

## PRELIMINARY OFFICIAL STATEMENT

### NEW ISSUE

### REVENUE ANTICIPATION NOTES

*This Official Statement is in a form "deemed final" by the BOCES for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule").*

*In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the BOCES, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the BOCES, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See "TAX MATTERS" herein.)*

*The Notes will NOT be designated by the BOCES as "qualified tax-exempt obligations" pursuant to the provision of Section 265 of the Code.*

# \$5,000,000

## BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF THE SOLE SUPERVISORY DISTRICT OF ROCKLAND COUNTY, NEW YORK (The "BOCES")

### \$5,000,000 Revenue Anticipation Notes – 2023 (The "Notes")

**Dated: June 23, 2023**

**Due: June 21, 2024**

The Notes will be unsecured general obligations of the BOCES, payable as to both principal and interest from any monies of the BOCES legally available therefore. The BOCES has no taxing power. The Notes are authorized to be issued in anticipation of the receipt of revenues due from the State, the United States government, or the component school districts of BOCES. The Notes do not constitute a debt or obligation of the County of Rockland or any of the component school districts of the BOCES.

At the option of the purchaser(s), the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the BOCES, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidders.

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the BOCES to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The BOCES will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising, or reviewing the records maintained by DTC, its participants or persons acting through such participants. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes will not be subject to redemption prior to maturity.

Hawkins Delafield & Wood LLP shall express no opinion with respect to the accuracy, completeness or fairness of the Preliminary Official Statement or the Official Statement.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.fiscaladvisorsauction.com](http://www.fiscaladvisorsauction.com) on June 7, 2023 no later than 11:30 A.M. Prevailing Time. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. No bid will be received after the time for receiving bids specified above. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the BOCES, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.**

*The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes in book-entry or registered form through the facilities of DTC located in Jersey City, New Jersey, or as otherwise agreed by the purchaser and the BOCES, on or about June 23, 2023.*

**THE DATE OF THIS PRELIMINARY OFFICIAL STATEMENT IS MAY 31, 2023.**



## BOCES OFFICIALS

### BOARD OF THE BOCES

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President

DEBORAH P. GATTI  
Vice President

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\* \* \* \* \*

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Chief Operating Officer/Deputy District Superintendent

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Assistant Superintendent for Business and Operations

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BOCES Treasurer

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Clerk to the Board

GREENBERG, WANDERMAN & FROMSON  
BOCES Attorney



FISCAL ADVISORS & MARKETING, INC  
Municipal Advisor

*Hawkins*  
DELAFIELD & WOOD<sub>LLP</sub>  
Bond Counsel

No person has been authorized by the Board of Cooperative Educational Services of the Sole Supervisory District of Rockland County, New York, to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates, and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board of Cooperative Educational Services of the Sole Supervisory District of Rockland County, New York.

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
<b>THE NOTES</b> .....	<b>1</b>	<b>LITIGATION</b> .....	<b>21</b>
Nature of Obligation.....	1	<b>UNDERTAKING TO PROVIDE NOTICE OF EVENTS</b> .....	<b>21</b>
Description of the Notes.....	1	<b>MUNICIPAL ADVISOR</b> .....	<b>21</b>
Authority for and Purpose of Issue.....	1	<b>CUSIP IDENTIFICATION NUMBERS</b> .....	<b>21</b>
<b>BOOK-ENTRY-ONLY SYSTEM</b> .....	<b>2</b>	<b>ADDITIONAL INFORMATION</b> .....	<b>22</b>
<b>BOARD OF COOPERATIVE EDUCATIONAL SERVICES</b> .....	<b>3</b>	<b>APPENDIX – A</b>	
Purpose of a BOCES.....	3	<b>GENERAL FUND - Balance Sheets</b>	
General Information .....	3	<b>APPENDIX – A1</b>	
Programs and Services Offered by the BOCES.....	4	<b>GENERAL FUND – Revenues, Expenditures and</b>	
Component School Districts.....	5	<b>Changes in Fund Balance - Actual</b>	
Form of BOCES Administration.....	5	<b>APPENDIX – A2</b>	
Budgetary Procedures.....	5	<b>GENERAL FUND – Revenues, Expenditures and</b>	
Investment Policy.....	6	<b>Changes in Fund Balance - Budgeted</b>	
State Aid.....	6	<b>APPENDIX – B-B1</b>	
Events Affecting State Aid to NYS School Districts.....	7	<b>COMPONENT SCHOOL DISTRICTS</b>	
Contractual Agreement.....	9	<b>FINANCIAL INFORMATION</b>	
Percentage of Contractual Liability .....	10	<b>APPENDIX – B2</b>	
Revenue from Component School Districts .....	10	<b>COMPONENT SCHOOL DISTRICTS</b>	
Employees.....	11	<b>TAX INFORMATION</b>	
Status and Financing of Employee Pension Benefits .....	11	<b>APPENDIX – B3</b>	
Other Post-Employment Benefits.....	13	<b>COMPONENT SCHOOL DISTRICTS</b>	
Operating Leases .....	14	<b>STATUS OF INDEBTEDNESS</b>	
Capital Project Plans .....	14	<b>APPENDIX – C-C1</b>	
Other Information.....	14	<b>MONTHLY CASH FLOW</b>	
Financial Statements .....	14	<b>APPENDIX – D</b>	
New York State Comptroller Report of Examination.....	15	<b>FORM OF APPROVING OPINION</b>	
The State Comptroller’s Fiscal Stress Monitoring System.....	15	<b>APPENDIX – E</b>	
<b>TAX INFORMATION</b> .....	<b>16</b>	<b>FORM OF UNDERTAKING TO PROVIDE NOTICES</b>	
Tax Collection Procedure of Component School Districts.....	16	<b>OF EVENTS</b>	
Tax Levy Limit Law .....	16	<b>APPENDIX – F</b>	
<b>REMEDIES UPON DEFAULT</b> .....	<b>17</b>	<b>GENERAL PURPOSE FINANCIAL</b>	
<b>MARKET FACTORS AFFECTING FINANCINGS</b>		<b>STATEMENTS JUNE 30, 2022</b>	
<b>OF THE STATE AND SCHOOL DISTRICTS OF</b>			
<b>THE STATE</b> .....	<b>17</b>		
<b>TAX MATTERS</b> .....	<b>19</b>		

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**OFFICIAL STATEMENT**  
of the  
**BOARD of COOPERATIVE EDUCATIONAL SERVICES**  
OF  
**THE SOLE SUPERVISORY DISTRICT OF ROCKLAND COUNTY, NEW YORK**  
Relating To  
**\$5,000,000 Revenue Anticipation Notes – 2023**

This Official Statement, which includes the cover page, has been prepared by the Board of Cooperative Educational Services of the Sole Supervisory District of Rockland County, New York (the "BOCES", "County", and "State", respectively), in connection with the sale by the BOCES of \$5,000,000 principal amount of Revenue Anticipation Notes – 2023 (the "Notes").

The factors affecting the BOCES' financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the BOCES revenues and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the BOCES contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the BOCES relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State, and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the BOCES's overall economic situation and outlook, and that of each of the Component School Districts, (and all specific BOCES-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify.

## **THE NOTES**

### **Nature of Obligation**

Each Note when duly issued and paid for will constitute a contract between the BOCES and the holder thereof.

The Notes will be unsecured general obligations of the BOCES and will be payable as to both principal and interest from any monies of the BOCES legally available therefor. The Notes do not constitute a debt or obligation of the County of Rockland or any of the component school district of the BOCES. The BOCES has no taxing power.

### **Description of the Notes**

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof.

### **Authority for and Purpose of Issue**

The Notes are issued pursuant to the Constitution and laws of the State, including Section 25.00 of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of New York, and a revenue anticipation note resolution adopted by the BOCES Board authorizing revenue anticipation notes not to exceed \$7,000,000 to finance cash flow requirements necessitated by the timing of receipts and expenditures. The Notes are authorized to be issued in anticipation of the receipt of revenues due from the State, the United States government, or from its component school districts for services or for administrative and clerical expenses during the fiscal year, commencing July 1, 2023.

Whenever the amount of the Notes and any additional revenue anticipation notes issued by the BOCES in anticipation of component district revenues of the 2023-2024 fiscal year equals the amount of such revenues remaining uncollected, the BOCES is required to set aside in a special bank account all of such uncollected revenues as thereafter collected, and to use the amounts so set aside only for the purpose of paying such notes.

## BOOK-ENTRY-ONLY SYSTEM

In the event that the Notes are issued in registered book-entry form, the Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, a limited-purpose trust company organized under the New York Banking Law, is a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the BOCES on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee or the BOCES, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the BOCES, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the BOCES. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The BOCES may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the BOCES believes to be reliable, but the BOCES takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

The BOCES and Fiscal Agent cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants of DTC will distribute to the beneficial owners of the bonds (1) payments of principal of or interest or redemption premium on the bonds; (2) confirmations of their ownership interests in the Bonds; or (3) other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

The BOCES and Fiscal Agent will not have any responsibility or obligations to DTC, the Direct Participants, the Indirect Participants of DTC or the beneficial owners with respect to (1) the accuracy of any records maintained by DTC or any Direct Participants or Indirect Participants of DTC; (2) the payment by DTC or any Direct Participants or Indirect Participants of DTC of any amount due to any beneficial owner in respect of the principal amount of or interest or redemption premium on the Bonds; (3) the delivery by DTC or any Direct Participants or Indirect Participants of DTC of any notice to any beneficial owner that is required or permitted to be given to owners under the terms of the indenture; or (4) any consent given or other action taken by DTC as the registered holder of the Bonds.

