use of money and property				\$ 14,508,495
Sale of property and compensation for loss				544,156
Miscellaneous				<u>5,663,635</u>
TOTAL GENERAL REVENUE				<u>20,716,286</u>
CHANGE IN NET POSITION				(9,959,998)
NET POSITION - beginning of year, as previously reported				<u>(807,816,027)</u>
RESTATEMENT (NOTE 15)				28,000
NET POSITION - beginning of year, as restated				<u>(807,788,027)</u>
TOTAL NET POSITION - end of year				<u>\$ (817,748,025)</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, 2023

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	
ASSETS							
Cash - Unrestricted	\$ 2,693,532	\$ 3,986,730	\$ 660,970	\$ -	\$ -	\$ -	\$ 7,341,232
Cash - Restricted	36,537,955	-	-	-	109,162	54,328,646	90,975,763
Investments - Restricted	-	-	-	1,125,026	-	-	1,125,026
Accounts receivable	1,835,248	169,991	115	-	-	-	2,005,354
Due from school districts	35,306,042	86,282	-	-	-	-	35,392,324
Due from other funds	4,767,824	-	-	-	-	-	4,767,824
Lease receivable (inclusive of \$159,277 of interest)	32,876,389	-	-	-	-	-	32,876,389
State and federal aid	50,984,138	4,220,050	115,162	-	-	-	55,319,350
Prepaid Expenditures	66,494	-	-	-	-	-	66,494
Inventory	-	-	35,199	-	-	-	35,199
TOTAL ASSETS	\$ 165,067,622	\$ 8,463,053	\$ 811,446	\$ 1,125,026	\$ 109,162	\$ 54,328,646	\$ 229,904,955
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ 11,600,177	\$ 400,331	\$ 9,500	\$ -	\$ -	\$ -	\$ 12,010,008
Accrued liabilities	6,090,219	119,656	75,805	-	-	1,074,310	7,359,990
Other liabilities	1,630,347	-	-	-	-	-	1,630,347
State aid due to school districts	50,985,674	-	-	-	-	-	50,985,674
Due to other funds	-	4,528,248	145,679	-	-	93,897	4,767,824
Due to TRS	12,764,971	-	-	-	-	-	12,764,971
Due to ERS	3,332,049	-	-	-	-	-	3,332,049
Unearned revenues	22,500	3,414,818	-	-	-	-	3,437,318
Compensated Absences	92,011	-	-	-	-	-	92,011
TOTAL LIABILITIES	86,517,948	8,463,053	230,984	-	-	1,168,207	96,380,192
DEFERRED INFLOW OF RESOURCES:							
Deferred inflow of resources - leases	31,783,507	-	-	-	-	-	31,783,507

(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, 2023**

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	
FUND BALANCES							
Nonspendable							
Inventory	-	-	35,199	-	-	-	35,199
Prepaid expenditures	66,494	-	-	-	-	-	66,494
Restricted	36,537,955	-	-	1,125,026	109,162	53,160,439	90,932,582
Assigned	10,228,212	-	545,263	-	-	-	10,773,475
Unassigned	(66,494)	-	-	-	-	-	(66,494)
TOTAL FUND BALANCES	<u>46,766,167</u>	<u>-</u>	<u>580,462</u>	<u>1,125,026</u>	<u>109,162</u>	<u>53,160,439</u>	<u>101,741,256</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES	<u>\$ 165,067,622</u>	<u>\$ 8,463,053</u>	<u>\$ 811,446</u>	<u>\$ 1,125,026</u>	<u>\$ 109,162</u>	<u>\$ 54,328,646</u>	<u>\$ 229,904,955</u>
A reconciliation of total governmental fund balance to government-wide net position follows:							
Total governmental fund balances per above							\$ 101,741,256
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.							
							176,159,663
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.							
							(897,376)
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.							
							(137,462)
Lease related items resulting from the implementation of GASB 87 such as Accrued interest receivable and Lease payables are recorded on the Statement of Net Position but not recognized in the fund statements. These items consisted of:							
Accrued interest receivable							98,302
Lease payables							(7,097,735)
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							98,693,138
Net pension liability - ERS							(51,146,074)
Net pension liability - TRS							(11,073,430)
Deferred inflows of resources							(8,127,767)
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 inflows of resources							(237,383,798)
Total OPEB liability							(836,511,325)
Deferred outflows related amortization of loss on bond refunding							379,605
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							(11,784,319)
Compensated absences payable							(6,770,384)
Subscriptions payable							(48,035)
Installment purchase agreements							(18,382,284)
NYS Dormitory Authority debt							(5,460,000)
NET POSITION OF GOVERNMENTAL ACTIVITIES							<u>\$ (817,748,025)</u>

The accompanying notes are an integral part of these financial statements.

