

**WESTERN SUFFOLK BOARD OF COOPERATIVE  
EDUCATION SERVICES**

**Financial Statements As of and For the Year Ended  
June 30, 2023  
Together With Independent  
Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

# WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

## Table of Contents

June 30, 2023

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|                                                                                                                           | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditor's Report                                                                                              | 1           |
| Management's Discussion and Analysis (Unaudited)                                                                          | 4           |
| Financial Statements                                                                                                      |             |
| Statement of Net Position                                                                                                 | 15          |
| Statement of Activities                                                                                                   | 16          |
| Balance Sheet-Governmental Funds and Reconciliation of Total Governmental Fund<br>Balance to Government-Wide Net Position | 17          |
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental<br>Funds                                  | 19          |
| Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund<br>Balance to the Statement of Activities   | 20          |
| Statement of Fiduciary Net Position                                                                                       | 21          |
| Statement of Changes in Fiduciary Net Position                                                                            | 22          |
| Notes to Financial Statements                                                                                             | 23          |
| Required Supplementary Information (Unaudited)                                                                            |             |
| Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual<br>- General Fund                      | 54          |
| Schedule of Proportionate Share of Net Pension Liability (Asset)                                                          | 56          |
| Schedule of Contributions - Pension Plans                                                                                 | 57          |
| Schedule of Changes in Total OPEB Liability and Related Ratios                                                            | 58          |

# WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

## Table of Contents

June 30, 2023

---

|                                                                                                                                                                                                                           | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Other Information (Unaudited)                                                                                                                                                                                             |             |
| Schedule of Account A431-School Districts                                                                                                                                                                                 | 59          |
| Schedule of Project Expenditures - Capital Projects Fund                                                                                                                                                                  | 60          |
| Schedule of Change from Original Budget to Revised Budget - General Fund                                                                                                                                                  | 62          |
| Schedule of Net Investment in Capital Assets                                                                                                                                                                              | 63          |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 64          |

**INDEPENDENT AUDITOR'S REPORT**

January 3, 2024

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

**Report on the Financial Statements**

***Opinions***

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

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

***Basis For Opinions***

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

***Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities For the Audit of the Financial Statements***

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

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

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

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

**Required Supplementary Information**

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

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the information required by the New York State Education Department as listed within the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

**Other Reporting Required By Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2024, 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.

Bonadio & Co., LLP

## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Management's Discussion and Analysis (Unaudited) June 30, 2023

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The following is a discussion and analysis of the Western Suffolk BOCES (the BOCES) financial performance for the fiscal year ended June 30, 2022. 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, 2023 the total net position was a deficit of \$360,319,326, an increase in the deficit of \$3,982,713 from the prior year. This is primarily a result of increases in assets due to changes made to comply with the new GASB 87 standard, increases in the TRS and ERS liability, and changes in the actuarial information in pension related 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 Board of Education 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.
- 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, 2023**

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

**Figure A - 1**

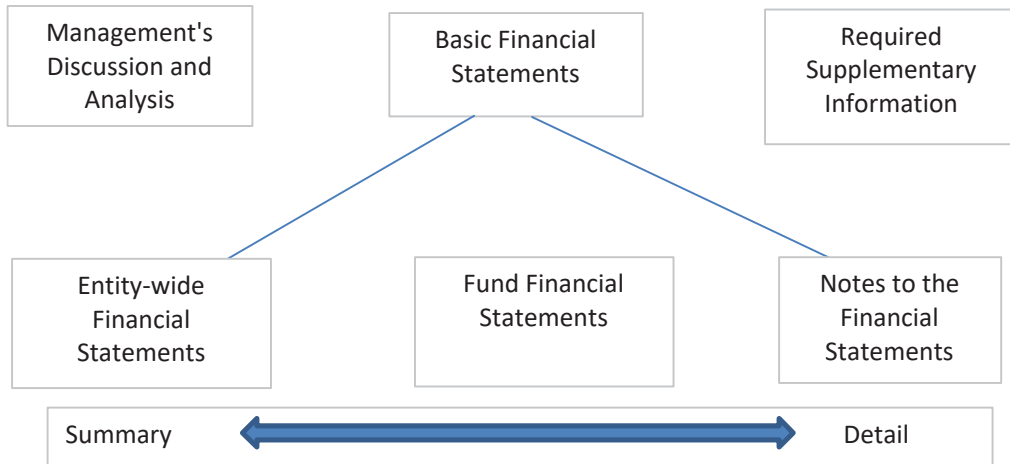


Figure A-2 summarizes the major features of the Western BOCES' financial statements, including a portion of the BOCES' activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.



**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Management’s Discussion and Analysis (Unaudited)  
June 30, 2023**

**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<br>Statement of activities                                                                           | Balance sheet<br>Statement of revenue, expenditures, and changes in fund balances.                                                                                                | Statement of fiduciary net position<br>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, 2023

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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.

## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Management's Discussion and Analysis (Unaudited) June 30, 2023

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#### Fund Financial Statements

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

The BOCES has 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. 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, 2023

### FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE

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

|                                                     | Fiscal Year<br>2023 | Fiscal Year<br>2022 | Percent<br>Change |
|-----------------------------------------------------|---------------------|---------------------|-------------------|
| Current and other assets                            | \$ 134,763          | \$ 128,319          | 5.0%              |
| Lease receivable                                    | 6,696               | 6,546               | 2.3%              |
| Net pension asset                                   | -                   | 52,981              | -100.0%           |
| Capital assets                                      | <u>117,845</u>      | <u>120,334</u>      | -2.1%             |
| Total assets                                        | 259,304             | 308,180             | -15.9%            |
| Deferred outflows of resources                      | <u>88,962</u>       | <u>103,124</u>      | -13.7%            |
| Total assets and deferred outflows of resources     | <u>348,266</u>      | <u>411,304</u>      | -15.3%            |
| Current liabilities                                 | 96,550              | 88,838              | 8.7%              |
| Long-term liabilities                               | <u>447,444</u>      | <u>432,978</u>      | 3.3%              |
| Total liabilities                                   | 543,994             | 521,816             | 4.3%              |
| Deferred inflows of resources                       | <u>164,591</u>      | <u>245,825</u>      | -33.0%            |
| Total liabilities and deferred inflows of resources | <u>708,585</u>      | <u>767,641</u>      | -7.7%             |
| Net position:                                       |                     |                     |                   |
| Investment in capital assets                        | 86,132              | 85,132              | 1.2%              |
| Restricted                                          | 37,196              | 37,215              | -0.1%             |
| Unrestricted                                        | <u>(483,647)</u>    | <u>(478,684)</u>    | 1.0%              |
| Total net position                                  | <u>\$ (360,319)</u> | <u>\$ (356,337)</u> | 1.1%              |

#### Net Position

Current assets increased by approximately \$6.4 million mainly due to an increase in the short-term portion of leases receivable related to the implementation of GASB 87, leases.

Lease receivables increased slightly due to the amount recorded in non-current assets for the long-term portion of leases receivable related to the implementation of GASB 87, Leases.

Current liabilities increased by approximately \$7.7 million primarily due to an increase in short term liabilities for leases payable, as a result of implementing GASB statement No. 87.

## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Management's Discussion and Analysis (Unaudited)

June 30, 2023

The net pension liability increased by approximately \$22.9 million and net pension asset decreased by approximately \$52.9 million, along with the deferred inflow of resources increasing approximately \$135.5 million due to the changes in the actuarial valuation related to pensions and other postemployment benefits.

Long-term liabilities decreased by -3.3%, mainly due to a decrease in other postemployment benefits of approximately \$168.8 million.

The net position deficit of the BOCES has decreased by approximately -\$4.0 million mainly due to changes in the actuarial valuation for other post-employment benefits of approximately \$8.2 million and changes in the actuarial valuation for recording of pension liabilities of approximately (\$10.2) million.

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

| <u>Revenue</u>                             | Fiscal Year<br>2023 | Fiscal Year<br>2022 | Percent<br>Change |
|--------------------------------------------|---------------------|---------------------|-------------------|
| Program revenue:                           |                     |                     |                   |
| Charges for services                       | \$ 218,775          | \$ 208,247          | 5.1%              |
| Operating grants and contributions         | 8,799               | 8,199               | 7.3%              |
| General revenue:                           |                     |                     |                   |
| Use of money and property                  | 1,353               | 452                 | 199.3%            |
| Sale of property and compensation for loss | 88                  | 61                  | 44.3%             |
| Miscellaneous                              | 1,685               | 7,317               | -77.0%            |
| Rental income                              | 48                  | 34                  | 41.2%             |
| Total revenue                              | <u>230,748</u>      | <u>224,310</u>      | 2.9%              |
| <br><u>Expenses</u>                        |                     |                     |                   |
| Administration                             | 16,145              | 14,993              | 7.7%              |
| Occupational instruction                   | 35,262              | 32,192              | 9.5%              |
| Instruction for special education          | 116,134             | 101,046             | 14.9%             |
| Itinerant services                         | 202                 | 217                 | -6.9%             |
| General instruction                        | 10,629              | 11,498              | -7.6%             |
| Instruction support                        | 36,613              | 32,957              | 11.1%             |
| Other services                             | 12,793              | 17,395              | -26.5%            |
| Internal services                          | 2,701               | 2,188               | 23.4%             |
| School lunch program                       | 1,578               | 1,470               | 7.3%              |
| Debt service - Interest                    | 450                 | 3,862               | -88.3%            |
| Return of surplus                          | 2,225               | 1,104               | 101.5%            |
| Total expenses                             | <u>234,732</u>      | <u>218,922</u>      | 7.2%              |
| Change in net position                     | <u>\$ (3,984)</u>   | <u>\$ 5,388</u>     | -173.9%           |

## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Management's Discussion and Analysis (Unaudited) June 30, 2023

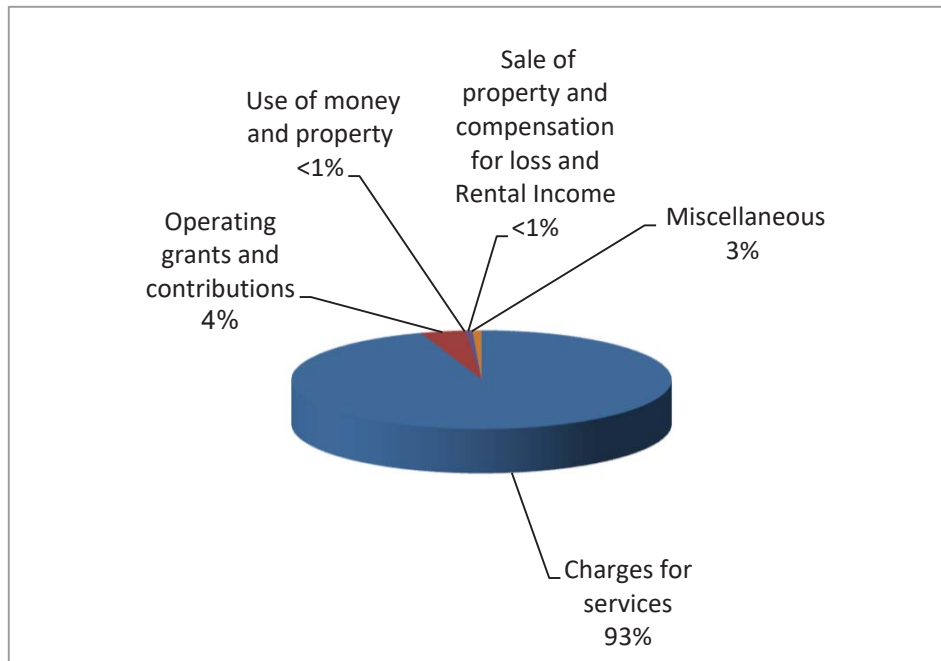
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#### Changes in Net position

The Western Suffolk BOCES 2022 revenue was approximately \$230.7 million compared to the previous year of \$224.3 million (see Figure A-4). This increase in revenue was primarily driven by an increase in charges for services.