The information contained herein concerning DTC and its book-entry system has been obtained from DTC and the BOCES makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

## **BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

### **Purpose of a BOCES**

A Board of Cooperative Educational Services is formed pursuant to the Education Law by two or more school districts and a supervisory district for the purpose of providing various educational services on a cooperative or shared basis which services would either be economically unfeasible or duplicative for each school district to provide for itself.

### **General Information**

The BOCES was formed in 1961. The BOCES encompasses Rockland County, which includes eight public school districts (the "Component School Districts") that together have approximately 38,629 students. The administrative offices of the BOCES are located in West Nyack, New York.

The BOCES delivers educational programs for students with special needs, teens interested in career and technical training, adult learners preparing for new job opportunities and educators seeking to upgrade their professional skills.

The BOCES shared services are intended to enhance local district educational programs and to provide educational programs to component school districts which individual school districts could not themselves provide efficiently or economically. Thus, BOCES programs generally offer advantages to school districts of specialization and economy of scale.

Many of the residents within the BOCES service area are employed in industries and educational facilities located throughout the County. Major non-governmental employers in the County include: Hamaspik of Rockland County (employing 1,993), County of Rockland (employing 1,943), Montefiore Nyack Hospital (employing 1,850), Good Samaritan Hospital (employing 1,751), Rockland Psychiatric Center (employing 1,219), and Jawonio (employing 1,100).

## **Programs and Services offered by the BOCES**

Some of the programs and services for school districts offered by the BOCES include the following:

### *Adult Education and Business Services*

Adult Education and Business Services provide a comprehensive array of courses and programs that each year help more than 5,500 adult learners expand their employment opportunities and improve their English language and academic skills. Adult Education & Business Services programs are located at the BOCES Educational Resource Center (BERC) in Nyack, with additional programs in Spring Valley, Haverstraw, Suffern and West Nyack.

### *Career and Technical Education*

Career and Technical Education programs provide students with the opportunity to graduate high school with college credits, technical experience, professional skills and industry certifications in high-skill, high-demand fields. Career and Technical Education programs are generally open to students in grades 11 and 12.

### *Hudson Valley P-TECH*

Launched in September 2014, Hudson Valley P-TECH (“P-TECH”) is an integrated, six-year STEM (science, technology, engineering and mathematics) program that offers a rigorous academic curriculum, targeted technical training and comprehensive workplace learning in a dynamic, project-based learning environment. P-TECH students begin taking college coursework by 10th- or 11th-grade and graduate with an associate degree at no cost to their families. Through partnerships with private sector partners, P-TECH students participate in one-to-one professional mentoring and career-related internships—and will be the first in line for local STEM jobs after graduation.

### *Special Education*

BOCES Student Services partners with families, school districts, community-based organizations and county agencies to produce outstanding educational outcomes for children with special needs at all levels of ability. Programs are open to students residing in Rockland and neighboring counties in New York and New Jersey.

### *Regional Academic Night High School*

Regional Academic Night High School was developed to serve students whose educational needs cannot be met through traditional school programs, courses and hours. The BOCES offers a customized program that helps these students achieve academic success and meet the requirements for high school graduation. The program meets all State requirements for secondary education. Course offerings include preparation for Regents English 9-12, social studies, mathematics, science, health and physical education. All teachers are State-certified in Secondary Education.

### *Summer Programs*

The BOCES offers various summer programs which include a Summer Teen Tech, Culinary Camp for Kids, a Regional Academic Summer School, and a Special Education Extended School Year Summer Program.

### *Youth Connections*

Youth and young adults (ages 14-24) who participate in the Youth Connections program are afforded the opportunity to learn the skills they need to achieve in their chosen career path. Enrollees can earn a high school equivalency diploma, enroll in a college program or get started on a career path.

### *Instructional Services & Professional Development*

The programs and services of the Instructional Services and Professional Development Division provide quality professional development for teachers and administrators as they prepare students to meet the State Learning Standards. The BOCES focus is on direct instruction and staff development. Direct Instructional Services provide alternative programs and enrichment experiences for students in the County. Staff Development Programs support the instructional process and promote professional growth for all school staff and leaders. Special emphasis is placed on meeting the State Learning Standards and graduation requirements.

## *School Support Services*

School Support Services include services designed to help facilitate administrative functions, keep school districts safe, and school districts communicating effectively with their audiences. These services are designed specifically to save schools on back-office costs, as districts face increasing budget challenges. Administrators who oversee the services also provide internal services to this BOCES.

## *Community & Business*

The BOCES partners with school districts, community-based service organizations and government agencies on a number of collaborative programs aimed to support the development of an educated and healthy local workforce.

## **Component School Districts**

The Component School Districts which comprise the BOCES are as follows:

- Clarkstown Central School District
- East Ramapo Central School District
- Haverstraw-Stony Point Central School District
- Nanuet Union Free School District
- Nyack Union Free School District
- Pearl River Union Free School District
- South Orangetown Central School District
- Suffern Central School District

## **Form of BOCES Administration**

The BOCES carries out its programs through a nine-member board and a staff of approximately 1,000 salaried staff members. The BOCES Board members are elected by the boards of education of the 8 Component School Districts, and each serves for a period of three years, unless appointed or elected in a special election to serve out the term of office of a BOCES Board member who has resigned. They serve without compensation, but are reimbursed for some expenses incurred in carrying out their responsibilities.

All authority rests with the BOCES Board as a whole, and not with any individual member or any group of members in any committee. The BOCES Board has responsibility for the governance of BOCES and for all final policy decisions.

BOCES Board Members serve at large; each term of office is for three years. BOCES Board Members either currently sit on component school Boards of Education or are retired from a component school Board of Education.

## **Budgetary Procedures**

Pursuant to the Education Law, the Board of BOCES annually prepares, prior to the annual meeting of the Boards of Education of the Component School Districts, a tentative budget for the BOCES program. A meeting of the Boards of Education of the Component School Districts is held in the month of April at which time the tentative budget is available for inspection by said Boards of Education. After such annual meeting, the Board of BOCES adopts the budget for the ensuing year. The administrative budget is voted on in April by the Component School Districts.

Such budget, when so adopted, after deducting applicable State aid grants and other revenues is charged against all of the Component School Districts in accordance with applicable provisions of the Education Law. The school authorities of each Component School District are required to add such amount to the budget of such Component School District, levy and collect the same at the same time and in the same manner as such district collects other taxes for its own use and pay such amounts to the Treasurer of the BOCES. In the event the tentative budget of a Component School District is not approved by a majority of the voters, such charge from the BOCES may be raised by such Component School Districts as an ordinary contingent expense in a like manner as if the same had been voted by the voters.



## Investment Policy

Pursuant to the statutes of the State of New York, the BOCES is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the BOCES; (6) obligations of a New York public corporation which are made lawful investments by the BOCES pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of BOCES moneys held in certain reserve funds established pursuant to law, obligations issued by the BOCES. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the BOCES' current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the BOCES may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

The Treasurer is authorized to contract for the purchase of investments, including through a written repurchase agreement with a third-party custodian, from an authorized trading partner. The BOCES does not invest in reverse repurchase agreement on other derivative type investments.

## State Aid

The Component School Districts are eligible for State aid for payments made to the BOCES at levels commensurate with other operating expenditures. However, such aid is received in the ensuing fiscal year by the BOCES less deductions for the Retirement Systems. (See "Status and Financing of Employee Pension Benefits".)

The BOCES remits the applicable State aid to each Component School District on the following schedule: 25% on or about February 1, 30% in June and the balance in September (of the next fiscal year).

The following chart presents the amount of State aid accrued by Rockland BOCES during the past eight school years ended June 30 of the years shown, although a portion of such amount may have been received by Rockland BOCES in the next school year. State aid for administrative services expenses is based on the preceding year's expenditures, while capital and facilities rental aid is based on the Rockland BOCES budget for the year in which it is received.

### State Aid Appropriations to Rockland BOCES

Fiscal Year Ending June 30,	Accrued Sept. Payment State Aid	Total Annual Payments State Aid	% of General Fund Budget
2017	\$ 7,619,516	\$ 15,381,255	15%
2018	8,613,045	16,504,472	15%
2019	9,159,353	17,218,364	16%
2020	10,898,535	18,825,209	15%
2021	14,969,869	24,072,193	19%
2022	9,973,965	19,653,973	15%
2023 (Budgeted)	10,000,000	20,000,000	15%
2023 (Unaudited)	10,824,982	19,941,776	14%
2024 (Budgeted)	11,000,000	20,000,000	14%

Source: BOCES officials.

The State is not constitutionally obligated to maintain or continue any State aid to the Component School Districts, including BOCES aid. No assurance can be given that present State aid levels will be maintained or continued at all in the future. State budgetary restrictions that eliminate or substantially reduce State aid could have a material adverse effect upon the Component School Districts in the BOCES requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "MARKET AND RISK FACTORS").