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, 2023**

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	
REVENUE:							
Charges to components - admin	\$ 29,577,080	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,577,080
Charges to components - services	433,092,741	7,905,791	-	-	-	-	440,998,532
Charges to other BOCES and non-components	9,602,887	2,202,875	-	-	-	-	11,805,762
Interest and earnings (loss)	14,485,628	-	-	22,867	-	-	14,508,495
Sale of property and compensation for loss	543,374	-	782	-	-	-	544,156
Miscellaneous	5,222,799	98,075	-	-	216,113	-	5,536,987
State sources	-	12,881,113	31,064	-	-	-	12,912,177
Federal sources	-	1,792,305	1,477,684	-	-	-	3,269,989
Sales - School lunch	-	-	126,646	-	-	-	126,646
Total revenue	492,524,509	24,880,159	1,636,176	22,867	216,113	-	519,279,824
EXPENDITURES:							
Administration	25,885,685	1,406,679	-	-	-	-	27,292,364
Occupational instruction	28,440,198	3,925,610	-	-	-	-	32,365,808
Instruction for special education	191,356,122	15,648,718	-	-	-	-	207,004,840
Itinerant services	1,780,142	-	-	-	-	-	1,780,142
General instruction	28,937,795	547,035	-	-	201,250	-	29,686,080
Instruction support	85,977,838	597,732	-	-	-	-	86,575,570
Other services	92,184,966	2,709,869	-	-	-	-	94,894,835
Debt service - principal	2,209,898	-	-	895,000	-	-	3,104,898
Debt service - interest	228,505	-	-	342,377	-	-	570,882
Cost of sales	-	-	2,275,645	-	-	-	2,275,645
Capital outlay	-	-	-	-	-	10,120,096	10,120,096
Total expenditures	457,001,149	24,835,643	2,275,645	1,237,377	201,250	10,120,096	495,671,160
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	35,523,360	44,516	(639,469)	(1,214,510)	14,863	(10,120,096)	23,608,664
OTHER SOURCES AND (USES):							
Operating transfers in	-	1,125	732,262	1,256,000	-	17,800,000	19,789,387
Proceeds from issuance of leases	4,151,086	-	-	-	-	-	4,151,086
Surplus available for distribution	(24,082,806)	-	-	-	-	-	(24,082,806)
Operating transfers (out)	(19,743,746)	(45,641)	-	-	-	-	(19,789,387)
Total other sources (uses)	(39,675,466)	(44,516)	732,262	1,256,000	-	17,800,000	(19,931,720)
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(4,152,106)	-	92,793	41,490	14,863	7,679,904	3,676,944
FUND BALANCES - beginning of year	50,918,273	-	487,669	1,083,536	94,299	45,480,535	98,064,312
FUND BALANCES - end of year	\$ 46,766,167	\$ -	\$ 580,462	\$ 1,125,026	\$ 109,162	\$ 53,160,439	\$ 101,741,256

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, 2023**

Net changes in fund balance - Total governmental funds	\$ 3,676,944
Capital outlays, net are expenditures in governmental funds, but are capitalized in the statement of net position.	19,228,038
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(14,228,309)
Leases are expenditures in governmental funds, net of disposals, but are capitalized in the statement of net position	4,151,086
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	(2,387,400)
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.	(12,493,709)
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.	(11,367,439)
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.	12,146,484
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.	175,099
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.	(74,069)
Issuance of long-term lease liabilities are recognized as proceeds in the governmental funds, but recorded as a liability in the statement of net position.	(4,151,086)
Repayments of long-term lease liabilities are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	2,155,099
Repayments of long-term subscription liabilities are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	73,385
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.	(129,360)
Accrued post-employment benefits do not require the expenditure of current resources and, therefore are not reported as expenditures in the governmental funds.	(6,754,693)
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>19,932</u>
Change in net position - Governmental activities	<u>\$ (9,959,998)</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, 2023

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 Special 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 leases and subscription agreements are reported as other financing sources.

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 \$104,066,720. Of the total aid, \$53,082,582 was received and distributed to the school districts prior to June 30, 2023. The amount received in September 2023 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.

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

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.

The BOCES follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent the observable inputs do not exist.

The BOCES is part of an investment pool held by the New York Liquid Asset Fund (NYLAF). These are short-term, highly liquid investments for the public sector that provide the opportunity to invest funds cooperatively, while maintaining the safety of assets.

Accounts and Leases 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.

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.

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

Interfund Transactions (Continued)

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

Capital assets also include lease and subscription assets with a term greater than one year. The BOCES does not implement a capitalization threshold for lease assets. Lease and subscription assets are amortized on a straight-line basis over the term of the lease.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position sometimes reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has the following items that qualify for reporting in this category:

- Deferred outflows resulting from the loss on refunding of long-term debt. The amortization is expensed against interest expense in future periods.
- Deferred charges resulting from pension and OPEB contributions made subsequent to the measurement date of the plan. The amortization is expensed against pension expense and OPEB expense in future periods.
- Deferred charges resulting from differences between projected and actual earnings on pension plan investments of the plan. The amortization is expensed against pension expense in future periods.

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

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

Deferred Outflows and Inflows of Resources (Continued)

The government has the following items that qualify for reporting in this category;

- The net amount of the BOCES' balances of deferred inflows of resources related to pensions is reported in the government-wide Statement of Net Position as deferred inflows of resources. This represents the effect of the net change in the BOCES' proportion of the collective net pension asset or liability and the difference during the measurement period between the BOCES' contributions and its proportionate share of total contributions to the pension systems not included in pension expense.
- Deferred charges resulting from changes of benefit terms, differences between expected and actual experience, and changes in assumptions related to OPEB. The amortization is offset against OPEB expense in future periods.
- Lease-related amounts are recognized at the inception of leases when the BOCES is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

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.

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.

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

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.

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.

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

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.

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.

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

Fund Balance – Reservations and Designations (Continued)

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.

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.

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

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.

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, 2023 comprised of the following:

<u>Type of investment</u>	<u>Issue</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Investment Gain/(Loss)</u>	<u>Maturities (in years)</u>
Treasury Bill	2011	\$ 1,124,270	\$ 1,121,276	\$ (2,994)	0.12
Cash	All	756	756	-	N/A
Total debt service fund		<u>\$ 1,125,026</u>	<u>\$ 1,122,032</u>	<u>\$ (2,994)</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).