The total cost of all programs and services totaled approximately \$234.7 million for 2023, compared to \$218.9 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 changes in the actuarial valuations for both pensions and other postemployment benefits.

**Figure A-5: Revenue Sources for 2023**

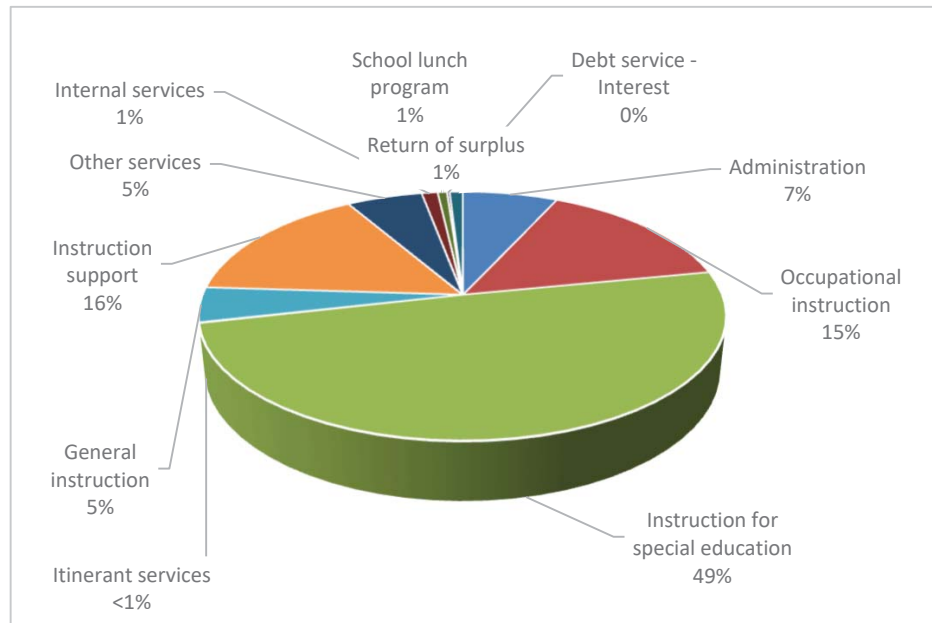


## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Management's Discussion and Analysis (Unaudited)  
June 30, 2023

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Figure A-6 Sources of Expense for 2023



### 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 2023 and 2022:

**General Fund:** This past year health and dental insurance expenses increased \$607,831 (4%) to \$16.167 million, and post-retirement health benefits increased \$527,315 (7%) to \$7.14 million. Health insurance costs continue to represent one of the most significant expenses in the fund. Health insurance expense of \$23.3 million represents 11% of overall General Fund expenses. As health insurance expenses continue to rise, new employees continue to make up a large percentage of covered members. Although Western Suffolk BOCES has tried to mitigate the impact of increases in health insurance premiums, a few collective bargaining rates have increased in order to remain competitive in retaining and meeting staffing needs.

**Special Aid:** The Special Aid Fund does not generate a significant fund balance in most years. All revenue received are expended for the grant programs, the summer handicapped program and the Employment Preparation Education (EPE) program. The amounts received and expended for specific programs are accounted for separately. These programs have accumulated a slight fund balance of approximately \$60 thousand.

## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Management's Discussion and Analysis (Unaudited) June 30, 2023

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School Lunch: The school lunch fund ended 2022-2023 with an increase in their fund balance of \$453 thousand. This resulted in a fund balance of \$1.14 thousand on hand as of June 30, 2023.

Capital Projects: Capital projects spending totaled approximately \$8.5 million in 2022-2023. This left a fund balance of approximately \$14.8 million on hand as of June 30, 2023.

#### 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, 2023, the BOCES had \$117,844,834 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)

|                            | Fiscal Year<br>2023<br><u>restated</u> | Fiscal Year<br>2022 | Percent<br>Change |
|----------------------------|----------------------------------------|---------------------|-------------------|
| <u>Category</u>            |                                        |                     |                   |
| Land                       | \$ 818                                 | \$ 818              | 0.0%              |
| Buildings and improvements | 72,177                                 | 71,458              | 1.0%              |
| Equipment and furniture    | 24,987                                 | 25,315              | -1.3%             |
| Leases                     | <u>19,863</u>                          | <u>23,094</u>       | -14.0%            |
| Total                      | <u>\$ 117,845</u>                      | <u>\$ 120,685</u>   | -2.4%             |

#### Long-Term Liabilities

As of June 30, 2023, the BOCES had approximately \$447.4 million in Long-Term Liabilities outstanding. More detailed information about the BOCES' long-term liabilities is included in the notes to the financial statements.

|                                      | (In Thousands)            |                   |
|--------------------------------------|---------------------------|-------------------|
|                                      | Fiscal 2023<br>(restated) | Fiscal 2022       |
| <u>Category</u>                      |                           |                   |
| Installment Purchase Debt            | \$ 6,813                  | \$ 6,419          |
| Other Postemployment Benefits        | 379,025                   | 547,784           |
| Compensated Absences                 | 13,474                    | 13,383            |
| Workers' Compensation Claims Payable | 8,020                     | 9,352             |
| Net Pension Liability                | 22,982                    | 7,357             |
| SBITA                                | 211                       | 277               |
| Leases                               | <u>16,920</u>             | <u>22,892</u>     |
| Total                                | <u>\$ 447,445</u>         | <u>\$ 607,464</u> |



## **WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

### **Management's Discussion and Analysis (Unaudited) June 30, 2023**

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#### **FACTORS BEARING ON THE BOCES' FUTURE**

The general fund budget for the 2022-2023 school year was approved for the amount of \$223,129,360. This is an increase of \$20,502,260 over the previous year's approved initial 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 2.5 - 3%. Collective bargaining agreements have been meticulously negotiated with all groups in an effort to ease the fiscal constraints of rising healthcare costs. As of the date of this report there is one (1) expired collective bargaining agreements, in which is currently in negotiations. In 2023, pension costs continued to increase in TRS while decreasing in ERS. As noted above, health insurance expenses are expected to increase in calendar year 2024.

Subsequent to June 30, 2023, the BOCES entered into new long-term debt in the amount of \$5,235,500 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, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

|                                                     |                         |
|-----------------------------------------------------|-------------------------|
| CURRENT ASSETS:                                     |                         |
| Cash - Unrestricted                                 | \$ 39,115,581           |
| Cash - Restricted                                   | 29,041,141              |
| Due from school districts                           | 33,569,106              |
| Due from other governments                          | 3,249,165               |
| Due from state and federal                          | 21,142,483              |
| Due from fiduciary fund                             | 1,916,276               |
| Accounts receivable                                 | 925,498                 |
| Lease receivable                                    | 4,365,019               |
| Other receivables                                   | 769,865                 |
| Restricted assets - Escrow cash                     | 572,548                 |
| Inventories                                         | <u>96,533</u>           |
| Total current assets                                | <u>134,763,215</u>      |
| NONCURRENT ASSETS:                                  |                         |
| Lease receivable                                    | 6,696,412               |
| Capital assets, net of accumulated depreciation     | <u>117,844,834</u>      |
| Total non-current assets                            | <u>124,541,246</u>      |
| DEFERRED OUTFLOWS OF RESOURCES                      |                         |
| ERS - Pension related                               | 13,653,046              |
| TRS - Pension related                               | 26,886,084              |
| Other Postemployment Benefits                       | <u>48,422,878</u>       |
| Total deferred outflows of resources                | <u>88,962,008</u>       |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES     | <u>348,266,469</u>      |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES       |                         |
| CURRENT LIABILITIES:                                |                         |
| Accounts payable                                    | 10,868,825              |
| Accrued liabilities                                 | 59,660,606              |
| Accrued interest                                    | 77,268                  |
| Due to Teachers' Retirement System                  | 5,374,470               |
| Due to Employees' Retirement System                 | 1,404,793               |
| Due to Other Governments                            | 231,734                 |
| Current portion of long term debt                   | 7,703,597               |
| Unearned revenue                                    | <u>11,228,767</u>       |
| Total current liabilities                           | <u>96,550,060</u>       |
| LONG-TERM LIABILITIES:                              |                         |
| Compensated absences payable                        | 13,473,607              |
| Workers' Compensation payable                       | 8,019,885               |
| Net pension liability - ERS                         | 18,025,457              |
| Net pension liability - TRS                         | 4,956,611               |
| Installment purchase debt                           | 6,812,942               |
| Lease liability                                     | 16,920,107              |
| SBITA Liability                                     | 210,654                 |
| Total other postemployment benefits                 | <u>379,025,170</u>      |
| Total long-term liabilities                         | <u>447,444,433</u>      |
| DEFERRED INFLOWS OF RESOURCES                       |                         |
| Lease                                               | 10,871,765              |
| ERS - Pension related                               | 1,102,028               |
| TRS - Pension related                               | 2,322,621               |
| Other Postemployment Benefits                       | <u>150,294,888</u>      |
| Total deferred inflows of resources                 | <u>164,591,302</u>      |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | <u>708,585,795</u>      |
| NET POSITION                                        |                         |
| Net Investment in capital assets                    | 86,131,573              |
| Restricted                                          | 37,196,475              |
| Unrestricted                                        | <u>(483,647,374)</u>    |
| TOTAL NET POSITION                                  | <u>\$ (360,319,326)</u> |

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, 2023

|                                            |                       | Program Revenue         |                     |                                                            |
|--------------------------------------------|-----------------------|-------------------------|---------------------|------------------------------------------------------------|
|                                            | Expenses              | Charges for<br>Services | Operating<br>Grants | Net (Expense)<br>Revenue and<br>Changes in Net<br>Position |
| <b>FUNCTIONS/PROGRAMS:</b>                 |                       |                         |                     |                                                            |
| Administration                             | \$ 16,144,827         | \$ 15,317,107           | \$ -                | \$ (827,720)                                               |
| Occupational instruction                   | 35,261,530            | 33,453,726              | 2,278,023           | 470,219                                                    |
| Instruction for special education          | 116,133,544           | 110,179,559             | 3,340,578           | (2,613,407)                                                |
| Itinerant services                         | 201,585               | 191,250                 | -                   | (10,335)                                                   |
| General instruction                        | 10,628,564            | 10,083,654              | -                   | (544,910)                                                  |
| Instruction support                        | 36,612,691            | 34,735,616              | 2,641,001           | 763,926                                                    |
| Other services                             | 12,792,960            | 12,137,085              | -                   | (655,875)                                                  |
| Internal services                          | 2,701,441             | 2,562,942               | -                   | (138,499)                                                  |
| School lunch program                       | 1,578,913             | 114,301                 | 539,411             | (925,201)                                                  |
| Debt service - Interest                    | 450,452               | -                       | -                   | (450,452)                                                  |
| Return of surplus                          | 2,224,723             | -                       | -                   | (2,224,723)                                                |
| <b>TOTAL FUNCTIONS AND PROGRAMS</b>        | <u>\$ 234,731,230</u> | <u>\$ 218,775,240</u>   | <u>\$ 8,799,013</u> | <u>(7,156,977)</u>                                         |
| <b>GENERAL REVENUE:</b>                    |                       |                         |                     |                                                            |
| Use of money and property                  |                       |                         |                     | 1,352,529                                                  |
| Sale of property and compensation for loss |                       |                         |                     | 87,949                                                     |
| Miscellaneous                              |                       |                         |                     | 1,685,286                                                  |
| Rental income                              |                       |                         |                     | <u>48,500</u>                                              |
| <b>TOTAL GENERAL REVENUE</b>               |                       |                         |                     | <u>3,174,264</u>                                           |
| <b>CHANGE IN NET POSITION</b>              |                       |                         |                     | (3,982,713)                                                |
| <b>NET POSITION - beginning of year</b>    |                       |                         |                     | <u>(356,336,613)</u>                                       |
| <b>TOTAL NET POSITION - end of year</b>    |                       |                         |                     | <u>\$ (360,319,326)</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, 2023