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the Component School Districts can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

### **Recent Events Affecting State Aid to New York School Districts**

*School district fiscal year (2018-2019):* The State's 2018-2019 Enacted Budget provided for school aid of approximately \$26.7 billion, an increase of approximately \$1.0 billion in school aid spending from the 2017-2018 school year. The majority of the increases have been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.2% and building aid increased by 4.7%. The State 2018-2019 Enacted Budget continued to link school aid increases for 2018-2019 and 2019-2020 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

*School district fiscal year (2019-2020):* The State's 2019-2020 Enacted Budget includes a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6 percent and will provide additional funding for Foundation Aid of \$338.0 million and \$409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-2020 Enacted Budget increases the minimum community schools funding amount from \$75,000 to \$100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

*School district fiscal year (2020-2021):* Due to significant State revenue loss as a result of the impact of the COVID-19 pandemic, State aid in the State's 2020-21 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget, which was approximately \$27.9 billion. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES). With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. The State's 2020-21 Enacted Budget also authorized the State's Budget Director to make periodic adjustments to State aid in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. In December 2020, a second federal stimulus bill was enacted and provided additional funding for schools in the State. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received, with the State releasing the withheld funds on or about June 30, 2021.

*School district fiscal year (2021-2022):* The State's 2021-22 Budget included \$29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year.

*School district fiscal year (2022-2023):* The State's 2022-23 Enacted Budget provides \$31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also programs \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, is designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocates \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increases federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

*School District fiscal year (2023-2024):* The State's 2023-24 Enacted Budget includes \$34.5 billion for school aid, an increase of \$3.1 billion or 10%, which is the highest level of State aid to date. The States 2023-24 Budget also provides a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provides \$134 million to increase access to free school meals. An additional \$20 million in grant funding will establish new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

### *State Aid Litigation*

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity v. New York* mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011. (See both “*School district fiscal year (2022-2023)*” and the following paragraphs herein.)

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date. However, see the following paragraph regarding the anticipated phase-in.

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights v. State of New York* (“NYSER”) and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the *Campaign for Fiscal Equity* case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs' causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the *Campaign for Fiscal Equity* case that absent “gross education inadequacies”, claims regarding state funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the *New Yorkers for Students' Educational Rights v. New York State* case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing this much-needed funding to our students. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the historic *Campaign for Fiscal Equity* cases, and had been previously opposed by the State. Foundation Aid was created in 2007, and takes school district wealth and student need into account to create an equitable distribution of state funding to schools. However, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2021, the Executive and

Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts

### Contractual Agreement

Upon adoption of the budget for the ensuing fiscal year, contracts are drafted and executed by the BOCES and each respective Component School District. Said contracts are based on the budget estimates.

The contracts, along with the State required COSER form (which specifies program content of the proposed services to be performed by the BOCES) must be forwarded to the State Commissioner of Education by July 1. During the month of July, the State Commissioner of Education notifies the BOCES of any programs or services he deems ineligible for State aid. With the knowledge of approved program contents for State aid, the BOCES and Component School Districts may modify the aforementioned contracts. Said contracts are also adjusted for more accurate cost projections and then resubmitted to the State Commissioner of Education by August 1. All contracts must be approved by the Commissioner's office by September 1. Such approval is then usually routinely granted; however, the contracts are not valid and binding until such approval is obtained. Each Component School District is billed pursuant to its contract, and remits to the Treasurer of the BOCES 50% of its total liability in January and the remaining 50% in June with slight modifications as necessary to reflect changes in actual service levels.

All contracts and COSER forms for the 2022-23 and 2023-24 fiscal years have been approved or are in the process of being approved by the Component School Districts and have been submitted to the State Commissioner of Education for approval.

### Percentage of Contractual Liability

The percentage of contractual liability by Component School Districts for the 2023-24 contracts is as follows:

<u>Component School District</u>	<u>Total Amount Paid to BOCES</u>	<u>Percentage Share of Total BOCES Receipts</u>	<u>Amount Allocated to Administrative Expenses</u>	<u>Percentage Share of Administrative Expenses</u>
Clarkstown	14,300,000	13.14%	1,091,482	20.13%
East Ramapo	20,000,000	18.37	1,238,166	20.84
Haverstraw-Stony Point	20,000,000	18.37	1,091,482	20.13
Nanuet Union Free	8,300,000	7.63	321,394	5.93
Nyack Union Free	8,000,000	7.35	386,354	7.13
Pearl River	10,200,000	9.37	330,301	6.09
South Orangetown	16,750,000	15.39	397,093	7.32
Suffern	11,300,000	10.38	565,779	10.43
Total	\$108,850,000	100.00%	\$5,422,051	100.00%

Each Component School District is severally liable for the payment of its own contractual obligation only.

Source: BOCES officials.

## Revenue from Component School Districts

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

It should be noted that all 8-member school districts of the BOCES have formally contracted with the BOCES for the administrative and rental of facilities expenses.

The following table shows General Fund budget amounts, since the 2017-18 fiscal year and the proposed amounts for the 2023-24 fiscal year of guaranteed revenue to cover the Administrative and Rental Expense and the Program or Service Cost expenditures:

<u>Fiscal Year</u>	<u>Administrative &amp; Rental Expense</u>	<u>Program or Service Cost</u>	<u>Total Cost</u>
2017-18	\$ 5,074,911	\$ 85,820,019	\$ 90,894,930
2018-19	5,258,148	89,869,336	95,127,484
2019-20	5,594,835	96,396,125	101,990,960
2020-21	6,340,756	101,151,474	107,492,230
2021-22	6,854,628	101,746,711	108,601,339
2022-23 (Budgeted)	7,518,792	106,583,982	114,102,774
2023-24 (Budgeted)	7,768,148	112,095,198	119,863,346

Source: BOCES officials.

## Employees

The BOCES employs a total of approximately 1,000 employees. Employees are represented as follows:

<u>Employees</u>	<u>Representation</u>	<u>Contract Expiration Date</u>
<u>Union:</u>		
24	BOCES Administrative & Supervisory Staff Association	June 30, 2025
580	BOCES Staff Association	June 30, 2024
109	BOCES Teacher Aides Association	June 30, 2024
239	Civil Service Employees Association	June 30, 2025
<u>Non-Union:</u>		
2	Administrators	June 30, 2023 <sup>(1)</sup>
30	Managerial & Confidential	June 30, 2023 <sup>(1)</sup>

<sup>(1)</sup> Subject to negotiation. Negotiation has not yet commenced.

## Status and Financing of Employee Pension Benefits

Professional employees (teachers and administrators) are members of the New York State Teachers' Retirement System ("TRS"). All non-professional employees of the BOCES eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employees' Retirement System ("ERS") and collectively with TRS, the "Retirement Systems". These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement 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 benefits and optional methods of benefit payments. All benefits generally begin vesting after five (5) years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 1, 1976, with less than 10 years of service, must contribute 3% of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. New professional hires as members of TRS will be required to contribute 3.5% under recent new legislature.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after five years of employment and will continue to make employee contribution throughout employment.

The BOCES payments to ERS and TRS since the 2018-19 fiscal year and the budgeted payments for the 2023-24 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-19	1,944,736	4,724,927
2019-20	2,300,160	5,417,166
2020-21	2,480,430	4,540,229
2021-22	1,790,793	4,960,421
2022-23	2,171,105	5,076,957
2023-24 (Budgeted)	3,348,197	6,318,695

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The BOCES offered an early retirement incentive during the 2018-2019 fiscal year in which 22 employees participated. The estimated cost was \$577,000 and the estimated savings were \$520,000 in year one and \$1,000,000 in year two. The BOCES offered an early retirement incentive during the 2019-2020 fiscal year in which 18 employees participated. The estimated cost was \$552,400 and the estimated savings were \$420,000 in year one and \$830,000 in year two. The BOCES did not offer an early retirement incentive during the 2021-2022 and 2022-2023 fiscal years and is not planning to offer an early retirement incentive during the 2023-2024 fiscal year.

The BOCES is not amortizing any pension payments and does not have the intent to do so in the foreseeable future.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2020 to 2024) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2019-20	14.6%	8.86%
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76*

\*-Estimated. Final contribution rate to be adopted at the July 26, 2023 TRS retirement board meeting.

**Stable Rate Pension Contribution Option.** The Enacted 2013-14 State Budget includes a provision that would provide local governments and school districts, including the Component School Districts and the BOCES, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years. The BOCES is not participating in the Stable Rate Pension Contribution Option nor has the intent to do so in the foreseeable future.

The investment of monies and assumptions underlying same, of the State Retirement System covering the Component School Districts’ and BOCES’ employees is not subject to the direction of the Component School Districts and the BOCES. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the State Retirement System (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the Component School Districts and the BOCES which could affect other budgetary matters. Concerned investors should contact the State Retirement System administrative staff for further information on the latest actuarial valuations of the State Retirement System.

While the BOCES is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

### **Other Post-Employment Benefits**

**Healthcare Benefits.** School districts and boards of cooperative educational services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

**OPEB.** Other Post-Employment Benefits (“OPEB”) refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

**GASB 75.** GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending December 31, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The first actuarial valuation under GASB 75 was completed for the fiscal year ended June 30, 2018.

The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

	Balance beginning at June 30:	2020	2021
<u>Changes for the year:</u>		<u>\$ 118,880,569</u>	<u>\$ 136,490,461</u>
Service cost		5,629,523	9,430,110
Interest		2,723,926	3,122,260
Changes of Demographic gains and losses		(18,580,375)	-
Differences between expected and actual experience		-	-
Changes in assumptions or other inputs		30,361,632	(30,406,765)
Changes of benefit terms		-	-
Benefit payments		(2,524,814)	(2,757,737)
Net Changes		<u>\$ 17,609,892</u>	<u>\$ (20,612,132)</u>
	Balance ending at June 30:	2021	2022
		<u>\$ 136,490,461</u>	<u>\$ 115,878,329</u>

Note: The above table is not audited. For additional information see “APPENDIX – F” attached hereto.

