

**WESTERN SUFFOLK BOARD OF COOPERATIVE
EDUCATION SERVICES**

**Financial Statements As of and For the Year Ended
June 30, 2021
Together With Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

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INDEPENDENT AUDITOR'S REPORT

December 14, 2021

To the Board of Directors of the
Western Suffolk Board of Cooperative Education Services

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Western Suffolk BOCES (the BOCES) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter - Change in Accounting Principle

Change in Accounting Principle

As discussed in Note 16 to the financial statements, in 2021, the BOCES adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund; Schedule of Proportionate Share of Net Pension Liability (Asset); Schedule of Contributions - Pension Plans; and Schedule of Change in Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021 on our consideration of the BOCES' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BOCES' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BOCES' internal control over financial reporting and compliance.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Management's Discussion and Analysis (Unaudited) June 30, 2021

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

Financial Highlights

For the year ended June 30, 2021 the total net position was a deficit of \$361,724,999, an decrease of \$20,313,885 from the prior year. This is primarily a result of increases in capital expenditures needed for operations during the pandemic, changes made to comply with the new GASB 84 standard, increases in the TRS liability, and changes in the actual information in pension related to ERS, TRS, and Other Postemployment benefit liabilities.

At the present time, the BOCES continues to show strong financial stability. In an effort to protect taxpayer resources from fiscal mismanagement, fraud or abuse, the BOCES continues to review and strengthen their internal controls posture. To this end, the Business Office staff meets regularly with upper management and its Audit Committee to ensure integrity in all activities.

Overview of the Financial Statements

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

- The first two statements are *Government-wide* financial statements that provide both *short-term* and *long-term* information about the BOCES *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the BOCES, reporting the BOCES operations in *more detail* than the Government-wide statements. The 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.
- The *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.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Management's Discussion and Analysis (Unaudited)

June 30, 2021

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

Figure A - 1

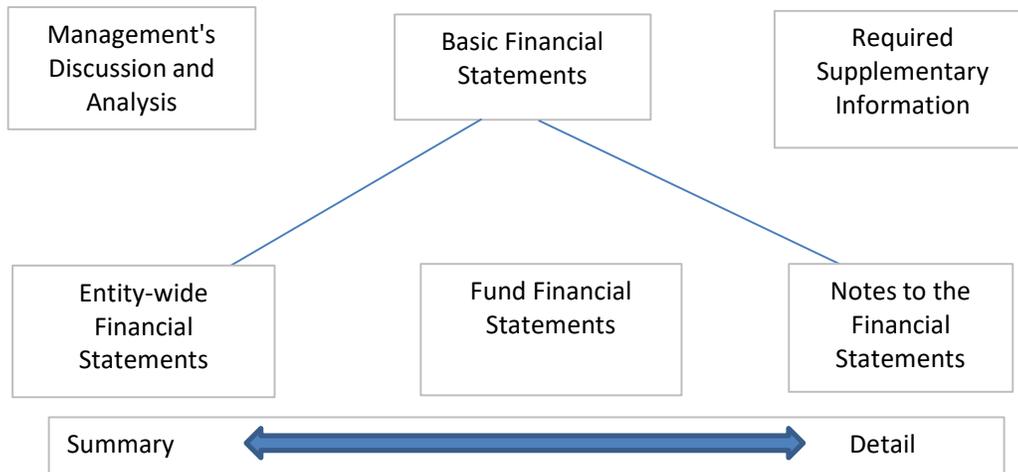


Figure A-2 summarizes the major features of the Western BOCES' financial statements, including a portion of the BOCES' activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Management’s Discussion and Analysis (Unaudited)

June 30, 2021

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

Fund Financial Statements			
	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire BOCES (except fiduciary funds)	The day-to-day operating activities of the BOCES, such as instruction and 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	Statement of net position Statement of activities	Balance sheet Statement of revenue, expenditures, and changes in fund balances.	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 inflows-outflows of resources/liability information	All assets, deferred inflows/outflows of resources, and liabilities, both financial and capital, short-term and long-term debt	Assets, deferred inflows/outflows of deferred resources, and liabilities that come due during the year or soon after; no capital assets or long term liabilities included.	All assets and liabilities, both short-term and long term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All 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.

Government-wide Statements

The Government-wide statements report information about the BOCES as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the BOCES assets/deferred outflows of resources and liabilities/deferred inflows of resources. 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.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Management's Discussion and Analysis (Unaudited)

June 30, 2021

The two Government-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 changes in the condition of school buildings and other facilities.

Net position of the governmental activities differs 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:
 - Net 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.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Management's Discussion and Analysis (Unaudited)

June 30, 2021

The BOCES has two kinds of funds:

- *Governmental Funds* : Most of the BOCES basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the BOCES' programs. Because this information does not encompass the additional long term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental funds 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, miscellaneous special revenue fund, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenues, expenditures, and changes in fund balance.
- *Fiduciary Funds* : The BOCES is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The BOCES is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The BOCES excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Management's Discussion and Analysis (Unaudited)
June 30, 2021

FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE

Figure A - 3 Condensed Statement of Net position (in thousands of dollars)

	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Current and other assets	\$ 123,817	\$ 114,794	7.9%
Net pension asset	-	6,770	-100.0%
Capital assets	<u>94,106</u>	<u>84,081</u>	11.9%
Total assets	217,923	205,645	6.0%
Deferred outflows of resources	<u>120,467</u>	<u>89,492</u>	34.6%
Total asses and deferred outflows of resources	<u>338,390</u>	<u>295,137</u>	14.7%
Current liabilities	86,773	69,338	25.1%
Net pension liability	7,357	23,804	-69.1%
Long-term liabilities	<u>576,938</u>	<u>524,732</u>	9.9%
Total liabilities	671,068	617,874	8.6%
Deferred inflows of resources	<u>29,047</u>	<u>18,674</u>	55.5%
Total liabilities and deferred inflows of resources	<u>700,115</u>	<u>636,548</u>	10.0%
Net position:			
Investment in capital assets	82,451	72,356	14.0%
Restricted	37,439	36,620	2.2%
Unrestricted	<u>(481,615)</u>	<u>(450,387)</u>	6.9%
Total net position	<u>\$ (361,725)</u>	<u>\$ (341,411)</u>	6.0%

Net Position

Current assets increased by approximately \$9.0 million mainly due to an increase in state aid receivable in comparison to the prior year, which included a 20% withholding. BOCES also had an increase in the amount due from districts related to services provided.

Current liabilities increased by approximately \$17.4 million primarily due to an increase in accrued liabilities as a result of implementing GASB statement No. 84.

The net pension liability decreased by approximately \$16.4 million and the deferred inflow of resources increased approximately \$10.4 million due to the changes in the actuarial valuation related to pensions.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Management's Discussion and Analysis (Unaudited)

June 30, 2021

Long-term liabilities increased by 9.9%, resulting from an increase in other post-employment benefits of approximately \$53.2 million and a \$360 thousand decrease in installment purchase debt.

The net position of the BOCES has decreased by approximately \$20.3 million mainly due to an increase in other post-employment benefits of approximately \$53.2 million and changes in the actuarial valuation for recording of pension liabilities.

Figure A-4 Changes in Net position from Operating Results (in thousands of dollars)

<u>Revenue</u>	<u>Fiscal Year</u> <u>2021</u>	<u>Fiscal Year</u> <u>2020</u>	<u>Percent</u> <u>Change</u>
Program revenue:			
Charges for services	\$ 191,695	\$ 197,549	-3.0%
Operating grants and contributions	6,770	6,129	10.5%
General revenue:			
Use of money and property	63	373	-83.1%
Sale of property and compensation for loss	135	102	32.4%
Miscellaneous	3,030	980	209.2%
Rental income	<u>4</u>	<u>69</u>	-94.2%
Total revenue	<u>201,697</u>	<u>205,202</u>	-1.7%
 <u>Expenses</u>			
Administration	16,035	15,559	3.1%
Occupational instruction	38,248	36,726	4.1%
Instruction for special education	120,308	115,896	3.8%
Itinerant services	191	185	3.2%
General instruction	8,307	10,895	-23.8%
Instruction support	21,596	27,725	-22.1%
Other services	13,212	12,292	7.5%
Internal services	2,637	2,414	9.2%
School lunch program	1,480	1,499	-1.3%
Return of surplus	<u>9</u>	<u>5,845</u>	-99.8%
Total expenses	<u>222,023</u>	<u>229,036</u>	-3.1%
Change in net position	<u>\$ (20,326)</u>	<u>\$ (23,834)</u>	-14.7%

