

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES**

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Cooperative Educational Services
Sole Supervisory District of
Clinton-Essex-Warren-Washington Counties
Plattsburgh, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Cooperative Educational Services Sole Supervisory District of Clinton-Essex-Warren-Washington Counties (the BOCES), as of and for the year ended June 30, 2022, 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 accompanying financial statements 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, 2022, and the respective changes in financial position and, where applicable, cash flows 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 (GAAS) 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 Auditors' 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

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

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

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 funding progress – changes in total other post-employment benefits liability and related ratios, and schedule of local government's proportionate share of the net pension liability and contributions on pages 4 through 12 and 44 through 47 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BOCES' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 48 through 51 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022 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 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.

WEST & COMPANY CPAs PC

Gloversville, New York
October 12, 2022

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2022

The following is a discussion and analysis of the Clinton-Essex-Warren-Washington Counties BOCES' financial performance for the fiscal year ended June 30, 2022. This section is a summary of the BOCES' financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. This section is only an introduction and should be read in conjunction with the BOCES' basic financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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.

BOCES-Wide Statements

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

The two BOCES-wide statements report the BOCES' *net position* and how they have changed. Net position, which is the difference between the BOCES' assets and liabilities, is 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 enrollment and population shifts in component school districts, the economic climate of businesses within the BOCES' geographic location, changes in services requested by component districts and the condition of BOCES' buildings and other facilities.

In the BOCES-wide financial statements, the BOCES' activities are shown as *governmental activities*. Most of the BOCES' basic services are included here, such as career and technical education, special education, instructional support services and administration. Revenues from component school districts fund these services.

Fund Financial Statements

The fund financial statements provide more detailed information about the BOCES' funds, focusing on its most significant or "major" 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:

- Some funds are required by state law and by bond covenants.
- The BOCES establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The BOCES has one kind of fund:

- **Governmental Funds:** Most of the BOCES' basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you 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 BOCES-wide statements, additional information at the bottom of the governmental funds' balance sheets explains the relationship (or differences) between them.

Figure A-1: Major Features of the BOCES-Wide and Fund Financial Statements

Figure A-1 summarizes the major features of the BOCES’ financial statements including the portion of the BOCES’ activities they cover and the types of information they contain.

| | BOCES-Wide | Fund Financial Statements |
|--|---|--|
| | BOCES-Wide | Governmental Funds |
| Scope | Entire BOCES | The activities of the BOCES that are not proprietary or fiduciary, such as instruction, special education and building maintenance |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus |
| Type of asset/deferred outflows of resources/liability/deferred inflows of resources information | All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term | Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included |
| Type of inflow/outflow information | All revenues and expenses during the year, regardless of when cash is received or paid | Revenues 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 |

FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE

Figures A-2 and A-3 highlight the BOCES' Net Position and the Changes in Net Position during the fiscal years ended June 30, 2022 and 2021.

Figure A-2: Condensed Statement of Net Position

| | Fiscal Year Ended | | % Change |
|--|--------------------------|------------------------|--------------------|
| | June 30, 2022 | June 30, 2021 | Incr; -Decr |
| ASSETS | | | |
| Current and other assets | \$ 32,214,819 | \$ 23,962,766 | 34% |
| Capital assets, net of depreciation | 31,061,633 | 26,097,781 | 19% |
| Total Assets | 63,276,452 | 50,060,547 | 26% |
| DEFERRED OUTFLOWS OF RESOURCES | 53,246,785 | 66,779,300 | -20% |
| LIABILITIES | | | |
| Current liabilities | 6,063,459 | 7,020,388 | -14% |
| Long-term liabilities | 174,935,228 | 181,599,457 | -4% |
| Total Liabilities | 180,998,687 | 188,619,845 | -4% |
| DEFERRED INFLOWS OF RESOURCES | 31,946,921 | 19,208,213 | 66% |
| NET POSITION | | | |
| Net investment in capital assets | 31,055,294 | 26,085,416 | 19% |
| Restricted | 3,688,194 | 3,193,823 | 15% |
| Unrestricted | (131,165,859) | (120,267,450) | -9% |
| TOTAL NET POSITION (DEFICIENCY) | \$ (96,422,371) | \$ (90,988,211) | -6% |

FINANCIAL HIGHLIGHTS

- The BOCES' total assets increased by \$13,215,905 or 26% from 2021 to 2022 primarily due to both the ERS and TRS systems being more than fully funded which resulted in a net pension asset for both retirement systems.
- The BOCES' total liabilities decreased by \$7,621,158 or 4% from 2021 to 2022 primarily due to the reduction of the accrual of the post-employment benefits as required by GASB 75.

Figure A-3: Changes in Net Position from Operating Results

| | Fiscal Year Ended | | % Change Incr; -Decr |
|---|--------------------------|------------------------|---------------------------------|
| | June 30, 2022 | June 30, 2021 | |
| Revenues | | | |
| Charges for services | \$ 41,155,319 | \$ 36,626,913 | 12% |
| Operating grants | 3,790,305 | 3,153,002 | 20% |
| Other revenues | 838,989 | 2,069,152 | -59% |
| Total Revenues | 45,784,613 | 41,849,067 | 9% |
| Expenses | | | |
| Administration | 7,000,537 | 7,357,688 | -5% |
| Occupational instruction | 13,296,392 | 14,984,152 | -11% |
| Instruction for special education | 15,596,282 | 15,408,554 | 1% |
| Itinerant services | 1,360,237 | 1,546,486 | -12% |
| General services | 691,451 | 479,576 | 44% |
| Instructional support | 3,606,462 | 2,995,740 | 20% |
| Other services | 8,400,867 | 8,908,529 | -6% |
| Food services | 318,390 | 314,286 | 1% |
| Total Expenses | 50,270,618 | 51,995,011 | -3% |
| Excess (Deficiency) of Revenues over Expenses before Return of Surplus | (4,486,005) | (10,145,944) | 56% |
| Return of Surplus | (948,155) | (305,640) | -210% |
| Change in Net Position | \$ (5,434,160) | \$ (10,451,584) | 48% |

FINANCIAL HIGHLIGHTS

- BOCES' revenues increased over prior year to \$45,784,613.
- BOCES' expenditures decreased over prior year to \$50,270,618.
- The 2022 decrease in net position of \$5,434,160 was primarily due to the accrual of the post-employment benefits as required by GASB 75.

Figure A-4: Sources of Revenues for Fiscal Year 2022

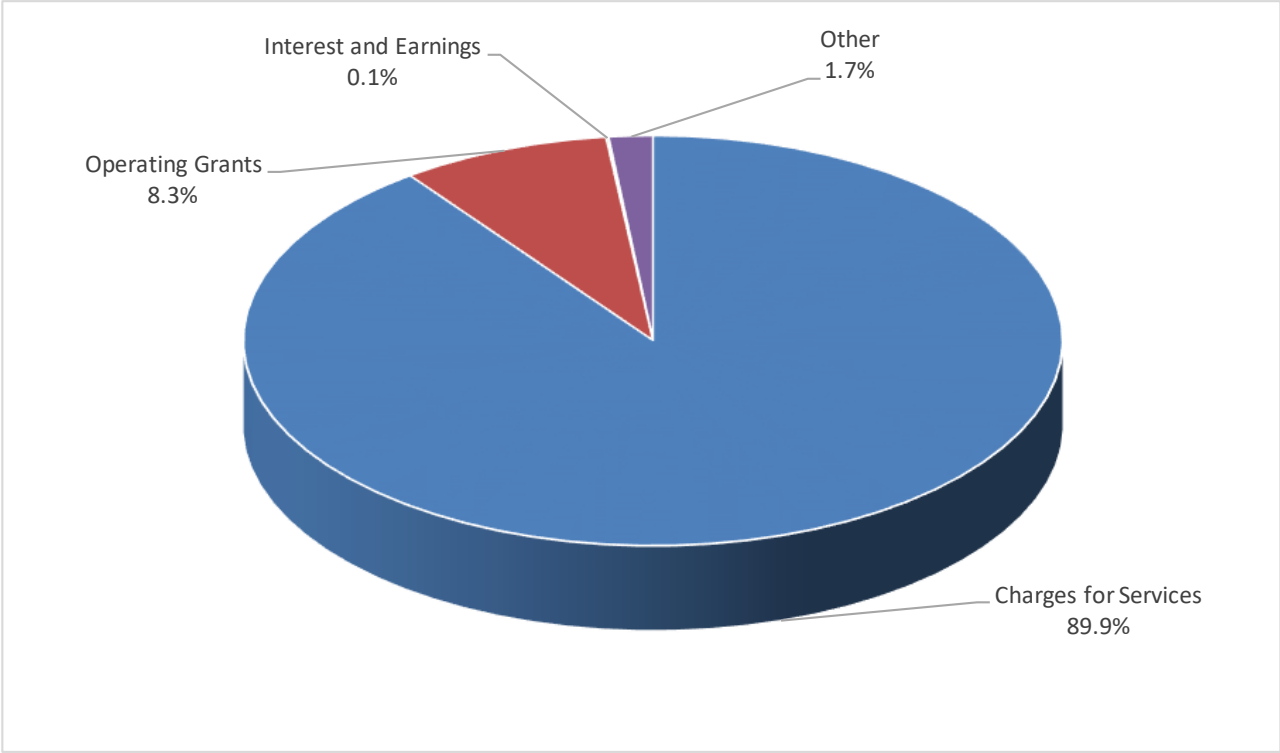
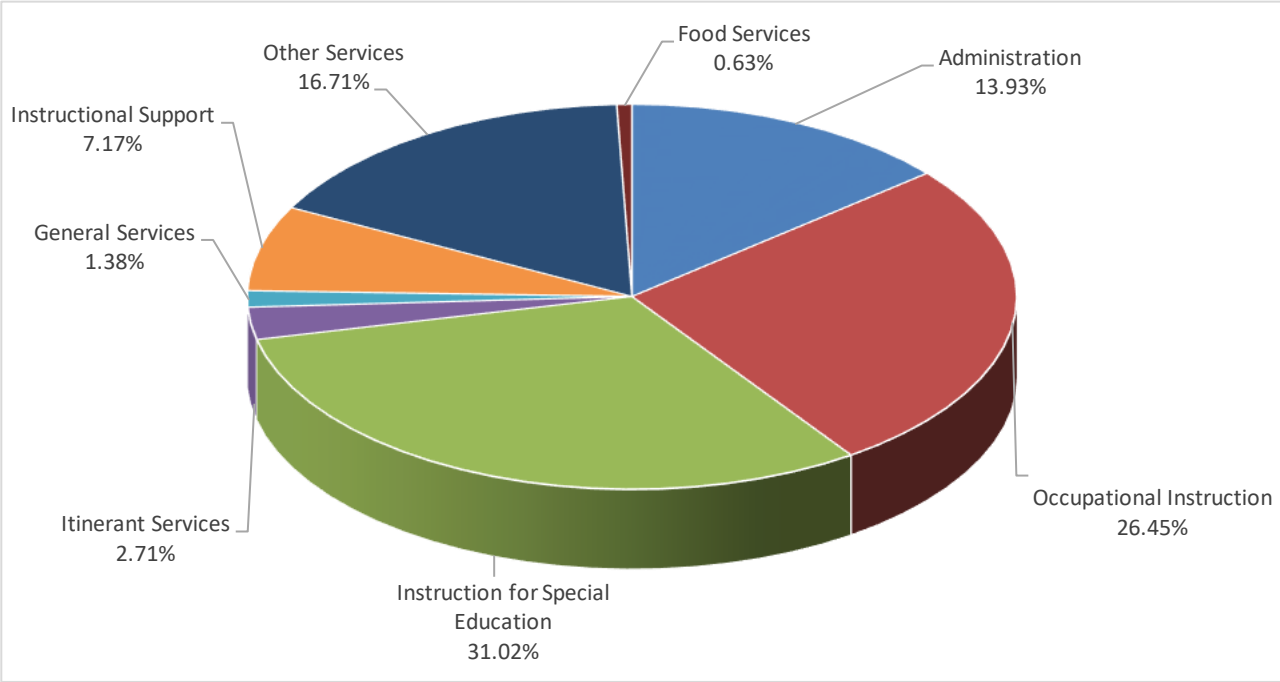