Actuarial Valuations are required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

## Operating Leases

The BOCES leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2024 will be approximately \$2,001,097. The maximum future non-cancelable operating lease payments are as follows.

<u>Fiscal Year</u>	<u>Lease Description</u>	<u>Amount</u>
2024	Building/Classroom Rentals	\$2,001,097

## Capital Project Plans

The BOCES is considering a capital project for construction of a new building on the main campus. The building would house various programs and would cost approximately \$30-32M. The BOCES has not determined a vote date as of date of this Official Statement and is still discussing the project with component districts.

## Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

This Official Statement includes a summary of financial data of each Component School District having power to levy taxes within the BOCES.

No principal or interest upon any current obligation of the BOCES is past due.

The fiscal year of the BOCES is July 1 to June 30.

## Financial Statements

The BOCES retains Independent Certified Public Accountants R.S. Abrams & Co., LLP. The last audited report covers the period ending June 30, 2022 and is attached hereto as "APPENDIX – F". Copies of the report may be examined at the BOCES Central Office.

The BOCES complies with the Uniform System of Accounts as prescribed by the State Comptroller for BOCES in New York State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003 BOCES is required to issue its financial statements in accordance with GASB Statement No. 34. Statement No. 34 includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The BOCES is in compliance with Statement No. 34.

R.S. Abrams & Co., LLP, the independent auditor for the BOCES, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. R.S. Abrams & Co., LLP also has not performed any procedures relating to this Official Statement.

## New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the BOCES has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The BOCES has not been audited by the State Comptroller's office in the past five years and there are no State Comptroller audits of the BOCES that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.



## The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller classifies the each of the component Districts as the following:

<u>District</u>	<u>2022 Designation</u>	<u>2021 Designation</u>
Clarkstown CSD	No Designation 0.0	No Designation 10.0
East Ramapo CSD	Moderate 50.0	Significant 76.7
Haverstraw-Stony Point CSD	No Designation 8.3	No Designation 0.0
Nanuet UFSD	No Designation 0.0	No Designation 0.0
Nyack UFSD	No Designation 0.0	No Designation 0.0
Pearl River UFSD	No Designation 15.0	No Designation 0.0
South Orangetown CSD	No Designation 0.0	No Designation 8.3
Suffern CSD	No Designation 0.0	No Designation 0.0

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

## TAX INFORMATION

### Tax Collection Procedure of Component School Districts

Tax payments in each of the Component School Districts are due September 1. On November 15, uncollected taxes are returnable to the County for collection. The Component School Districts receive the uncollected amount from the County prior to the end of the Component School Districts' fiscal year, thereby assuring 100% collection annually. The BOCES has no taxing power.

### *Tax Levy Limit Law*

*The following information is being provided for informational purposes in connection with the Component School Districts and their ability to levy taxes. The BOCES has no taxing power.*

On June 24, 2011, Chapter 97 of the Laws of 2011 (herein referred to as the "Tax Levy Limit Law" or "Law") was signed by the Governor. The Tax Levy Limit Law modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. The Law will affect school district tax levies for the school district fiscal year beginning July 1, 2012.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated twice by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

The Tax Levy Limit Law imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget twice, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year.

The Law permits certain significant exclusions to the tax levy limit for school BOCES's. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

### **REMEDIES UPON DEFAULT**

Under current law, provision is made for contract creditors (including the Noteholders) of the BOCES to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the BOCES' contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a Noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

No principal or interest payment on BOCES indebtedness is past due.

### **MARKET MATTERS AFFECTING FINANCINGS OF THE MUNICIPALITIES OF THE STATE**

The BOCES's credit rating could be affected by circumstances beyond the BOCES's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of BOCES property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the BOCES's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell all or a part of the Notes prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Notes are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the BOCES to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see “Tax Matters” herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Component School Districts of the BOCES, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Notes. (See “*Tax Levy Limit Law*” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the BOCES could impair the financial condition of such entities, including the BOCES and the ability of such entities, including the BOCES to pay debt service on the Notes.

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the component school districts can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State’s economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the component school districts can be paid only if the State has such monies available therefore.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the BOCES’ financial condition and operating results by potentially resulting in a delay or reduction by the State in the payment of State aid to the component school districts. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Efforts to contain the spread of COVID-19 has reduced the spread of the virus in some areas and there have been recent efforts to relax some of the restrictions put in place following the initial outbreak. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State’s operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact to the BOCES’ operations and finances as a result of COVID-19 is extremely difficult to predict due to the uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions have been or may continue to be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread of the outbreak or resurgence later in the year could have a material adverse effect on the State and municipalities and school districts located in the State.

## **Cybersecurity**

The BOCES, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the BOCES faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the BOCES invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage BOCES digital networks and systems and the costs of remedying any such damage could be substantial. The BOCES has not had any cyber security breaches within the last two years.

## **COVID-19**

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and some businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the BOCES.

## **TAX MATTERS**

### **Opinion of Bond Counsel**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the BOCES, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the BOCES (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the BOCES in connection with the Notes, and Bond Counsel has assumed compliance by the BOCES with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the BOCES, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

### **Certain Ongoing Federal Tax Requirements and Certifications**

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The BOCES, in executing the Tax Certificate, will certify to the effect that the BOCES will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Notes. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

## **Original Issue Discount**

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

## **Note Premium**

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Notes after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Note, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Note should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of Note premium on, sale, exchange, or other disposition of Premium Notes.

## **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

## **Miscellaneous**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

## **LITIGATION**

The BOCES is subject to a number of lawsuits in the ordinary conduct of its affairs. The BOCES does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the BOCES.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the BOCES, threatened against or affecting the BOCES to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of revenues to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the BOCES taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the BOCES.

## **UNDERTAKING TO PROVIDE NOTICES OF EVENTS**

This Official Statement is in a form “deemed final” by the BOCES for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Notes, the BOCES will provide an executed copy of its “Undertaking to Provide Notices of Events”, substantially as set forth in “APPENDIX – E” to this Official Statement.”

## **MUNICIPAL ADVISOR**

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the BOCES on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the BOCES and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the BOCES or the information set forth in this Official Statement or any other information available to the BOCES with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the BOCES to the Municipal Advisor may be partially contingent on the successful closing of the Notes.

## **CUSIP IDENTIFICATION NUMBERS**

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on any Notes issued as book-entry notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the BOCES; provided, however, the BOCES assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

## **ADDITIONAL INFORMATION**

Periodic public reports relating to the financial condition of the BOCES, its operations and the balances, receipts and disbursements of the various Funds of the BOCES are available for public inspection at the business office of the BOCES.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the BOCES and the purchaser or holder of any of the Notes.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](http://www.fiscaladvisors.com). Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the BOCES nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the BOCES disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the BOCES also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement is in a form "deemed final" by the BOCES for the purpose of Securities and Exchange Commission Rule 15c2-12.

The BOCES will act as Paying Agent for the Notes. The BOCES contact information is as follows: Ronald Hansen, Assistant Superintendent for Business & Operations, BOCES-Rockland County, 65 Parrott Road, Building #4, Phone: (845) 627-4722, Fax: (845) 623-5913, Email: [rhansen@rboces.org](mailto:rhansen@rboces.org).

Additional copies of this Official Statement may be obtained upon request from Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051.

### **BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF THE SOLE SUPERVISORY DISTRICT OF ROCKLAND COUNTY, NEW YORK**

**Dated: May 31, 2023**

**ROSEMARY PITRUZELLA**  
**Board President**

**APPENDIX - A**  
**Rockland BOCES**

**GENERAL FUND**

**Balance Sheets**

<u>Fiscal Years Ending June 30:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b><u>ASSETS</u></b>					
Unrestricted Cash	\$ 11,883,178	\$ 5,429,059	\$ 5,257,706	\$ 6,427,143	\$ 2,394,665
State and Federal Aid Receivables	8,613,045	9,159,353	10,898,535	14,969,869	10,880,510
Due from School Districts	22,827,774	24,872,034	25,645,758	18,971,245	24,226,840
Due from Other Funds	-	-	6,219,042	28,159,614	31,098,950
Other Receivables (net)	57,956	57,671	132,907	49,887	460,786
Restricted Cash	41,346	46,744	5,374,102	5,523,015	6,414,291
Prepaid Expenditures	-	-	50,497	90,695	53,519
<b>TOTAL ASSETS</b>	<b>\$ 43,423,299</b>	<b>\$ 39,564,861</b>	<b>\$ 53,578,547</b>	<b>\$ 74,191,468</b>	<b>\$ 75,529,561</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Accounts Payable	\$ 705,020	\$ 716,113	\$ 1,453,911	\$ 1,759,856	\$ 1,555,735
Accrued Liabilities	6,447,230	6,584,508	9,115,558	7,264,451	7,099,395
Due to Other Funds	8,413,723	4,199,803	5,950,832	27,379,815	30,422,970
Due to Other Governments	21	524,620	77,494	105,151	369
Due to School Districts	4,058,658	4,068,625	7,038,306	1,219,010	2,625,662
Accrued Post Employment Retirement Benefits	2,041,110	944,033	120,044	-	-
State Aid Due to School District	8,613,045	9,159,353	10,898,535	14,969,869	9,973,965
Due to Teachers' Retirement System	4,724,927	5,415,316	4,540,229	4,960,421	5,077,028
Due to Employees' Retirement System	2,014,903	2,096,587	2,148,220	2,316,328	1,790,872
Revenue Anticipation Note Payable	-	-	5,500,000	7,000,000	5,000,000
Compensated Absences Payable	-	-	42,544	267,755	95,803
Deferred Revenues	3,200	-	-	-	946,529
Collections in Advance	-	-	-	76,515	-
<b>TOTAL LIABILITIES</b>	<b>\$ 37,021,837</b>	<b>\$ 33,708,958</b>	<b>\$ 46,885,673</b>	<b>\$ 67,319,171</b>	<b>\$ 64,588,328</b>
<b><u>FUND EQUITY</u></b>					
Restricted	\$ 3,417,379	\$ 4,036,686	\$ 5,374,102	\$ 5,479,585	\$ 6,367,834
Nonspendable	-	-	50,497	90,695	127,269
Assigned	2,984,083	1,819,217	1,318,772	1,392,712	4,573,399
Unassigned	-	-	(50,497)	(90,695)	(127,269)
<b>TOTAL FUND EQUITY</b>	<b>6,401,462</b>	<b>5,855,903</b>	<b>6,692,874</b>	<b>6,872,297</b>	<b>10,941,233</b>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<b>\$ 43,423,299</b>	<b>\$ 39,564,861</b>	<b>\$ 53,578,547</b>	<b>\$ 74,191,468</b>	<b>\$ 75,529,561</b>

Source: Audited financial reports of the BOCES. This Appendix is itself not audited.



GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Actual

Fiscal Years Ending June 30:	2018	2019	2020	2021	2022
<b>REVENUES</b>					
Charges for Services	\$ 2,005,895	\$ 2,194,403	\$ 2,067,806	\$ 572,281	\$ 987,099
Charges to Components	92,359,165	98,206,706	97,225,678	99,661,179	103,108,406
Charges to Other BOCES and Non Components	22,937,865	24,141,790	24,272,704	25,266,519	27,402,526
Use of Money and Property	119,976	115,170	77,501	100,083	69,101
Other Unclassified Revenue	249,740	234,544	148,477	110,641	525,816
Refund of Prior Year Expenditures	1,058,388	1,295,065	1,034,493	720,118	633,915
Federal Sources				647,451	445,162
Total Revenues	<u>\$ 118,731,029</u>	<u>\$ 126,187,678</u>	<u>\$ 124,826,659</u>	<u>\$ 127,078,272</u>	<u>\$ 133,172,025</u>
Other Sources:					
Reserve Revenues	-	-	1,337,416	105,483	888,247
RAN Premium	-	-	-	-	76,515
Operating Transfers (in)	-	-	-	1,135,273	520,126
Total Revenues and Other Sources	<u>\$ 118,731,029</u>	<u>\$ 126,187,678</u>	<u>\$ 126,164,075</u>	<u>\$ 128,319,028</u>	<u>\$ 134,656,913</u>
<b>EXPENDITURES</b>					
Administration	\$ 5,407,978	\$ 5,911,838	\$ 7,362,145	\$ 7,478,552	\$ 6,480,495
Occupational Instruction	5,693,537	7,226,149	7,596,702	6,794,551	6,780,508
Instruction for Special Education	68,088,125	72,759,581	73,157,589	73,584,654	72,480,035
Itinerant Services	2,789,633	3,481,616	3,141,713	3,172,427	3,370,105
General Instruction	3,116,946	3,530,023	3,521,696	4,342,021	4,849,772
Instructional Support	16,158,892	17,970,661	16,909,998	18,465,045	17,535,312
Debt Service	-	-	-	-	1,666,648
Other Services	12,070,147	12,969,009	12,389,020	14,121,170	17,070,998
Capital	1,279,200	1,283,543	-	-	-
Total Expenditures	<u>\$ 114,604,458</u>	<u>\$ 125,132,420</u>	<u>\$ 124,078,863</u>	<u>\$ 127,958,420</u>	<u>\$ 130,233,873</u>
Other Uses:					
Reserve Expenditures	58,377	(619,307)	-	-	-
Operating Transfers (out)	2,225,714	2,220,124	202,082	181,185	354,104
Total Expenditures and Other Uses	<u>\$ 116,888,549</u>	<u>\$ 126,733,237</u>	<u>\$ 124,280,945</u>	<u>\$ 128,139,605</u>	<u>\$ 130,587,977</u>
Excess (Deficit) Revenues Over Expenditures	<u>1,842,480</u>	<u>(545,559)</u>	<u>1,883,130</u>	<u>179,423</u>	<u>4,068,936</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	4,558,982	6,401,462	4,809,744 *	6,692,874	6,872,297
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 6,401,462</u>	<u>\$ 5,855,903</u>	<u>\$ 6,692,874</u>	<u>\$ 6,872,297</u>	<u>\$ 10,941,233</u>

\*As restated. See "Note 14" of the Audited Financial Statements for the fiscal year ended June 30, 2020.

GENERAL FUND

Summary of Revenues, Expenditures and Changes in Fund Balance - Budgeted

<u>Fiscal Years Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
	Adopted <u>Budget</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<b>REVENUES</b>					
Local Sources:					
Charges for Services	\$ 1,900,870	\$ 2,010,007	\$ 2,096,721	\$ 2,127,647	\$ 2,230,254
Charges to Components	116,326,058	123,163,269	124,558,840	130,616,435	141,490,241
Charges to Other BOCES and Non Components	103,000	174,902	153,390	55,440	57,883
Interest and Earnings	122,000	75,000	10,500	7,500	75,000
Other Unclassified Revenue	557,945	515,762	393,913	348,360	470,738
Refund of Prior Year Expenditures	873,990	170,045	50,000	50,000	50,000
State and Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 119,883,863</u>	<u>\$ 126,108,985</u>	<u>\$ 127,263,364</u>	<u>\$ 133,205,382</u>	<u>\$ 144,374,116</u>
<b>EXPENDITURES</b>					
Administration	\$ 7,390,625	\$ 7,385,799	\$ 7,574,127	8,210,292	8,688,148
Occupational Instruction	7,136,422	7,411,710	7,805,057	8,611,363	9,869,450
Instruction for Special Education	71,831,379	74,567,455	74,197,509	74,783,646	77,713,904
Itinerant Services	3,912,818	4,216,269	3,883,484	4,220,568	4,577,542
General Instruction	4,070,462	4,396,023	5,173,920	6,039,686	6,355,205
Instructional Support	14,116,983	14,679,355	14,800,559	16,405,137	19,282,061
Other Services	11,425,174	13,452,375	13,828,708	14,934,690	17,887,806
Internal Service	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>\$ 119,883,863</u>	<u>\$ 126,108,985</u>	<u>\$ 127,263,364</u>	<u>\$ 133,205,382</u>	<u>\$ 144,374,116</u>

Source: Annual budgets of the BOCES. This Appendix is itself not audited.

**COMPONENT SCHOOL DISTRICTS  
FINANCIAL INFORMATION**

**GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance**

Fiscal Year Ending June 30, 2022:

	Clarkstown <u>CSD</u>	East Ramapo <u>CSD</u>	Haverstraw- Stony Point <u>CSD</u>	Nanuet <u>UFSD</u>	Nyack <u>UFSD</u>
<b>REVENUES</b>					
Real Property Taxes & Tax Items	\$ 163,977,874	\$ 145,762,671	\$ 137,230,557	\$ 55,055,766	\$ 68,003,821
Other Tax Items	10,541,525	8,617,517	14,030,041	6,660,024	5,120,389
Charges for Services	3,813,798	894,944	77,421	450,864	207,943
Use of Money & Property	567,936	123,368	497,155	75,794	1,259,361
Sale of Property and Compensation for Loss	197,137	212,373	35,556	54,666	70,500
Miscellaneous	954,885	831,757	699,847	202,469	413,734
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	39,676,981	91,621,353	78,680,546	12,851,421	13,618,497
Revenues from Federal Sources	-	11,717,067	329,676	269,326	235,939
Total Revenues	<u>\$ 219,730,136</u>	<u>\$ 259,781,050</u>	<u>\$ 231,580,799</u>	<u>\$ 75,620,330</u>	<u>\$ 88,930,184</u>
Other Sources:					
Interfund Transfers (in)	941,978	53,218	7,604	-	46,845
Proceeds From Leases	-	-	3,934	-	-
Premium on Obligations	-	281,373	-	-	-
Total Revenues and Other Sources	<u>220,672,114</u>	<u>260,115,641</u>	<u>231,592,337</u>	<u>75,620,330</u>	<u>88,977,029</u>
<b>EXPENDITURES</b>					
General Support	\$ 23,787,015	\$ 17,571,846	\$ 21,889,710	\$ 9,503,901	\$ 7,740,854
Instruction	127,664,241	118,806,650	114,456,206	37,937,102	52,501,849
Pupil Transportation	8,274,511	46,094,625	13,860,314	2,632,925	3,975,580
Community Services	856,641	87,911	-	-	-
Employee Benefits	47,624,158	43,648,528	54,700,737	17,143,119	17,173,124
Debt Service	9,907,272	5,791,705	15,669,989	415,817	1,909,009
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>\$ 218,113,838</u>	<u>\$ 232,001,265</u>	<u>\$ 220,576,956</u>	<u>\$ 67,632,864</u>	<u>\$ 83,300,416</u>
Other Uses:					
Interfund Transfers (out)	<u>1,813,816</u>	<u>1,519,482</u>	<u>21,853,291</u>	<u>5,745,207</u>	<u>4,375,296</u>
Total Expenditures and Other Uses	<u>219,927,654</u>	<u>233,520,747</u>	<u>242,430,247</u>	<u>73,378,071</u>	<u>87,675,712</u>
Excess (Deficit) Revenues Over Expenditures	<u>744,460</u>	<u>26,594,894</u>	<u>(10,837,910)</u>	<u>2,242,259</u>	<u>1,301,317</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	34,498,519	(21,969,468)	86,250,471	24,803,891	35,117,283
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 35,242,979</u>	<u>\$ 4,625,426</u>	<u>\$ 75,412,561</u>	<u>\$ 27,046,150</u>	<u>\$ 36,418,600</u>

Source: Audited financial reports of the Component School Districts.