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

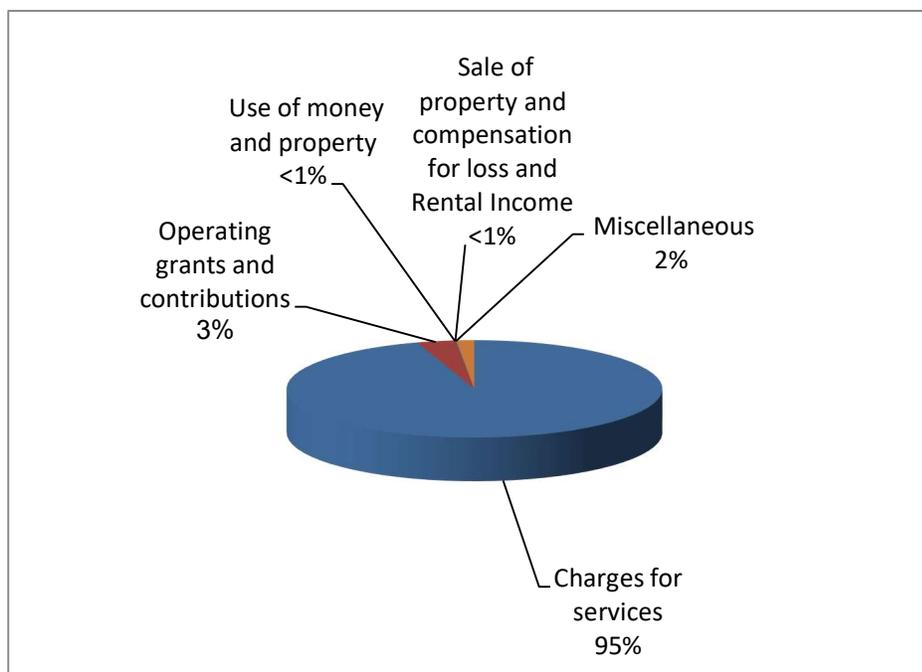
Management's Discussion and Analysis (Unaudited) June 30, 2021

Changes in Net position

The Western Suffolk BOCES 2021 revenue was approximately \$201.7 million compared to the previous year of \$205.2 million (see Figure A-4). This decrease in revenue was primarily driven by a decrease in charges for services.

The total cost of all programs and services totaled approximately \$222.0 million for 2021, compared to \$229.0 million in the previous year. These expenses are predominantly for the education, supervision, and transportation of students (see Figure A-6). The decrease in expense is primarily due to the decrease in services provided because of the COVID-19 pandemic.

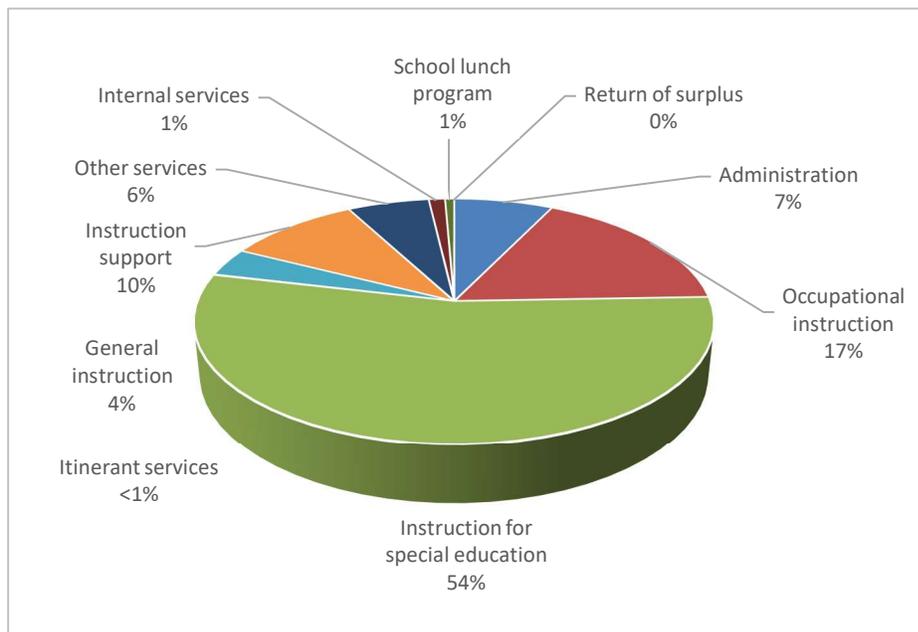
Figure A-5: Revenue Sources for 2021



WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Management’s Discussion and Analysis (Unaudited) June 30, 2021

Figure A-6 Sources of Expense for 2021



FINANCIAL ANALYSIS OF THE BOCES’ FUNDS

Variations between years for the governmental fund financial statements are not the same as variations between years for the Government-wide financial statements. The Western Suffolk BOCES governmental funds are presented on the current financial resource’s 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.

The following is a brief description of the activity in the governmental funds for 2021 and 2020:

General Fund: Although this past year health and dental insurance expenses decreased \$143,892 (-.9%) to \$15.025 million, and post-retirement health benefits decreased \$105,458 (2.2%) to \$6.5 million, health insurance costs continue to represent one of the most significant expenses in the fund. Health insurance expense of \$21.5 million represents 11% of overall General Fund expenses. As health insurance expenses continue to rise, new employees make up a larger percentage of covered members. Western Suffolk BOCES has mitigated the impact of increases in health insurance premiums with new collective bargaining agreements, and reductions in the board’s share of contributions towards health insurance premiums. Significant equipment and supply purchases due to COVID protocols and standards increased expenditures which also contributed to the net impact.

Special Aid: The Special Aid Fund does not generate a significant fund balance in most years. All revenue received are expended for grant programs, the summer handicapped program and the Employment Preparation Education (EPE) program. The amounts received and expended for program specific and are accounted for separately. These funds have accumulated a deficit of approximately \$272 thousand.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Management's Discussion and Analysis (Unaudited)

June 30, 2021

School Lunch: The school lunch fund ended 2020-2021 with an increase in their fund balance of \$208 thousand. This resulted in a fund balance of \$390 thousand on hand as of June 30, 2021.

Capital Projects: Capital projects spending totaled approximately \$10.2 million in 2020-2021. This left a fund balance of approximately \$17.6 million on hand as of June 30, 2021.

General Fund Budgetary Highlights

As additional requests for service are accepted, spending adjustments are required to meet these changing needs. The original approved budget as well as estimated revenues are adjusted to more accurately reflect actual service levels. Once fixed costs are covered, additional services typically drive a small surplus. This surplus is then refunded to the participants the following fiscal year. However, there was no surplus generated in the current year.

Capital Assets

As of June 30, 2021, the BOCES had \$94,105,641 invested in a broad range of capital assets including land, buildings, computers, and other educational equipment.

Capital Assets (Net of Depreciation, in Thousands of Dollars)

<u>Category</u>	Fiscal Year	Fiscal Year	Percent
	2021	2020	Change
Land	\$ 818	\$ 818	0.0%
Buildings and improvements	67,596	64,685	4.5%
Equipment and furniture	<u>25,692</u>	<u>18,579</u>	38.3%
Total	<u>\$ 94,106</u>	<u>\$ 84,082</u>	11.9%

Long-Term Liabilities

As of June 30, 2021, the BOCES had approximately \$584.3 million in Long-Term Liabilities outstanding. More detailed information about the BOCES' long-term liabilities is included in the notes to the financial statements.

<u>Category</u>	(In Thousands)	
	<u>Fiscal 2021</u>	<u>Fiscal 2020</u>
Installment Purchase Debt	\$ 6,180	\$ 6,540
Other Postemployment Benefits	547,784	494,615
Compensated Absences	13,383	13,278
Workers' Compensation Claims Payable	9,352	9,815
Net Pension Liability	7,357	23,804
Capital Leases	<u>239</u>	<u>483</u>
Total	<u>\$ 584,295</u>	<u>\$ 548,535</u>

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Management's Discussion and Analysis (Unaudited)

June 30, 2021

FACTORS BEARING ON THE BOCES' FUTURE

The general fund budget for the 2021-2022 school year was approved for the amount of \$187,305,779. This is a decrease of \$2,055,035 over the previous year's budget.

BOCES remains aware of the fiscal constraints on local component school districts. In that regard the tuition rates charged to the districts have been limited to approximately 2%. Student enrollment in Special Education programs declined .96% from the prior year and Occupational Education enrollment declined 7.3%. Collective bargaining agreements have been negotiated with all groups to include an increase in employees' contributions towards their health insurance premiums. As of the date of this report there are five (5) expired collective bargaining agreements, in which all five (5) are current in negotiations. Pension costs continued to decrease in both the TRS and ERS. As noted above, health insurance expenses are expected to increase in calendar year 2021.

Subsequent to June 30, 2021, the BOCES entered into new long-term debt in the amount of \$4,240,600 for technology.