Figure A-5: Expenses for Fiscal Year 2022



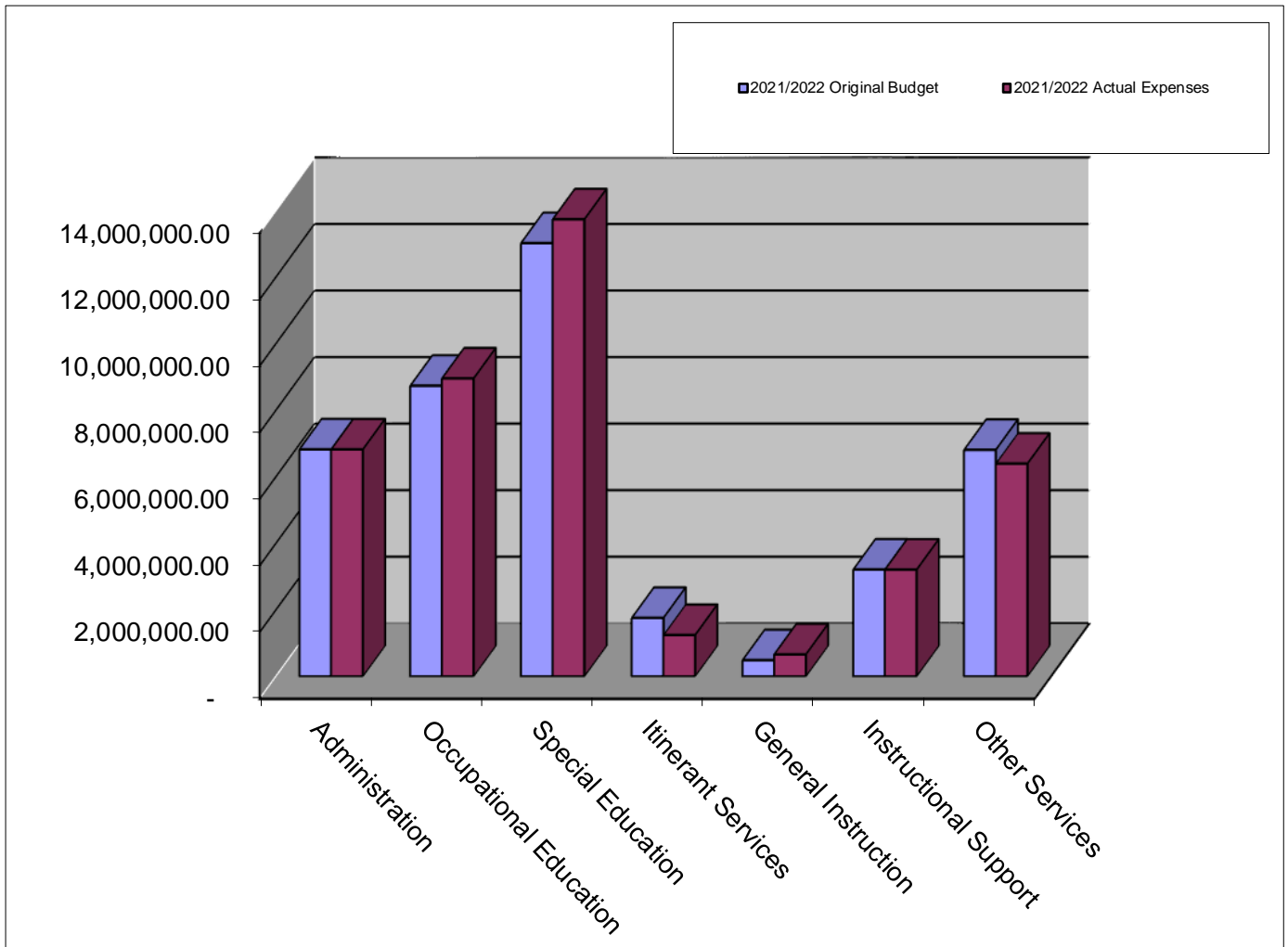
GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the fiscal year, the original budget was amended several times. These budget amendments fell into two categories:

- Amendments and supplemental appropriations to reflect encumbrances carried over from the previous fiscal year.
- Changes made to original program budgets to accommodate increased or decreased levels of services requested by component districts, non-component districts and other BOCES.

Figure A-6 shows the original budget adopted for the year ended June 30, 2022, compared to the expenditures for the same period.

Figure A-6: Original Budget and Actual Expenditures



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The following table depicts the BOCES' investment in buildings, renovations, machinery and technology equipment net of depreciation as of June 30, 2022 and 2021:

Figure A-7: Capital Assets

| Category | Fiscal Year Ended | | % Change Incr; -Decr |
|-----------------------------|--------------------------|----------------------|---------------------------------|
| | June 30, 2022 | June 30, 2021 | |
| Construction in Progress | \$ 22,956,897 | \$ 18,368,718 | 25% |
| Land | 560,220 | 560,220 | 0% |
| Buildings | 5,806,795 | 5,998,919 | -3% |
| Equipment and Furniture | 1,737,721 | 1,169,924 | 49% |
| Total Capital Assets | \$ 31,061,633 | \$ 26,097,781 | 19% |

Long-Term Debt

- As of June 30, 2021, the BOCES reduced the accrual of other post-employment benefits (retiree health insurance) as required by GASB 75. The accrual reduced the liability to \$173,304,451.

FACTORS BEARING ON THE BOCES' FUTURE

At the time these financial statements were prepared and audited, the BOCES was aware of the following circumstances that could significantly affect its financial health in the future:

- The condition of the State's financial health will most likely impact future state aid for component districts and thus affect requests for BOCES shared services. The overall financial impact of the COVID-19 pandemic on school districts is yet to be seen. However, the federal government has provided a significant amount of stimulus funds to assist school districts. The actions of the NYS Governor and Division of Budget for the 2022-2023 school year to increase foundation aid paid to school districts by over \$1.5 billion, showed a significant amount of support for funding schools. Federal and state funds make up over 50% of our component school districts' revenue.
- The BOCES, component school districts and the business community continue to experience difficulty attracting and retaining quality employees for many positions throughout their organizations in the North Country region. This could have an impact on the ability to provide important educational services at a cost-effective level. It also shows the importance for CVES to continue to develop and train students to gain skills to take positions in the community.
- The growing cost of health insurance for current and retired employees will continue to place a burden on the financial health of the BOCES and, therefore, impacting the cost effectiveness of providing educational programs and services to component districts. The strengthened financial position of the CEWW health insurance consortium during the 2019-2020, 2020-2021, and 2021-2022 school years will most likely provide short term relief on premium increases.

- In a recent building condition survey completed for the BOCES, the need for significant capital improvements were identified. In response, the process to pursue a major capital project was initiated for multiple BOCES campuses. The cost of the project will result in increased costs to component districts over the next several years. A \$29.85 million capital project vote was completed on December 11, 2018 with a 72% passing rate. A polling site was held in every one of the 17 component school districts. Construction commenced on the project in March, 2020. Construction as part of phase 1 of the project was substantially completed in the 2021-2022 school year. Construction for phase 2 of the project is planned to commence in the 2023-2024 school year. The strong support of the North Country for the BOCES programming has been evident throughout the capital project process.
- Potential decreases or increases in the employer's contribution to the Teachers' Retirement System and the Employees' Retirement System.
- Long range positive financial relief/benefit resulting from NYS's creation of Tier 5 and Tier 6 retirement classes for employees.
- Continued growth of the local economy especially in the manufacturing industry throughout the greater Plattsburgh region. This is reflected in the Development Corporation leadership stating they continue to have request for more buildings (60,000 square feet plus) and infrastructure for local businesses and new businesses moving in. Furthermore, the Town of Plattsburgh planning board is continuing to develop a multiple lot subdivision (over 10 lots) for business, industry, and housing on the former Clinton County airport directly west of the Satellite Campus. There are plans in the works for multiple buildings near 100,000 square feet in size.