|                                                                    | Governmental Fund Types |                     |                     |                      |                               | Total Governmental Funds |
|--------------------------------------------------------------------|-------------------------|---------------------|---------------------|----------------------|-------------------------------|--------------------------|
|                                                                    | General                 | Special Aid         | School Lunch        | Capital Projects     | Miscellaneous Special Revenue |                          |
| <b>ASSETS</b>                                                      |                         |                     |                     |                      |                               |                          |
| Cash - Unrestricted                                                | \$ 37,713,986           | \$ -                | \$ 1,401,595        | \$ -                 | \$ -                          | \$ 39,115,581            |
| Cash - Restricted                                                  | 12,832,924              | 843,453             | -                   | 15,356,538           | 8,226                         | 29,041,141               |
| Due from school districts                                          | 33,014,872              | 554,234             | -                   | -                    | -                             | 33,569,106               |
| Due from other funds                                               | 8,357,275               | 246,606             | -                   | -                    | -                             | 8,603,881                |
| State and federal aid receivable                                   | 19,499,623              | 1,642,860           | -                   | -                    | -                             | 21,142,483               |
| Accounts receivable                                                | 887,248                 | 38,250              | -                   | -                    | -                             | 925,498                  |
| Lease receivable                                                   | 11,061,431              | -                   | -                   | -                    | -                             | 11,061,431               |
| Other receivables                                                  | 769,865                 | -                   | -                   | -                    | -                             | 769,865                  |
| Due from other governments                                         | 6,005                   | 3,204,470           | 38,690              | -                    | -                             | 3,249,165                |
| Restricted assets - Escrow cash                                    | -                       | -                   | -                   | 572,548              | -                             | 572,548                  |
| Inventory                                                          | -                       | -                   | 96,533              | -                    | -                             | 96,533                   |
| <b>TOTAL ASSETS</b>                                                | <b>\$ 124,143,229</b>   | <b>\$ 6,529,873</b> | <b>\$ 1,536,818</b> | <b>\$ 15,929,086</b> | <b>\$ 8,226</b>               | <b>\$ 148,147,232</b>    |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b> |                         |                     |                     |                      |                               |                          |
| <b>LIABILITIES</b>                                                 |                         |                     |                     |                      |                               |                          |
| Accounts payable                                                   | \$ 10,001,296           | \$ 154,953          | \$ 19,298           | \$ 693,278           | \$ -                          | \$ 10,868,825            |
| Accrued liabilities                                                | 2,859,623               | 113,804             | 13,078              | -                    | -                             | 2,986,505                |
| Due to component districts - return of surplus                     | 37,071,859              | 102,619             | -                   | -                    | -                             | 37,174,478               |
| Due to ERS                                                         | 1,363,968               | 16,728              | 24,097              | -                    | -                             | 1,404,793                |
| Due to TRS                                                         | 5,374,470               | -                   | -                   | -                    | -                             | 5,374,470                |
| Due to other governments                                           | -                       | 230,938             | 796                 | -                    | -                             | 231,734                  |
| State aid due to school districts                                  | 19,499,623              | -                   | -                   | -                    | -                             | 19,499,623               |
| Due to other funds                                                 | 246,606                 | 5,725,448           | 291,103             | 424,448              | -                             | 6,687,605                |
| Unearned revenue                                                   | 11,052,764              | 107                 | 50,896              | -                    | -                             | 11,103,767               |
| <b>Total Liabilities</b>                                           | <b>87,470,209</b>       | <b>6,344,597</b>    | <b>399,268</b>      | <b>1,117,726</b>     | <b>-</b>                      | <b>95,331,800</b>        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |                         |                     |                     |                      |                               |                          |
| Deferred inflow of resources - lease                               | 10,871,765              | -                   | -                   | -                    | -                             | 10,871,765               |
| Deferred inflow of resources - lease                               | -                       | 125,000             | -                   | -                    | -                             | 125,000                  |
| Deferred revenue related to life insurance                         | 662,076                 | -                   | -                   | -                    | -                             | 662,076                  |
| <b>Total Deferred Inflows of Resources</b>                         | <b>11,533,841</b>       | <b>125,000</b>      | <b>-</b>            | <b>-</b>             | <b>-</b>                      | <b>11,658,841</b>        |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>         | <b>99,004,050</b>       | <b>6,469,597</b>    | <b>399,268</b>      | <b>1,117,726</b>     | <b>-</b>                      | <b>106,990,641</b>       |

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, 2023

|                                                                                                                           | Governmental Fund Types |                     |                     |                      |                               | Total Governmental Funds |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------|---------------------|----------------------|-------------------------------|--------------------------|
|                                                                                                                           | General                 | Special Aid         | School Lunch        | Capital Projects     | Miscellaneous Special Revenue |                          |
| <b>FUND BALANCE</b>                                                                                                       |                         |                     |                     |                      |                               |                          |
| Nonspendable                                                                                                              |                         |                     |                     |                      |                               |                          |
| Inventory                                                                                                                 | -                       | -                   | 96,533              | -                    | -                             | 96,533                   |
| Restricted                                                                                                                |                         |                     |                     |                      |                               |                          |
| Reserve for ERS                                                                                                           | 1,520,037               | -                   | -                   | -                    | -                             | 1,520,037                |
| Reserve for TRS                                                                                                           | 3,623,856               | -                   | -                   | -                    | -                             | 3,623,856                |
| Reserve for compensated absences                                                                                          | 13,473,607              | -                   | -                   | -                    | -                             | 13,473,607               |
| Reserve for unemployment                                                                                                  | 160,764                 | -                   | -                   | -                    | -                             | 160,764                  |
| Reserve for workers compensation                                                                                          | 3,198,625               | -                   | -                   | -                    | -                             | 3,198,625                |
| Reserve for property and casualty claims                                                                                  | 400,000                 | -                   | -                   | -                    | -                             | 400,000                  |
| Restricted for extraclassroom activities                                                                                  | -                       | -                   | -                   | -                    | 8,226                         | 8,226                    |
| Restricted for capital projects                                                                                           | -                       | -                   | -                   | 14,811,360           | -                             | 14,811,360               |
| Total Restricted                                                                                                          | 22,376,889              | -                   | -                   | 14,811,360           | 8,226                         | 37,196,475               |
| Assigned                                                                                                                  | 2,762,290               | -                   | 1,041,017           | -                    | -                             | 3,803,307                |
| Unassigned                                                                                                                | -                       | 60,276              | -                   | -                    | -                             | 60,276                   |
| Total Fund Balance                                                                                                        | 25,139,179              | 60,276              | 1,137,550           | 14,811,360           | 8,226                         | 41,156,591               |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>                                              | <b>\$ 124,143,229</b>   | <b>\$ 6,529,873</b> | <b>\$ 1,536,818</b> | <b>\$ 15,929,086</b> | <b>\$ 8,226</b>               | <b>\$ 148,147,232</b>    |
| <b>A reconciliation of total governmental fund balance to government-wide net position follows:</b>                       |                         |                     |                     |                      |                               |                          |
| Total governmental fund balances per above                                                                                |                         |                     |                     |                      |                               | \$ 41,156,591            |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. |                         |                     |                     |                      |                               | 117,844,834              |
| Pension and other postemployment related government-wide activity:                                                        |                         |                     |                     |                      |                               |                          |
| Deferred outflows of resources - ERS                                                                                      |                         |                     |                     |                      |                               | 13,653,046               |
| Deferred outflows of resources - TRS                                                                                      |                         |                     |                     |                      |                               | 26,886,084               |
| Deferred outflows of resources - OPEB                                                                                     |                         |                     |                     |                      |                               | 48,422,878               |
| Net pension liability - ERS                                                                                               |                         |                     |                     |                      |                               | (18,025,457)             |
| Net pension liability - TRS                                                                                               |                         |                     |                     |                      |                               | (4,956,611)              |
| Deferred inflows of resources - ERS                                                                                       |                         |                     |                     |                      |                               | (1,102,028)              |
| Deferred inflows of resources - TRS                                                                                       |                         |                     |                     |                      |                               | (2,322,621)              |
| Deferred inflows of resources - OPEB                                                                                      |                         |                     |                     |                      |                               | (150,294,888)            |
| Deferred revenues recognized as revenue under full accrual accounting.                                                    |                         |                     |                     |                      |                               | 662,076                  |
| Other postemployment benefits are recognized as a liability under full accrual accounting.                                |                         |                     |                     |                      |                               | (379,025,170)            |
| Compensated absences due in more than one year are recognized as a liability under full accrual accounting.               |                         |                     |                     |                      |                               | (13,473,607)             |
| Installment purchase debt is not due in the current period and, therefore, is not reported in the funds.                  |                         |                     |                     |                      |                               | (11,453,872)             |
| Lease Liabilities are not due in the current period and, therefore, are not reported in the funds.                        |                         |                     |                     |                      |                               | (19,916,813)             |
| SBITA liabilities are not due in the current period and, therefore, are not reported in the funds.                        |                         |                     |                     |                      |                               | (276,615)                |
| Accrued interest recognized as a liability under full accrual accounting.                                                 |                         |                     |                     |                      |                               | (77,268)                 |
| Workers compensation payable due in more than one year are recognized as a liability under full accrual accounting.       |                         |                     |                     |                      |                               | (8,019,885)              |
| <b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>                                                                            |                         |                     |                     |                      |                               | <b>\$ (360,319,326)</b>  |