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:

Warren E. Taylor
Chief Financial Officer
Western Suffolk BOCES
507 Deer Park Road
Huntington Station, NY 11746

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Statement of Net Position
June 30, 2021**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS:

Cash - Unrestricted	\$ 33,512,352
Cash - Restricted	42,911,802
Due from school districts	18,837,110
Due from other governments	309,768
Due from state and federal	21,781,918
Due from fiduciary fund	5,198,688
Accounts receivable	484,059
Other receivables	660,469
Inventories	<u>120,718</u>
Total current assets	<u>123,816,884</u>

NONCURRENT ASSETS:

Capital assets, net of accumulated depreciation	<u>94,105,641</u>
Total non-current assets	<u>94,105,641</u>

DEFERRED OUTFLOWS OF RESOURCES

ERS - Pension related	19,247,007
TRS - Pension related	26,117,952
Other Postemployment Benefits	<u>75,102,110</u>
Total deferred inflows of resources	<u>120,467,069</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES 338,389,594

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

CURRENT LIABILITIES:

Accounts payable	9,996,823
Accrued liabilities	55,985,987
Due to Teachers' Retirement System	4,769,098
Due to Employees' Retirement System	967,609
Due to Other Governments	231,481
Current portion of long-term debt	5,236,229
Unearned revenue	<u>9,585,502</u>
Total current liabilities	<u>86,772,729</u>

LONG-TERM LIABILITIES:

Compensated absences payable	13,382,809
Workers' Compensation payable	9,352,491
Installment purchase debt	6,179,714
Capital leases	239,128
Net pension liability - ERS	84,898
Net pension liability - TRS	7,272,099
Total other postemployment benefits	<u>547,783,890</u>
Total long-term liabilities	<u>584,295,029</u>

DEFERRED INFLOWS OF RESOURCES

ERS - Pension related	25,191,720
TRS - Pension related	<u>3,855,115</u>
Total deferred inflows of resources	<u>29,046,835</u>

TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES 700,114,593

NET POSITION

Net Investment in capital assets	82,450,570
Restricted	37,439,126
Unrestricted	<u>(481,614,695)</u>

TOTAL NET POSITION \$ (361,724,999)

The accompanying notes are an integral part of these statements.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Statement of Activities

For the Year Ended June 30, 2021

	Program Revenue			
	Expenses	Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS:				
Administration	\$ 16,034,968	\$ 13,934,589	\$ -	\$ (2,100,379)
Occupational instruction	38,248,154	33,238,127	2,054,275	(2,955,752)
Instruction for special education	120,307,610	104,548,825	1,930,054	(13,828,731)
Itinerant services	190,605	165,638	-	(24,967)
General instruction	8,307,113	7,218,986	433,668	(654,459)
Instruction support	21,596,274	18,767,434	1,857,801	(971,039)
Other services	13,211,961	11,481,360	-	(1,730,601)
Internal services	2,636,863	2,291,467	-	(345,396)
School lunch program	1,479,696	48,371	493,677	(937,648)
Return of surplus	8,988	-	-	(8,988)
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 222,022,232</u>	<u>\$ 191,694,796</u>	<u>\$ 6,769,475</u>	<u>(23,557,961)</u>
GENERAL REVENUE:				
Use of money and property				63,230
Sale of property and compensation for loss				135,348
Miscellaneous				3,030,175
Rental income				<u>3,500</u>
TOTAL GENERAL REVENUE				<u>3,232,253</u>
CHANGE IN NET POSITION				(20,325,708)
TOTAL NET POSITION - beginning of year as previously reported				(341,411,114)
PRIOR PERIOD ADJUSTMENT (NOTE 16)				<u>11,823</u>
TOTAL NET POSITION - beginning of year as previously reported				<u>(341,399,291)</u>
TOTAL NET POSITION - end of year				<u>\$ (361,724,999)</u>

The accompanying notes are an integral part of these statements.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Balance Sheet-Governmental Funds and Reconciliation of Total Governmental Fund Balance to Government-Wide Net Position
June 30, 2021

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	Miscellaneous Special Revenue		
ASSETS							
Cash - Unrestricted	\$ 32,375,549	\$ -	\$ 1,136,803	\$ -	\$ -	\$ -	\$ 33,512,352
Cash - Restricted	19,621,937	4,627,627	-	18,649,673	12,565	-	42,911,802
Due from school districts	18,775,213	61,897	-	-	-	-	18,837,110
Due from other funds	12,864,640	-	-	-	-	-	12,864,640
State and federal aid	18,561,505	3,220,413	-	-	-	-	21,781,918
Accounts receivable	449,220	24,940	9,899	-	-	-	484,059
Other receivables	660,469	-	-	-	-	-	660,469
Due from other governments	104,653	-	205,115	-	-	-	309,768
Inventory	-	-	120,718	-	-	-	120,718
TOTAL ASSETS	\$ 103,413,186	\$ 7,934,877	\$ 1,472,535	\$ 18,649,673	\$ 12,565	\$ -	\$ 131,482,836
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 7,745,403	\$ 1,334,173	\$ 2,363	\$ 914,884	\$ -	\$ -	\$ 9,996,823
Accrued liabilities	1,436,255	80,331	19,009	-	-	-	1,535,595
Compensated absences	264,894	-	-	-	-	-	264,894
Due to component districts - return of surplus	35,621,356	-	-	-	-	-	35,621,356
Due to ERS	913,251	11,963	41,773	622	-	-	967,609
Due to TRS	4,769,098	-	-	-	-	-	4,769,098
Due to other governments	-	230,938	543	-	-	-	231,481
State aid due to school districts	18,564,142	-	-	-	-	-	18,564,142
Due to other funds	-	6,549,396	1,018,874	97,682	-	-	7,665,952
Unearned revenue	9,585,395	107	-	-	-	-	9,585,502
Total Liabilities	78,899,794	8,206,908	1,082,562	1,013,188	-	-	89,202,452
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue related to life insurance	640,496	-	-	-	-	-	640,496
Total Deferred Inflows of Resources	640,496	-	-	-	-	-	640,496
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	79,540,290	8,206,908	1,082,562	1,013,188	-	-	89,842,948

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Balance Sheet-Governmental Funds and Reconciliation of Total Governmental Fund Balance to Government-Wide Net Position
June 30, 2021**

	Governmental Fund Types					Total Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	Miscellaneous Special Revenue	
FUND BALANCE						
Nonspendable	-	-	120,718	-	-	120,718
Inventory						
Restricted						
Reserve for ERS	1,543,436	-	-	-	-	1,543,436
Reserve for TRS	1,714,132	-	-	-	-	1,714,132
Reserve for compensated absences	12,791,748	-	-	-	-	12,791,748
Reserve for unemployment	142,847	-	-	-	-	142,847
Reserve for workers compensation	3,197,913	-	-	-	-	3,197,913
Reserve for property and casualty claims	400,000	-	-	-	-	400,000
Restricted for extraclassroom activities	-	-	-	-	12,565	12,565
Restricted for capital projects	-	-	-	17,636,485	-	17,636,485
Total Restricted	19,790,076	-	-	17,636,485	12,565	37,439,126
Assigned	4,082,820	-	269,255	-	-	4,352,075
Unassigned	-	(272,031)	-	-	-	(272,031)
Total Fund Balance	23,872,896	(272,031)	389,973	17,636,485	12,565	41,639,888
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 103,413,186	\$ 7,934,877	\$ 1,472,535	\$ 18,649,673	\$ 12,565	\$ 131,482,836

A reconciliation of total governmental fund balance to government-wide net assets follows:

Total governmental fund balances per above	\$ 41,639,888
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	94,105,641
GASB 68 related government-wide activity:	
Deferred outflows of resources - ERS	19,247,007
Deferred outflows of resources - TRS	26,117,952
Deferred outflows of resources - OPEB	75,102,110
Net pension liability - ERS	(84,898)
Net pension liability- TRS	(7,272,099)
Deferred inflows of resources - ERS	(25,191,720)
Deferred inflows of resources - TRS	(3,855,115)
Deferred revenues recognized as revenue under full accrual accounting.	640,496
Other postemployment benefits are recognized as a liability under full accrual accounting.	(547,783,890)
Compensated absences due in more than one year are recognized as a liability under full accrual accounting.	(13,382,809)
Installment purchase debt is not due in the current period and, therefore, are not reported in the funds.	(11,134,255)
Capital leases are not due in the current period and, therefore, are not reported in the funds.	(520,816)
Workers compensation payable.	(9,352,491)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (361,724,999)

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

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2021**

	Governmental Fund Types					Total Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	Miscellaneous Special Revenue	
REVENUE:						
Charges for services	\$ 3,577,196	\$ -	\$ -	\$ -	\$ -	\$ 3,577,196
Charges to components	176,903,805	2,736,000	-	-	-	179,639,805
Charges to other BOCES	7,878,542	550,882	-	-	-	8,429,424
Interest and earnings	63,230	-	-	-	-	63,230
Rental property	3,500	-	-	-	-	3,500
Sale of property and compensation for loss	135,348	-	-	-	-	135,348
Miscellaneous	2,951,370	105,200	1,973	-	11,887	3,070,430
State sources	-	4,739,594	66,374	-	-	4,805,968
Federal sources	433,668	1,668,735	427,303	-	-	2,529,706
Sales - School lunch	-	-	48,371	-	-	48,371
Total revenue	191,946,659	9,800,411	544,021	-	11,887	202,302,978
EXPENDITURES:						
Administration	14,036,830	-	-	-	-	14,036,830
Occupational instruction	27,517,466	2,489,366	-	-	-	30,006,832
Instruction for special education	88,875,881	2,338,834	-	-	11,145	91,225,860
Itinerant services	178,090	-	-	-	-	178,090
General instruction	6,727,076	-	-	-	-	6,727,076
Instruction support	35,352,325	2,251,278	-	-	-	37,603,603
Other services	12,280,941	-	-	-	-	12,280,941
Internal services	2,636,863	-	-	-	-	2,636,863
School lunch program	-	-	1,479,696	-	-	1,479,696
Capital outlay	-	-	-	10,164,075	-	10,164,075
Total expenditures	187,605,472	7,079,478	1,479,696	10,164,075	11,145	206,339,866
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	4,341,187	2,720,933	(935,675)	(10,164,075)	742	(4,036,888)
OTHER SOURCES AND (USES):						
Operating transfers in	2,404,411	8,636	1,150,000	6,359,045	-	9,922,092
Return of surplus due to component districts	(8,988)	-	-	-	-	(8,988)
Proceeds of debt issuance	-	-	-	5,734,500	-	5,734,500
Operating transfers (out)	(7,420,307)	(2,495,274)	(6,511)	-	-	(9,922,092)
Total other sources (uses)	(5,024,884)	(2,486,638)	1,143,489	12,093,545	-	5,725,512
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(683,697)	234,295	207,814	1,929,470	742	1,688,624
FUND BALANCE - beginning of year, as previously reported	24,556,593	(506,326)	182,159	15,707,015	-	39,939,441
PRIOR PERIOD ADJUSTMENT - (NOTE 16)	-	-	-	-	11,823	11,823
FUND BALANCE - beginning of year, as restated	24,556,593	(506,326)	182,159	15,707,015	11,823	39,951,264
FUND BALANCE - end of year	\$ 23,872,896	\$ (272,031)	\$ 389,973	\$ 17,636,485	\$ 12,565	\$ 41,639,888