CONTACTING THE BOCES' FINANCIAL MANAGEMENT

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

Clinton-Essex-Warren-Washington Counties
Board of Cooperative Educational Services
District Superintendent
P.O. Box 455
Plattsburgh, New York 12901
(518) 561-0100

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

STATEMENT OF NET POSITION

JUNE 30, 2022

| | <u>Primary Government</u> |
|--|--------------------------------------|
| CURRENT ASSETS | |
| Unrestricted cash | \$ 10,617,870 |
| Restricted cash | 3,688,194 |
| State and federal aid receivable | 6,386,964 |
| Other receivables | 235,285 |
| Prepaid expenditures | 21,542 |
| Inventories | 13,953 |
| Total Current Assets | 20,963,808 |
| NONCURRENT ASSETS | |
| Net pension asset proportionate share | 11,251,011 |
| Capital assets - net | 31,061,633 |
| Total Assets | 63,276,452 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Other post-employment benefits | 44,373,488 |
| Pensions | 8,873,297 |
| Total Deferred Outflows of Resources | 53,246,785 |
| CURRENT LIABILITIES | |
| Accounts payable/accrued liabilities | 1,651,227 |
| Due to retirement systems | 1,279,320 |
| Unearned revenues | 127,098 |
| Due to component districts | 2,999,475 |
| Noncurrent liabilities - due within one year (installment purchase debt) | 6,339 |
| Total Current Liabilities | 6,063,459 |
| NONCURRENT LIABILITIES - DUE IN MORE THAN ONE YEAR | |
| Compensated absences | 1,630,777 |
| Other post-employment benefits | 173,304,451 |
| Total Noncurrent Liabilities - Due in More Than One Year | 174,935,228 |
| Total Liabilities | 180,998,687 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pensions | 16,148,973 |
| Other post-employment benefits | 15,797,948 |
| Total Deferred Inflows of Resources | 31,946,921 |
| NET POSITION | |
| Net investment in capital assets | 31,055,294 |
| Restricted | 3,688,194 |
| Unrestricted | (131,165,859) |
| TOTAL NET POSITION (DEFICIENCY) | \$ (96,422,371) |

See accompanying notes.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Expenses</u> | <u>Program Revenue Charges for Services</u> | <u>Operating Grants</u> | <u>Net (Expenses) Revenues and Changes in Net Position</u> |
|---|----------------------|---|-----------------------------|--|
| FUNCTIONS/PROGRAMS | | | | |
| Administration | \$ 7,000,537 | \$ 6,816,232 | \$ 0 | \$ (184,305) |
| Occupational instruction | 13,296,392 | 8,273,919 | 219,530 | (4,802,943) |
| Instruction for special education | 15,596,282 | 13,821,667 | 1,631,552 | (143,063) |
| Itinerant services | 1,360,237 | 1,306,862 | 0 | (53,375) |
| General instruction | 691,451 | 692,290 | 0 | 839 |
| Instructional support | 3,606,462 | 3,425,019 | 175,786 | (5,657) |
| Other services | 8,400,867 | 6,765,091 | 1,544,021 | (91,755) |
| Food services | 318,390 | 54,239 | 219,416 | (44,735) |
| Total Functions and Programs | <u>\$ 50,270,618</u> | <u>\$ 41,155,319</u> | <u>\$ 3,790,305</u> | <u>(5,324,994)</u> |
| GENERAL REVENUES | | | | |
| Sale of property and compensation for loss | | | | 106,096 |
| Interest and earnings | | | | 45,513 |
| Miscellaneous | | | | 687,380 |
| Total General Revenues | | | | <u>838,989</u> |
| CHANGE IN NET POSITION | | | | (4,486,005) |
| TRANSFER OF JUNE 30, 2022, SURPLUS TO SCHOOL DISTRICTS - PAYABLE | | | | (948,155) |
| TOTAL NET POSITION (DEFICIENCY) – BEGINNING OF YEAR | | | | <u>(90,988,211)</u> |
| TOTAL NET POSITION (DEFICIENCY) – END OF YEAR | | | | <u>\$ (96,422,371)</u> |

See accompanying notes.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2022

| | Governmental Fund Types | | | | | Total Governmental Funds |
|---|-------------------------|-------------------|-------------------|---------------------|-----------------------------|--------------------------------|
| | General | Special Aid | School Lunch | Capital Projects | CM Misc. Special Revenue | |
| ASSETS | | | | | | |
| Unrestricted - cash and cash equivalents | \$ 1,113,085 | \$ 0 | \$ 71,656 | \$ 9,390,436 | \$ 42,693 | \$ 10,617,870 |
| Restricted | 3,688,194 | 0 | 0 | 0 | 0 | 3,688,194 |
| Other receivables | 77,144 | 153,033 | 5,108 | 0 | 0 | 235,285 |
| State and federal aid receivable | 5,782,833 | 566,910 | 37,221 | 0 | 0 | 6,386,964 |
| Due from other funds | 538,390 | 0 | 0 | 0 | 0 | 538,390 |
| Prepaid expenses | 21,542 | 0 | 0 | 0 | 0 | 21,542 |
| Inventory | 0 | 0 | 13,953 | 0 | 0 | 13,953 |
| TOTAL ASSETS | \$ 11,221,188 | \$ 719,943 | \$ 127,938 | \$ 9,390,436 | \$ 42,693 | \$ 21,502,198 |
| LIABILITIES AND FUND BALANCE | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 922,316 | \$ 57,791 | \$ 18,888 | \$ 292,915 | \$ 0 | \$ 1,291,910 |
| Accrued liabilities | 319,937 | 37,049 | 2,318 | 0 | 13 | 359,317 |
| Due to other funds | 0 | 538,390 | 0 | 0 | 0 | 538,390 |
| Due to other school districts | 2,999,475 | 0 | 0 | 0 | 0 | 2,999,475 |
| Unearned revenue | 33,424 | 86,713 | 6,961 | 0 | 0 | 127,098 |
| Due to Teachers' Retirement System | 1,094,454 | 0 | 0 | 0 | 0 | 1,094,454 |
| Due to Employees' Retirement System | 184,866 | 0 | 0 | 0 | 0 | 184,866 |
| Total liabilities | 5,554,472 | 719,943 | 28,167 | 292,915 | 13 | 6,595,510 |
| Fund Balance: | | | | | | |
| Nonspendable | | | | | | |
| Inventory | 0 | 0 | 13,953 | 0 | 0 | 13,953 |
| Prepaid expenses | 21,542 | 0 | 0 | 0 | 0 | 21,542 |
| Restricted | | | | | | |
| Retirement contribution reserve-ERS | 1,315,589 | 0 | 0 | 0 | 0 | 1,315,589 |
| Retirement contribution reserve-TRS | 773,581 | 0 | 0 | 0 | 0 | 773,581 |
| Unemployment insurance reserve | 295,000 | 0 | 0 | 0 | 0 | 295,000 |
| Employee benefit accrued liability reserve | 1,304,024 | 0 | 0 | 0 | 0 | 1,304,024 |
| Assigned | 1,978,522 | 0 | 85,818 | 9,097,521 | 42,680 | 11,204,541 |
| Unassigned | (21,542) | 0 | 0 | 0 | 0 | (21,542) |
| Total fund balance | 5,666,716 | 0 | 99,771 | 9,097,521 | 42,680 | 14,906,688 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 11,221,188 | \$ 719,943 | \$ 127,938 | \$ 9,390,436 | \$ 42,693 | \$ 21,502,198 |
| RECONCILIATION OF FUND BALANCE TO NET POSITION: | | | | | | |
| Total fund balance at June 30, 2022 | | | | | | \$ 14,906,688 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds | | | | | | 31,061,633 |
| Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds | | | | | | 3,975,335 |
| Long-term liabilities, including capitalized lease payables and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds | | | | | | (146,366,027) |
| TOTAL NET POSITION (DEFICIENCY) – STATEMENT OF ACTIVITIES | | | | | | \$ (96,422,371) |

See accompanying notes.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2022

| | Governmental Fund Types | | | | | Total Governmental Funds |
|---|--------------------------------|--------------------|---------------------|-----------------------------|---|---|
| | General | Special Aid | School Lunch | Capital Projects | CM Misc. Special Revenue | |
| REVENUES | | | | | | |
| Charges for services | \$ 772,852 | \$ 0 | \$ 54,239 | \$ 0 | \$ 0 | \$ 827,091 |
| Charges for components | 39,029,836 | 658,140 | 0 | 0 | 0 | 39,687,976 |
| Charges to other BOCES | 1,298,392 | 70,254 | 0 | 0 | 0 | 1,368,646 |
| Interest and earnings | 30,957 | 0 | 0 | 14,522 | 34 | 45,513 |
| Sale of property and compensation for loss | 106,096 | 0 | 0 | 0 | 0 | 106,096 |
| Miscellaneous | 678,727 | 42,881 | 17 | 0 | 8,636 | 730,261 |
| State resources | 0 | 777,362 | 4,733 | 0 | 0 | 782,095 |
| Federal resources | 0 | 2,022,252 | 214,683 | 0 | 0 | 2,236,935 |
| Total revenues | 41,916,860 | 3,570,889 | 273,672 | 14,522 | 8,670 | 45,784,613 |
| EXPENDITURES | | | | | | |
| Administration | 6,448,219 | 0 | 0 | 0 | 0 | 6,448,219 |
| Occupational instruction | 7,827,205 | 219,530 | 0 | 0 | 0 | 8,046,735 |
| Instruction for special education | 13,075,426 | 1,631,552 | 0 | 0 | 0 | 14,706,978 |
| Itinerant services | 1,236,304 | 0 | 0 | 0 | 0 | 1,236,304 |
| General instruction | 654,913 | 0 | 0 | 0 | 0 | 654,913 |
| Instructional support | 3,240,100 | 175,786 | 0 | 0 | 0 | 3,415,886 |
| Other services | 6,399,839 | 1,544,021 | 0 | 0 | 13,081 | 7,956,941 |
| Cost of sales | 0 | 0 | 318,390 | 0 | 0 | 318,390 |
| Capital outlay | 0 | 0 | 0 | 4,588,179 | 0 | 4,588,179 |
| Total expenditures | 38,882,006 | 3,570,889 | 318,390 | 4,588,179 | 13,081 | 47,372,545 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 3,034,854 | 0 | (44,718) | (4,573,657) | (4,411) | (1,587,932) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Retirement contribution reserve | 192,875 | 0 | 0 | 0 | 0 | 192,875 |
| Employee benefit accrued liability reserve | 301,496 | 0 | 0 | 0 | 0 | 301,496 |
| Refund of surplus | (948,155) | 0 | 0 | 0 | 0 | (948,155) |
| Operating transfers in | 0 | 0 | 32,327 | 1,449,885 | 0 | 1,482,212 |
| Operating transfers (out) | (1,482,212) | 0 | 0 | 0 | 0 | (1,482,212) |
| Total other financing sources (uses) | (1,935,996) | 0 | 32,327 | 1,449,885 | 0 | (453,784) |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES | 1,098,858 | 0 | (12,391) | (3,123,772) | (4,411) | (2,041,716) |
| FUND BALANCE - BEGINNING OF YEAR | 4,567,858 | 0 | 112,162 | 12,221,293 | 47,091 | 16,948,404 |
| FUND BALANCE - END OF YEAR | \$ 5,666,716 | \$ 0 | \$ 99,771 | \$ 9,097,521 | \$ 42,680 | \$ 14,906,688 |