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, 2023

|                                                                                                  | Governmental Fund Types |                    |                     |                      |                                  | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------------------------------------------|-------------------------|--------------------|---------------------|----------------------|----------------------------------|--------------------------------|
|                                                                                                  | General                 | Special Aid        | School Lunch        | Capital Projects     | Miscellaneous<br>Special Revenue |                                |
| <b>REVENUE:</b>                                                                                  |                         |                    |                     |                      |                                  |                                |
| Charges for services                                                                             | \$ 4,118,538            | \$ -               | \$ -                | \$ -                 | \$ -                             | \$ 4,118,538                   |
| Charges to components                                                                            | 197,020,037             | 5,504,847          | -                   | -                    | -                                | 202,524,884                    |
| Charges to other BOCES                                                                           | 11,918,507              | 99,010             | -                   | -                    | -                                | 12,017,517                     |
| Interest and earnings                                                                            | 1,352,529               | -                  | -                   | -                    | -                                | 1,352,529                      |
| Rental property                                                                                  | 48,500                  | -                  | -                   | -                    | -                                | 48,500                         |
| Sale of property and compensation for loss                                                       | 87,949                  | -                  | -                   | -                    | -                                | 87,949                         |
| Miscellaneous                                                                                    | 1,458,139               | 108,344            | 6,916               | -                    | 82,893                           | 1,656,292                      |
| State sources                                                                                    | -                       | 6,789,430          | 14,520              | -                    | -                                | 6,803,950                      |
| Federal sources                                                                                  | -                       | 1,471,928          | 524,891             | -                    | -                                | 1,996,819                      |
| Sales - School lunch                                                                             | -                       | -                  | 114,301             | -                    | -                                | 114,301                        |
| <b>Total revenue</b>                                                                             | <b>216,004,199</b>      | <b>13,973,559</b>  | <b>660,628</b>      | <b>-</b>             | <b>82,893</b>                    | <b>230,721,279</b>             |
| <b>EXPENDITURES:</b>                                                                             |                         |                    |                     |                      |                                  |                                |
| Administration                                                                                   | 14,915,368              | -                  | -                   | -                    | -                                | 14,915,368                     |
| Occupational instruction                                                                         | 29,228,556              | 3,105,051          | -                   | -                    | -                                | 32,333,607                     |
| Instruction for special education                                                                | 98,727,361              | 4,553,360          | -                   | -                    | 81,025                           | 103,361,746                    |
| Itinerant services                                                                               | 188,205                 | -                  | -                   | -                    | -                                | 188,205                        |
| General instruction                                                                              | 9,811,239               | -                  | -                   | -                    | -                                | 9,811,239                      |
| Instruction support                                                                              | 43,115,137              | 3,599,806          | -                   | -                    | -                                | 46,714,943                     |
| Other services                                                                                   | 11,937,570              | -                  | -                   | -                    | -                                | 11,937,570                     |
| Internal services                                                                                | 2,701,441               | -                  | -                   | -                    | -                                | 2,701,441                      |
| School lunch program                                                                             | -                       | -                  | 1,578,913           | -                    | -                                | 1,578,913                      |
| Debt service - Principal                                                                         | 3,049,295               | -                  | -                   | -                    | -                                | 3,049,295                      |
| Debt service - Interest                                                                          | 456,430                 | -                  | -                   | -                    | -                                | 456,430                        |
| Capital outlay                                                                                   | -                       | -                  | -                   | 8,525,009            | -                                | 8,525,009                      |
| <b>Total expenditures</b>                                                                        | <b>214,130,602</b>      | <b>11,258,217</b>  | <b>1,578,913</b>    | <b>8,525,009</b>     | <b>81,025</b>                    | <b>235,573,766</b>             |
| <b>EXCESS (DEFICIENCY)<br/>OF REVENUE OVER EXPENDITURES</b>                                      | <b>1,873,597</b>        | <b>2,715,342</b>   | <b>(918,285)</b>    | <b>(8,525,009)</b>   | <b>1,868</b>                     | <b>(4,852,487)</b>             |
| <b>OTHER SOURCES AND (USES):</b>                                                                 |                         |                    |                     |                      |                                  |                                |
| Operating transfers in                                                                           | 2,700,291               | -                  | 1,375,673           | 2,750,000            | -                                | 6,825,964                      |
| Return of surplus due to component districts                                                     | (2,224,723)             | -                  | -                   | -                    | -                                | (2,224,723)                    |
| Proceeds of debt issuance                                                                        | -                       | -                  | -                   | 5,343,948            | -                                | 5,343,948                      |
| Operating transfers (out)                                                                        | (4,105,615)             | (2,715,566)        | (4,783)             | -                    | -                                | (6,825,964)                    |
| <b>Total other sources (uses)</b>                                                                | <b>(3,630,047)</b>      | <b>(2,715,566)</b> | <b>1,370,890</b>    | <b>8,093,948</b>     | <b>-</b>                         | <b>3,119,225</b>               |
| <b>EXCESS (DEFICIENCY) OF REVENUE<br/>AND OTHER SOURCES OVER<br/>EXPENDITURES AND OTHER USES</b> | <b>(1,756,450)</b>      | <b>(224)</b>       | <b>452,605</b>      | <b>(431,061)</b>     | <b>1,868</b>                     | <b>(1,733,262)</b>             |
| <b>FUND BALANCE - beginning of year</b>                                                          | <b>26,895,629</b>       | <b>60,500</b>      | <b>684,945</b>      | <b>15,242,421</b>    | <b>6,358</b>                     | <b>42,889,853</b>              |
| <b>FUND BALANCE - end of year</b>                                                                | <b>\$ 25,139,179</b>    | <b>\$ 60,276</b>   | <b>\$ 1,137,550</b> | <b>\$ 14,811,360</b> | <b>\$ 8,226</b>                  | <b>\$ 41,156,591</b>           |

**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, 2023**

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|                                                                                                                                                                                                                          |                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Net changes in fund balance - Total governmental funds                                                                                                                                                                   | \$ (1,733,262)        |
| Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.                                                                                                            | 15,763,517            |
| Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.                                                                                                | (18,604,011)          |
| 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.                                           | (5,116,504)           |
| 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.                                                          | 10,790                |
| 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. | 6,252,173             |
| Certain revenues recorded in the acquisition of long-term debt that are not recognized as revenue in the statement of activities.                                                                                        | (5,395,392)           |
| Changes in long-term liabilities for lease and SBITA liabilities.                                                                                                                                                        | 3,049,295             |
| Changes in long-term liabilities for accrued interest.                                                                                                                                                                   | 5,979                 |
| Accrued postemployment benefits do not require the expenditure of current resources and are, therefore not reported as expenditures in the governmental funds.                                                           | (52,711)              |
| 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>1,837,413</u>      |
| Change in net position - Governmental activities                                                                                                                                                                         | <u>\$ (3,982,713)</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, 2023**

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|                               | <u>Custodial Fund</u>      |
|-------------------------------|----------------------------|
| <b>ASSETS</b>                 |                            |
| Cash - Restricted             | \$ <u>3,220,641</u>        |
| Total assets                  | <u>3,220,641</u>           |
| <b>LIABILITIES</b>            |                            |
| Due to other funds            | <u>1,916,276</u>           |
| Total liabilities             | <u>1,916,276</u>           |
| <b>NET POSITION</b>           |                            |
| Restricted for other purposes | <u><u>\$ 1,304,365</u></u> |



**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Statement of Changes in Fiduciary Net Position  
For the year ended June 30, 2023**

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|                                                   | <u>Custodial Fund</u>      |
|---------------------------------------------------|----------------------------|
| <b>Additions:</b>                                 |                            |
| Cash collected for other governments              | \$ <u>6,066,544</u>        |
| Total additions                                   | <u>6,066,544</u>           |
| <b>Deductions:</b>                                |                            |
| Payment of cash collected to other governments    | <u>6,070,975</u>           |
| Total deductions                                  | <u>6,070,975</u>           |
| Net increase (decrease) in fiduciary net position | (4,431)                    |
| NET POSITION - beginning of year                  | <u>1,308,796</u>           |
| NET POSITION - end of year                        | <u><u>\$ 1,304,365</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, 2023

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### 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, 2023

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#### **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, 2023

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*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. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, pensions, other postemployment benefits, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

#### **Measurement Focus and Basis of Accounting**

The Government-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, 2023

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#### **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, 2023**

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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<br>Threshold | Depreciation<br>Method | Estimated<br>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                      |

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

**Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position 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:

The net amount of the BOCES' balances of deferred outflow of resources related to pensions is reported in the Government-wide Statement of Net Position as a deferred outflow of resources. This represents for pensions the effect of the net change in the BOCES' proportion of the collective net pension asset or liability and difference during the measurement period between the BOCES' contributions and its proportion share of total contributions not included in pension expense.

The net amount of the BOCES' balances of deferred outflow of resources related to other postemployment benefits in the Government-wide Statement of Net Position as a deferred outflow of resources. This represents the effect of the net changes of assumptions or other inputs.

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.

## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Notes to Financial Statements

June 30, 2023

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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.

The net amount of the BOCES' balances of deferred inflow of resources related to other postemployment benefits in the BOCES-wide Statement of Net Position as a deferred inflow of resources. This represents the effect of the net changes of assumptions or other inputs.

Lease-related amounts are recognized at the inception of the leases in which the BOCES is the lessor. The deferred inflow of resources is recorded in the amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

#### **Vested Employee Benefits**

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, the liability has been calculated using the vesting 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.

## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Notes to Financial Statements

June 30, 2023

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#### **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 10 for additional information regarding postemployment benefits.

#### **Unearned Revenue**

Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In Government-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.

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.



## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Notes to Financial Statements

June 30, 2023

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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.

#### ***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.

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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***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. TRS is used for pension costs related to TRS and is a sub-reserve of ERS. 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.

***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, 2023.

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 \$2,762,290. As of June 30, 2023, the BOCES' encumbrances were classified as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| Administration                    | \$ 15,122           |
| Occupational Instruction          | 28,807              |
| Instruction for special education | 3,497               |
| General instruction               | 18,075              |
| Instruction support               | 2,149,950           |
| Other services                    | 7,200               |
| Inferral services                 | 539,639             |
|                                   | <u>\$ 2,762,290</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.

## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Notes to Financial Statements

June 30, 2023

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#### 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.

## **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.

## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Notes to Financial Statements

June 30, 2023

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#### **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.

#### **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.

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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**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

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                    | \$ 369,572           |
| Occupational Instruction          | 1,402,952            |
| Instruction for special education | 10,134,913           |
| Itinerant services                | 80,306               |
| General instruction               | 2,211,343            |
| Instruction support               | 14,219,913           |
| Other services                    | 5,689,257            |
| Internal services                 | 1,444,758            |
| Transfers to other funds          | -                    |
|                                   | <u>\$ 35,553,014</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.

**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.

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements**  
**June 30, 2023**

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**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, 2023, the reported amount of the BOCES' deposits totaled \$71,377,363 and the bank balance was \$65,396,975. Of the bank balance, \$1,250,000 was covered by federal depository insurance, with \$64,146,975 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>\$ 8,226</u>      |
| Cash reserves - General Fund                           | <u>\$ 12,832,924</u> |
| Cash in reserves - Capital Fund                        | <u>\$ 15,356,538</u> |
| Restricted cash - Special Aid Fund                     | <u>\$ 843,453</u>    |

## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Notes to Financial Statements June 30, 2023

#### 5. CAPITAL ASSETS

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

|                                          | 7/1/2022<br>Balance<br>(restated) | Additions             | Deletions        | 6/30/2023<br>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               | 109,328,340                       | 2,695,861             | -                | 112,024,202           |
| Furniture and equipment                  | <u>79,623,502</u>                 | <u>13,067,656</u>     | <u>2,014,384</u> | <u>90,676,774</u>     |
| Total depreciable historical cost        | <u>188,951,842</u>                | <u>15,763,517</u>     | <u>2,014,384</u> | <u>202,700,976</u>    |
| Less accumulated depreciation:           |                                   |                       |                  |                       |
| Buildings and improvements               | 37,869,991                        | 1,976,827             | -                | 39,846,818            |
| Furniture and equipment                  | <u>54,308,250</u>                 | <u>13,396,382</u>     | <u>2,014,384</u> | <u>65,690,248</u>     |
| Total accumulated depreciation           | <u>92,178,241</u>                 | <u>15,373,209</u>     | <u>2,014,384</u> | <u>105,537,066</u>    |
| Total depreciable cost, net              | <u>96,773,601</u>                 | <u>390,308</u>        | <u>-</u>         | <u>97,163,910</u>     |
| Lease Assets:                            |                                   |                       |                  |                       |
| Land                                     | 22,993,624                        | -                     | -                | 22,993,624            |
| Equipment                                | 3,107,796                         | -                     | 277,228          | 2,830,568             |
| SBITA                                    | <u>351,183</u>                    | <u>-</u>              | <u>-</u>         | <u>351,183</u>        |
| Total Lease Assets                       | <u>26,452,603</u>                 | <u>-</u>              | <u>277,228</u>   | <u>26,175,375</u>     |
| Less lease accumulated amortization:     |                                   |                       |                  |                       |
| Land                                     | 2,554,847                         | 2,554,847             | -                | 5,109,694             |
| Equipment                                | 803,737                           | 605,718               | 277,228          | 1,132,227             |
| SBITA                                    | <u>-</u>                          | <u>70,237</u>         | <u>-</u>         | <u>70,237</u>         |
| Total lease accumulated amortization     | <u>3,358,584</u>                  | <u>3,230,802</u>      | <u>277,228</u>   | <u>6,312,158</u>      |
| Total lease amortized cost, net          | <u>23,094,019</u>                 | <u>(3,230,802)</u>    | <u>-</u>         | <u>19,863,217</u>     |
| Total capital assets, net                | <u>\$ 120,685,327</u>             | <u>\$ (2,840,494)</u> | <u>\$ -</u>      | <u>\$ 117,844,834</u> |

## WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

### Notes to Financial Statements

June 30, 2023

Depreciation and amortization expense for the year ended June 30, 2023, was allocated to specific functions as follows:

|                                   | Depreciation         | Amortization        |
|-----------------------------------|----------------------|---------------------|
| Administration                    | \$ 1,046,151         | \$ -                |
| Occupational instruction          | 2,267,851            | -                   |
| Instruction for special education | 7,244,019            | 3,230,802           |
| Itinerant services                | 13,200               | -                   |
| General instruction               | 688,152              | -                   |
| Instruction support               | 3,276,545            | -                   |
| Other services                    | 837,291              | -                   |
| Total                             | <u>\$ 15,373,209</u> | <u>\$ 3,230,802</u> |

## 6. LEASE AGREEMENTS

### Lessee Agreements

The BOCES leases various equipment and land for a BOCES building at Republic Airport. The leases contain various inception dates and remaining terms of 14-108 months and do not contain renewal options. Lease agreements are summarized as follows:

| Description                                       | Interest Rate /<br>Discount Rate | Total<br>Lease Liability |
|---------------------------------------------------|----------------------------------|--------------------------|
| Land Lease for BOCES Building at Republic Airport | 2.09%                            | \$ 18,218,965            |
| North Babylon Lease                               | 2.09%                            | 1,697,848                |
|                                                   |                                  | <u>\$ 19,916,813</u>     |

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

| Balance<br>7/1/2022 | Additions   | Deletions             | Balance<br>6/30/2023 | Due Within<br>One Year |
|---------------------|-------------|-----------------------|----------------------|------------------------|
| <u>\$22,891,540</u> | <u>\$ -</u> | <u>\$ (2,974,727)</u> | <u>\$ 19,916,813</u> | <u>\$ 2,996,706</u>    |

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

| At fiscal year end June 30, | Principal            | Interest            | Total                |
|-----------------------------|----------------------|---------------------|----------------------|
| 2024                        | \$ 2,996,706         | \$ 393,294          | \$ 3,390,000         |
| 2025                        | 3,059,941            | 330,059             | 3,390,000            |
| 2026                        | 3,124,509            | 265,491             | 3,390,000            |
| 2027                        | 2,600,441            | 199,559             | 2,800,000            |
| 2028                        | 2,655,314            | 144,686             | 2,800,000            |
| 2029-2033                   | <u>5,479,902</u>     | <u>120,098</u>      | <u>5,600,000</u>     |
| Total                       | <u>\$ 19,916,813</u> | <u>\$ 1,453,187</u> | <u>\$ 21,370,000</u> |



**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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**Lessor Agreements**

The BOCES leases equipment to its various component districts totaling 87 agreements at rates between 3.00% to 4.25% for a term of 12 to 60 months. Over the remaining term of the leases, the BOCES will receive \$11,061,431 related to the lease. During the year, the BOCES recognized \$5,551,807 as lease revenue and \$10,871,765 as deferred inflows.

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

|                              |                                |
|------------------------------|--------------------------------|
| Lease Revenue                |                                |
| Equipment                    | <u>\$ 5,551,807</u>            |
| <br>Total Lease Revenue      | <br><u>5,551,807</u>           |
| <br>Interest revenue         | <br><u>412,882</u>             |
| <br>Variable & Other Revenue | <br><u><u>\$ 5,964,689</u></u> |

Future minimum lease payments due to the BOCES are as follows:

| <u>At fiscal year end June 30,</u> | <u>Principal</u>                | <u>Interest</u>              | <u>Total</u>                    |
|------------------------------------|---------------------------------|------------------------------|---------------------------------|
| 2024                               | \$ 4,365,019                    | \$ 280,866                   | \$ 4,645,885                    |
| 2025                               | 3,477,703                       | 159,251                      | 3,636,954                       |
| 2026                               | 2,334,020                       | 67,646                       | 2,401,666                       |
| 2027                               | <u>884,689</u>                  | <u>15,193</u>                | <u>899,882</u>                  |
| <br>Total                          | <br><u><u>\$ 11,061,431</u></u> | <br><u><u>\$ 522,956</u></u> | <br><u><u>\$ 11,584,387</u></u> |

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

**7. LONG-TERM OBLIGATIONS**

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

|                                | Balance<br>7/1/2022<br>(restated) | Additions               | Deletions {a}            | Balance<br>6/30/2023     | Due Within<br>One Year  |
|--------------------------------|-----------------------------------|-------------------------|--------------------------|--------------------------|-------------------------|
| <b>Other long-term debt:</b>   |                                   |                         |                          |                          |                         |
| Installment Purchase Debt      | \$ 12,310,653                     | \$ 5,395,392            | \$ 6,252,173             | \$ 11,453,872            | \$ 4,640,930            |
| Lease liability                | 22,891,540                        | -                       | 2,974,727                | 19,916,813               | 2,996,706               |
| SBITA Liability                | 351,183                           | -                       | 74,568                   | 276,615                  | 65,961                  |
| Compensated absences {a}       | 14,152,428                        | -                       | 678,821                  | 13,473,607               | -                       |
| Workers' Compensation          | 9,178,477                         | -                       | 1,158,592                | 8,019,885                | -                       |
| <br>Total other long-term debt | <br><u>\$ 58,884,281</u>          | <br><u>\$ 5,395,392</u> | <br><u>\$ 11,138,881</u> | <br><u>\$ 53,140,792</u> | <br><u>\$ 7,703,597</u> |

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

Interest expense related to long-term debt amounted to \$244,200

The BOCES has entered into various installment purchase 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 \$33,789,997 at June 30, 2023 and total accumulated depreciation for these assets was \$22,347,532 at year end.

The BOCES' installment purchase debt agreements are payable in 60 monthly installments or less and bear interest ranging from 1.33% to 3.01%.

The following is a summary of maturities at June 30, 2023:

| At fiscal year end June 30, | Principal            | Interest          |
|-----------------------------|----------------------|-------------------|
| 2024                        | \$ 4,640,930         | \$ 174,919        |
| 2025                        | 3,507,051            | 106,922           |
| 2026                        | 2,446,010            | 52,162            |
| 2027                        | <u>859,881</u>       | <u>13,552</u>     |
| Total                       | <u>\$ 11,453,872</u> | <u>\$ 347,555</u> |

See Note 11 for more detailed information on the Workers' Compensation long-term debt.

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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**8. INTERFUND BALANCES AND ACTIVITY**

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

|                               | Interfund           |                     | Interfund           |                     |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
|                               | Receivable          | Payable             | Revenue             | Expenditure         |
| General fund                  | \$ 8,357,275        | \$ 246,606          | \$ 2,700,291        | \$ 4,105,615        |
| Special aid fund              | 246,606             | 5,725,448           | -                   | 2,715,566           |
| School lunch fund             | -                   | 291,103             | 1,375,673           | 4,783               |
| Capital fund                  | -                   | 424,448             | 2,750,000           | -                   |
| Custodial fund                | -                   | 1,916,276           | -                   | -                   |
| Total governmental activities | <u>\$ 8,603,881</u> | <u>\$ 8,603,881</u> | <u>\$ 6,825,964</u> | <u>\$ 6,825,964</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.

**9. 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](http://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.

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements**  
**June 30, 2023**

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**Contributions**

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27<sup>th</sup>, 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>   |
|------|--------------|
| 2023 | \$ 3,393,102 |
| 2022 | \$ 4,556,779 |
| 2021 | \$ 4,378,707 |

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

- For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees' covered pensionable salaries, with the first payment of those pensions' costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5 percent of the employee's covered pensionable salaries. This law requires all participating employers to make payments on the current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008.

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.

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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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, 2022.

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

At June 30, 2023, the BOCES reported a liability (asset) of \$18,025,457 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by the actuarial valuation as of that date. The BOCES’ proportion of the net pension liability (asset) was based on a projection of the BOCES’ long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the BOCES’ proportion was 0.0840581 percent, which was an increase from its proportion measured June 30, 2022 of 0.0822952 percent.

For the year ended June 30, 2023, the BOCES recognized pension expense of \$6,919,601. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                                | Deferred<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources |
|----------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------|
| Differences between expected and actual experience                                                             | \$ 1,919,852                         | \$ 506,223                       |
| Change of assumptions                                                                                          | 8,754,325                            | 96,752                           |
| Net difference between projected and actual earnings on pension plan investments                               | -                                    | 105,899                          |
| Change in proportion and differences between the BOCES’ contributions and proportionate share of contributions | 1,614,901                            | 393,154                          |
| Contributions subsequent to the measurement date                                                               | <u>1,363,968</u>                     | <u>-</u>                         |
|                                                                                                                | <u>\$ 13,653,046</u>                 | <u>\$ 1,102,028</u>              |

The BOCES recognized \$1,363,968 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2023 which will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2024.

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements**  
**June 30, 2023**

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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: |                      |
| 2023                        | \$ 2,835,955         |
| 2024                        | (628,864)            |
| 2025                        | 3,932,767            |
| 2026                        | <u>5,047,192</u>     |
|                             | <u>\$ 11,187,050</u> |

**Actuarial Assumptions**

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

The actuarial valuation used the following actuarial assumptions:

|                           |                                                                                               |
|---------------------------|-----------------------------------------------------------------------------------------------|
| Actuarial cost method     | Entry age normal                                                                              |
| Inflation                 | 2.90%                                                                                         |
| Salary scale              | 4.4% indexed by service                                                                       |
| Projected COLAs           | 1.50%                                                                                         |
| 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-2021                                                            |
| 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, 2023**

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<br>in % |
|----------------------|-------------------------|------------------------------------------------|
| Domestic equity      | 32                      | 4.3                                            |
| International equity | 15                      | 6.85                                           |
| Private equity       | 10                      | 7.5                                            |
| Real estate          | 9                       | 4.6                                            |
| Opportunistic/ARS    | 3                       | 5.38                                           |
| Credit               | 4                       | 5.43                                           |
| Real assets          | 3                       | 5.84                                           |
| Fixed income         | 23                      | 1.5                                            |
| Cash                 | <u>1</u>                | 0                                              |
|                      | <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 (asset) to the Discount Rate Assumption**

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

|                                                      | 1%<br>Decrease<br>4.9% | Current<br>Assumption<br>5.9% | 1%<br>Increase<br>6.9% |
|------------------------------------------------------|------------------------|-------------------------------|------------------------|
| Proportionate Share of net pension liability (asset) | <u>\$ 43,559,798</u>   | <u>\$ 18,025,457</u>          | <u>\$ (3,311,456)</u>  |

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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**Pension Plan Fiduciary Net Position (000's)**

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

|                                                                   |                       |
|-------------------------------------------------------------------|-----------------------|
| Total pension liability                                           | \$ 232,627,259        |
| Net position                                                      | <u>\$ 211,183,223</u> |
| Net pension liability                                             | <u>\$ 21,444,036</u>  |
| Fiduciary net position as a percentage of total pension liability | 90.78%                |

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>   |
| 2023 | \$ 4,484,441 |
| 2022 | \$ 4,317,374 |
| 2021 | \$ 3,957,610 |



**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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

At June 30, 2023, the BOCES reported a liability (asset) of \$4,956,611 for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by the actuarial valuation as of June 30, 2021. The BOCES’ proportion of the net pension liability (asset) was based on a projection of the BOCES’ long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the BOCES’ proportion was 0.25831 percent, which was an decrease from its proportion measured June 30, 2022 of 0.00861 percent.