The accompanying notes are an integral part of these statements.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2021**

Net changes in fund balance - Total governmental funds	\$ 1,688,624
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	22,759,390
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(12,735,083)
Pension expense resulting from the GASB 68 related actuary reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities.	(3,931,211)
Certain revenues that do not provide current financial resources that are recognized in the Statement of net position but not in the fund financial statements.	(606,454)
Net repayments of long-term debt, other liabilities, and installment purchase debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	5,921,717
Certain revenues recorded in the acquisition of long-term debt that are not recognized as revenue in the statement of activities.	(5,851,196)
Accrued postemployment benefits do not require the expenditure of current resources and are, therefore not reported as expenditures in the governmental funds.	(27,929,809)
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.	<u>358,314</u>
Change in net position - Governmental activities	<u>\$ (20,325,708)</u>

The accompanying notes are an integral part of these statements.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Statement of Fiduciary Net Position
June 30, 2021**

	<u>Custodial Fund</u>
ASSETS	
Cash - Restricted	\$ <u>6,536,856</u>
Total assets	<u>6,536,856</u>
LIABILITIES	
Due to other funds	<u>5,198,688</u>
Total liabilities	<u>5,198,688</u>
NET POSITION	
Restricted for other purposes	<u><u>\$ 1,338,168</u></u>

The accompanying notes are an integral part of these statements.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Statement of Changes in Fiduciary Net Position For the year ended June 30, 2021

	<u>Custodial Fund</u>
Additions:	
Cash collected for other governments	\$ <u>6,485,664</u>
Total additions	<u>6,485,664</u>
Deductions:	
Payment of cash collected to other governments	<u>7,036,566</u>
Total deductions	<u>7,036,566</u>
Net increase (decrease) in fiduciary net position	<u>(550,902)</u>
NET POSITION - beginning of year, as previously reported	-
PRIOR PERIOD ADJUSTMENT (NOTE 16)	<u>1,889,070</u>
NET POSITION - beginning of year, as restated	<u>1,889,070</u>
NET POSITION - end of year	<u>\$ <u>1,338,168</u></u>

The accompanying notes are an integral part of these statements.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Western Suffolk BOCES (the BOCES) provides shared educational programs and services to its component districts.

Significant Accounting Policies

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

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 7 members. The board is responsible for, and controls all activities related to public school education within the BOCES. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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 BOCES' share of administrative and capital costs is calculated using a 50/50 hybrid combination of the components total true valuation and 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 its students participate.

The reporting entity of the BOCES is based upon criteria set forth by generally accepted accounting principles. 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. 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.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

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; however, these funds are used as designated by student management. The BOCES accounts for the activities of these various student organizations in the Miscellaneous Special Revenue Fund. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the BOCES business office.

Basis of Presentation

BOCES -Wide Financial Statements

The statement of net position and the statement of activities present financial information about the BOCES governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through 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 activities of the school lunch operations.

Capital Projects Fund : This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

Miscellaneous Special Revenue Fund : This fund is used to account for and report those revenues that are restricted or committed for specified purposes. Specifically, the BOCES accounts for extraclassroom activities, as the BOCES has administrative involvement.

Fiduciary Fund : This fund is used to account for fiduciary activities. Fiduciary activities are those in which the BOCES acts as trustee or agent for resources that belong to others. These activities are not included in the Government-wide financial statements, because their resources do not belong to the BOCES, and are not available to be used. There is one class of fiduciary funds:

- *Custodial funds* : These funds are strictly custodial in nature and do not involve the measurement of results of operations. These are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, as such differences may be significant. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

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 governmental fund 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 the subsequent 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 been paid. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

Cash

The BOCES cash consists of cash on hand and demand deposits.

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 deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. BOCES has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Accounts Receivable

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

Inventories

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value 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.

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. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenue to provide financing or other services.

In the Government-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, with the exception of those due from or to the fiduciary 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. Donated assets are reported at estimated fair market value at the time received.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements

June 30, 2021

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 Government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and improvements	\$ 10,000	SL	50 years
Furniture and equipment	\$ 1,000	SL	5-10 years
Technology items and critical assets	\$ 500	SL	5-10 years
Land	N/A	N/A	N/A

Deferred Outflows and Inflows of Resources

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

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

Deferred charges result from pension contributions made subsequent to the measurement date of the plan.

Deferred charges result from differences between expected and actual experience of the plan.

Deferred charges result from net differences between projected and actual earnings on pension plan investments of the plan.

These amounts are deferred and amortized and 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.

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.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

Vested Employee Benefits

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

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may be eligible to receive a portion of the value of unused accumulated sick leave.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the Government-Wide financial statements. The compensated absences liability is calculated based on the terms of the collective bargaining agreements and individual employment contracts 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

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

Other Postemployment Benefits

In addition to providing retirement benefits described, the BOCES provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the BOCES and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the BOCES. The BOCES pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance. See Note 9 for additional information regarding postemployment benefits.

Unearned Revenue

Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In BOCES-wide financial statements, unearned revenues consist of amounts received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts have been deemed to be measurable but not available pursuant to generally accepted accounting principles.

Accrued Liabilities and Long-Term Obligations

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

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

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. Installment Purchase Agreements 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.

Restricted Resources

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

Equity Classifications

Government-wide Statements

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

Net investment in capital assets - consists of net capital assets reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets plus any unspent proceeds of those debt obligations.

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

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 Statements

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.

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.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

Workers' Compensation Reserve

Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. 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. The reserve is accounted for in the general fund.

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is 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. This reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds 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.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the general fund.

Property Loss Reserve

Property Loss Reserve (Education Law §1709(8) (c)) is used to pay for property loss incurred. A separate fund for property loss is required, and the reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts and BOCES, except city school districts with a population greater than 125,000. This reserve is accounted for in the general fund.

Reserve for Compensated Absences

This reserve is used to pay for the compensated absences liability which is based on the accrued vesting/termination payouts noted in the terms of the collective bargaining agreements and individual employment contracts in effect at year end. This is accounted for in the general fund.

Restricted for Capital Projects

This restriction, accounted for in the capital projects fund, is used to distinguish the fund balance allocated to the completion of certain capital projects.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

Restricted for Extraclassroom Activities

This restriction, accounted for in the miscellaneous special revenue fund, is used to distinguish the fund balance restricted to the funding of certain extraclassroom club activities.

Committed fund balance - Includes amounts that can only 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. The BOCES has no committed fund balances as of June 30, 2021.

Assigned fund balance - Includes amounts that are constrained by the BOCES' intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance. Encumbrances reported in the general fund amounted to \$4,082,820. As of June 30, 2021, the BOCES' encumbrances were classified as follows:

Administration	\$ 11,020
Occupational Instruction	34,115
Instruction for special education	17,009
General instruction	65,408
Instruction support	3,303,138
Inferral services	<u>652,130</u>
	<u>\$4,082,820</u>

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

Fund Balance - Reservations and Designations

Order of Fund Balance Spending Policy

The BOCES' policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined.

Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

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 Government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities compared with the current financial resources focus of the governmental funds.

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 five 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 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.

Pension Differences

Pension differences occur as a result of changes in the BOCES' proportion of the collective net pension asset/liability and differences between the BOCES' contributions and its proportionate share of the total contributions to the pension system.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

OPEB Differences

OPEB differences occur as a result of changes in the BOCES' total OPEB liability and differences between the BOCES' contributions and OPEB expense.

3. STEWARDSHIP AND COMPLIANCE

Budgets

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

The BOCES administration prepares a proposed administrative, capital and program budget, as applicable for approval by the members of the Board of Education 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 States 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 are adopted at the program line item 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. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Administration	\$ 3,877,366
Occupational Instruction	1,430,468
Instruction for special education	10,014,638
Itinerant services	80,578
General instruction	(808,992)
Instruction support	12,209,104
Other services	5,601,444
Internal services	<u>1,571,550</u>
	<u>\$ 33,976,156</u>

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

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

The Special Aid Fund shows an unassigned fund balance deficit of \$272,031. This deficit results from services performed under the EPE Program, and will be offset with future discretionary revenues.

Encumbrance Accounting

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. CASH

Custodial credit risk is the risk that in the event of a bank failure, the BOCES' deposits may not be returned to it. While the BOCES does not have a specific policy for custodial credit risk, New York State statutes govern the BOCES' investment policies, as discussed previously in these Notes.