<u>Investment by Fair Value</u>	<u>Credit Quality Rating</u>	<u>Total</u>	<u>Fair Market Value Measurements Using:</u>		
			<u>Quoted Prices in Active Market for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Other Observable Inputs Level 3</u>
Total Investment at fair value level	N/A	<u>\$ 1,125,026</u>	<u>\$ -</u>	<u>\$ 1,125,026</u>	<u>\$ -</u>

5. STATE, FEDERAL AND COUNTY RECEIVABLES

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

	General Fund	Special Aid Fund	School Lunch Fund	Total
State aid receivable - Due to districts	\$ 50,984,138	\$ -	\$ -	\$ 50,984,138
State and federal aid receivable	<u>-</u>	<u>4,220,050</u>	<u>115,162</u>	<u>4,335,212</u>
Total state and federal aid receivables	<u>\$ 50,984,138</u>	<u>\$ 4,220,050</u>	<u>\$ 115,162</u>	<u>\$ 55,319,350</u>

6. CAPITAL ASSETS

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

	(restated) July 1, 2022 Balance	Additions	Deletions	Adjustments	June 30, 2023 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	176,187,341	1,282,654	-	7,700,219	185,170,214
Infrastructure	2,479,713	-	-	-	2,479,713
Furniture and equipment	<u>77,718,480</u>	<u>10,047,877</u>	<u>1,211,171</u>	<u>206,297</u>	<u>86,761,483</u>
Total depreciable historical cost	<u>256,385,534</u>	<u>11,330,531</u>	<u>1,211,171</u>	<u>7,906,516</u>	<u>274,411,410</u>
Less accumulated depreciation:					
Buildings and improvements	53,506,761	4,884,921	-	-	58,391,682
Infrastructure	1,542,735	185,224	-	-	1,727,959
Furniture and equipment	<u>46,333,012</u>	<u>9,158,164</u>	<u>1,202,163</u>	<u>-</u>	<u>54,289,013</u>
Total accumulated depreciation	<u>101,382,508</u>	<u>14,228,309</u>	<u>1,202,163</u>	<u>-</u>	<u>114,408,654</u>
Total depreciable cost, net	<u>155,003,026</u>	<u>(2,897,778)</u>	<u>9,008</u>	<u>7,906,516</u>	<u>160,002,756</u>
Total Capital Assets, net	<u>164,238,626</u>	<u>(2,897,778)</u>	<u>9,008</u>	<u>7,906,516</u>	<u>169,238,356</u>
Lease assets that are amortized:					
Building	4,748,532	4,151,086	763,480	-	8,136,138
Office Space	1,558,614	-	49,006	-	1,509,608
Equipment	<u>146,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,274</u>
Total amortized lease assets	<u>6,453,420</u>	<u>4,151,086</u>	<u>812,486</u>	<u>-</u>	<u>9,792,020</u>
Less accumulated amortization:					
Building	879,871	1,710,089	763,480	-	1,826,480
Office Space	503,588	526,071	30,268	-	999,391
Equipment	<u>43,022</u>	<u>51,626</u>	<u>-</u>	<u>-</u>	<u>94,648</u>
Total accumulated amortization	<u>1,426,481</u>	<u>2,287,786</u>	<u>793,748</u>	<u>-</u>	<u>2,920,519</u>
Total amortized lease assets, net	<u>5,026,939</u>	<u>1,863,300</u>	<u>18,738</u>	<u>-</u>	<u>6,871,501</u>
Subscription assets that are amortized:					
Subscriptions	<u>149,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,420</u>
Total amortized subscription assets	<u>149,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,420</u>
Less accumulated amortization:					
Subscriptions	<u>-</u>	<u>99,614</u>	<u>-</u>	<u>-</u>	<u>99,614</u>
Total accumulated amortization	<u>-</u>	<u>99,614</u>	<u>-</u>	<u>-</u>	<u>99,614</u>
Total amortized subscription assets, net	<u>149,420</u>	<u>(99,614)</u>	<u>-</u>	<u>-</u>	<u>49,806</u>
Governmental Activities Capital Assets	<u>\$169,414,985</u>	<u>\$ (1,134,092)</u>	<u>\$ 27,746</u>	<u>\$ 7,906,516</u>	<u>\$176,159,663</u>

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

7. LEASES

The BOCES as Lessee

The BOCES leases various buildings and classrooms, primarily from their component districts. Lease agreements are summarized as follows:

<u>Description</u>	<u>Asset Type</u>	<u>Maturity Date</u>	<u>Term (in Months)</u>	<u>Interest Rate / Discount Rate</u>	<u>Lease Liability June 30, 2023</u>
Levittown Seaman Neck	Building	6/30/2027	60	3.77%	\$ 3,447,351
Levittown - GC Tech	Classroom	6/30/2029	96	2.09%	3,107,478
Farmingdale - Woodward Parkway School	Classroom	6/30/2024	34	2.09%	66,916
Jericho - Robert Williams School	Building	6/30/2024	36	2.09%	397,620
Island Trees - Michael F Stokes Elementary School	Classroom	6/30/2024	34	2.09%	34,547
Island Trees Middle School	Classroom	6/30/2024	34	2.09%	31,227
Island Trees High School	Classroom	6/30/2024	34	2.09%	12,596
					<u>\$ 7,097,735</u>

Activity of lease liabilities for the year ended June 30, 2023 is summarized as follows:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Ending Balance</u>	<u>Amounts due within One Year</u>
\$ 5,101,748	\$ 4,151,086	\$ 2,155,099	\$ 7,097,735	\$ 1,803,519

Annual requirements to amortize long-term obligations and related interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,803,519	\$ 182,809	\$ 1,986,328
2025	1,311,554	136,381	1,447,935
2026	1,364,309	94,339	1,458,648
2027	1,418,941	50,637	1,469,578
2028	626,051	18,471	644,522
2029-2033	<u>573,361</u>	<u>6,512</u>	<u>579,873</u>
	<u>\$ 7,097,735</u>	<u>\$ 489,149</u>	<u>\$ 7,586,884</u>

7. LEASES (Continued)

The BOCES as Lessor

The BOCES as lessor has the follow lease receivables at year end:

The BOCES participates in arrangements where component districts of the BOCES obtain the use of equipment from the BOCES. Title on these purchases remain with the BOCES and are typically financed through an installment purchase agreement by the BOCES. These equipment purchases are primarily copiers and information technology equipment and have a typical life of five years. The interest rates on these transactions range from 2.09% to 3.50%. The leases do not contain renewal options. Receivable
balance at
year end

\$ 19,770,963

The BOCES participates in an arrangement where the BOCES leases capacity on its channels to Clearwire Spectrum Holdings III, LLC. The lease commenced in July 2010 and had an initial term of 10 years ending in July 2019. The agreement includes automatic renewals that may be terminated by Clearwire with 18 months notice. The maximum term of the agreement is 30 years. The monthly lease payments to be received by the BOCES began at \$30,000 and increased to \$95,000 based upon a payment schedule included in the agreement. The payments conclude in the year ending 2040. The BOCES has imputed interest at 2.09% on this agreement.

12,866,819

Total lease receivable at year end \$ 32,637,782

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 9,485,390	\$ 720,833	\$ 10,206,223
2025	6,586,603	523,588	7,110,191
2026	4,056,567	356,413	4,412,980
2027	1,239,966	268,529	1,508,495
2028	702,016	232,866	934,882
2029-2033	3,501,798	938,843	4,440,641
2034-2038	4,834,339	505,661	5,340,000
2039-2043	<u>2,231,103</u>	<u>48,897</u>	<u>2,280,000</u>
	<u>\$ 32,637,782</u>	<u>\$ 3,595,630</u>	<u>\$ 36,233,412</u>

8. LONG-TERM LIABILITIES

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

Interest paid	\$ 570,882
Less: interest accrued in prior year	(145,668)
Plus: amortization of deferred refunding	74,069
Less: amortization of premium	(175,099)
Plus: interest accrued in current year	<u>137,614</u>
Total interest expense	<u>\$ 461,798</u>

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds and notes payable:					
General Obligation Bonds	\$ 7,295,000	\$ -	\$ 895,000	\$ 6,400,000	\$ 940,000
Unamortized bond premiums	1,072,475	-	175,099	897,376	-
Installment debt	<u>28,365,467</u>	<u>11,367,439</u>	<u>11,281,947</u>	<u>28,450,959</u>	<u>10,068,675</u>
Total bonds and notes payable	36,732,942	11,367,439	12,352,046	35,748,335	11,008,675
Other liabilities:					
Compensated absences	7,508,679	129,360 (A)	-	7,638,039	775,644
Leases payable	5,101,748	4,151,086	2,155,099	7,097,735	1,803,519
Total other postemployment benefits	<u>830,812,211</u>	<u>60,819,338</u>	<u>55,120,224</u>	<u>836,511,325</u>	<u>-</u>
Total other liabilities	<u>843,422,638</u>	<u>65,099,784</u>	<u>57,275,323</u>	<u>851,247,099</u>	<u>2,579,163</u>
Total long-term liabilities	<u>\$ 880,155,580</u>	<u>\$ 76,467,223</u>	<u>\$ 69,627,369</u>	<u>\$ 886,995,434</u>	<u>\$ 13,587,838</u>

(A) Additions and deletions to 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:

	Issue Date	Final Maturity	Interest Rate	Outstanding at year end
Dormitory Authority bond	8/23/2017	8/15/2028	2.0-5.00%	<u>\$ 6,400,000</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>
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	1,090,000	144,500	1,234,500
2028	1,145,000	88,625	1,233,625
2029	1,200,000	30,000	1,230,000
Totals	<u>\$ 6,400,000</u>	<u>\$ 1,005,500</u>	<u>\$ 7,405,500</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, 2023 was \$28,450,959. 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 \$685,486 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>
2024	\$ 10,068,675	\$ 808,884	\$ 10,877,559
2025	7,898,460	555,229	8,453,689
2026	6,132,328	310,929	6,443,257
2027	3,082,803	130,175	3,212,978
2028	1,268,693	31,548	1,300,241
Totals	<u>\$ 28,450,959</u>	<u>\$ 1,836,765</u>	<u>\$ 30,287,724</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 \$74,069 and is included as a reduction to interest expenses on the BOCES-wide Financial Statements.

9. INTERFUND BALANCES AND ACTIVITY

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

	Interfund		Interfund	
	Receivable	Payable	Revenue	Expenditure
General fund	\$ 4,767,824	\$ -	\$ -	\$ 19,743,746
Special aid fund	-	4,528,248	1,125	45,641
School lunch fund	-	145,679	732,262	-
Debt service fund	-	-	1,256,000	-
Miscellaneous special revenue fund	-	-	-	-
Capital fund	-	93,897	17,800,000	-
Total governmental activities	<u>\$ 4,767,824</u>	<u>\$ 4,767,824</u>	<u>\$ 19,789,387</u>	<u>\$ 19,789,387</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:

2023	\$ 9,256,062
2022	\$ 12,096,169
2021	\$ 11,276,948

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, 2023, the BOCES reported a liability of \$51,146,074 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of April 1, 2022. 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, 2023, the BOCES' proportion was 0.2385096%, which was an increase from its proportion of 0.2193166%, measured at June 30, 2022.