For the year ended June 30, 2023, the BOCES recognized pension expense of \$6,621,185. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                                 | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-----------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                              | \$ 5,193,901                         | \$ 99,322                           |
| Changes of Assumptions                                                                                          | 9,614,987                            | 1,996,663                           |
| Net difference between projected and actual earnings on pension plan investments                                | 6,404,412                            | -                                   |
| Changes in proportion and differences between the BOCES, contributions and proportionate share of contributions | 867,158                              | 226,636                             |
| Contributions subsequent to the measurement date                                                                | <u>4,805,626</u>                     | <u>-</u>                            |
|                                                                                                                 | <u>\$ 26,886,084</u>                 | <u>\$ 2,322,621</u>                 |

The BOCES recognized \$4,805,626 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, 2024.

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: |                      |
| 2023                        | \$ 3,987,477         |
| 2024                        | 2,088,750            |
| 2025                        | (766,062)            |
| 2026                        | 12,643,987           |
| 2027                        | 1,679,772            |
| Thereafter                  | <u>123,913</u>       |
|                             | <u>\$ 19,757,837</u> |

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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**Actuarial Assumptions**

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

The actuarial valuation used the following actuarial assumptions:

| Inflation                  | 2.40%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |   |       |    |       |    |       |    |       |
|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|------|---|-------|----|-------|----|-------|----|-------|
| Projected Salary Increases | Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         |      |   |       |    |       |    |       |    |       |
|                            | <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Service</th> <th style="text-align: center; border-bottom: 1px solid black;">Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">5.18%</td> </tr> <tr> <td style="text-align: center;">15</td> <td style="text-align: center;">3.64%</td> </tr> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">2.50%</td> </tr> <tr> <td style="text-align: center;">35</td> <td style="text-align: center;">1.95%</td> </tr> </tbody> </table> | Service | Rate | 5 | 5.18% | 15 | 3.64% | 25 | 2.50% | 35 | 1.95% |
| Service                    | Rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |         |      |   |       |    |       |    |       |    |       |
| 5                          | 5.18%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |   |       |    |       |    |       |    |       |
| 15                         | 3.64%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |   |       |    |       |    |       |    |       |
| 25                         | 2.50%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |   |       |    |       |    |       |    |       |
| 35                         | 1.95%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |      |   |       |    |       |    |       |    |       |
| Projected COLAs            | 1.3% compounded annually                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |         |      |   |       |    |       |    |       |    |       |
| Investment Rate of Return  | 6.95% compounded annually, net of pension plan investment expense, including inflation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |      |   |       |    |       |    |       |    |       |

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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, 2022 are summarized in the following table:

| Asset Type            | Target Allocation in % | Long-Term Expected Real Rate of Return<br>in % |
|-----------------------|------------------------|------------------------------------------------|
| Domestic Equity       | 33                     | 6.5                                            |
| International Equity  | 16                     | 7.2                                            |
| Global Equity         | 4                      | 6.9                                            |
| Real Estate Equity    | 11                     | 6.2                                            |
| Private Equity        | 8                      | 9.9                                            |
| Domestic Fixed Income | 16                     | 1.1                                            |
| Global Bonds          | 2                      | 0.6                                            |
| High Yield Bonds      | 1                      | 3.3                                            |
| Private Debt          | 2                      | 5.3                                            |
| Real Estate Debt      | 6                      | 2.4                                            |
| Cash Equivalents      | <u>1</u>               | -0.3                                           |
|                       | <u>100%</u>            |                                                |

**Discount Rate**

The discount rate used to measure the total pension liability as of June 30, 2023 was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from 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 (asset) to the Discount Rate Assumption**

The following presents the net pension liability (asset) of the school districts/BOCES calculated using the discount rate of 6.95 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<br>Discount | 1% Increase            |
|------------------------------------------------------|----------------------|---------------------|------------------------|
|                                                      | 5.95%                | 6.95%               | 7.95%                  |
| Proportionate Share of net pension liability (asset) | <u>\$ 45,702,279</u> | <u>\$ 4,956,611</u> | <u>\$ (29,310,228)</u> |

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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**Pension Plan Fiduciary Net Position (000's)**

The components of the current-year net pension liability (asset) of the employers as of June 30, 2022, were as follows:

|                                                                   |                       |
|-------------------------------------------------------------------|-----------------------|
| Total pension liability                                           | \$ 133,883,474        |
| Net position                                                      | <u>\$ 131,964,582</u> |
| Net position liability (asset)                                    | <u>\$ 1,918,892</u>   |
| Fiduciary net position as a percentage of total pension liability | 98.57%                |

**Payables to the Pension Plans**

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS 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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

|               |                      |
|---------------|----------------------|
|               | <u>June 30, 2023</u> |
| ERS Liability | \$ 1,404,793         |
| TRS Liability | \$ 5,374,470         |

**10. 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.

**Benefits Provided**

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

# WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

## Notes to Financial Statements June 30, 2023

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### Employees Covered by Benefit Terms

At July 1, 2023, the following employees were covered by the benefit terms:

|                                                      |              |
|------------------------------------------------------|--------------|
| Active employees                                     | 1,131        |
| Retired employees (including<br>vested terminations) | <u>821</u>   |
| Total participants                                   | <u>1,952</u> |

### Total OPEB Liability

The BOCES' total OPEB liability of \$379,025,170 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

### Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|                             |                                                                                                                              |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Inflation                   | 7.0 percent                                                                                                                  |
| Payroll Growth              | 3.0 percent                                                                                                                  |
| Discount Rate               | 4.0 percent                                                                                                                  |
| Healthcare Cost Trend Rates | 7.0 percent for 2023, decreasing 0.25 percent per year to an ultimate rate of 4.5 percent for 2033 and later years Retirees' |

Share of Benefit-Related Costs Medical coverage, including prescription drugs as part of the medical plan, is funded on a fully insured basis. Neither dental, vision, nor life insurance benefits are subsidized in retirement. The BOCES does not reimburse for the Part D premium. Contribution rates are based on employee class and date of retirement.

|             |                                             |
|-------------|---------------------------------------------|
| Cost Method | Entry Age Normal as a Percentage of Payroll |
|-------------|---------------------------------------------|

The selected discount rate is based on an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of June 30, 2022.

Mortality rates were based on the mortality improvement scale (SOA MP-2021).

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

**Changes in the Total OPEB Liability**

|                          |                       |
|--------------------------|-----------------------|
| Balance at June 30, 2022 | \$ 382,639,420        |
| Changes for the Year:    |                       |
| Service cost             | 8,122,527             |
| Interest                 | 15,090,254            |
| Benefit payments         | (10,766,146)          |
| Change in assumptions    | <u>(16,060,885)</u>   |
| Net changes              | <u>(3,614,250)</u>    |
| Balance at June 30, 2023 | <u>\$ 379,025,170</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 3.00%                    | Current Discount 4.00% | 1% Increase 5.00% |
| Total OPEB Liability | \$ 455,521,746                       | \$ 379,025,170         | \$ 320,732,907    |

**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 | \$ 312,334,461                                     | \$ 379,025,170        | \$ 467,841,010     |

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

For the year ended June 30, 2023, the BOCES recognized OPEB expense of \$10,818,857. At June 30, 2023, the BOCES reported deferred outflows of resources related to OPEB from the following sources:

|  | Deferred Outflow of<br>Resources | Deferred Inflow of<br>Resources |
|--|----------------------------------|---------------------------------|
|  | Changes in assumptions           | \$ 48,422,878                   |

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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

| Fiscal Year Ending June 30, | Amount           |
|-----------------------------|------------------|
| 2024                        | \$ (12,393,924)  |
| 2025                        | (12,393,924)     |
| 2026                        | (12,393,924)     |
| 2027                        | (18,556,770)     |
| 2028                        | (24,506,280)     |
| Thereafter                  | (21,627,188)     |
|                             | \$ (101,872,010) |

**11. 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, 2023 | June 30, 2022 |
|--------------------------------------|---------------|---------------|
| Unpaid Claims at Beginning of Year   | \$ 9,178,477  | \$ 9,352,491  |
| Incurred Claims and Claim Adjustment | 281,393       | 1,186,831     |
| Claim Payments                       | (1,439,985)   | (1,360,845)   |
| Unpaid Claims at year end            | \$ 8,019,885  | \$ 9,178,477  |

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Notes to Financial Statements  
June 30, 2023**

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**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, 2023, there were total premiums receivable in the amount of \$662,076. 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. SUBSEQUENT EVENTS**

In July 2023, the BOCES entered into two installment purchase agreements with JP Morgan Chase Bank for various information technology equipment and software for component districts. The debt principal amounts were \$3,818,600 and \$683,800 with terms and interest rates of 5 years at 2.83% and 4 years at 2.88%, respectively.



**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, 2023**

|                                   | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>      | <u>Variance with<br/>Budgetary Actual</u> |
|-----------------------------------|------------------------|---------------------|--------------------|-------------------------------------------|
| <b>REVENUE</b>                    |                        |                     |                    |                                           |
| Administration                    | \$ 17,806,696          | \$ 18,176,268       | \$ 8,305,428       | \$ (9,870,840)                            |
| Occupational instruction          | 32,083,453             | 33,486,405          | 29,175,527         | (4,310,878)                               |
| Instruction for special education | 110,438,749            | 120,573,662         | 106,369,702        | (14,203,960)                              |
| Itinerant services                | 151,536                | 231,842             | 174,548            | (57,294)                                  |
| General instruction               | 10,911,825             | 13,123,169          | 10,110,890         | (3,012,279)                               |
| Instruction support               | 34,448,845             | 48,668,760          | 46,044,349         | (2,624,411)                               |
| Other services                    | 17,238,258             | 22,927,513          | 15,522,349         | (7,405,164)                               |
| Internal services                 | 50,000                 | 1,481,545           | 301,406            | (1,180,139)                               |
| Total revenues                    | <u>223,129,362</u>     | <u>258,669,164</u>  | <u>216,004,199</u> | <u>(42,664,965)</u>                       |
| <b>OTHER FINANCING SOURCES</b>    |                        |                     |                    |                                           |
| Transfers in                      | <u>3,312,519</u>       | <u>3,325,751</u>    | <u>2,700,291</u>   | <u>(625,460)</u>                          |
| Total revenues and other sources  | <u>226,441,881</u>     | <u>261,994,915</u>  | <u>218,704,490</u> | <u>(43,290,425)</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, 2023**