**COMPONENT SCHOOL DISTRICTS  
FINANCIAL INFORMATION**

**GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance**

Fiscal Year Ending June 30, 2022:

	Pearl River	Suffern	South Orangetown	TOTAL COMPONENT SCHOOL DISTRICTS
	<u>UFSD</u>	<u>CSD</u>	<u>CSD</u>	
<b>REVENUES</b>				
Real Property Taxes & Tax Items	\$ 55,217,140	\$ 106,815,222	\$ 79,330,447	\$ 811,393,498
Other Tax Items	4,320,710	8,839,526	4,369,032	62,498,764
Charges for Services	139,324	157,423	65,817	5,807,534
Use of Money & Property	643,117	210,373	2,014,043	5,391,147
Sale of Property and				
Compensation for Loss	75,954	159,392	63,441	869,019
Miscellaneous	300,393	432,559	373,277	4,208,921
Interfund Revenues	-	-	-	-
Revenues from State Sources	12,043,893	22,549,329	13,918,835	284,960,855
Revenues from Federal Sources	149,155	136,077	91,350	12,928,590
Total Revenues	<u>\$ 72,889,686</u>	<u>\$ 139,299,901</u>	<u>\$ 100,226,242</u>	<u>\$ 1,188,058,328</u>
Other Sources:				
Interfund Transfers	-	-	-	1,049,645
Proceeds From Leases	-	-	391,769	395,703
Premium on Obligations	238,102	-	-	519,475
Total Revenues and Other Sources	<u>73,127,788</u>	<u>139,299,901</u>	<u>100,618,011</u>	<u>1,190,023,151</u>
<b>EXPENDITURES</b>				
General Support	\$ 8,570,016	\$ 14,869,944	\$ 8,843,907	\$ 112,777,193
Instruction	43,605,580	79,218,725	54,333,904	628,524,257
Pupil Transportation	3,708,885	9,051,889	4,755,681	92,354,410
Community Services	-	-	114,399	1,058,951
Employee Benefits	15,723,174	31,328,052	21,467,326	248,808,218
Debt Service	3,511,065	4,488,231	444,221	42,137,309
Capital Outlay	-	-	391,769	391,769
Total Expenditures	<u>\$ 75,118,720</u>	<u>\$ 138,956,841</u>	<u>\$ 90,351,207</u>	<u>\$ 1,125,660,338</u>
Other Uses:				
Interfund Transfers	90,708	2,354,454	22,171,941	59,924,195
Total Expenditures and Other Uses	<u>75,209,428</u>	<u>141,311,295</u>	<u>112,523,148</u>	<u>1,185,584,533</u>
Excess (Deficit) Revenues Over Expenditures	<u>(2,081,640)</u>	<u>(2,011,394)</u>	<u>(11,905,137)</u>	<u>4,438,618</u>
<b>FUND BALANCE</b>				
Fund Balance - Beginning of Year	9,503,588	41,328,153	35,893,240	245,425,677
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	<u>\$ 7,421,948</u>	<u>\$ 39,316,759</u>	<u>\$ 23,988,103</u>	<u>\$ 249,864,295</u>

Source: Audited financial reports of the Component School Districts.

**COMPONENT SCHOOL DISTRICTS  
TAX INFORMATION**

(Fiscal Year Ending June 30, 2023)

<u>Component School District</u>	<u>Total Taxable Assessed Valuation 2022-23 Tax Roll</u>	<u>Total Taxable Full Valuation <sup>(1)</sup></u>	<u>2022-23 Gross Tax Levy</u>	<u>Property Tax Levy as a Percent of Full Valuation</u>
Clarkstown	\$ 2,761,947,254	\$ 10,210,525,893	\$ 177,359,690	1.74%
East Ramapo <sup>(2)</sup>	1,899,949,339	11,451,845,021	154,490,227	1.35%
Haverstraw-Stony Point	2,594,321,733	6,010,916,987	151,062,624	2.51%
Nanuet <sup>(2)</sup>	757,735,271	2,580,708,561	57,910,630	2.24%
Nyack	1,215,710,068	3,866,006,339	80,376,568	2.08%
Pearl River	1,196,036,274	3,191,132,001	60,602,084	1.90%
South Orangetown	1,822,822,610	4,863,454,136	85,990,120	1.77%
Suffern <sup>(2)</sup>	669,558,678	5,674,165,295	118,575,209	2.09%
Totals:	<u>\$ 12,918,081,227</u>	<u>\$ 47,848,754,233</u>	<u>\$ 886,367,152</u>	

<sup>(1)</sup> Full Valuation using New York State Regular Equalization Rates.

<sup>(2)</sup> Values are for the 2021-2022 fiscal year.

**COMPONENT SCHOOL DISTRICTS**  
**STATUS OF INDEBTEDNESS**  
(Fiscal Year Ending June 30, 2022)

<u>Component School District</u>	<u>Bonds <sup>(1)</sup></u>	<u>Bond Anticipation Notes</u>	<u>Other Debt <sup>(2)</sup></u>	<u>Cash Flow Borrowings</u>	<u>Total Debt Outstanding</u>
Clarkstown	\$ 33,210,000	\$ -	\$ -	\$ -	\$ 33,210,000
East Ramapo	50,865,000	-	-	-	50,865,000
Haverstraw-Stony Point	154,360,000	-	16,200,053	-	170,560,053
Nanuet	25,190,000	-	-	-	25,190,000
Nyack	12,020,000	-	2,545,452	-	14,565,452
Pearl River	18,735,000	21,170,000	-	-	39,905,000
South Orangetown	8,630,000				8,630,000
Suffern	2,640,000		3,590,328		6,230,328
Totals:	<u>\$ 305,650,000</u>	<u>\$ 21,170,000</u>	<u>\$ 22,335,833</u>	<u>\$ -</u>	<u>\$ 349,155,833</u>

<sup>(1)</sup> The Component School Districts may have issued refunding bonds. The bonds listed above do not include outstanding refunded bonds where applicable.

<sup>(2)</sup> May include installment purchase debt, operating and capital leases, and/or energy performance contracts.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
OF THE SOLE SUPERVISORY DISTRICT OF  
ROCKLAND COUNTY, NEW YORK

APPENDIX - C

2022-2023 ACTUAL MONTHLY CASH FLOW (GENERAL & FEDERAL FUNDS)

CASH FLOW	2022						2023						12
	July	August	September	October	November	December	January	February	March	April	May (Estimated)	June (Estimated)	MONTH TOTAL
<b>Beginning Balance:</b>	6,963,975	17,625,866	16,727,603	10,553,306	4,425,294	6,703,965	9,900,574	16,978,841	13,622,220	15,228,552	18,086,544	24,595,367	
<b>Cash Receipts</b>													
Charges to Components	15,748,052	9,500,792	4,431,018	4,728,744	8,118,053	14,370,320	17,253,287	9,603,805	14,699,634	14,248,510	16,659,108	12,085,863	141,447,186
State Aid - Components			9,973,965									3,915,512	13,889,477
State & Federal Aid (F fund)	276,843	892,824	655,595	1,923,552	2,032,776	743,990	1,664,387	1,051,885	283,329	459,573	425,738	242,998	10,653,490
Other Programs (LPN, misc, ee health & dental)	85,539	127,291	465,270	701,340	107,189	77,402	499,643	119,444	160,433	265,791	100,000	100,000	2,809,342
Interest	8,089	20,586	29,444	14,707	12,160	15,188	26,441	36,657	36,254	49,207	40,000	40,000	328,733
FEMA Reimbursement (COVID-19)						78,855		906,545					985,400
Refund of Surplus					23,631	746	18,585	18,408	21,005				82,375
RAN Premium													-
RAN Proceeds												5,000,000	5,000,000
<b>Total Receipts</b>	16,118,523	10,541,493	15,555,292	7,368,343	10,293,809	15,286,501	19,462,343	11,736,744	15,200,655	15,023,081	17,224,846	21,384,373	175,196,003
<b>Total available Cash</b>	23,082,498	28,167,359	32,282,895	17,921,649	14,719,103	21,990,466	29,362,917	28,715,585	28,822,875	30,251,633	35,311,390	45,979,740	
<b>Disbursements</b>													
Warrants	2,224,626	7,142,404	3,501,759	6,576,456	984,690	4,541,707	5,098,711	3,530,904	3,539,360	4,800,785	3,359,425	10,224,051	55,524,878
Payroll	1,642,610	2,726,759	6,588,975	5,364,931	5,424,702	5,750,271	5,441,767	5,685,962	8,282,597	5,539,477	5,539,477	12,001,265	69,988,793
Health/Dental/Vision	1,589,396	1,570,593	1,664,890	1,554,968	1,605,746	1,797,914	1,795,972	1,789,013	1,772,366	1,824,827	1,817,121	1,817,121	20,599,927
Retirement Incentive/Annuity payment							47,626						47,626
State Aid - Components			9,973,965					4,087,486				4,904,983	18,966,434
Return of Surplus												2,625,662	2,625,662
RAN Repayment Amount												5,113,500	5,113,500
<b>Total Disbursements</b>	5,456,632	11,439,756	21,729,589	13,496,355	8,015,138	12,089,892	12,384,076	15,093,365	13,594,323	12,165,089	10,716,023	36,686,582	172,866,820
<b>Ending Balance:</b>	17,625,866	16,727,603	10,553,306	4,425,294	6,703,965	9,900,574	16,978,841	13,622,220	15,228,552	18,086,544	24,595,367	<b>9,293,159</b>	