At June 30, 2021, the reported amount of the BOCES' deposits totaled \$82,948,896 and the bank balance was \$95,007,008. Of the bank balance, \$1,902,970 was covered by federal depository insurance, with \$94,386,228 covered by collateral held in the pledging bank's trust department in the BOCES' name.

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.

Cash on deposit for Miscellaneous Special Revenue Fund	<u>\$ 12,565</u>
Cash reserves - General Fund	<u>\$19,621,937</u>
Cash in reserves - Capital Fund	<u>\$18,649,673</u>
Restricted cash - Special Aid Fund	<u>\$ 4,627,627</u>

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

5. CAPITAL ASSETS

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

	7/1/2020		6/30/2021	
	Balance	Additions	Deletions	Balance
Governmental activities				
Capital assets that are not depreciated:				
Land	\$ 817,707	\$ -	\$ -	\$ 817,707
Total non-depreciable historical cost	<u>817,707</u>	<u>-</u>	<u>-</u>	<u>817,707</u>
Capital assets that are depreciated:				
Buildings and improvements	98,814,567	5,222,429	493,553	103,543,443
Furniture and equipment	<u>57,509,158</u>	<u>17,536,961</u>	<u>-</u>	<u>75,046,119</u>
Total depreciable historical cost	<u>156,323,725</u>	<u>22,759,390</u>	<u>493,553</u>	<u>178,589,562</u>
Less accumulated depreciation:				
Buildings and improvements	34,129,964	1,817,117	-	35,947,081
Furniture and equipment	<u>38,930,134</u>	<u>10,917,966</u>	<u>493,553</u>	<u>49,354,547</u>
Total accumulated depreciation	<u>73,060,098</u>	<u>12,735,083</u>	<u>493,553</u>	<u>85,301,628</u>
Total depreciable cost, net	<u>83,263,627</u>	<u>10,024,307</u>	<u>-</u>	<u>93,287,934</u>
Total capital assets, net	<u>\$84,081,334</u>	<u>\$10,024,307</u>	<u>\$ -</u>	<u>\$94,105,641</u>

Depreciation expense for the year ended June 30, 2021, was allocated to specific functions as follows:

Administration	\$ 886,003
Occupational instruction	2,116,848
Instruction for special education	6,646,910
Itinerant services	10,532
General instruction	459,005
Instruction support	1,885,766
Other services	<u>730,019</u>
Total	<u>\$12,735,083</u>

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Notes to Financial Statements
June 30, 2021**

6. LONG-TERM OBLIGATIONS

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

	Balance <u>7/1/2020</u>	Additions	Deletions	Balance <u>6/30/2021</u>	Due Within <u>One Year</u>
Other long-term debt:					
Installment Purchase Debt	\$10,973,420	\$ 5,734,500	\$ 5,573,665	\$11,134,255	\$ 4,954,541
Capital Leases	752,172	116,696	348,052	520,816	281,688
Compensated absences {a}	13,278,294	104,515	-	13,382,809	-
Workers' Compensation	<u>9,815,320</u>	<u>-</u>	<u>462,829</u>	<u>9,352,491</u>	<u>-</u>
 Total other long-term debt	 <u>\$34,819,206</u>	 <u>\$ 5,955,711</u>	 <u>\$ 6,384,546</u>	 <u>\$34,390,371</u>	 <u>\$ 5,236,229</u>

{a} Additions and deletions to compensated absences OPEB and net pension liability are shown net because it is impractical to determine these amounts separately.

Interest expense related to long-term debt amounted to \$254,858.

The BOCES has entered into various municipal lease and option agreements for the purpose of acquiring computer equipment necessary to provide instructional computer services. The BOCES is obligated under certain installment purchase agreements at various incremental interest rates as listed below. Assets purchased under the agreements totaled \$30,305,827 at June 30, 2021 and total accumulated depreciation for these assets was \$19,758,796 at year end.

The BOCES' installment purchase debt agreements are payable in 60 monthly installments or less and bear interest ranging from 1.25% to 3.01%.

The following is a summary of maturities at June 30, 2021:

<u>At fiscal year end June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 4,797,578	\$ 156,962
2023	3,523,695	72,190
2024	1,988,197	22,890
2025	<u>824,785</u>	<u>4,547</u>
Total	<u>\$11,134,255</u>	<u>\$ 256,589</u>

The BOCES' capital leases are payable in 60 monthly installments or less and bear interest rates of 0% to 2.8%.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Notes to Financial Statements
June 30, 2021**

The following is a schedule of minimum lease payments as of June 30, 2021:

<u>At fiscal year end June 30,</u>	
2022	\$ 281,688
2023	<u>239,128</u>
Total	<u>\$ 520,816</u>

See Note 10 for more detailed information on the Workers' Compensation long-term debt.

7. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

	<u>Interfund</u>		<u>Interfund</u>	
	Receivable	Payable	Revenue	Expenditure
General fund	\$ 12,864,640	\$ -	\$ 2,404,411	\$ 7,420,307
Special aid fund	-	6,549,396	8,636	2,495,274
School lunch fund	-	1,018,874	1,150,000	6,511
Capital fund	-	97,682	6,359,045	-
Custodial fund	-	<u>5,198,688</u>	-	-
Total governmental activities	<u>\$ 12,864,640</u>	<u>\$ 12,864,640</u>	<u>\$ 9,922,092</u>	<u>\$ 9,922,092</u>

The BOCES typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

8. PENSION PLANS

New York State Employee Retirement System

The BOCES participates in the New York State and Local Employees' Retirement System (ERS) also referred to as the 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 (NYSRSSL). 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 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. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>	
2021	\$	4,378,707
2020	\$	4,328,559
2019	\$	4,362,487

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.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

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.

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.

All amounts due were remitted in full to the New York Employee Retirement System. No portion of the BOCES' retirement bill was amortized or bonded as of June 30, 2021.

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

At June 30, 2021, the BOCES reported a liability of \$84,898 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The BOCES' proportion of the net pension liability was based on a projection of the BOCES' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the BOCES' proportion was 0.0852613 percent, which was a decrease from its proportion measured June 30, 2020 of 0.0898924 percent.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

For the year ended June 30, 2021, the BOCES recognized pension expense of \$2,608,546. At June 30, 2021, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,036,835	\$ -
Change of assumptions	15,610,017	294,410
Net difference between projected and actual earnings on pension plan investments	-	24,387,725
Change in proportion and differences between the BOCES' contributions and proportionate share of contributions	1,686,904	509,585
Contributions subsequent to the measurement date	<u>913,251</u>	<u>-</u>
	<u>\$19,247,007</u>	<u>\$25,191,720</u>

The BOCES recognized \$913,251 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Plan's Year Ended March 31:	
2022	\$ (944,939)
2023	(169,247)
2024	(1,115,730)
2025	<u>(4,628,048)</u>
	<u>\$ (6,857,964)</u>

Actuarial Assumptions

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

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.4% indexed by service
Projected COLAs	1.4% compounded annually
Decrements	Developed from the Plan's experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Notes to Financial Statements
June 30, 2021**

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

Asset Type	Target Allocations in %	Long-Term Expected Real Rate of Return in %
Domestic equity	32	4.05
International equity	15	6.30
Private equity	10	6.75
Real estate	9	4.95
Opportunistic/ARS	3	4.50
Credit	4	3.63
Real assets	3	5.95
Fixed assets	23	0.00
Cash	<u>1</u>	0.50
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.9 percent. 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 plan employers 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 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 4.9%	Current Assumption 5.9%	1% Increase 6.9%
Proportionate Share of Net Pension liability	<u>\$23,564,420</u>	<u>\$ 84,898</u>	<u>\$ (21,568,716)</u>

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

Pension Plan Fiduciary Net Position (000's)

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

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

New York State Teachers' 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.

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 made in the current year and two preceding years were:

		<u>TRS</u>
2021	\$	3,957,610
2020	\$	4,619,334
2019	\$	4,136,587

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Notes to Financial Statements
June 30, 2021**

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

At June 30, 2021, the BOCES reported a liability of \$7,272,099 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2019. The BOCES' proportion of the net pension liability was based on a projection of the BOCES' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the BOCES' proportion was 0.26317 percent, which was an increase from its proportion measured June 30, 2020 of 0.2581 percent.

For the year ended June 30, 2021, the BOCES recognized pension expense of \$10,081,912. At June 30, 2021, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,371,814	\$ 372,681
Changes of Assumptions	9,197,513	3,278,433
Net difference between projected and actual earnings on pension plan investments	4,749,318	-
Changes in proportion and differences between the BOCES, contributions and proportionate share of contributions	1,030,209	204,001
Contributions subsequent to the measurement date	4,769,098	-
	<u>\$26,117,952</u>	<u>\$ 3,855,115</u>

The BOCES recognized \$4,769,098 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/(asset) in the year ended June 30, 2022.

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:	
2021	\$ 3,123,990
2022	6,009,739
2023	4,939,311
2024	3,007,309
2025	101,122
Thereafter	312,268
	<u>\$17,493,739</u>

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

Actuarial Assumptions

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

The actuarial valuation used the following actuarial assumptions:

Inflation	2.20%										
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.										
	<table><thead><tr><th><u>Service</u></th><th><u>Rate</u></th></tr></thead><tbody><tr><td>5</td><td>4.72%</td></tr><tr><td>15</td><td>3.46%</td></tr><tr><td>25</td><td>2.37%</td></tr><tr><td>35</td><td>1.90%</td></tr></tbody></table>	<u>Service</u>	<u>Rate</u>	5	4.72%	15	3.46%	25	2.37%	35	1.90%
<u>Service</u>	<u>Rate</u>										
5	4.72%										
15	3.46%										
25	2.37%										
35	1.90%										
Projected COLAs	1.3% compounded annually.										
Investment Rate of Return	7.1% compounded annually, net of pension plan investment expense, including inflation.										