|                                   | Original Budget       | Final Budget          | Actual               | Encumbrances        | Variance with<br>Budgetary Actual |
|-----------------------------------|-----------------------|-----------------------|----------------------|---------------------|-----------------------------------|
| <b>EXPENDITURES</b>               |                       |                       |                      |                     |                                   |
| Administration                    | 15,056,697            | 15,426,269            | 14,915,368           | 15,122              | 495,779                           |
| Occupational instruction          | 32,183,460            | 33,586,412            | 29,228,556           | 28,807              | 4,329,049                         |
| Instruction for special education | 109,359,051           | 119,493,964           | 98,727,361           | 3,497               | 20,763,106                        |
| Itinerant services                | 151,536               | 231,842               | 188,205              | -                   | 43,637                            |
| General instruction               | 10,669,578            | 12,880,921            | 9,811,239            | 18,075              | 3,051,607                         |
| Instruction support               | 34,448,918            | 48,668,831            | 43,115,137           | 2,149,950           | 3,403,744                         |
| Other services                    | 17,238,507            | 22,927,764            | 11,937,570           | 7,200               | 10,982,994                        |
| Debt service - Principal          | -                     | -                     | 3,049,295            | -                   | (3,049,295)                       |
| Debt service - Interest           | -                     | -                     | 456,430              | -                   | (456,430)                         |
| Internal services                 | 3,262,200             | 4,706,958             | 2,701,441            | 539,639             | 1,465,878                         |
| Total expenditures                | <u>222,369,947</u>    | <u>257,922,961</u>    | <u>214,130,602</u>   | <u>2,762,290</u>    | <u>41,030,069</u>                 |
| <b>OTHER FINANCING USES</b>       |                       |                       |                      |                     |                                   |
| Return of surplus                 | -                     | -                     | 2,224,723            | -                   | (2,224,723)                       |
| Transfers to other funds          | 4,071,950             | 4,071,950             | 4,105,615            | -                   | (33,665)                          |
| Total other uses                  | <u>4,071,950</u>      | <u>4,071,950</u>      | <u>6,330,338</u>     | <u>-</u>            | <u>(2,258,388)</u>                |
| Total expenditures and other uses | <u>\$ 226,441,897</u> | <u>\$ 261,994,911</u> | <u>220,460,940</u>   | <u>\$ 2,762,290</u> | <u>\$ 38,771,681</u>              |
| NET CHANGE IN FUND BALANCES       |                       |                       | (1,756,450)          |                     |                                   |
| FUND BALANCE - beginning of year  |                       |                       | <u>26,895,629</u>    |                     |                                   |
| FUND BALANCE - end of year        |                       |                       | <u>\$ 25,139,179</u> |                     |                                   |

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)  
For the Year Ended June 30, 2023

|                                                                                    | Last 10 Fiscal Years (Dollar amounts displayed in thousands) |              |             |              |              |              |             |               |               |                                                                                                                                                           |                                                                                                                                                           |
|------------------------------------------------------------------------------------|--------------------------------------------------------------|--------------|-------------|--------------|--------------|--------------|-------------|---------------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                    | 2023                                                         | 2022         | 2021        | 2020         | 2019         | 2018         | 2017        | 2016          | 2015          | 2014                                                                                                                                                      |                                                                                                                                                           |
| <b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>                            |                                                              |              |             |              |              |              |             |               |               |                                                                                                                                                           |                                                                                                                                                           |
| Proportion of the net pension liability (asset)                                    | 0.0840581%                                                   | 0.0822952%   | 0.0852613%  | 0.0898924%   | 0.0910865%   | 0.0929059%   | 0.0936120%  | 0.0951623%    | 0.0964208%    | 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. |                                                                                                                                                           |
| Proportionate share of the net pension liability (asset)                           | \$ 18,025.5                                                  | \$ (6,727.3) | \$ 84.9     | \$ 23,804.0  | \$ 6,453.8   | \$ 2,998.4   | \$ 8,796.0  | \$ 15,273.8   | \$ 3,257.3    |                                                                                                                                                           |                                                                                                                                                           |
| Covered-employee payroll                                                           | \$ 33,345.4                                                  | \$ 30,400.7  | \$ 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)                           | 54.06%                                                       | -22.13%      | 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) | 90.78%                                                       | 103.65%      | 99.95%      | 86.39%       | 96.27%       | 98.20%       | 94.70%      | 90.70%        | 97.20%        |                                                                                                                                                           |                                                                                                                                                           |
| <b>NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN</b>                             |                                                              |              |             |              |              |              |             |               |               |                                                                                                                                                           |                                                                                                                                                           |
| Last 10 Fiscal Years (Dollar amounts displayed in thousands)                       |                                                              |              |             |              |              |              |             |               |               |                                                                                                                                                           |                                                                                                                                                           |
|                                                                                    | 2023                                                         | 2022         | 2021        | 2020         | 2019         | 2018         | 2017        | 2016          | 2015          |                                                                                                                                                           | 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. |
| Proportion of the net pension liability (asset)                                    | 0.2583060%                                                   | 0.2669150%   | 0.2631700%  | 0.2605890%   | 0.2591340%   | 0.2695480%   | 0.2789380%  | 0.2839600%    | 0.3003090%    |                                                                                                                                                           |                                                                                                                                                           |
| Proportionate share of the net pension liability (asset)                           | \$ 4,957                                                     | \$ (46,254)  | \$ 7,272    | \$ (6,770.1) | \$ (4,685.8) | \$ (2,048.8) | \$ 2,987.5  | \$ (29,494.4) | \$ (33,452.6) |                                                                                                                                                           |                                                                                                                                                           |
| Covered-employee payroll                                                           | \$ 39,704.8                                                  | \$ 45,770.0  | \$ 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)                           | 12.48%                                                       | -101.06%     | 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) | 98.60%                                                       | 113.20%      | 97.80%      | 102.20%      | 101.53%      | 100.40%      | 99.01%      | 110.46%       | 110.48%       |                                                                                                                                                           |                                                                                                                                                           |

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Schedule of Contributions - Pension Plans (Unaudited)  
For the Year Ended June 30, 2023

| NEW YORK STATE EMPLOYEES'<br>RETIREMENT SYSTEM PLAN                  | Last 10 Fiscal Years (Dollar amounts displayed in thousands) |                |                |                |                |                |                |                |                |      |
|----------------------------------------------------------------------|--------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------|
|                                                                      | 2023                                                         | 2022           | 2021           | 2020           | 2019           | 2018           | 2017           | 2016           | 2015           | 2014 |
| Contractually required contribution                                  | \$ 3,393.1                                                   | \$ 4,556.8     | \$ 4,378.7     | \$ 4,327.6     | \$ 4,362.5     | \$ 4,360.4     | \$ 4,421.8     | \$ 5,018.1     | \$ 5,371.7     |      |
| Contributions in relation to the contractually required contribution | <u>3,393.1</u>                                               | <u>4,556.8</u> | <u>4,378.7</u> | <u>4,327.6</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                                             | \$ 33,345.4                                                  | \$ 30,400.7    | \$ 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            | 10.18%                                                       | 14.99%         | 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.

| NEW YORK STATE TEACHERS'<br>RETIREMENT SYSTEM PLAN                   | Last 10 Fiscal Years (Dollar amounts displayed in thousands) |                |                |                |                |                |                |                |                |      |
|----------------------------------------------------------------------|--------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------|
|                                                                      | 2023                                                         | 2022           | 2021           | 2020           | 2019           | 2018           | 2017           | 2016           | 2015           | 2014 |
| Contractually required contribution                                  | \$ 4,484.4                                                   | \$ 4,317.4     | \$ 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>4,484.4</u>                                               | <u>4,317.4</u> | <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                                             | \$ 45,770.0                                                  | \$ 45,770.0    | \$ 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            | 9.80%                                                        | 9.43%          | 9.53%          | 8.86%          | 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, 2023

|                                                                         | Last 10 Fiscal Years (Dollar amounts displayed in thousands) |                    |                    |                    |                    |                    |      |      |      |      |
|-------------------------------------------------------------------------|--------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------|------|------|------|
|                                                                         | 2023                                                         | 2022               | 2021               | 2020               | 2019               | 2018               | 2017 | 2016 | 2015 | 2014 |
| Total OPEB Liability                                                    |                                                              |                    |                    |                    |                    |                    |      |      |      |      |
| Service cost                                                            | \$ 8,123                                                     | \$ 8,429           | \$ 14,616          | \$ 12,715          | \$ 5,362           | \$ 5,206           |      |      |      |      |
| Interest                                                                | 15,090                                                       | 20,455             | 10,230             | 10,221             | 14,334             | 14,019             |      |      |      |      |
| Differences between expected and actual experience                      | -                                                            | -                  | -                  | 57,867             | -                  | -                  |      |      |      |      |
| Changes in assumptions                                                  | (16,061)                                                     | (183,631)          | 38,579             | -                  | -                  | -                  |      |      |      |      |
| Benefit payments                                                        | (10,766)                                                     | (10,398)           | (10,256)           | (10,193)           | (10,435)           | (10,015)           |      |      |      |      |
| <b>Total change in total OPEB liability</b>                             | <b>(3,614)</b>                                               | <b>(165,145)</b>   | <b>53,169</b>      | <b>70,610</b>      | <b>9,261</b>       | <b>9,209</b>       |      |      |      |      |
| <b>Total OPEB liability - beginning</b>                                 | <b>382,639</b>                                               | <b>547,784</b>     | <b>494,615</b>     | <b>424,005</b>     | <b>414,744</b>     | <b>405,535</b>     |      |      |      |      |
| <b>Total OPEB liability - ending</b>                                    | <b>\$ 379,025</b>                                            | <b>\$ 382,639</b>  | <b>\$ 547,784</b>  | <b>\$ 494,615</b>  | <b>\$ 424,005</b>  | <b>\$ 414,744</b>  |      |      |      |      |
| <b>Covered-employee payroll</b>                                         | <b>\$ 67,402.0</b>                                           | <b>\$ 67,402.0</b> | <b>\$ 65,982.4</b> | <b>\$ 65,982.4</b> | <b>\$ 62,206.6</b> | <b>\$ 62,206.6</b> |      |      |      |      |
| <b>Total OPEB liability as a percentage of covered employee payroll</b> | <b>562.34%</b>                                               | <b>567.70%</b>     | <b>830.20%</b>     | <b>749.62%</b>     | <b>681.61%</b>     | <b>666.72%</b>     |      |      |      |      |

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 | 2023  | 2022  | 2021  | 2020  | 2019  | 2018  | 2017  |
|---------------|-------|-------|-------|-------|-------|-------|-------|
| Discount Rate | 4.00% | 3.77% | 2.09% | 2.44% | 3.50% | 3.50% | 4.00% |

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.