See accompanying notes.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2022

| | | |
|--|-------------------|------------------------------|
| REVENUES - GOVERNMENTAL FUNDS | | \$ 45,784,613 |
| EXPENDITURES | | |
| Governmental funds | \$ 47,372,545 | |
| Add: | | |
| Depreciation expense | 558,015 | |
| Other post-employment benefits | 10,524,522 | |
| Total | <u>58,455,082</u> | |
| Deduct: | | |
| Fixed asset changes | 5,521,867 | |
| Payments on installment purchase debt (net) | 6,026 | |
| Decrease in compensated absence liability | 10,848 | |
| Pensions | 2,151,352 | |
| Increase in reserves | 494,371 | |
| Total | <u>8,184,464</u> | |
| EXPENDITURES PER STATEMENT OF ACTIVITIES | | <u>50,270,618</u> |
| CHANGE IN NET POSITION BEFORE TRANSFER OF SURPLUS | | <u><u>\$ (4,486,005)</u></u> |

See accompanying notes.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Clinton-Essex-Warren-Washington Counties Board of Cooperative Educational Services (BOCES) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

Significant accounting principles and policies utilized by the BOCES are described below:

A. Reporting Entity

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

The reporting entity of the BOCES is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. 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.

Boards of Cooperative Educational Services (BOCES) were established by New York State legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, legislation was passed allowing BOCES to provide districts in a geographic area that share planning, services and programs which provide educational and support activities more economically, efficiently and equitably than could be provided locally. BOCES provides instructional and support programs and services to the following 16 school districts in New York's Clinton-Essex-Warren-Washington Counties:

| | |
|--|---|
| Ausable Valley Central School District | Peru Central School District |
| Beekmantown Central School District | Plattsburgh City School District |
| Boquet Valley Central School District | Putnam Central School District |
| Chazy Union Free School District | Saranac Central School District |
| Crown Point Central School District | Schroon Lake Central School District |
| Keene Central School District | Ticonderoga Central School District |
| Moriah Central School District | Willsboro Central School District |
| Northeastern Clinton Central School District | Northern Adirondack Central School District |

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

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 an entity included in the BOCES' reporting entity.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

A. Reporting Entity – (Continued)

i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the BOCES represent funds of the students of the BOCES District. The Board of Cooperative Educational Services exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the BOCES District with respect to financial transactions and designation of student management. Audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found bound with these basic financial statements. The BOCES accounts for these funds in the Miscellaneous Special Revenue Fund.

B. Joint Venture

There are 16 participating school districts in the BOCES. The BOCES is a joint venture in which the participating districts have an ongoing financial responsibility, no equity interest and no single participant controls the financial or operating policies of the BOCES. The BOCES was formed under state law for the purpose of providing shared educational programs and instruction in subjects approved by the State Education Commissioner. The BOCES governing board is elected based on the vote of members of the participating districts' governing boards. The BOCES charges districts for program costs based on participation and for administrative costs. During the year ended June 30, 2022, the BOCES billed its component districts for administrative, capital and program costs.

C. Basis of Presentation

1) BOCES-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the BOCES' governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues and other exchange and nonexchange transactions. Operating grants include operating specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the BOCES at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods and services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Presentation – (Continued)

2) Funds 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 Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition or 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.

Miscellaneous Special Revenue Fund: Miscellaneous Special Revenue Fund is used to account for those revenues that are legally restricted to expenditures for a specific purpose.

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

The BOCES reports no fiduciary funds.

D. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The BOCES-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the BOCES gives or receives value without directly receiving or giving equal value in exchange, include state aid, grants and donations. On an accrual basis, revenues from state aid are recognized in the fiscal year it is appropriated by the state and revenues from grants and donations are 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, revenues are recognized when measurable and available. The BOCES considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year as it matches the liquidation of related obligations.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Measurement Focus and Basis of Accounting – (Continued)

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, pensions and other post-employment benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financial sources.

E. Cash and Cash Equivalents/Investments

The BOCES' cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the BOCES' investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

F. Receivables

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

G. Inventories and Prepaid Items

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

Prepaid items represent payments made by the BOCES for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the BOCES-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

H. 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 revenues to provide financing or other services.

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

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

I. 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, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues 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, compensated absences, potential liabilities and useful lives of long-lived assets.

J. Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the BOCES-wide statements are as follows:

| | <u>Capitalization Threshold</u> | <u>Depreciation Method</u> | <u>Estimated Useful Life</u> |
|----------------------------|--|---------------------------------------|---|
| Buildings and improvements | \$ 1,500 | Straight-line | 20 – 50 |
| Vehicles | 1,500 | Straight-line | 8 |
| Machinery and furnishings | 1,500 | Straight-line | 3 – 15 |

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

K. Vested Employee Benefits

Compensated Absences

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

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

BOCES employees are granted vacation 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.

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

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

L. Other Benefits

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

In addition to providing pension benefits, the BOCES provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement.

Substantially all of the BOCES' employees may become eligible for these benefits if they reach normal retirement age while working for the BOCES. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The BOCES recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

M. 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. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The BOCES has three items that qualify for reporting in this category. The first item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents 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 proportionate share of total contributions to the pension systems not included in pension expense. The second is the BOCES contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

In addition to liabilities, the Statement of Net Position or Balance Sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The BOCES has three items that qualify for reporting in this category. The first item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the BOCES' contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The third item is related to OPEB reporting in the BOCES-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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

At June 30, 2022, the BOCES reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The BOCES' proportion of the net pension asset (liability) was based on a projection of the BOCES' long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the BOCES.

| | <u>ERS</u> | <u>TRS</u> |
|--|-------------------|-------------------|
| | March 31, 2022 | June 30, 2021 |
| BOCES' proportionate share of the net pension asset (liability) | \$ 1,505,115 | \$ 9,745,896 |
| BOCES' portion of the Plan's total net pension asset (liability) | 0.00184121% | 0.056240% |
| Change in proportion since the prior measurement date | 0.0012726% | (0.000009)% |

For the year ended June 30, 2022, the BOCES recognized its proportionate share of pension expense of \$706,724 for ERS and \$1,165,910 for TRS. At June 30, 2022, the BOCES' reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

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

| | <u>Deferred Outflows of Resources</u> | | <u>Deferred Inflows of Resources</u> | |
|---|---|---------------------|--|----------------------|
| | <u>ERS</u> | <u>TRS</u> | <u>ERS</u> | <u>TRS</u> |
| Differences between expected and actual experience | \$ 113,984 | \$ 1,343,368 | \$ 147,844 | \$ 50,634 |
| Changes of assumptions | 2,511,867 | 3,205,629 | 42,385 | 567,670 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 0 | 4,928,620 | 10,200,088 |
| Changes in proportion and differences between the BOCES' contributions and proportionate share of contributions | 101,363 | 246,310 | 122,660 | 89,072 |
| BOCES' contributions subsequent to the measurement date | 184,866 | 1,165,910 | 0 | 0 |
| Total | \$ 2,912,080 | \$ 5,961,217 | \$ 5,241,509 | \$ 10,907,464 |

BOCES contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2023 for ERS and June 30, 2023 for TRS. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

| | <u>ERS</u> | <u>TRS</u> |
|-------------|--------------|----------------|
| Year ended: | | |
| 2023 | \$ (400,174) | \$ (1,464,200) |
| 2024 | (572,374) | (1,817,765) |
| 2025 | (1,281,069) | (2,416,647) |
| 2026 | (260,678) | 481,032 |
| 2027 | 0 | 326,353 |
| Thereafter | 0 | 0 |

Actuarial Assumptions

The total pension asset (liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset (liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

| | <u>ERS</u> | <u>TRS</u> |
|--------------------------------------|-----------------------------------|---------------------------------|
| Measurement date | March 31, 2022 | June 30, 2021 |
| Actuarial valuation date | April 1, 2021 | June 30, 2020 |
| Interest rate | 5.9% | 6.95% |
| Salary scale | 4.4% | 1.95 – 5.18% |
| Decrement tables | April 1, 2015 - March 31, 2020 | July 1, 2015 - June 30, 2020 |
| | Systems experience | Systems experience |
| Inflation rate | 2.7% | 2.40% |
| Projected cost of living adjustments | 1.4% | 1.3% |

For ERS, annuitant mortality rates are based on April 1, 2015 through March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2015 through June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 through March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

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

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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

| Measurement date | <u>ERS</u> March 31, 2022 | <u>TRS</u> June 30, 2021 |
|--|------------------------------|-----------------------------|
| <u>Asset type</u> | | |
| Domestic equity | 3.30% | 6.8% |
| International equity | 5.85 | 7.6 |
| Global equities | 0 | 7.1 |
| Real estate | 5.00 | 6.5 |
| Domestic fixed income securities | 0 | 1.3 |
| Global fixed income securities | 0 | 0.8 |
| High-yield fixed income securities | 0 | 3.8 |
| Real estate debt | 0 | 3.3 |
| Private debt | 0 | 5.9 |
| Credit | 3.78 | 0 |
| Private equity/alternative investments | 6.50 | 10.0 |
| Absolute return strategies | 4.10 | 0 |
| Opportunistic portfolio | 4.10 | 0 |
| Cash | (1.00) | (0.2) |
| Real assets | 5.80 | 0 |

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' 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 asset (liability).