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

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

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

The Long Term Expected Real Rates of Return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2020 are summarized in the following table:

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Notes to Financial Statements
June 30, 2021**

Asset Type	Target Allocation in %	Long-Term Expected Real Rate of Return in %
Domestic Equity	33	7.1
International	16	7.7
Global Equity	4	7.4
Real Estate Equity	11	6.8
Private Equity	8	10.4
Domestic Fixed Income	16	1.8
Global Bonds	2	1.0
High Yield Bonds	1	3.9
Private Debt	1	5.2
Real Estate Debt	7	3.6
Cash Equivalents	<u>1</u>	0.7
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2020 was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts 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 school districts/BOCES calculated using the discount rate of 7.10 percent, as well as what the school districts'/BOCES' net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount	1% Increase
	<u>6.1%</u>	<u>7.1%</u>	<u>8.1%</u>
Proportionate Share of Net Pension Liability	<u>\$ 45,935,343</u>	<u>\$ 7,272,099</u>	<u>\$ (25,176,161)</u>

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of June 30, 2020, were as follows:

Total pension liability	\$	123,242,776,215
Net position	\$	<u>120,479,505,380</u>
Net position liability (asset)	\$	<u>2,763,270,835</u>
Fiduciary net position as a percentage of total pension		97.76%

Payables to the Pension Plans

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System.

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

	<u>June 30, 2021</u>
ERS Liability	\$ 967,609
TRS Liability	\$4,769,098

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The BOCES provides certain other postemployment benefits (predominately health insurance) for retired employees of the BOCES. The BOCES administers the Other Postemployment Benefits Plan (the OPEB Plan) as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB). Eligibility for retirement and participation in the OPEB plan is based on meeting a criteria of minimum age and/or years of service requirements. Employees must be a minimum age of 55 and have a minimum of 10 or 20 years of service based on employee unit and date of hire.

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.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Notes to Financial Statements
June 30, 2021**

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$	494,614,983
Changes for the Year:		
Service cost		14,615,760
Interest		10,230,280
Benefit payments		(10,255,847)
Change in assumptions		38,578,714
Net changes		53,168,907
Balance at June 30, 2021	\$	<u>547,783,890</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:

	Discount (Interest) Rate Sensitivity		
	1% Decrease 1.09%	Current Discount 2.09%	1% Increase 3.09%
Total OPEB Liability	\$ <u>683,343,402</u>	\$ <u>547,783,890</u>	\$ <u>447,835,285</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 Cost Inflation (Trend) Rate Sensitivity		
	Trend Rate Less 1%	Current Discount Rate	Trend Rate plus 1%
Total OPEB Liability	\$ <u>435,665,717</u>	\$ <u>547,783,890</u>	\$ <u>702,282,398</u>

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

For the year ended June 30, 2021, the BOCES recognized OPEB expense of \$38,185,656. At June 30, 2021, the BOCES reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources
Changes in assumptions	\$ <u>75,102,110</u>

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

10. 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 a combination of self-insurance reserves and commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past two years.

Workers' Compensation Plan

The BOCES has established a self-insured plan for risks associated with workers' compensation claims. The plan establishes claims' liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) which have been reported but not settled, and of claims which have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the nature of the case. Estimated amounts of reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims.

Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims' liabilities does not necessarily result in an exact amount. Claims' liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates which reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data which reflect past inflation and on other factors which are considered to be appropriate modifiers of past experience. Adjustments to claims' liabilities are charged or credited to expense in the periods in which they are made.

Claims activity is summarized below:

	June 30, 2021	June 30, 2020
Unpaid Claims at Beginning of Year	\$ 9,815,320	\$ 7,677,332
Incurred Claims and Claim Adjustment	1,335,780	3,937,072
Claim Payments	<u>(1,798,609)</u>	<u>(1,799,084)</u>
Unpaid Claims at year end	<u>\$ 9,352,491</u>	<u>\$ 9,815,320</u>

The BOCES budget includes approximately \$2.2 million in 2020/21 to fund payments resulting from the above claims. In addition, BOCES has funded a reserve for workers' compensation claims in the amount of approximately \$3.1 million.

11. FUND BALANCES

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

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements June 30, 2021

12. SPLIT DOLLAR LIFE INSURANCE POLICIES

The BOCES has provided life insurance policies with split dollar provisions for certain of its current and former employees. The split dollar provisions provide for the reimbursement of all but the first year's previously paid premiums upon the demise of the insured or if the policy is cashed in prior to death.

At June 30, 2021, there were total premiums receivable in the amount of \$640,496. The corresponding revenue to this receivable will be recognized in the year that the premiums are refunded.

13. CONTINGENCIES AND COMMITMENTS

Other Contingencies

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.

The BOCES has various commitments with contractors for the completion of capital projects.

14. COVID-19 PANDEMIC

The United States is presently in the midst of a national health emergency related to a virus commonly known as the Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a nation, regional and local level are unknown but it has the potential to result in a significant economic impact. The impact of the situation on the BOCES and its future results and financial position is not presently determinable.

On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021 (ARP). These funds are focused on supporting the safe return to in-person instruction and continuity of services, addressing the impact of lost instructional time through summer or extended school programs, responding to students' academic, social, and emotional needs, and addressing the disproportionate impact of the coronavirus on economically disadvantaged students, children with disabilities, English learners, racial and ethnic minorities, migrant students, students experiencing homelessness, and children and youth in foster care. The BOCES is expected to receive \$1,133,168 in Higher Education Emergency Relief Fund (HEERF 3) funds.

15. SUBSEQUENT EVENTS

On July 13, 2021, the BOCES entered into an installment agreement with TD Equipment and Finance for equipment for \$728,600 at an interest rate of .850% for four years.

On July 7, 2021, the BOCES entered into an installment agreement with JP Morgan Chase Equipment Finance for equipment for \$3,512,000 at an interest rate of .945% for five years.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Notes to Financial Statements
June 30, 2021

16. PRIOR PERIOD ADJUSTMENT

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

	Agency Fund						
	Cash - Unrestricted	Cash - Restricted	Deposits	Other Receivables	Due to Other Funds	Extraclassroom Activity	Other Liabilities
Balance at June 30, 2020, as previously reported	\$ 9,249,129	\$ 11,823	\$ 150,000	\$ 1,353,644	\$ (6,340,935)	\$ (11,823)	\$ (4,411,838)
Restatement of beginning balance - Adoption of GASB Statement No. 84	(9,249,129)	(11,823)	(150,000)	(1,353,644)	6,340,935	11,823	4,411,838
Balance at July 1, 2020, as restated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Notes to Financial Statements
June 30, 2021**

	Fiduciary Activities						
	Custodial Fund			Governmental Activities			
	Cash - Unrestricted	Due to Other Funds	Net Position	Cash - Unrestricted	Other Receivables	Accrued Liabilities	Net Position
Balance at June 30, 2020, as previously reported	\$ -	\$ -	\$ -	\$ 30,548,433	\$ 680,751	\$ (49,820,575)	\$ 341,411,114
Restatement of beginning balance - Adoption of GASB Statement No. 84	8,230,005	(6,340,935)	(1,889,070)	1,180,947	1,353,644	(2,522,768)	(11,823)
Balance at July 1, 2020, as restated	<u>\$ 8,230,005</u>	<u>\$ (6,340,935)</u>	<u>\$ (1,889,070)</u>	<u>\$ 31,729,380</u>	<u>\$ 2,034,395</u>	<u>\$ (52,343,343)</u>	<u>\$ 341,399,291</u>
				General Fund			Miscellaneous Special Revenue Fund
	Cash - Unrestricted	Other Receivables	Accrued Liabilities	Cash - Unrestricted	Cash - Unrestricted	Fund Balance	
Balance at June 30, 2020, as previously reported	\$ 29,638,451	\$ 680,751	\$ (545,239)	\$ -	\$ -	-	
Restatement of beginning balance - Adoption of GASB Statement No. 84	1,169,124	1,353,644	(2,522,768)	11,823	(11,823)	-	
Balance at July 1, 2020, as restated	<u>\$ 30,807,575</u>	<u>\$ 2,034,395</u>	<u>\$ (3,068,007)</u>	<u>\$ 11,823</u>	<u>\$ (11,823)</u>	<u>\$ -</u>	

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Budgetary Actual
REVENUE				
Administration	\$ 7,445,309	\$ 11,317,729	\$ 7,148,392	\$ (4,169,337)
Occupational instruction	30,375,662	31,514,392	27,921,479	(3,592,913)
Instruction for special education	95,601,025	105,475,357	100,274,981	(5,200,376)
Itinerant services	151,859	232,437	182,533	(49,904)
General instruction	9,985,706	9,165,095	5,850,673	(3,314,422)
Instruction support	29,197,408	41,107,275	38,699,080	(2,408,195)
Other services	6,931,945	12,799,174	11,636,747	(1,162,427)
Internal services	-	571,541	232,774	(338,767)
Total revenues	<u>179,688,914</u>	<u>212,183,000</u>	<u>191,946,659</u>	<u>(20,236,341)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>12,499,836</u>	<u>13,981,902</u>	<u>2,404,411</u>	<u>(11,577,491)</u>
Total revenues and other sources	<u>192,188,750</u>	<u>226,164,902</u>	<u>194,351,070</u>	<u>(31,813,832)</u>