For the year ended June 30, 2023, the BOCES recognized pension expense of \$20,143,942. At June 30, 2023, 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	\$ 5,447,457	\$ 1,436,374
Changes of Assumptions	24,839,832	274,527
Net difference between projected and actual earnings on pension plan investments	-	300,481
Changes in proportion and differences between the BOCES' contributions and proportionate share of contributions	4,669,396	269,484
Contributions subsequent to the measurement date	3,332,049	-
	<u>\$ 38,288,734</u>	<u>\$ 2,280,866</u>

\$3,332,049 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 for the BOCES year end of June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:

2024	\$ 8,391,945
2025	(1,440,809)
2026	11,323,850
2027	14,400,833
2028	-
Thereafter	-
	<u>\$ 32,675,819</u>

10. PENSION PLANS (Continued)

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Inflation	2.90%
Salary scale	4.40%
Projected COLAs	1.50%
Decrement	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-2021
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, 2023 is summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	32.0%	4.30%
International Equity	15.0%	6.85%
Private Equity	10.0%	7.50%
Real Estate	9.0%	4.60%
Opportunistic Portfolio	3.0%	5.38%
Credit	4.0%	5.43%
Real Assets	3.0%	5.84%
Fixed Income	23.0%	1.50%
Cash	<u>1.0%</u>	0.00%
	<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	\$ 123,598,124	\$ 51,146,074	\$ (9,396,042)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2023, were as follows:

	<u>Pension Plan's Fiduciary Net Position</u>
Total pension liability	\$ 232,627,259,000
Net position	<u>(211,183,223,000)</u>
Net pension liability (asset)	<u>\$ 21,444,036,000</u>
Fiduciary net position as a percentage of total pension liability	90.78%

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:

2023	\$ 11,224,338
2022	\$ 9,205,557
2021	\$ 9,207,499

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

At June 30, 2023, the BOCES reported an asset of \$11,073,430 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as June 30, 2021. 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, 2023 the BOCES' proportion was 0.5770740%, which was an increase from its proportion of 0.569106%, measured June 30, 2022.

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, 2023, the BOCES recognized pension expense of \$13,877,170. At June 30, 2023 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	\$ 11,603,553	\$ 221,892
Changes of Assumptions	21,480,581	4,460,691
Net difference between projected and actual earnings on pension plan investments	14,307,922	-
Changes in proportion and differences between the BOCES' contributions and proportionate share of contributions	247,377	1,164,318
Contributions subsequent to the measurement date	12,764,971	-
	<u>\$ 60,404,404</u>	<u>\$ 5,846,901</u>

\$12,764,971 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 BOCES year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:

2023	\$ 7,962,154
2024	4,079,498
2025	(2,022,867)
2026	28,104,963
2027	3,544,814
Thereafter	123,970
	<u>\$ 41,792,532</u>

10. PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022.

These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal										
Inflation	2.40%										
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>5.18%</td></tr><tr><td>15</td><td>3.64%</td></tr><tr><td>25</td><td>2.50%</td></tr><tr><td>35</td><td>1.95%</td></tr></tbody></table>	Service	Rate	5	5.18%	15	3.64%	25	2.50%	35	1.95%
Service	Rate										
5	5.18%										
15	3.64%										
25	2.50%										
35	1.95%										
Projected COLAs	1.3% compounded annually										
Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.										

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2020, 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, 2015 to June 30, 2020.

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, 2022 are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equities	33.0%	6.5%
International Equities	16.0%	7.2%
Global Equities	4.0%	6.9%
Real Estate Equities	11.0%	6.2%
Private Equities	8.0%	9.9%
Domestic fixed Income	16.0%	1.1%
Global Bonds	2.0%	0.6%
Private Debt	2.0%	5.3%
Real Estate Debt	6.0%	2.4%
High-yield Bonds	1.0%	3.3%
Cash Equivalents	<u>1.0%</u>	-0.3%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. 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 6.95%, 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 (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate Share of Net Pension liability	\$ <u>102,102,217</u>	\$ <u>11,073,430</u>	\$ <u>(65,481,183)</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, 2022, were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 133,883,473,797
Net position	(131,964,582,107)
Net pension liability (asset)	<u>\$ 1,918,891,690</u>

Fiduciary net position as a percentage of total pension liability 98.57%

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, 2023, totaled \$6,330,792. Additionally, contributions made by the employees to the 403b Roth plan, totaled \$169,513.

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, 2023 totaled \$2,086,008. Additionally, contributions made by employees to the 457 Roth plan, totaled \$148,136.

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,612
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-
Active employees	2,398
Total participants	<u>4,010</u>

Total OPEB Liability

The BOCES' total OPEB liability of \$836,511,325 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs

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

Discount Rate	4.00%
Payroll Growth	3.00%
Healthcare Cost Trend Rates	7.0% for 2023, decreasing 0.25% per year to an ultimate rate of 4.5% for 2033 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 two 20-year bond indices (e.g., S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GO AA 20 Years) as of June 30, 2023.

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 2021 table. These tables are consistent with mortality tables and mortality improvement tables used in the industry.

The actuarial assumptions used in the July 1, 2021 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, 2022 reflects the projected pay-as-you-go results for fiscal year July 1, 2022 to June 30, 2023.

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

Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 830,812,211</u>
Changes for the Year	
Service cost	28,035,020
Interest	32,784,318
Changes of benefit terms	-
Changes in assumptions or other inputs	(32,711,707)
Differences between expected and actual experience	-
Benefit payments	<u>(22,408,517)</u>
Net changes	<u>5,699,114</u>
Balance at June 30, 2023	<u><u>\$ 836,511,325</u></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 <u>(3.00%)</u>	Current Discount <u>(4.00%)</u>	1% Increase <u>(5.00%)</u>
Total OPEB Liability	<u>\$ 993,685,832</u>	<u>\$ 836,511,325</u>	<u>\$ 713,046,600</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>\$ 689,139,094</u>	<u>\$ 836,511,325</u>	<u>\$ 1,031,741,626</u>

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

For the year ended June 30, 2023, the BOCES recognized OPEB expense of \$6,754,693. At June 30, 2023 the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	<u>\$ -</u>	<u>\$ (237,383,798)</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:		
2024	\$	(31,656,128)
2025		(31,656,128)
2026		(36,522,803)
2027		(39,856,421)
2028		(50,791,246)
Thereafter		(46,901,072)
	\$	<u>(237,383,798)</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, coverage for excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond are purchased from commercial carriers and be available to the subscriber districts. As of June 30, 2023, the BOCES has a reserve for property and liability losses with a balance of \$32,876.