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

The following presents the BOCES' proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the BOCES' proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption – (Continued)

| | <u>1% Decrease (4.9%)</u> | <u>Current Assumption (5.9%)</u> | <u>1% Increase (6.9%)</u> |
|--|---|--|---|
| <u>ERS</u> BOCES' proportionate share of the net pension asset (liability) | \$(3,874,149) | \$ 1,505,115 | \$ 6,004,609 |
| | <u>1% Decrease (5.95%)</u> | <u>Current Assumption (6.95%)</u> | <u>1% Increase (7.95%)</u> |
| <u>TRS</u> BOCES' proportionate share of the net pension asset (liability) | \$ 1,022,690 | \$ 9,745,896 | \$17,077,117 |

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the respective valuation dates were as follows:

| | (Dollars in thousands) | | |
|--|--|---------------------------------------|---------------------|
| | <u>ERS</u> March 31, 2022 | <u>TRS</u> June 30, 2021 | <u>Total</u> |
| Measurement date | | | |
| Employers' total pension asset (liability) | \$(223,874,888) | \$(130,819,415) | \$(354,694,303) |
| Plan fiduciary net position asset (liability) | 232,049,473 | 148,148,457 | 380,197,930 |
| Employers' net pension asset (liability) | 8,174,585 | 17,329,042 | 25,503,627 |
| Ratio of plan fiduciary net position to the employers' total pension asset (liability) | 103.65% | 113.2% | 107.19% |

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$184,866.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Payables to the Pension Plan – (Continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022, are paid to the System in September, October and November, 2022, through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022, amount to \$1,094,454.

Additional pension information can be found in Note 8.

N. Unearned Revenue

The BOCES reports unearned revenues on its Statement of Net Position and its balance sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the BOCES before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the BOCES has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

O. 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.

P. Short-Term Debt

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

Q. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the BOCES-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

R. Equity Classifications

BOCES-Wide Statements

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

i) Net Investment in Capital Assets

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

ii) Restricted Net Position

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

iii) Unrestricted Net Position

Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the BOCES.

Funds Statements

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

1. Nonspendable

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the General Fund for prepaid expenses and the School Lunch Fund for inventory was \$21,542 and \$13,953, respectively.

2. Restricted

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. All encumbrances other than the General Fund are classified as restricted fund balance. The BOCES has established the following restricted fund balances:

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

R. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the BOCES:

Retirement Contributions

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

Unemployment Insurance

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

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund under Restricted Fund Balance.

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments 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.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

R. Equity Classifications – (Continued)

Funds Statements – (Continued)

3. Committed

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, 2022.

4. Assigned

Includes amounts that are constrained by the BOCES' intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

5. Unassigned

Includes all other General Fund amounts that do not meet the definitions of the above four classifications and are deemed to be available for general use by the BOCES. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

Order of Use of Fund Balance

The BOCES' policy is to annually determine the appropriate use of fund balance upon recommendation of the Superintendent and Board of Cooperative Education.

S. Budgetary Procedures and Budgetary Accounting

Budget Policies

The budget policies are as follows:

- a. Section 1950 of the Education Law requires adoption of a final budget by no later than May 15 of the ensuing year.
- b. BOCES' administration prepares a proposed administrative, capital and program budget, as applicable, for approval by members of the BOCES' Board for the General Fund.
- c. Appropriations for educational services are adopted at the program line item level.
- d. 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.
- e. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.
- f. The budget was increased by \$3,371,471, mainly due to a increases in services requested from the Districts. The budget changes were approved monthly by the Board throughout the year.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Budgetary Procedures and Budgetary Accounting – (Continued)

Budget Basis of Accounting

Budgets are adopted annually using the current financial resources measurement focus and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

T. New Accounting Standards

The BOCES has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2022, the BOCES implemented the following new standards issued by GASB:

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2022. This statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as appropriate.

GASB has issued Statement No. 89, *Accounting Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2022. This statement requires that interest cost incurred during construction be expensed in that period rather than being included in the cost of the capital asset.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, portions of the statement are effective for the year ending June 30, 2022. This statement increases consistency and comparability related to the reporting of fiduciary component units which do not have a governing board.

U. Future Changes in Accounting Standards

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

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023. This statement improves the financial reporting related to Public-Private and Public-Public Partnerships to provide services.

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

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

The BOCES will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND BOCES-WIDE STATEMENTS

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

A. Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balance 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 long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

B. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories, described as follows:

i) Long-Term Revenue and Expense Differences

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

ii) Capital Related Differences

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

iii) Long-Term Debt Transaction Differences

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

iv) 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 systems.

v) 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.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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.

The BOCES' aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

| | | |
|---|----|------------|
| Uncollateralized | \$ | 0 |
| Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the BOCES' name | | 14,625,730 |

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. Restricted cash as of year-end includes \$3,688,194 within the governmental funds.

NOTE 4 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022, were as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirement/ Reclassifications</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|--|-----------------------|
| Governmental activities: | | | | |
| Capital assets that are not depreciated: | | | | |
| Land | \$ 560,220 | \$ 0 | \$ 0 | \$ 560,220 |
| Construction in process | 18,368,718 | 4,588,179 | 0 | 22,956,897 |
| Total nondepreciable historical cost | 18,928,938 | 4,588,179 | 0 | 23,517,117 |
| Capital assets that are depreciated: | | | | |
| Buildings | 21,054,103 | 18,215 | 0 | 21,072,318 |
| Furniture and equipment | 7,052,442 | 915,473 | 28,937 | 7,938,978 |
| Total depreciable historical cost | 28,106,545 | 933,688 | 28,937 | 29,011,296 |
| Less accumulated depreciation: | | | | |
| Buildings | 15,055,184 | 210,339 | 0 | 15,265,523 |
| Furniture and equipment | 5,882,518 | 347,676 | 28,937 | 6,201,257 |
| Total accumulated depreciation | 20,937,702 | 558,015 | 28,937 | 21,466,780 |
| Total depreciable historical cost - net | 7,168,843 | 375,673 | 0 | 7,544,516 |
| GRAND TOTAL | \$ 26,097,781 | \$ 4,963,852 | \$ 0 | \$ 31,061,633 |
| Depreciation expense was charged to governmental functions as follows: | | | | |
| Administration | | \$ 192,565 | | |
| Occupational education | | 241,706 | | |
| Instruction for the handicapped | | 68,786 | | |
| Itinerant services | | 54,958 | | |
| TOTAL | | \$ 558,015 | | |

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 5 – INVESTMENTS

Investment Pool

The BOCES participates in multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, § 119-O, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2022, the BOCES held a total of \$20,249 in investments consisting of various investments in securities issued by the United States and its agencies. The investments are highly liquid and considered to be cash equivalents. The following amounts are included as cash:

| <u>Fund</u> | <u>Amount</u> |
|------------------------------------|---------------|
| Miscellaneous Special Revenue Fund | \$ 20,249 |

The above amount represents the cost of the investment pool shares and is considered to approximate fair value. The investment pools are SEC registered and categorically exempt from the New York State collateralization requirements.

NOTE 6 – LONG-TERM DEBT

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|--|------------------------------|------------------|---------------------|---------------------------|--|
| Governmental activities: | | | | | |
| General obligation debt: | | | | | |
| Lease-purchase obligation | \$ 12,365 | \$ 0 | \$ 6,026 | \$ 6,339 | \$ 6,339 |
| Total general obligation debt | <u>12,365</u> | <u>0</u> | <u>6,026</u> | <u>6,339</u> | <u>6,339</u> |
| Other liabilities: | | | | | |
| Post-employment benefits | 178,380,129 | 0 | 5,075,678 | 173,304,451 | 0 |
| Compensated absences | 1,641,625 | 0 | 10,848 | 1,630,777 | 0 |
| Total other liabilities | <u>180,021,754</u> | <u>0</u> | <u>5,086,526</u> | <u>174,935,228</u> | <u>0</u> |
| TOTAL LONG-TERM LIABILITIES | <u>\$ 180,034,119</u> | <u>\$ 0</u> | <u>\$ 5,092,552</u> | <u>\$ 174,941,567</u> | <u>\$ 6,339</u> |

The following is a summary of long-term indebtedness:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------|------------------|-----------------|-----------------|
| 2023 | \$ 6,339 | \$ 329 | \$ 6,668 |
| TOTALS | <u>\$ 6,339</u> | <u>\$ 329</u> | <u>\$ 6,668</u> |

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 7 – INTERFUND TRANSACTIONS

Interfund receivables and payables at June 30, 2022, were as follows:

| | Interfund Receivable | Interfund Payable | Interfund Revenues | Interfund Expenditures |
|-------------------|---------------------------------|------------------------------|-------------------------------|-----------------------------------|
| General Fund | \$ 538,390 | \$ 0 | \$ 0 | \$ 1,482,212 |
| Capital Fund | 0 | 0 | 1,449,885 | 0 |
| School Lunch Fund | 0 | 0 | 32,327 | 0 |
| Special Aid Fund | 0 | 538,390 | 0 | 0 |
| TOTALS | \$ 538,390 | \$ 538,390 | \$ 1,482,212 | \$ 1,482,212 |

Interfund receivables and payables, other than between governmental activities, are eliminated on the Statement of Net Position.