**OTHER INFORMATION (UNAUDITED)**

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Schedule of Account A431-School Districts (Unaudited)  
For the Year Ended June 30, 2023**

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|                                                |                       |
|------------------------------------------------|-----------------------|
| July 1, 2022 - Debit (Credit) balance          | \$ (8,032,591)        |
| Debits                                         |                       |
| Billings to school districts                   | 170,435,826           |
| Refund of balances due school districts        | 2,499,361             |
| Encumbrances - June 30, 2023                   | 2,762,290             |
| Other adjustments                              | 11,691,217            |
| Total debits                                   | <u>187,388,694</u>    |
| Credits                                        |                       |
| Collections from school districts              | 164,815,569           |
| Adjustment - credits to school districts       | 1,534,638             |
| Revenues in excess of expenditures             | 85,949                |
| Encumbrances - June 30, 2022                   | 4,929,071             |
| Other adjustments                              | 12,047,863            |
| Total credits                                  | <u>183,413,090</u>    |
| June 30, 2023 - Debit (Credit) balance         | <u>\$ (4,056,987)</u> |
|                                                |                       |
| Due from school districts                      | \$ 33,014,872         |
| Due to component districts - return of surplus | <u>(37,071,859)</u>   |
|                                                | <u>\$ (4,056,987)</u> |



WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Schedule of Project Expenditures - Capital Projects Fund (Unaudited)  
For the Year Ended June 30, 2023

| 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      | 2,835,905    | -            | 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/Repl 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      | 1,571,073    | 4,096        | 1,575,169    | 686,831            |
| 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         | 77,242         | 77,242       | -            | 77,242       | -                  |
| 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         | 456,099        | 193,044      | -            | 193,044      | 263,055            |
| Taukomas - Roof Replacement                                    | 980,000         | 2,130,000      | 1,377,631    | 53,966       | 1,431,597    | 698,403            |
| JEA Dix Hills - Electric Transformer Replacement               | 166,016         | 95,228         | 94,249       | -            | 94,249       | 979                |
| JEA Melville - Electric Transformer Replacement                | 137,593         | 93,177         | 92,503       | -            | 92,503       | 674                |
| District Wide - Parking Lot Lights                             | 518,383         | 423,902        | 423,902      | -            | 423,902      | -                  |
| 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        | 937,645      | -            | 937,645      | 1,573              |
| 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        | 57,127       | -            | 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      | 591,908      | 97,733       | 689,641      | 810,359            |
| WT Dix Hills-McGuire 2 - Kitchen Renovations                   | 455,087         | 455,087        | 409,237      | -            | 409,237      | 45,850             |
| WT Manor Plains - Bathroom Renovations                         | 348,000         | 237,715        | 237,715      | -            | 237,715      | -                  |
| WT Northport - Bathroom Renovations                            | 318,000         | 206,174        | 206,174      | -            | 206,174      | -                  |
| District Wide-Security Enhancements                            | 100,000         | 100,000        | -            | -            | -            | 100,000            |
| Taukomas - Roof Top Replacement                                | 224,000         | 224,000        | 209,929      | -            | 209,929      | 14,071             |
| Republic - Roof Top Replacement                                | 100,000         | 73,049         | 73,049       | -            | 73,049       | -                  |
| WT Dix Hill-Jones I - Boiler Replacement                       | -               | 1,081,000      | 477,612      | -            | 477,612      | 603,388            |
| JEA Dix Hills - Interior Door Replacement                      | -               | 57,921         | 57,921       | -            | 57,921       | -                  |
| JEA Melville - Interior Door Replacement                       | -               | 107,514        | 107,514      | -            | 107,514      | -                  |
| Brennan - Renovate Recovery High School                        | -               | 358,000        | 351,639      | -            | 351,639      | 6,361              |

WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES

Schedule of Project Expenditures - Capital Projects Fund (Unaudited)  
For the Year Ended June 30, 2023

|                                                                |                      |                      |                      |                     |                      |                      |
|----------------------------------------------------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| Administration-Gutter Replacement                              | 38,150               | 23,053               | 23,053               | -                   | -                    | -                    |
| Administration-Interior Light Replacement                      | 154,621              | 154,621              | 42,548               | 81,037              | 123,585              | 31,036               |
| WT Manor Plains - Woodshop Exhaust Renovation                  | 275,000              | 275,000              | 237,995              | -                   | 237,995              | 37,005               |
| WT DixHills-McGuire1 - Roof Replacement                        | 1,175,180            | 2,050,703            | 1,360,057            | 215,986             | 1,576,043            | 474,660              |
| M&O - Electric Transformer Replacement                         | 53,505               | -                    | -                    | -                   | -                    | -                    |
| WT Dix Hills-Career Center - Electric Switch Gear Upgrades     | 198,717              | 332,717              | 157,712              | 82,370              | 240,082              | 92,635               |
| WT Dix Hills-McGuire 1 - Electric Switch Gear Upgrades         | 481,385              | 481,385              | 123,685              | 190,578             | 314,263              | 167,122              |
| WT Dix Hills-Jones 1 - Electric Switch Gear Upgrades           | 84,063               | 84,063               | 33,188               | 21,538              | 54,726               | 29,337               |
| WT Dix Hills-Jones 2 - Electric Switch Gear Upgrades           | 84,063               | 176,063              | 65,316               | 60,181              | 125,497              | 50,566               |
| WT Republic - Roof Top Unit Replacement                        | 138,485              | 138,485              | 5,931                | 1,500               | 7,431                | 131,054              |
| JEA Dix Hills - Bathroom Renovation                            | 363,317              | 363,317              | 60,978               | 297,426             | 358,404              | 4,913                |
| Taukomas - A/C Systems Replacement                             | 69,675               | 69,675               | 3,158                | 146                 | 3,304                | 66,371               |
| 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              | 139,145              | 215,234             | 354,379              | 200,621              |
| WT Dix Hills-Jones 1 - Electrical/Distrib Panel Replacement    | 105,000              | 105,000              | 40,563               | 26,324              | 66,887               | 38,113               |
| WT Dix Hills-McGuire 1 - Step-down Transformer Replacement     | 185,000              | 185,000              | 46,381               | 71,173              | 117,554              | 67,446               |
| WT Dix Hills-McGuire 2 - Electrical Switch Gear Upgrades       | 555,000              | 555,000              | 167,821              | 60,834              | 228,655              | 326,345              |
| Taukomas - Roof Top Units                                      | 250,000              | 250,000              | 11,331               | 524                 | 11,855               | 238,145              |
| 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            | 466,996              | 19,279              | 486,275              | 2,119,525            |
| JEA Melville - Bathroom Renovation                             | 1,436,683            | 1,436,683            | -                    | 420,523             | 420,523              | 1,016,160            |
| Administration - Generator                                     | 109,000              | 169,000              | 3,668                | 2,140               | 5,808                | 163,192              |
| WT Dix Hills -Jones 2 - Roof Replacement                       | 667,950              | 667,950              | 19,375               | 299,193             | 318,568              | 349,382              |
| District Wide - HALO Sensor Installation                       | 361,500              | 361,500              | 13,828               | 249                 | 14,077               | 347,423              |
| WT Dix Hills-McGuire 2Electrical Distribution Panel Repl       | 145,031              | 220,031              | 7,146                | 16,333              | 23,479               | 196,552              |
| JEA Dix Hills Electrical Distribution Panel Repl               | 100,000              | 530,070              | 16,884               | 20,145              | 37,029               | 493,041              |
| Taukomas Roof Top Unit Replacement                             | 123,033              | 123,033              | 7,171                | 5,421               | 12,592               | 110,441              |
| WT Republic Roof Sealcoat                                      | 95,000               | 95,000               | 32,439               | -                   | 32,439               | 62,561               |
| JEA Dix Hills Paving                                           | 523,200              | 523,200              | 516,684              | -                   | 516,684              | 6,516                |
| WT Republic Paving                                             | 163,500              | 163,500              | 123,297              | -                   | 123,297              | 40,203               |
| WT Northport A/C Systems Replacement                           | 54,500               | 54,500               | 6,700                | 11,073              | 17,773               | 36,727               |
| JEA Melville A/C Main Panel Controls Retro-Commissioning       | 54,500               | 125,350              | 18,372               | 24,363              | 42,735               | 82,615               |
| District Wide A/C Systems Replacement                          | 257,816              | 257,816              | -                    | -                   | -                    | 257,816              |
| District Wide Replace Concrete Curbs/Walks                     | 237,397              | 237,397              | 161,607              | -                   | 161,607              | 75,790               |
| JEA Melville Ceiling Replacement                               | 90,500               | 90,500               | 2,306                | 81,196              | 83,502               | 6,998                |
| WT Dix Hills-McGuire 1Window Replacement                       | 215,000              | 629,650              | -                    | 21,023              | 21,023               | 608,627              |
| JEA Dix Hills A/C Main Panel Controls Retro-Commissioning      | 70,850               | 125,350              | -                    | 65,158              | 65,158               | 60,192               |
| WT Dix Hills-Jones 2 Electrical Distribution Panel Replacement | 105,477              | 105,477              | -                    | -                   | -                    | 105,477              |
| JEA Dix Hills Parking Lot Lights                               | 15,000               | 15,000               | -                    | 5,705               | 5,705                | 9,295                |
| JEA Melville Parking Lot Lights                                | 15,000               | 15,000               | -                    | 3,693               | 3,693                | 11,307               |
| WT Dix Hills Parking Lot Lights                                | 10,000               | 10,000               | -                    | 5,455               | 5,455                | 4,545                |
| JEA Dix Hills Electrical Switch                                | 368,445              | 368,445              | -                    | 12,136              | 12,136               | 356,309              |
| Taukomas Electrical Switch                                     | 206,010              | 206,010              | -                    | 7,038               | 7,038                | 198,972              |
| WT Dix Hills-McGuire 2 Roof Top Unit Replacement               | 185,300              | 185,300              | -                    | 6,848               | 6,848                | 178,452              |
| WT Republic Roof Top Unit Replacement                          | 245,250              | 245,250              | -                    | -                   | -                    | 245,250              |
| Taukomas Roof Top Unit Replacement                             | 100,000              | 100,000              | -                    | -                   | -                    | 100,000              |
| Administration Roof Replacement                                | 213,276              | 213,276              | -                    | 13,212              | 13,212               | 200,064              |
| WT Dix Hills Roof Replacement                                  | 106,471              | 106,471              | -                    | 93,179              | 93,179               | 13,292               |
| M&O Interior Lighting                                          | 21,800               | 21,800               | -                    | 4,304               | 4,304                | 17,496               |
| WT Northport Paving                                            | 100,000              | 100,000              | -                    | -                   | -                    | 100,000              |
| Administration Boiler Replacement                              | 125,000              | 125,000              | -                    | 5,701               | 5,701                | 119,299              |
| JEA Melville Replace Concrete Curbs/Walks                      | 70,461               | 70,461               | -                    | -                   | -                    | 70,461               |
| JEA Dix Hills Interior Door Reconstruction                     | 25,000               | 25,000               | -                    | 24,956              | 24,956               | 44                   |
| JEA Melville Ceiling Replacement                               | 88,290               | 88,290               | -                    | 46,892              | 46,892               | 41,398               |
|                                                                | <u>\$ 44,251,411</u> | <u>\$ 47,115,241</u> | <u>\$ 30,593,923</u> | <u>\$ 2,695,861</u> | <u>\$ 33,266,731</u> | <u>\$ 13,825,457</u> |

**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, 2023**

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**CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET**

|                                                                           |                       |
|---------------------------------------------------------------------------|-----------------------|
| Adopted budget                                                            | \$ 221,512,826        |
| Add: Prior year's encumbrances                                            | <u>4,929,071</u>      |
| Original budget                                                           | 226,441,897           |
| Budget revision: Board resolutions to accept changes in service contracts | <u>35,553,014</u>     |
| Final budget                                                              | <u>\$ 261,994,911</u> |

**WESTERN SUFFOLK BOARD OF COOPERATIVE EDUCATION SERVICES**

**Schedule of Net Investment in Capital Assets (Unaudited)  
For the Year Ended June 30, 2023**

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|                                                 |                      |
|-------------------------------------------------|----------------------|
| Capital assets, net                             | \$ 117,844,834       |
| Deduct:                                         |                      |
| Short-term portion of installment purchase debt | 4,640,930            |
| Long-term portion of installment purchase debt  | 6,812,942            |
| Short-term portion of leases                    | 2,996,706            |
| Long-term portion of leases                     | 16,920,107           |
| Short-term portion of SBITA                     | 65,961               |
| Long-term portion of SBITA                      | <u>276,615</u>       |
| Net investment in capital assets                | <u>\$ 86,131,573</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**

January 3, 2024

To the Board of Education 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 Board of Cooperative Education Services (BOCES), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements, and have issued our report thereon dated January 3, 2024.

**Report on Internal Control over Financial Reporting**

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

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

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

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**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

Bonadio & Co., LLP