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, 2023, the BOCES encumbered the following amounts:

Assigned Unappropriated fund balance:

General Fund	Administration	\$ 332,348
	Occupational instruction	161,533
	Instruction for special education	1,334,147
	Itinerant services	209,750
	General instruction	117,013
	Instruction support	4,083,483
	Other services	3,984,300
		<u>\$ 10,222,574</u>
Special Aid Fund	Grants and Other Programs	<u>\$ 298,136</u>
School Lunch Fund	Cost of sales	<u>\$ 90,757</u>
Capital Project Fund	Capital projects	<u>\$ 7,772,246</u>
	Total encumbrances	<u>\$ 18,383,713</u>

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	\$ 32,876	\$ -	\$ -	\$ -
Unemployment	356,770	-	-	-
Compensated absences	7,095,252	-	-	-
Retirement contribution	27,715,672	-	-	-
CTE equipment	1,337,385	-	-	-
Debt Service	-	1,125,026	-	-
Extraclassroom activities	-	-	60,689	-
Scholarships	-	-	48,473	-
Capital projects	-	-	-	53,160,439
Total restricted fund balance	<u>\$ 36,537,955</u>	<u>\$ 1,125,026</u>	<u>\$ 109,162</u>	<u>\$ 53,160,439</u>

Assigned Unappropriated Fund Balance

The BOCES has classified \$5,639 at June 30, 2023 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. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2023, the BOCES implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Based Information Technology Agreements. GASB Statement No. 96 enhances the relevance and consistency of information of the government's subscription based information technology agreement activities. It establishes requirements for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying subscription asset. A subscriber is required to recognize a subscription liability and an intangible right to use subscription asset.

	Governmental Activities Net <u>Position</u>
Balance at June 30, 2022, as previously reported	\$(807,816,027)
Adjustments:	
Net book value asset	149,420
SBITA liability	<u>(121,420)</u>
Balance at June 30, 2022, as restated	<u><u>\$(807,788,027)</u></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, 2023**

	Original Budget	Final Budget	Actual		Final Budget Variance with Budgetary Actual
REVENUE					
Administration (001-002)	\$ 29,999,580	\$ 29,999,580	\$ 31,095,017		\$ (1,095,437)
Occupational instruction (100-199)	30,547,681	30,606,951	29,627,771		979,180
Instruction for special education (200-299)	175,286,705	183,344,362	200,692,990		(17,348,628)
Itinerant services (300-399)	2,229,779	2,616,212	2,454,676		161,536
General instruction (400-499)	21,849,690	28,038,785	29,944,702		(1,905,917)
Instruction support (500-599)	76,637,039	90,432,460	90,316,927		115,533
Other services (600-699)	79,534,873	94,571,605	95,122,915		(551,310)
Total revenues	<u>416,085,347</u>	<u>459,609,955</u>	<u>479,254,998</u>		<u>(19,645,043)</u>
EXPENDITURES					
				<u>Encumbrances</u>	<u>Variance with Budgetary Actual and Encumbrances</u>
Administration (001-002)	\$ 29,999,580	\$ 29,999,580	\$ 29,866,350	\$ 332,348	\$ (199,118)
Occupational instruction (100-199)	30,547,681	30,606,951	28,487,469	161,533	1,957,949
Instruction for special education (200-299)	175,286,705	183,344,362	179,122,837	1,334,147	2,887,378
Itinerant services (300-399)	2,229,779	2,616,212	1,782,275	209,750	624,187
General instruction (400-499)	21,849,690	28,038,785	27,263,169	117,013	658,603
Instruction support (500-599)	76,637,039	90,432,460	86,192,423	4,083,483	156,554
Other services (600-699)	79,534,873	94,571,605	92,299,535	3,984,300	(1,712,230)
Total expenditures	<u>416,085,347</u>	<u>459,609,955</u>	<u>445,014,058</u>	<u>10,222,574</u>	<u>4,373,323</u>
Excess revenue over expenditures (expenditures over revenue)			<u>\$ 34,240,940</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, 2023**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Proportion of the net pension liability (asset)	0.2385096%	0.2193166%	0.2212598%	0.2237450%	0.2274824%	0.2200943%	0.2206141%	0.2244369%	0.2258358%	
Proportionate share of the net pension liability (asset)	\$ 51,146.1	\$ (17,928.2)	\$ 220.3	\$ 59,249.0	\$ 16,117.8	\$ 7,103.4	\$ 20,729.4	\$ 36,022.8	\$ 7,629.3	
Covered-employee payroll	\$ 80,313.4	\$ 81,897.3	\$ 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	63.68%	-21.89%	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)	90.78%	103.65%	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)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Proportion of the net pension liability (asset)	0.5770740%	0.5691060%	0.5699880%	0.5740330%	0.5546150%	0.5570200%	0.5458510%	0.5603280%	0.5582470%	
Proportionate share of the net pension liability (asset)	\$ 11,073.4	\$ (98,620.6)	\$ 15,750.3	\$ (14,913.4)	\$ (10,028.9)	\$ (4,233.9)	\$ 5,846.3	\$ (58,200.2)	\$ (62,185.3)	
Covered-employee payroll	\$ 109,080.1	\$ 93,934.3	\$ 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	10.15%	-104.99%	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)	98.60%	113.25%	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, 2023**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 9,256.1	\$ 12,096.2	\$ 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	9,256.1	12,096.2	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	\$ 80,313.4	\$ 81,897.3	\$ 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	11.52%	14.77%	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)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 11,224.3	\$ 9,205.6	\$ 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	11,224.3	9,205.6	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	\$ 109,080.1	\$ 93,934.3	\$ 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	10.29%	9.80%	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, 2023**