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.

NOTE 8 – PENSION PLANS

General Information

The BOCES participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

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

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
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NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8 – PENSION PLANS – (CONTINUED)

Plan Descriptions and Benefits Provided: – (Continued)

Employees’ Retirement System (ERS)

The BOCES participates in the New York State and Local Employees’ Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees’ Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, 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. For TRS, contribution rates are established annually by the New York State Teachers’ Retirement Board pursuant to Article 11 of the Education Law.

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

| | <u>NYSTRS</u> | <u>NYSERS</u> |
|------|----------------------|----------------------|
| 2022 | \$ 1,165,910 | \$ 706,724 |
| 2021 | 1,100,075 | 702,744 |
| 2020 | 1,039,147 | 656,100 |

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

Additional pension information can be found in Note 1 M.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

The BOCES administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the BOCES. The plan is a single-employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes, which grants the authority to establish and amend the benefit terms and financing requirements to the BOCES' Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy

The obligations of the Plan members and employers are established by action of the BOCES pursuant to applicable collected bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The BOCES currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 236 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Active employees | <u>329</u> |
| Total | <u><u>565</u></u> |

Net OPEB Liability:

The BOCES' total OPEB liability of \$173,304,451, was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2021.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.50% |
| Salary Increases | 3.00%, average, including inflation |
| Discount Rate | 2.14% |
| Healthcare Cost Trend Rates | 6.00% for 2023, decreasing per year to an ultimate rate of 3.94% for 2092 and later years. |

The discount rate was based on the Bond Buyer Weekly 20-Bond GO Index.

Mortality rates were based on the RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2021.

Changes in the Total OPEB Liability:

| | |
|--|-----------------------|
| Balance at June 30, 2021 | \$ 178,380,129 |
| Changes for the year: | |
| Service cost | 5,701,743 |
| Interest | 4,018,327 |
| Changes in benefit terms | (765,293) |
| Differences between expected and actual experience | (3,516,305) |
| Changes in assumptions or other inputs | (5,999,885) |
| Benefit payments | <u>(4,514,265)</u> |
| Net changes | <u>(5,075,678)</u> |
| Balance at June 30, 2022 | <u>\$ 173,304,451</u> |

Changes in assumptions and other inputs reflect the following changes:

- A change in the discount rate from 2.21% in 2021 to 2.14% in 2022.
- Updated the mortality tables to the RPH-2014 SOA Mortality Tables adjusted back to 2006 using scale MP-2014 and projected forward using scale MP-2021.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

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 (1.14%) or 1 percentage point higher (3.14%) than the current discount rate:

| | <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
|----------------------|--------------------|----------------------|--------------------|
| Total OPEB Liability | \$ 204,666,508 | \$ 173,304,451 | \$ 148,336,508 |

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:

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|----------------------|--------------------|--|--------------------|
| Total OPEB Liability | \$ 146,827,146 | \$ 173,304,451 | \$ 207,279,650 |

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

For the year ended June 30, 2022, the BOCES recognized OPEB expense of \$10,524,522. At June 30, 2022, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 17,751,596 | \$ 2,930,254 |
| Changes of assumptions or other inputs | 21,652,821 | 12,867,694 |
| Employer contributions subsequent to the measurement date | <u>4,969,071</u> | <u>0</u> |
| Total | <u>\$ 44,373,488</u> | <u>\$ 15,797,948</u> |

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – (Continued)

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

| <u>Fiscal Year Ending June 30:</u> | |
|---|----------------------|
| 2023 | \$ 11,507,887 |
| 2024 | 9,411,540 |
| 2025 | 7,169,390 |
| 2026 | 2,072,753 |
| 2027 | (1,586,030) |
| 2028 and thereafter | <u>0</u> |
| Total | \$ <u>28,575,540</u> |

NOTE 10 – RISK MANAGEMENT

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

Consortiums and Self Insured Plans

The BOCES participates in the Clinton-Essex-Warren-Washington School Health Insurance Consortium, a nonrisk-retained public entity risk pool, for its employee health and accident insurance coverage. The pool is operated for the benefit of 17 individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members. The BOCES has essentially transferred all related risk to the pool.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The BOCES participates in the Clinton-Essex-Warren-Washington School Workers' Compensation Consortium, a risk-sharing pool to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to workers' compensation claims.

Federal and State Grants

The BOCES receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the BOCES expects such amounts, if any, to be immaterial.

Litigation

With respect to litigation, counsel is not at this time handling any litigation on behalf of BOCES which, in their opinion, would have a material monetary effect on the BOCES' June 30, 2022, basic financial statements.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the issuance date of the of the audit report. There were no issues to report that would have a material effect on the financial statements.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

REQUIRED SUPPLEMENTARY INFORMATION

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance (Fav; -Unfav)</u> |
|---|----------------------------|-------------------------|---------------------|-----------------------------------|
| REVENUES | | | | |
| Local Sources | | | | |
| Charges for services | \$ 788,650 | \$ 822,627 | \$ 772,852 | \$ (49,775) |
| Charges to components | 35,868,683 | 41,571,310 | 39,029,836 | (2,541,474) |
| Charges to other BOCES | 496,551 | 1,298,392 | 1,298,392 | 0 |
| Use of money and property | 28,550 | 28,550 | 30,957 | 2,407 |
| Sale of property and compensation for loss | 1,207,013 | 105,260 | 106,096 | 836 |
| Miscellaneous revenues | 2,410,162 | 344,941 | 678,727 | 333,786 |
| Total revenues | <u>40,799,609</u> | <u>44,171,080</u> | <u>41,916,860</u> | <u>(2,254,220)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Administration | 6,817,030 | 6,920,675 | 6,813,789 | 106,886 |
| Occupational instruction | 8,727,349 | 9,991,825 | 8,946,991 | 1,044,834 |
| Instruction for special education | 13,015,181 | 14,265,666 | 13,728,201 | 537,465 |
| Itinerant services | 1,751,744 | 1,261,087 | 1,236,304 | 24,783 |
| General instruction | 480,824 | 693,250 | 654,913 | 38,337 |
| Instructional support | 3,205,712 | 3,907,944 | 3,202,585 | 705,359 |
| Other services | 6,801,769 | 7,130,633 | 6,385,922 | 744,711 |
| Total expenditures | <u>40,799,609</u> | <u>44,171,080</u> | <u>40,968,705</u> | <u>3,202,375</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>\$ 0</u> | <u>\$ 0</u> | 948,155 | <u>\$ 948,155</u> |
| RECONCILIATION | | | | |
| Add - encumbrances at end of year included in actual | | | 1,978,522 | |
| Less - expenditure of prior year's encumbrances | | | (1,374,035) | |
| EXCESS OF REVENUES OVER EXPENDITURES | | | <u>1,552,642</u> | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Employee benefit accrued liability | | | 301,496 | |
| Retirement contribution reserve - ERS | | | 1,960 | |
| Retirement contribution reserve -TRS | | | 190,915 | |
| Refund of surplus | | | (948,155) | |
| Total other financing sources (uses) | | | <u>(453,784)</u> | |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | | | 1,098,858 | |
| FUND BALANCE – BEGINNING OF YEAR | | | <u>4,567,858</u> | |
| FUND BALANCE – END OF YEAR | | | <u>\$ 5,666,716</u> | |

See paragraph on supplementary schedules included in independent auditors' report.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS – CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFITS LIABILITY AND RELATED RATIOS**

FOR THE YEARS ENDED JUNE 30, 2022, 2021, 2020, 2019 AND 2018

| Measurement Date | July 1, 2021 | July 1, 2020 | July 1, 2019 | July 1, 2018 | July 1, 2017 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 5,701,743 | \$ 4,186,487 | \$ 3,187,451 | \$ 3,563,900 | \$ 4,219,969 |
| Interest | 4,018,327 | 4,963,904 | 4,466,423 | 3,821,875 | 3,511,145 |
| Change of benefit terms | (765,293) | 100,426 | (3,128,935) | 0 | (2,420,962) |
| Differences between expected and actual experience | (3,516,305) | 0 | 30,402,828 | 8,150,181 | 4,559,650 |
| Change of assumptions or other inputs | (5,999,885) | 33,648,845 | (5,751,551) | (2,942,043) | (23,544,608) |
| Benefit payments | (4,514,265) | (4,317,748) | (3,204,009) | (2,734,402) | (2,673,620) |
| Net change in total OPEB liability | (5,075,678) | 38,581,914 | 25,972,207 | 9,859,511 | (16,348,426) |
| Total OPEB Liability - beginning | 178,380,129 | 139,798,215 | 113,826,008 | 103,966,497 | 120,314,923 |
| Total OPEB Liability - ending | <u>\$ 173,304,451</u> | <u>\$ 178,380,129</u> | <u>\$ 139,798,215</u> | <u>\$ 113,826,008</u> | <u>\$ 103,966,497</u> |
| Covered-employee payroll | \$ 15,628,249 | \$ 15,687,180 | \$ 15,628,249 | \$ 16,673,303 | \$ 16,673,603 |
| Total OPEB liability as a percentage of covered-employee payroll | 1108.92% | 1137.11% | 894.52% | 682.68% | 623.54% |
| Plan's fiduciary net position | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Net OPEB Liability | \$ 173,304,451 | \$ 178,380,129 | \$ 139,798,215 | \$ 113,826,008 | \$ 103,966,497 |