(Continued)

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Budgetary Actual
EXPENDITURES					
Administration	14,352,230	14,585,551	14,036,830	11,020	537,701
Occupational instruction	30,430,660	31,855,368	27,517,466	34,115	4,303,787
Instruction for special education	94,620,627	104,635,265	88,875,881	17,009	15,742,375
Itinerant services	151,858	232,436	178,090	-	54,346
General instruction	9,710,106	8,901,114	6,727,076	65,408	2,108,630
Instruction support	29,201,019	41,410,123	35,352,325	3,303,138	2,754,660
Other services	6,928,653	12,530,097	12,280,941	-	249,156
Internal services	2,822,602	4,394,152	2,636,863	652,130	1,105,159
Total expenditures	188,217,755	218,544,106	187,605,472	4,082,820	26,855,814
OTHER FINANCING USES					
Return of surplus	-	-	8,988	-	(8,988)
Transfers to other funds	3,971,000	7,620,805	7,420,307	-	200,498
Total other uses	3,971,000	7,620,805	7,429,295	-	191,510
Total expenditures and other uses	\$ 192,188,755	\$ 226,164,911	195,034,767	\$ 4,082,820	\$ 27,047,324
NET CHANGE IN FUND BALANCES					
			(683,697)		
FUND BALANCE - beginning of year			24,556,593		
FUND BALANCE - end of year			\$ 23,872,896		

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)

For the Year Ended June 30, 2021

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)										
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN											
Proportion of the net pension liability (asset)	0.0852613%	0.0898924%	0.0910865%	0.0929059%	0.0936120%	0.0951623%	0.0964208%				
Proportionate share of the net pension liability (asset)	\$ 84.9	\$ 23,804.0	\$ 6,453.8	\$ 2,998.4	\$ 8,796.0	\$ 15,273.8	\$ 3,257.3				
Covered-employee payroll	\$ 31,249.9	\$ 30,868.7	\$ 30,840.7	\$ 30,295.4	\$ 30,359.5	\$ 29,444.8	\$ 28,491.9				
Proportionate share of the net pension liability (asset)	0.27%	77.11%	20.93%	9.90%	28.97%	51.87%	11.43%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%	97.20%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)										
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN											
Proportion of the net pension liability (asset)	0.2631700%	0.2605890%	0.2591340%	0.2695480%	0.27899380%	0.2839600%	0.3003090%				
Proportionate share of the net pension liability (asset)	\$ 7,272	\$ (6,770.1)	\$ (4,685.8)	\$ (2,048.8)	\$ 2,987.5	\$ (29,494.4)	\$ (33,452.6)				
Covered-employee payroll	\$ 45,314.4	\$ 44,683.9	\$ 42,210.1	\$ 42,713.3	\$ 43,043.0	\$ 42,652.6	\$ 44,363.1				
Proportionate share of the net pension liability (asset)	16.05%	-15.15%	-11.10%	-4.80%	6.94%	-69.15%	-75.41%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.80%	102.20%	101.53%	100.40%	99.01%	110.46%	110.48%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Schedule of Contributions - Pension Plans (Unaudited)
For the Year Ended June 30, 2021**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)										
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN											
Contractually required contribution	\$ 4,378.7	\$ 4,328.6	\$ 4,362.5	\$ 4,360.4	\$ 4,421.8	\$ 5,018.1	\$ 5,371.7				
Contributions in relation to the contractually required contribution	<u>4,378.7</u>	<u>4,328.6</u>	<u>4,362.5</u>	<u>4,360.4</u>	<u>4,421.8</u>	<u>5,018.1</u>	<u>5,371.7</u>				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 31,249.9	\$ 30,868.7	\$ 30,840.7	\$ 30,295.4	\$ 30,359.5	\$ 29,444.8	\$ 28,491.9				
Contributions as a percentage of covered-employee payroll	14.01%	14.02%	14.15%	14.39%	14.56%	17.04%	18.85%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)										
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN											
Contractually required contribution	\$ 3,957.6	\$ 4,619.3	\$ 4,136.6	\$ 5,006.0	\$ 5,707.5	\$ 7,477.0	\$ 7,209.0				
Contributions in relation to the contractually required contribution	<u>3,957.6</u>	<u>4,619.3</u>	<u>4,136.6</u>	<u>5,006.0</u>	<u>5,707.5</u>	<u>7,477.0</u>	<u>7,209.0</u>				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 45,314.4	\$ 44,683.9	\$ 42,210.1	\$ 42,713.3	\$ 43,043.0	\$ 42,652.6	\$ 44,363.1				
Contributions as a percentage of covered-employee payroll	8.73%	10.34%	9.80%	11.72%	13.26%	17.53%	16.25%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
For the Year Ended June 30, 2021**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Last 10 Fiscal Years (Dollar amounts displayed in thousands)											
Total OPEB Liability	\$ 14,616.0	\$ 12,715.0	\$ 5,362.4	\$ 5,206.20							
Service cost	10,230.0	10,221.0	14,333.5	14,018.5							
Interest	-	57,867.0	-	-							
Differences between expected and actual experience	38,579	-	-	-							
Changes in assumptions	(10,256.0)	(10,193.0)	(10,434.7)	(10,015.3)							
Benefit payments	53,169.0	70,610.0	9,261.2	9,209.4							
Total change in total OPEB liability	494,615.2	424,005.2	414,744.0	405,534.6							
Total OPEB liability - beginning	\$ 547,784.2	\$ 494,615.2	\$ 424,005.2	\$ 414,744.0							
Total OPEB liability - ending	\$ 65,982.4	\$ 65,982.4	\$ 62,206.6	\$ 62,206.6							
Covered-employee payroll	830.20%	749.62%	681.61%	666.72%							
Total OPEB liability as a percentage of covered employee payroll	2.09%	2.44%	3.50%	3.50%							

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount Rate	2.09%	2.44%	3.50%	3.50%	4.00%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The actuarial cost method has been updated from Projected Unit Credit to Entry Age Normal, which caused an increase in liabilities. Change in demographics and valuation assumptions (e.g., increase in plan costs, mortality assumptions, discount rate assumptions, etc.) since the prior valuation also contributed to the increase.

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

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

**SUPPLEMENTARY INFORMATION
(UNAUDITED)**

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Schedule of Account A431-School Districts (Unaudited)
For the Year Ended June 30, 2021**

July 1, 2020 - Debit (Credit) balance	\$ (17,022,011)
Debits	
Billings to school districts	150,013,585
Refund of balances due school districts	4,226,513
Encumbrances - June 30, 2021	4,082,820
Other adjustments	<u>10,916,055</u>
Total debits	<u>169,238,973</u>
Credits	
Collections from school districts	153,197,790
Adjustment - credits to school districts	1,551,246
Revenues in excess of expenditures	8,987
Encumbrances - June 30, 2020	3,350,566
Other adjustments	<u>10,954,516</u>
Total credits	<u>169,063,105</u>
June 30, 2021 - Debit (Credit) balance	<u>\$ (16,846,143)</u>
Due from school districts	\$ 18,775,213
Due to component districts - return of surplus	<u>(35,621,356)</u>
	<u>\$ (16,846,143)</u>

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Schedule of Project Expenditures - Capital Projects Fund (Unaudited)
For the Year Ended June 30, 2021