	Last 10 Fiscal Years					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 28,035,020	\$ 29,148,712	\$ 33,500,310	\$ 29,131,878	\$ 15,805,192	\$ 14,767,913
Interest	32,784,318	43,074,237	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	(32,711,707)	(372,922,098)	82,997,602	22,222,864	37,917,301	-
Benefit payments	(22,408,517)	(22,082,674)	(20,213,819)	(19,933,128)	(18,676,535)	(17,920,317)
Total change in total OPEB liability	5,699,114	(322,781,823)	117,722,572	55,109,033	67,993,149	29,207,843
Total OPEB liability - beginning	830,812,211	1,153,594,034	1,035,871,462	980,762,429	912,769,280	883,561,437
Total OPEB liability - ending	<u>\$ 836,511,325</u>	<u>\$ 830,812,211</u>	<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	\$ 168,903,254	\$ 168,903,254	\$ 158,554,683	\$ 158,554,683	\$ 154,068,075	\$ 154,068,075
Total OPEB liability as a percentage of covered-employee payroll	495.26%	491.89%	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	4.00%	4.00%	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.

OTHER 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, 2023

July 1, 2022 - Debit (Credit) balance	\$ 37,499,303
Debits	
Billings to school districts	477,015,658
Refund of balances due school districts	16,310,541
Transfer to Capital Fund	15,100,000
Transfer to Retirement Contribution Reserve	3,700,000
Transfer to CTE Equipment Reserve	599,737
Other adjustments	
Miscellaneous - Due from Athletics	<u>399,588</u>
Total debits	<u>513,125,524</u>
Credits	
Collections from school districts	473,351,499
Current year surplus	38,773,029
Write-offs and allowance for doubtful accounts	5,456
Surplus amounts from other BOCES	361,853
Lessor related income	991,700
Misc Adjustments	<u>-</u>
Total credits	<u>513,483,537</u>
June 30, 2023 - Debit (Credit) balance	<u>\$ 37,141,290</u>

BREAKDOWN OF A431 AND A380 DEBIT BALANCE

Receivables from districts - A380	\$ 1,835,248
Receivables from districts - A431	75,476,180
Surplus adjustments from balance sheet	-
Surplus payable to districts - credit	<u>(40,170,138)</u>
Net receivable from districts - debit	<u>\$ 37,141,290</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, 2023**