See paragraph on supplementary schedules included in independent auditors' report.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE YEARS ENDED JUNE 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|
| BOCES' proportion of the net pension liability (asset) | 0.0184121% | 0.0171395% | 0.0170745% | 0.0182944% | 0.0183135% | 0.0176607% | 0.0184114% | 0.0183902% |
| BOCES' proportionate share of the net pension liability (asset) | \$ (1,505,115) | \$ 17,066 | \$ 4,521,413 | \$ 1,296,213 | \$ 591,059 | \$ 1,659,441 | \$ 2,955,082 | \$ 621,266 |
| BOCES' covered-employee payroll | 5,733,877 | 5,195,803 | 5,101,101 | 4,736,550 | 4,912,304 | 4,530,495 | 4,485,642 | 4,469,796 |
| BOCES' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 26.2% | 0.3% | 88.6% | 27.4% | 12.0% | 36.6% | 65.9% | 13.9% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 103.65% | 99.95% | 86.4% | 96.3% | 98.2% | 94.7% | 90.5% | 97.9% |

NYS Teachers' Retirement System

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------|--------------|----------------|----------------|--------------|-------------|----------------|----------------|
| BOCES' proportion of the net pension liability (asset) | 0.056240% | 0.056249% | 0.058293% | 0.060508% | 0.061623% | 0.057713% | 0.060724% | 0.059932% |
| BOCES' proportionate share of the net pension liability (asset) | \$ (9,745,896) | \$ 1,554,298 | \$ (1,514,466) | \$ (1,094,144) | \$ (468,399) | \$ 618,132 | \$ (6,307,254) | \$ (6,676,060) |
| BOCES' covered-employee payroll | 9,910,398 | 9,545,773 | 9,547,152 | 9,807,749 | 9,839,239 | 10,278,152 | 9,326,275 | 9,361,023 |
| BOCES' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 98.34% | 16.28% | 15.86% | 11.16% | 4.76% | 6.01% | 67.63% | 71.32% |
| Plan fiduciary net position as a percentage of the total pension liability (asset) | 113.20% | 97.80% | 102.20% | 101.53% | 100.70% | 99.00% | 110.50% | 111.48% |

See paragraph on supplementary schedules included in independent auditors' report.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2022, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 706,724 | \$ 702,744 | \$ 656,100 | \$ 656,034 | \$ 634,277 | \$ 675,212 | \$ 714,422 | \$ 838,303 |
| Contributions in relation to the contractually required contribution | <u>706,724</u> | <u>702,744</u> | <u>656,100</u> | <u>656,034</u> | <u>634,277</u> | <u>675,212</u> | <u>714,422</u> | <u>838,303</u> |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| BOCES' covered-employee payroll | \$ 5,733,877 | \$ 5,195,803 | \$ 5,101,101 | \$ 4,736,550 | \$ 4,912,304 | \$ 4,530,495 | \$ 4,485,642 | \$ 4,469,796 |
| Contribution as a percentage of covered-employee payroll | 12.33% | 13.53% | 12.86% | 13.85% | 12.91% | 14.90% | 15.93% | 18.75% |

NYS Teachers' Retirement System

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|----------------|----------------|----------------|------------------|----------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 971,219 | \$ 909,712 | \$ 845,878 | \$ 1,041,583 | \$ 964,245 | \$ 1,204,599 | \$ 1,236,664 | \$ 1,606,436 |
| Contributions in relation to the contractually required contribution | <u>971,219</u> | <u>909,712</u> | <u>845,878</u> | <u>1,041,583</u> | <u>964,245</u> | <u>1,204,599</u> | <u>1,236,664</u> | <u>1,606,436</u> |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| BOCES' covered-employee payroll | \$ 9,910,398 | \$ 9,545,773 | \$ 9,547,152 | \$ 9,807,749 | \$ 9,839,239 | \$ 10,278,152 | \$ 9,326,275 | \$ 9,361,023 |
| Contribution as a percentage of covered-employee payroll | 9.80% | 9.53% | 8.86% | 10.62% | 9.80% | 11.72% | 13.26% | 17.16% |

See paragraph on supplementary schedules included in independent auditors' report.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

SUPPLEMENTARY INFORMATION

ANALYSIS OF ACCOUNT A431 – SCHOOL DISTRICTS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| DEBIT BALANCE - BEGINNING OF YEAR | \$ 2,123,756 | \$ 1,679,767 |
| DEBITS | | |
| Encumbrances | 1,978,522 | 1,374,035 |
| Billings to school districts and other BOCES | 40,328,228 | 36,015,003 |
| Refund of balances due school districts | <u>357,436</u> | <u>1,722,965</u> |
| Total Debits | <u>42,664,186</u> | <u>39,112,003</u> |
| CREDITS | | |
| Encumbrances | 1,374,035 | 622,867 |
| Collections from school districts and other BOCES | 39,077,907 | 36,988,339 |
| Revenues in excess of expenditures | <u>1,552,642</u> | <u>1,056,808</u> |
| Total Credits | <u>42,004,584</u> | <u>38,668,014</u> |
| DEBIT BALANCE - END OF YEAR | <u><u>\$ 2,783,358</u></u> | <u><u>\$ 2,123,756</u></u> |

See paragraph on supplementary schedules included in independent auditors' report.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES – COMPARED TO BUDGET – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

| | Revenues | | | | Expenditures | | | | |
|---|----------------------|----------------------|-------------------------|-----------------------------|----------------------|----------------------|-----------------------------|---------------------|------------------------|
| | Original Budget | Revised Budget | Current Year's Revenues | Over (Under) Revised Budget | Original Budget | Revised Budget | Current Year's Expenditures | Encumbrances | Underexpended Balances |
| Administration 001-002 | \$ 6,817,030 | \$ 6,920,675 | \$ 6,964,478 | \$ 43,803 | \$ 6,817,030 | \$ 6,920,675 | \$ 6,896,630 | \$ 20,804 | \$ 3,241 |
| Occupational Instruction 100-199 | 8,727,349 | 9,991,825 | 8,964,080 | (1,027,745) | 8,727,349 | 9,991,825 | 8,328,679 | 1,648,437 | 14,709 |
| Instruction for Special Education 200-299 | 13,015,181 | 14,265,666 | 14,155,091 | (110,575) | 13,015,181 | 14,265,666 | 13,607,753 | 206,043 | 451,870 |
| Itinerant 300-399 | 1,751,744 | 1,261,087 | 1,267,470 | 6,383 | 1,751,744 | 1,261,087 | 1,236,304 | 0 | 24,783 |
| General Instruction 400-499 | 480,824 | 693,250 | 662,012 | (31,238) | 480,824 | 693,250 | 654,913 | 0 | 38,337 |
| Instructional Support 500-599 | 3,205,712 | 3,907,944 | 3,236,573 | (671,371) | 3,205,712 | 3,907,944 | 3,240,100 | 15,389 | 652,455 |
| Other Services 600-699 | 6,801,769 | 7,130,633 | 6,667,156 | (463,477) | 6,801,769 | 7,130,633 | 6,399,839 | 87,849 | 642,945 |
| Totals | <u>\$ 40,799,609</u> | <u>\$ 44,171,080</u> | <u>\$ 41,916,860</u> | <u>\$ (2,254,220)</u> | <u>\$ 40,799,609</u> | <u>\$ 44,171,080</u> | <u>\$ 40,364,218</u> | <u>\$ 1,978,522</u> | <u>\$ 1,828,340</u> |
| EXCESS (DEFICIENCY) OF REVENUES | | | | | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 1,552,642</u> | | |

See paragraph on supplementary schedules included in independent auditors' report.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2022

| <u>Project Title</u> | <u>Original Appropriation</u> | <u>Revised Appropriation</u> | <u>Expenditures</u> | | | <u>Unexpended Balance</u> | <u>Methods of Financing</u> | | | <u>Fund Balances</u> | |
|---------------------------|-----------------------------------|----------------------------------|-----------------------|-------------------------|----------------------|-------------------------------|-----------------------------|--------------------------|------------------------------------|--------------------------|---------------------|
| | | | <u>Prior Year</u> | <u>Current Year</u> | <u>Total</u> | | <u>State Aid</u> | <u>Local Sources</u> | <u>Proceeds of Obligations</u> | | <u>Total</u> |
| Fire Alarm Project | \$ 295,000 | \$ 400,000 | \$ 359,973 | \$ 4,523 | \$ 364,496 | \$ 35,504 | \$ 0 | \$ 400,000 | \$ 0 | \$ 400,000 | \$ 35,504 |
| Multi-Purpose Renovation | 29,850,000 | 32,400,000 | 18,764,486 | 4,476,254 | 23,240,740 | 9,159,260 | 0 | 31,377,029 | 0 | 31,377,029 | 8,136,289 |
| Utility System Renovation | 540,000 | 669,000 | 439,260 | 107,402 | 546,662 | 122,338 | 0 | 668,982 | 0 | 668,982 | 122,320 |
| CTE Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 803,408 | 0 | 803,408 | 803,408 |
| TOTALS | \$ 30,685,000 | \$ 33,469,000 | \$ 19,563,719 | \$ 4,588,179 | \$ 24,151,898 | \$ 9,317,102 | \$ 0 | \$ 33,249,419 | \$ 0 | \$ 33,249,419 | \$ 9,097,521 |

See paragraph on supplementary schedules included in independent auditors' report.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2022

| | | |
|---|--------------|-----------------------------|
| CAPITAL ASSETS, NET | | \$ 31,061,633 |
| DEDUCT: | | |
| Short-term portion of lease-purchase obligation | <u>6,339</u> | |
| Total | | <u>6,339</u> |
| NET INVESTMENT IN CAPITAL ASSETS | | <u><u>\$ 31,055,294</u></u> |

See paragraph on supplementary schedules included in independent auditors' report.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

**FEDERAL AWARD PROGRAM INFORMATION
(SINGLE AUDIT)**

(UNIFORM GUIDANCE)

JUNE 30, 2022



**INDEPENDENT AUDITORS' 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**

Board of Cooperative Educational Services
Sole Supervisory District of
Clinton-Essex-Warren-Washington Counties
Plattsburgh, New York

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 Board of Cooperative Educational Services Sole Supervisory District of Clinton-Essex-Warren-Washington Counties (BOCES) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements, and have issued our report thereon dated October 12, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered BOCES' internal control over financial reporting (internal control) to determine the 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 BOCES' internal control. Accordingly, we do not express an opinion on the effectiveness of BOCES' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BOCES' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