Project Title	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance
JEA-Dix Hills - Asbestos Abatement	\$ 3,439,700	\$ 3,412,670	\$ 3,412,670	\$ -	\$ 3,412,670	\$ -
JEA-Melville - Ceiling & Lighting	2,203,000	2,835,905	2,736,846	99,059	2,835,905	-
Caleb Smith/Sunken Meadow - Reno/Rep Caleb Smith/Sunken Meadow	104,000	104,000	67,514	-	67,514	36,486
WT Dix Hills - Replace HVAC McGuire I	814,457	913,276	913,276	-	913,276	-
District Wide - Energy Conservation Projects	4,177,925	2,966,475	2,966,475	-	2,966,475	-
WT Dix Hills - Replace HVAC Jones 1	200,000	278,793	278,793	-	278,793	-
JEA Dix Hills - P/A System Renovation	207,092	207,092	207,092	-	207,092	-
Sunken Meadow - Sunken Meadow Renovations	4,730,001	4,887,964	4,887,964	-	4,887,964	-
WT Dix Hills - Bathroom Renovations	150,000	87,768	87,768	-	87,768	-
WT Republic - Fire Alarm Panel Replacement	101,082	101,082	101,082	-	101,082	-
WT Dix Hills - Redesign Ramp/Wall/Reply Stucco	120,000	67,305	67,305	-	67,305	-
WT Northport - Elec/Sink/Wall/Cntrl Panel	45,700	45,700	45,700	-	45,700	-
JEA Dix Hills - Light/Wall/Door/Ceiling/Bathroom	163,500	154,621	154,621	-	154,621	-
JEA Melville - Intercom/Gym/Toilet	142,000	110,640	110,640	-	110,640	-
Taukomas - Redundant Power	183,190	183,190	183,190	-	183,190	-
WT Dix Hills - Garage Dr/Door/Fence/Sidewalk	107,500	131,629	131,629	-	131,629	-
WT Northport - Sono lab Temp/Auto Shop power panels	40,000	40,000	40,000	-	40,000	-
WT Northport - Blinds/Staff Rm/Door/ Gates	159,501	61,035	61,035	-	61,035	-
WT Republic - Exterior Wall LED fixtures	15,000	14,738	14,738	-	14,738	-
WT Manor Plains - Doors/Cabinets/Countertops/Bell System	99,000	82,700	82,700	-	82,700	-
JEA Melville - Cabinets/Paging/Fence/Bathrooms/Tile	125,000	115,492	115,492	-	115,492	-
Brennan - Exterior Wall LED/Ballasts/Vent	80,000	70,080	70,080	-	70,080	-
WT Manor Plains - P/A System Renovation	190,000	118,156	118,156	-	118,156	-
WT Northport - Fire Alarm Panel Replacement	225,000	212,675	212,675	-	212,675	-
WT Dix Hills - Replace Vandal Alarm Systems	75,000	73,204	73,204	-	73,204	-
WT Dix Hills - Bathroom Renovations	1,950,000	2,262,000	152,881	1,251,174	1,404,055	857,945
Brennan - Replace Rooftop Fan/Air Handlers	106,950	76,743	76,743	-	76,743	-
Brennan - Stage Front Remodeling/Repair Stage Flooring	140,875	62,000	62,000	-	62,000	-
JEA Melville - Install New Casework & Countertops	43,700	68,500	68,500	-	68,500	-
Taukomas - Convert Hot Water Heater to Gas	15,525	7,225	7,225	-	7,225	-
WT Manor Plains - Convert Hot Water Heater to Gas	32,775	7,225	7,225	-	7,225	-
WT Dix Hills - Design & Install Spray Booth McGuire I	31,508	50,210	50,210	-	50,210	-
WT Northport - Repair/Replace Vents in Façade	20,000	-	-	-	-	-
Republic - P/A System Renovation	150,750	86,909	86,909	-	86,909	-
WT Manor Plains - Replace Vandal Alarm Systems	40,000	11,875	11,875	-	11,875	-
Taukomas - Replace Vandal Alarm Systems	40,000	12,985	12,985	-	12,985	-
WT Dix Hills - Roof Replacement	400,000	360,939	360,939	-	360,939	-
WT Dix Hills - Roof Top Replacement	120,000	120,000	5,216	72,315	77,531	42,469
JEA DH/Taukomas - Asphalt Replacement	322,640	143,100	143,100	-	143,100	-
Administration - Electrical Renovation	250,000	125,795	125,795	-	125,795	-
WT Northport - Replace Concrete Curbs/Walks	110,000	43,000	43,000	-	43,000	-
JEA Dix Hills - Floor Tile Replacement	170,000	166,049	166,049	-	166,049	-
JEA Melville - Floor Tile Replacement	150,000	58,200	58,200	-	58,200	-
WT Dix Hills - Roof Replacement	900,000	900,000	160,893	32,151	193,044	706,956
Taukomas - Roof Replacement	980,000	2,130,000	484,309	402,261	886,570	1,243,430
JEA Dix Hills - Electric Transformer Replacement	166,016	95,228	86,411	8,817	95,228	-
JEA Melville - Electric Transformer Replacement	137,593	93,177	84,645	8,532	93,177	-
District Wide - Parking Lot Lights	518,383	528,674	166,071	259,340	425,411	103,263
Republic - Roof Top Replacement	75,000	47,541	47,541	-	47,541	-
Taukomas - Roof Top Replacement	95,000	71,441	71,441	-	71,441	-
WT Northport - Window Replacement	696,176	939,218	4,924	808,534	813,458	125,760
WT Manor Plains - Asphalt Replacement	122,890	18,595	18,595	-	18,595	-
WT Dix Hills - Replace Concrete Curbs/Walks	47,875	7,125	7,125	-	7,125	-
WT Manor Plains - Replace Concrete Curbs/Walks	8,900	26,100	26,100	-	26,100	-
Sunken Meadow-Asphalt Replacement	62,000	59,901	59,901	-	59,901	-
Caleb Smith Park - Caleb Smith Renovations	850,000	850,000	34,970	22,157	57,127	792,873
Administration - Lobby Renovation	52,000	42,608	42,608	-	42,608	-
District Wide - Floor Tile Replacement	1,500,000	1,500,000	65,356	76,057	141,413	1,358,587
WT DixHills-McGuire 2 - Kitchen Renovations	455,087	455,087	15,719	6,325	22,044	433,043
WT Manor Plains - Bathroom Renovations	348,000	348,000	12,599	225,495	238,094	109,906
WT Northport - Bathroom Renovations	318,000	318,000	12,977	193,749	206,726	111,274
District Wide-Security Enhancements	100,000	100,000	-	-	-	100,000
Taukomas - Roof Top Replacement	224,000	224,000	12,699	204,118	216,817	7,183
Republic - Roof Top Replacement	100,000	100,000	5,624	66,975	72,599	27,401
WT Dix Hill-Jones 1 - Boiler Replacement	-	1,081,000	42,114	443,023	485,137	595,863
JEA Dix Hills - Interior Door Replacement	-	85,000	7,490	50,431	57,921	27,079
JEA Melville - Interior Door Replacement	-	107,641	7,165	100,349	107,514	127
Brennan - Renovate Recovery High School	-	358,000	13,330	296,269	309,599	48,401
Administration-Gutter Replacement	38,150	23,053	-	23,053	23,053	-
Administration-Interior Light Replacement	154,621	154,621	-	5,631	5,631	148,990
WT Manor Plains - Woodshop Exhaust Renovation	275,000	275,000	7,986	20,338	28,324	246,676
WT DixHills-McGuire1 - Roof Replacement	1,175,180	1,175,180	-	86,020	86,020	1,089,160
M&O - Electric Transformer Replacement	53,505	-	-	-	-	-
WT Dix Hills-Career Center - Electric Switch Gear Upgrades	198,717	198,717	-	6,242	6,242	192,475
WT Dix Hills-McGuire 1 - Electric Switch Gear Upgrades	481,385	481,385	-	15,809	15,809	465,576
WT Dix Hills-Jones 1 - Electric Switch Gear Upgrades	84,063	84,063	-	2,466	2,466	81,597
WT Dix Hills-Jones 2 - Electric Switch Gear Upgrades	84,063	84,063	-	5,881	5,881	78,182
WT Republic - Roof Top Unit Replacement	138,485	138,485	-	5,874	5,874	132,611
JEA Dix Hills - Bathroom Renovation	363,317	363,317	-	35,579	35,579	327,738
Taukomas - A/C Systems Replacement	69,675	69,675	-	3,095	3,095	66,580
WT Dix Hills - Replace Concrete Curbs/Walks	115,746	91,467	-	91,467	91,467	-
Administration - Replace Concrete Curbs/Walks	58,173	-	-	-	-	-
WT Dix Hills-McGuire 1 - Electrical/Distrib Panel Replacement	555,000	555,000	-	17,785	17,785	537,215
WT Dix Hills-Jones 1 - Electrical/Distrib Panel Replacement	105,000	105,000	-	3,014	3,014	101,986
WT Dix Hills-McGuire 1 - Step-down Transformer Replacement	185,000	185,000	-	5,928	5,928	179,072
WT Dix Hills-McGuire 2 - Electrical Switch Gear Upgrades	555,000	555,000	-	15,170	15,170	539,830
Taukomas - Roof Top Units	250,000	250,000	-	11,104	11,104	238,896
District Wide - Health & Safety Modifications	250,000	250,000	-	246,237	246,237	3,763
District Wide - Air Filter Improvement	2,605,800	2,605,800	-	-	-	2,605,800
JEA Melville - Bathroom Renovation	1,436,683	1,436,683	-	-	-	1,436,683
Administration - Generator	109,000	109,000	-	-	-	109,000
WT Dix Hills - Jones 2 - Roof Replacement	667,950	667,950	-	-	-	667,950
District Wide - HALO Sensor Installation	361,500	361,500	-	-	-	361,500
	\$ 40,120,304	\$ 41,645,240	\$ 20,078,090	\$ 5,227,824	\$ 25,305,914	\$ 16,339,326

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Schedule of Change from Original Budget to Revised Budget - General Fund (Unaudited)
For the Year Ended June 30, 2021**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 188,838,179
Add: Prior year's encumbrances	<u>3,350,576</u>
Original budget	192,188,755
Budget revision: Board resolutions to accept changes in service contracts	<u>33,976,156</u>
Final budget	<u>\$ 226,164,911</u>

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

**Schedule of Net Investment in Capital Assets (Unaudited)
For the Year Ended June 30, 2021**

Capital assets, net	\$ 94,105,641
Deduct:	
Short-term portion of installment purchase debt	4,954,541
Long-term portion of installment purchase debt	6,179,714
Short-term portion of capital leases	281,688
Long-term portion of capital leases	<u>239,128</u>
Net investment in capital assets	<u>\$ 82,450,570</u>

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

December 14, 2021

To the Board of Directors of
Western Suffolk Board of Cooperative Education Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Suffolk BOCES (the BOCES), as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

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

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

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

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.

Bonadio & Co., LLP