Project Title	Expenditures					Methods of Financing		Unexpended Balance
	Original Budget	Revised Budget	Current	Prior	Total	Proceeds of Obligations	Local Sources	
			Year	Years				
Agency-wide Security Upgrades	\$ 1,355,650	\$ 2,140,650	\$ 172,404	\$ 1,488,560	\$ 1,660,964	\$ -	\$ 2,140,650	\$ 479,686
Agency-wide Voice Upgrade	450,000	450,000	-	-	-	-	450,000	450,000
Barry Tech - Rooftop HVAC Rep	4,478,300	6,098,600	3,005,391	187,819	3,193,210	-	6,098,600	2,905,390
Brookville - Demolition of Modular Building	210,000	119,715	15,584	104,131	119,715	-	119,715	-
Carman Rd School - Parking Lot Expansion	1,600,000	1,600,000	603,435	101	603,536	-	1,600,000	996,464
Carman Road - Bathroom and Water Fountain Renovations	1,801,800	1,551,800	152,394	8,298	160,692	-	1,551,800	1,391,108
Carman Road - Boiler & HVAC Upgrades	7,530,000	6,830,000	438,463	5,468,097	5,906,560	-	6,830,000	923,440
Carman Road - Electrical Upgrade	278,600	485,100	12,013	109,370	121,383	-	485,100	363,717
Carman Road - Exterior Building Envelope Repairs	643,600	1,051,987	134,773	917,214	1,051,987	-	1,051,987	-
Carman Road - Fire Alarm/Emergency Lighting System Upgrade	410,800	419,835	33,552	386,283	419,835	-	419,835	-
Carman Road - Interior/Exterior Door Replacement	624,500	1,099,500	151,350	2,315	153,665	-	1,099,500	945,835
Emergency Exterior Soffit Repairs at RKC	580,000	701,900	20,206	127	20,333	-	701,900	681,567
Energy Conservation Initiatives	250,000	550,000	43,194	50,629	93,823	-	550,000	456,177
Environmental Testing and Abatement	250,000	2,135,051	249,334	1,545,536	1,794,870	-	2,135,051	340,181
Farber - Center-Wing ADA Bathroom and Water Fountain Renovations	797,500	1,023,300	2,233	36,268	38,501	-	1,023,300	984,799
Farber - Generator Installation	832,000	1,316,500	277,941	52,764	330,705	-	1,316,500	985,795
Farber - HVAC System Upgrades	4,336,800	2,436,800	9,661	2,204,710	2,214,371	-	2,436,800	222,429
Farber - PTAC Replacement	1,306,600	1,306,600	866,850	270,218	1,137,068	-	1,306,600	169,532
Farber - Re-Roofing and Window Glazing	350,000	616,505	49,027	567,478	616,505	-	616,505	-
Farber - Roof Parapet/Stair Tower Repairs	179,800	463,197	12,249	450,948	463,197	-	463,197	-
Farber Admin/Barry Tech - Phase I Technology/Conference and Board Room Upgrades	950,000	950,000	11,047	-	11,047	-	950,000	938,953
Hasket Drive - Easement Drainage Upgrades	365,000	358,300	125,176	25,986	151,162	-	358,300	207,138
Haskett Drive - Parking Lot Expansion	950,000	611,600	-	-	-	-	611,600	611,600
Jerusalem Ave - Electrical Transformer Replacement	227,700	779,400	965	2,501	3,466	-	779,400	775,934
Jerusalem Ave - Auditorium Renovations	3,261,808	3,831,600	22,837	-	22,837	-	3,831,600	3,808,763
Jerusalem Ave - Bathroom and Water Fountain Renovations	817,500	4,102,500	85,191	-	85,191	-	4,102,500	4,017,309
Jerusalem Ave - Boiler Tube Replacement	80,027	125,496	45,496	80,000	125,496	-	125,496	-
Jerusalem Ave - Exterior Building Envelope Repairs	4,192,800	2,031,173	1,731,975	294,814	2,026,789	-	2,031,173	4,384
Jerusalem Ave - Network, WiFi and Security Upgrades	802,000	736,202	14,128	722,074	736,202	-	736,202	-
Jerusalem Ave - Parking Lot Expansion and Repairs to Existing Parking Lot	2,151,200	2,806,849	28,504	2,778,345	2,806,849	-	2,806,849	-
Jerusalem Ave - Playground Installation	362,800	362,800	-	-	-	-	362,800	362,800
Jerusalem Ave - Pre-Construction Services for Fan-Coil and Boiler Controls Replacement	190,700	415,800	299	-	299	-	415,800	415,501
Jerusalem Avenue - Renovations	5,078,304	-	-	-	-	-	-	-
LIHSA - Soundproof Little Theater Partition	100,000	100,000	4,176	-	4,176	-	100,000	95,824
LIHSA - Theater Renovations	900,000	3,741,300	10,863	-	10,863	-	3,741,300	3,730,437
LIHSA - Building C Interior Renovations and Reroofing	640,000	2,982,900	28,167	101	28,268	-	2,982,900	2,954,632
LIHSA - Courtyard Building Addition	4,500,000	6,900,200	66,512	-	66,512	-	6,900,200	6,833,688
LIHSA - Covered Walkway Reconstruction	550,000	699,900	7,747	-	7,747	-	699,900	692,153
LIHSA - Folding Partition Replacement	150,000	224,000	5,850	-	5,850	-	224,000	218,150
LIHSA - HVAC System Upgrades	599,400	604,100	31,449	30,982	62,431	-	604,100	541,669
LIHSA - Site and Courtyard Drainage Upgrades	140,000	104,982	104,780	202	104,982	-	104,982	-
Lupinskie - Brick Repointing and Retaining Wall Repairs	664,800	537,595	13,722	523,623	537,345	-	537,595	250
Lupinskie - HVAC System Upgrades	954,400	2,616,700	3,604	975,307	978,911	-	2,616,700	1,637,789
Network Operations Center (NOC) Upgrades	705,300	495,300	175,621	62,015	237,636	-	495,300	257,664
PA-Intercom Upgrades	376,000	376,000	-	138,099	138,099	-	376,000	237,901
Paving, Sealcoating/Restriping and Site Improvements	325,000	1,534,383	267,542	694,526	962,068	-	1,534,383	572,315
RKC - Bathroom Renovations, Gym Floor Refinishing, and Installation of Folding Partitions	1,395,000	2,362,901	405,023	1,957,878	2,362,901	-	2,362,901	-
RKC - Building and Site Renovations	3,277,000	9,374,300	-	-	-	-	9,374,300	9,374,300
RKC - Corridor Ceilings and Lighting	1,260,000	1,208,500	2,269	154,297	156,566	-	1,208,500	1,051,934
RKC - HVAC System Upgrades	1,989,500	2,515,100	28,175	2,454,266	2,482,441	-	2,515,100	32,659
RKC - Municipal Sanitary Sewer Connection-SESSC Building	208,500	386,300	253,419	24,596	278,015	-	386,300	108,285
RKC - Windows, Fan-Coil and Boiler Controls Replacement (A/E, CM, FS Costs)	424,600	653,800	-	25,471	25,471	-	653,800	628,329
RKC - Wiring Closet Upgrades	276,000	275,999	-	275,999	275,999	-	275,999	-
RKS Elevator Upgrade	368,500	535,100	33,905	18,830	52,735	-	535,100	482,365
Rosemary Kennedy Wiring Closet Upgrades - Phase II	402,000	1,212,000	361,600	578,807	940,407	-	1,212,000	271,593
	<u>\$ 67,901,789</u>	<u>\$ 88,950,120</u>	<u>\$ 10,120,096</u>	<u>\$ 25,669,585</u>	<u>\$ 35,789,681</u>	<u>\$ -</u>	<u>\$ 88,950,120</u>	<u>\$ 53,160,439</u>

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, 2023**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 416,085,347
Add: Prior year's encumbrances	<u>14,956,605</u>
Original budget	431,041,952
Budget revision: Board resolutions to accept changes in service contracts	<u>28,568,003</u>
Final budget	<u>\$ 459,609,955</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF NASSAU COUNTY

**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023**

Capital assets, net	\$ 176,159,663
Add:	
Deferred outflows of resources - bond refunding	379,605
Deduct:	
Short-term portion of installment purchase debt	10,068,675
Long-term portion of installment purchase debt	18,382,284
Unamortized bond premiums	897,376
Short-term portion of leases payable	1,803,519
Long-term portion of leases payable	5,294,216
Short-term portion of subscriptions payable	48,035
Short-term portion of bonds payable	940,000
Long-term portion of bonds payable	<u>5,460,000</u>
Net investment in capital assets	<u>\$ 133,645,163</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 6, 2023

To the Board of Education of
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, 2023, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements and have issued our report thereon dated October 6, 2023.

Report on Internal Control over Financial Reporting

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

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

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

(Continued)

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)

Report on Compliance and Other Matters

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

Purpose of this Report

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