WEST & COMPANY CPAs PC

Gloversville, New York
October 12, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Cooperative Educational Services
Sole Supervisory District of
Clinton-Essex-Warren-Washington Counties
Plattsburgh, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Board of Cooperative Educational Services Sole Supervisory District of Clinton-Essex-Warren-Washington Counties (the BOCES) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the BOCES' major federal programs for the year ended June 30, 2022. The BOCES' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the BOCES complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the BOCES and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the BOCES' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

WEST & COMPANY CPAs PC

Gloversville, New York
October 12, 2022

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

| Federal Grantor/Pass-Through Grantor/Program | Assistance Listing | Pass-through Grantor's Number | Federal Expenditures |
|--|-------------------------------|--|---------------------------------|
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | |
| Passed Through NYS Education Department: | | | |
| Rehabilitation Services Vocational Rehabilitation Grants to States | 84.126 | C013416 | \$ 40,908 |
| Rehabilitation Services Vocational Rehabilitation Grants to States | 84.126 | C014002 | 88,916 |
| | | | <u>129,824</u> |
| Career and Technical Education - Basic Grants to States | 84.048 | FA8000220018 | 127,882 |
| Adult Education - Basic Grants to States | 84.002 | FA2338223141 | 55,505 |
| Adult Education - Basic Grants to States | 84.002 | FA0138222048 | 373,898 |
| | | | <u>429,403</u> |
| Student Financial Aid Cluster: | | | |
| Federal Direct Student Loans | 84.268 | Not Applicable | 126,550 |
| Federal Pell Grant Program | 84.063 | Not Applicable | 74,131 |
| Total Student Financial Aid Cluster | | | <u>200,681</u> |
| Total U.S. Department of Education | | | <u>887,790</u> |
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | |
| Passed Through NYS Education Department: | | | |
| Child Nutrition Cluster: | | | |
| Non-Cash Assistance (Food Distribution) | | | |
| National School Lunch Program | 10.555 | Not Applicable | 17,524 |
| Cash Assistance | | | |
| School Breakfast Program | 10.553 | Not Applicable | 60,788 |
| National School Lunch Program | 10.555 | Not Applicable | 110,148 |
| Covid-19 National School Lunch Program, Supply Chain Assistance | 10.555 | Not Applicable | 1,292 |
| Summer Food Service Program for Children | 10.559 | Not Applicable | 24,328 |
| Total Child Nutrition Cluster | | | <u>214,080</u> |
| Covid-19 Pandemic EBT Administrative Costs | 10.649 | Not Applicable | 601 |
| Total U.S. Department of Agriculture | | | <u>214,681</u> |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | |
| Passed Through Health Research, Inc: | | | |
| Covid-19 Epidemiology and Lab Capacity for Infections Diseases | 93.323 | Not Applicable | 423,319 |
| Total U.S. Department of Health and Human Services | | | <u>423,319</u> |
| <u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u> | | | |
| Passed Through the New York State Library: | | | |
| Covid-19 Grants to States | 45.310 | Not Applicable | 9,225 |
| Total National Foundation on the Arts and the Humanities | | | <u>9,225</u> |
| TOTAL FEDERAL AWARDS EXPENDED | | | <u><u>\$ 1,535,015</u></u> |

See notes to schedule of expenditures of federal awards.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the BOCES, which is described in Note 1 to the BOCES' accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the BOCES' federal award programs have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

Matching costs (the BOCES' share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the BOCES' financial reporting system.

NOTE B – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the BOCES had food commodities totaling \$7,232 in inventory.

NOTE D – CLUSTER PROGRAMS

The following programs are identified by the Uniform Guidance to be part of a cluster of programs:

Nutrition Cluster

CFDA #10.553

CFDA #10.555

CFDA #10.559

School Breakfast Program

National School Lunch Program

Summer Food Service Program for Children

Student Financial Assistance Cluster

CFDA #84.268

CFDA #84.063

Federal Direct Student Loans

Federal Pell Grant Program

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE E – INDIRECT COST RATE

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the BOCES federal award programs have been charged with indirect costs, based upon a 8.7% indirect cost rate calculated by the New York State Education Department. There is no other indirect cost allocation plan in effect.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2022

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of auditors' report issued: unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? ___Yes XNo
 - b. Significant deficiency(ies) identified? ___Yes XNo
3. Noncompliance material to financial statements noted? ___Yes XNo

Federal Awards

1. Internal control over major programs:
 - a. Material weakness(es) identified? ___Yes XNo
 - b. Significant deficiency(ies) identified? ___Yes XNo
2. Type of auditors' report issued on compliance for major programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? ___Yes XNo
4. Identification of major programs:

CFDA Number

Name of Federal Program

93.323

Covid-19 Epidemiology and Lab Capacity for Infectious Diseases

5. Dollar threshold used to distinguish between type A and B programs: \$750,000.
6. Auditee qualified as low-risk auditee? XYes ___No

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2022



INDEPENDENT AUDITORS' REPORT

Board of Cooperative Educational Services
Sole Supervisory District of
Clinton-Essex-Warren-Washington Counties
Plattsburgh, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Board of Cooperative Educational Services Sole Supervisory District of Clinton-Essex-Warren and Washington Counties (the BOCES) as of June 30, 2022, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the BOCES as of June 30, 2022, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 GAAS 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 GAAS, 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

WEST & COMPANY CPAs PC

Gloversville, New York
October 12, 2022

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2022

| | | |
|--|--|-----------------|
| ASSETS | | |
| Cash | | \$ 8,266 |
| | | <hr/> |
| TOTAL ASSETS | | \$ 8,266 |
| | | <hr/> <hr/> |
| LIABILITIES AND CLUB BALANCES | | |
| Club balances | | \$ 8,253 |
| Sales tax payable | | 13 |
| | | <hr/> |
| TOTAL LIABILITIES AND CLUB BALANCES | | \$ 8,266 |
| | | <hr/> <hr/> |

See notes to financial statements.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Balance July 1, 2021</u> | <u>Total Receipts</u> | <u>Total Disbursements</u> | <u>Balance June 30, 2022</u> |
|--------------------------|---------------------------------|---------------------------|--------------------------------|----------------------------------|
| <u>ACTIVITIES</u> | | | | |
| Skills USA - Plattsburgh | \$ 7,519 | \$ 800 | \$ 3,852 | \$ 4,467 |
| Skills USA - Mineville | 1,469 | 1,066 | 1,965 | 570 |
| North Country Loggers | 340 | 659 | 656 | 343 |
| LPN Class | 654 | 2,046 | 1,510 | 1,190 |
| Razor's Edge | 1,180 | 0 | 0 | 1,180 |
| Reflections | 503 | 0 | 0 | 503 |
| Sales Tax | 0 | 41 | 28 | 13 |
| TOTALS | <u>\$ 11,665</u> | <u>\$ 4,612</u> | <u>\$ 8,011</u> | <u>\$ 8,266</u> |

See notes to financial statements.

**CLINTON-ESSEX-WARREN-WASHINGTON COUNTIES
BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds of the Clinton-Essex-Warren-Washington Counties BOCES represent funds of the students of the BOCES. The BOCES' Board exercises general oversight on these funds.

The books and records of the Clinton-Essex-Warren-Washington Counties BOCES' Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Interest earned on savings is credited to each permanent activity equally, as authorized by the BOCES' Board.

NOTE 2 – MANAGEMENT LETTER

Management letter items associated with Extraclassroom Activity Funds are included in the management letter accompanying the BOCES' financial statements.



October 12, 2022

To the President and Other Members of
the Clinton-Essex-Warren-Washington Counties
Board of Cooperative Educational Services
Plattsburgh, New York

Re: Management Letter
June 30, 2022

In planning and performing our audit of the basic financial statements of Clinton-Essex-Warren-Washington Counties Board of Cooperative Educational Services (BOCES) for the year ended June 30, 2022, we considered the BOCES' internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and improving operating efficiency. We previously reported on the BOCES' internal control in our report dated October 12, 2022. This letter does not affect our report dated October 12, 2022, on the basic financial statements of Clinton-Essex-Warren-Washington Counties Board of Cooperative Educational Services.

We will review the status of these comments during our next engagement. We have already discussed many of these comments and recommendations with management, and we will be pleased to discuss this letter in further detail at your convenience, to perform any additional study of matters in this letter or to assist you in implementing the recommendations.

Prior-Year Findings

1. Personnel Files

Prior Condition: During our testing of employees, we noted that the personnel files were inconsistent in the documents retained.

Status: This condition has been corrected for the year ended June 30, 2022.

2. Bidding

Prior Condition: During our review of expenditures by vendor in the school lunch program we noted that the BOCES did not purchase from vendors in accordance with their purchasing policy.

Status: This condition was corrected for the year ended June 30, 2022.

3. Time Cards/Payroll

Prior Condition: While testing payroll we noted that certain employees are still using paper time cards while others have transitioned to the electronic time card system. We further noted that there is no person cross-trained in the payroll function.

Status: This condition has improved for the year ended June 30, 2022. The BOCES has cross-trained an employee and one additional division has been transitioned. Two more divisions are remaining to be transitioned at the end of the fiscal year.

Recommendation: We recommend that BOCES continue to move all employees to the electronic time card system.

Current-Year Findings

1. Purchasing

Condition: During our expenditure testing we noted 3 out of 40 instances where the purchase order was dated subsequent to the invoice date.

Recommendation: We recommend that BOCES ensure all purchasing complies with its purchasing policy and that no purchases are made without prior authorization.

2. Extraclassroom Activity Funds

Condition: From our review of expenditures in the extraclassroom activity funds, we noted one instance where sales tax was not paid on a purchase.

Recommendation: We recommend that BOCES ensure all activity in the extraclassroom activity fund complies with NYS Pamphlet #2.

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We would like to thank management and business office staff for their cooperation and assistance during the time of our audit.

Very truly yours,

WEST & COMPANY CPAs PC

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