Note: The beginning balance includes \$5,000,000 revenue anticipation note proceeds received June 2022

BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
OF THE SOLE SUPERVISORY DISTRICT OF  
ROCKLAND COUNTY, NEW YORK

APPENDIX - C1

2023-2024 ESTIMATED MONTHLY CASH FLOW (GENERAL & FEDERAL FUNDS)

CASH FLOW	2023						2024						12 MONTH TOTAL
	July	August	September	October	November	December	January	February	March	April	May	June	
<b>Beginning Balance:</b>	9,293,159	18,204,124	16,492,765	9,529,524	(598,392)	1,878,762	5,374,144	11,888,063	6,996,197	8,003,316	12,274,281	18,188,371	
<b>Cash Receipts</b>													
Charges to Components	14,748,052	9,500,792	4,331,018	3,628,744	9,018,053	15,270,320	17,153,287	9,503,805	14,599,634	14,148,510	16,559,108	11,985,863	140,447,186
State Aid - Components			10,949,307									3,915,512	14,864,819
State & Federal Aid (F fund)	276,843	892,824	655,595	1,923,552	2,032,776	743,990	1,664,387	1,051,885	283,329	459,573	425,738	242,998	10,653,490
Other Programs (LPN, misc, ee health & dental)	85,539	127,291	465,270	701,340	107,189	77,402	499,643	119,444	160,433	265,791	100,000	100,000	2,809,342
Interest	8,089	20,586	29,444	14,707		15,188	26,441	36,657	36,254	49,207	40,000	40,000	328,733
Refund of Surplus					23,631	746	18,585	18,408	21,005				82,375
RAN Premium													-
RAN Proceeds												5,000,000	5,000,000
<b>Total Receipts</b>	15,118,523	10,541,493	16,430,634	6,268,343	11,193,809	16,107,646	19,362,343	10,730,199	15,100,655	14,923,081	17,124,846	21,284,373	174,185,945
<b>Total available Cash</b>	24,411,682	28,745,617	32,923,399	15,797,867	10,595,417	17,986,408	24,736,487	22,618,262	22,096,852	22,926,397	29,399,127	39,472,744	
<b>Disbursements</b>													
Warrants	2,224,626	7,142,404	3,501,759	8,576,456	984,690	4,541,707	5,098,711	3,530,904	3,539,360	2,800,785	3,359,425	10,224,051	55,524,878
Payroll	1,975,022	3,102,537	6,934,899	5,811,893	5,724,055	6,062,647	5,741,803	5,995,765	8,546,266	5,843,421	5,843,421	12,563,681	74,145,411
Health/Dental/Vision	2,007,910	2,007,910	2,007,910	2,007,910	2,007,910	2,007,910	2,007,910	2,007,910	2,007,910	2,007,910	2,007,910	2,007,910	24,094,920
Retirement Incentive/Annuity payment													-
State Aid - Components			10,949,307					4,087,486				4,904,983	19,941,776
Return of Surplus												2,625,662	2,625,662
RAN Repayment Amount												5,113,500	5,113,500
<b>Total Disbursements</b>	6,207,558	12,252,851	23,393,875	16,396,259	8,716,655	12,612,264	12,848,424	15,622,065	14,093,536	10,652,116	11,210,756	37,439,787	181,446,147
<b>Ending Balance:</b>	18,204,124	16,492,765	9,529,524	(598,392)	1,878,762	5,374,144	11,888,063	6,996,197	8,003,316	12,274,281	18,188,371	<b>2,032,957</b>	

Note: The beginning balance includes \$5,000,000 revenue anticipation note proceeds to be received June 2023



## FORM OF APPROVING OPINION

June 23, 2023

The Board of Education of  
Board of Cooperative Educational Services of the  
Sole Supervisory District of Rockland County, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Board of Cooperative Educational Services of the Sole Supervisory District of Rockland County, (the “BOCES”), New York, in connection with the authorization, sale and issuance of the \$5,000,000 Revenue Anticipation Note – 2023 (the “Note”), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Note for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding unsecured general obligation of the BOCES payable as both principal and interest from any monies of the BOCES legally available therefor. The BOCES has no taxing power. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the BOCES will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the BOCES represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the BOCES’ representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the BOCES with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the BOCES, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

## UNDERTAKING TO PROVIDE NOTICES OF EVENTS

### Section 1. Definitions

“EMMA” shall mean Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the **Board of Cooperative Educational Services of the Sole Supervisory District of Rockland County, New York.**

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of June 23, 2023.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s \$5,000,000 Revenue Anticipation Note – 2023, dated June 23, 2023, maturing on June 21, 2024, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Note holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **June 23, 2023**.

**THE BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF THE  
SOLE SUPERVISORY DISTRICT OF ROCKLAND COUNTY**

By \_\_\_\_\_  
President of the Board of Education and Chief Fiscal Officer

**BOARD OF COOPERATION EDUCATIONAL SERVICES**  
**for**  
**THE SOLE SUPERVISORY DISTRICT OF**  
**ROCKLAND COUNTY, NEW YORK**

**GENERAL PURPOSE FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY SCHEDULES**

**June 30, 2022**

Such Audited Financial Statements and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

**BOARD OF COOPERATIVE EDUCATIONAL  
SERVICES OF ROCKLAND COUNTY  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

# BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY

## TABLE OF CONTENTS

### **I. INDEPENDENT AUDITOR’S REPORT, MANAGEMENT’S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS**

Independent Auditor’s Report		
<u>Exhibit</u>		<u>Page</u>
<u>Number</u>		
1	Management’s Discussion and Analysis (Required Supplementary Information) (MD&A)	3 - 15
2	Statement of Net Position	16
3	Statement of Activities	17
4	Balance Sheet – Governmental Funds	18
5	Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	19
6	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
7	Reconciliation of Governmental Fund Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21
8	Notes to Financial Statements	22 -54

### **II. REQUIRED SUPPLEMENTARY INFORMATION**

SS1	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	55 - 56
SS2	Schedule of Changes in the BOCES’ Total Other Post-Employment Benefits Liability and Related Ratios	57
SS3	Schedule of BOCES’ Proportionate Share of the Net Pension Asset/(Liability)	58
SS4	Schedule of BOCES’ Contributions – Pension Plans	59

### **III. OTHER SUPPLEMENTARY INFORMATION**

SS5	Analysis of Account A431 and A431-80 School Districts	60
SS6	Schedule of Project Expenditures - Capital Projects Fund	61
SS7	Schedule of Change from Adopted Budget to Final Budget – General Fund	62
SS8	Net Investment in Capital Assets	63

### **IV. INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***





**R.S. ABRAMS & CO., LLP**

*Accountants & Consultants for Over 75 years*

Robert S. Abrams (1926–2014)

Marianne E. Van Duyne, CPA

Alexandria M. Battaglia, CPA

Brendan Nelson, CPA

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Board of Cooperative Educational Services of Rockland County

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and each major fund of the Board of Cooperative Educational Services of Rockland County (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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the BOCES, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Emphasis of Matter*

As described in Note 1 to the financial statements, the BOCES adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, during the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

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

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

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### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of changes in the BOCES' total other post-employment benefits liability and related ratios, schedule of BOCES' proportionate share of the net pension asset/(liability), and schedule of BOCES' contributions – pension plans, on pages 3 through 15 and 55 through 59, 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 other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 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 the BOCES' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BOCES' internal control over financial reporting and compliance.

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
November 16, 2022

**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

The following is a discussion and analysis of the Board of Cooperative Education Services of Rockland County's (the "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 BOCES-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the BOCES' financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

- The BOCES continued to offer cost effective programs to both component and non-component school districts without any reduction in service.
- The BOCES total net deficit as of June 30, 2022 was \$78,763,498, which represents a decrease in the overall deficit of \$8,099,905, or 9.32%, from the prior year.
- The BOCES total revenues, as reflected in the BOCES-Wide Financial Statements, totaled \$145,678,334, which represents an increase of \$11,544,894, or 8.61%, from the prior year.
- The BOCES' expenses for the year, as reflected in the BOCES-Wide Financial Statements, totaled \$137,578,429. Of this amount, \$131,550,742 was offset by program charges for services and \$11,933,909 was offset by operating and capital grants and contributions. General revenues of \$2,193,683 amounted to 1.51% of total revenues.
- The general fund total fund balance, as reflected in the Fund Financial Statements, increased by \$4,068,936. This was due to an excess of revenues and other financing sources over expenditures and other financing uses based on the modified accrual basis of accounting.
- The BOCES adopted GASB Statement No. 87, *Leases*, in July of 2021. See Note 17 to the financial statements for additional information.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the BOCES:

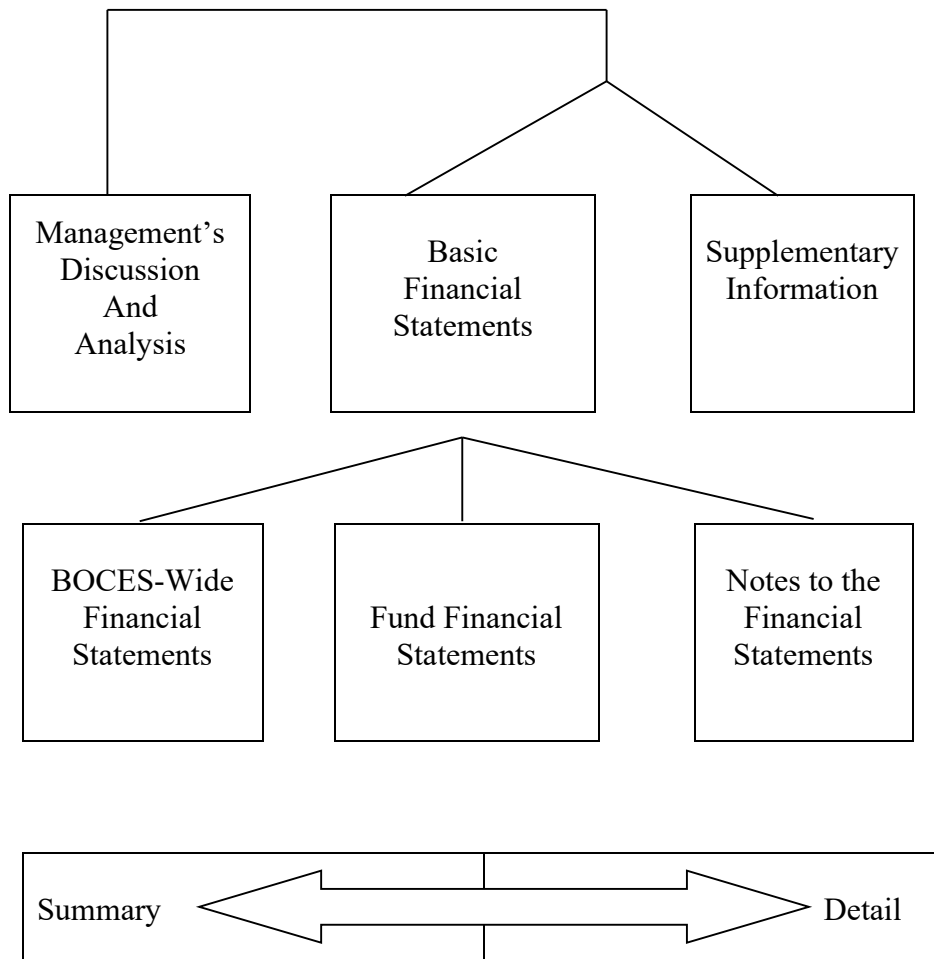
- The first two statements are *BOCES-Wide Financial Statements* that provide both *short-term* and *long-term* information about the BOCES' *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the BOCES, reporting the operations in *more detail* than the *BOCES-Wide Financial Statements*.
  - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial 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. The following table shows how the various parts of this annual report are arranged and related to one another.

**Organization of the BOCES’ Annual Financial Report**



**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

The following table summarizes the major features of the BOCES' basic financial statements, including the portion of the BOCES' activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

**Major Features of the BOCES-Wide Financial Statements and Fund Financial Statements**

	BOCES-Wide Financial Statements	Fund Financial Statements
		Governmental
Scope	Entire entity	The day-to-day operating activities of the BOCES, such as special education and instruction
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus
Type of asset/deferred outflow of resources and liability/deferred inflow of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Current 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 and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

**A) BOCES-Wide Financial Statements:**

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

The two BOCES-Wide Financial Statements report the BOCES' net position and how it has changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the BOCES' financial health or position.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.

**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

- For assessment of the overall health of the BOCES, additional non-financial factors such as changes in the BOCES' property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, finance, or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation and amortization is not calculated if it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are all accounted for in account groups and do not affect the fund balances.

BOCES-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - *Net investment in capital assets*;
  - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
  - *Unrestricted net position* are net position that do not meet any of the above restrictions.

**B) Fund Financial Statements:**

The Fund Financial Statements provide more detailed information about the BOCES' funds. Funds are accounting devices that the BOCES uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The BOCES has one kind of fund:

- *Governmental funds*: Most of the 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 fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the BOCES. Because this information does not encompass the additional long-

**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

term focus of the BOCES-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**3. FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE**

**A) Net Position:**

Non-current assets, long-term liabilities, and deferred inflows of resources for 2021 have been restated to reflect the implementation of GASB Statement No. 87, *Leases*. See Note 17 to the financial statements for further information.

	<u>As Restated 2021</u>	<u>As Reported 2021</u>	<u>Increase (Decrease)</u>
Non-current assets	\$ 35,890,562	\$ 22,431,305	\$ 13,459,257
Long-term liabilities	158,623,143	145,363,601	13,259,542
Deferred inflows of resources	50,352,237	50,152,522	199,715

The BOCES' net deficit decreased by \$8,099,905, or 9.32%, in the fiscal year ended June 30, 2022, as detailed in the table that follows.



**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

Condensed Statement of Net Position

	Fiscal Year 2022	As Restated Fiscal Year 2021	Change	Total Percentage Change
Current assets	\$46,618,426	\$47,864,493	(\$1,246,067)	-2.60%
Non-current assets	37,148,652	35,890,562	1,258,090	3.51%
Net pension asset -proportionate share	51,120,582		51,120,582	N/A
Total Assets	134,887,660	83,755,055	51,132,605	61.05%
Deferred outflows of resources	71,333,466	78,567,541	(7,234,075)	-9.21%
Total Assets and Deferred outflows of resources	206,221,126	162,322,596	43,898,530	27.04%
Current liabilities	33,512,727	40,210,619	(6,697,892)	-16.66%
Long-term liabilities	130,735,979	158,623,143	(27,887,164)	-17.58%
Total Liabilities	164,248,706	198,833,762	(34,585,056)	-17.39%
Deferred inflows of resources	120,735,918	50,352,237	70,383,681	139.78%
Total Liabilities and Deferred inflows of resources	284,984,624	249,185,999	35,798,625	14.37%
Net Position				
Net investment in capital assets	23,523,871	22,431,305	1,092,566	4.87%
Restricted	6,461,266	5,575,709	885,557	15.88%
Unrestricted (deficit)	(108,748,635)	(114,870,417)	6,121,782	5.33%
Total Net Position (Deficit)	(\$78,763,498)	(\$86,863,403)	\$8,099,905	9.32%

Current assets decreased by \$1,246,067 from 2021 to 2022. This change is primarily related to a reduction in cash and state and federal aid receivable, partially offset by an increase in amounts due from other school districts.

Non-current assets increased \$1,258,090 due to current year capital asset additions exceeding depreciation, loss on disposals, and amortization expense. The BOCES' net pension asset – proportionate share for pension systems increased by \$51,120,582 as a result of the actuarial valuations provided by the State.

The change in deferred outflows of resources represents amortization of the pension related items, changes of actuarial assumptions and the change in the BOCES' contributions subsequent to the measurement date, as discussed in Note 11, as well as deferred outflows for other post-employment benefits obligation, as discussed in Note 13.

Current liabilities decreased by \$6,697,892. This is attributable to decreases in accounts payable, accrued liabilities, due to other governments, state-aid due to school districts, due to employees' retirement system, compensated absences payable, and revenue anticipation note payable, offset by due to other school districts and due to teachers' retirement system.

**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

Long-term liabilities decreased by \$27,887,164, which was primarily attributable to decreases in the total other post-employment benefits obligation and net pension liabilities as actuarially determined. These decreases were partially offset by increases in lease liability and long-term compensated absences payable.

The change in deferred inflows represents deferred inflows related to lease receivable as discussed in Note 6, amortization of pension related items and changes of actuarial assumptions as discussed in Note 11, and deferred inflows for other post-employment benefits obligation, as discussed in Note 13.

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of future lease payments remaining on the lease term) such as land, construction in progress, buildings and improvements, and furniture & equipment, net of depreciation, amortization, and related debt. This number increased from the prior year by \$1,092,566 due to capital asset and intangible asset additions and a reduction in the related outstanding debt, partially offset by depreciation and amortization expense.

The restricted net position at June 30, 2022, relates to the BOCES' reserves, and amounts restricted for scholarships and donations. Restricted net position increased by \$885,557.

The unrestricted net deficit at June 30, 2022 of \$108,748,635 relates to the balance of the BOCES' net position. The unrestricted net deficit decreased by \$6,121,782.

**B) Changes in Net Position:**

The results of operations as a whole are reported in the Statement of Activities. A summary of this Statement for the years ended June 30, 2022 and 2021 is as follows:

**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

Change in Net Position from Operating Results

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$131,550,742	\$125,519,074	\$6,031,668	4.81%
Operating grants and contributions	11,886,744	7,577,985	4,308,759	56.86%
Capital grants and contributions	47,165		47,165	N/A
General Revenues				
Use of money & property	69,190	100,139	(30,949)	-30.91%
Other miscellaneous revenues	602,331	110,641	491,690	444.40%
Refund of prior year's expenditures	633,915	720,118	(86,203)	-11.97%
Net use/funding of reserves offset	888,247	105,483	782,764	742.08%
Total Revenues	<u>\$145,678,334</u>	<u>\$134,133,440</u>	<u>\$11,544,894</u>	8.61%
Expenses				
Administration	\$6,456,116	\$7,882,957	(\$1,426,841)	-18.10%
Occupational instruction	17,468,073	14,468,006	3,000,067	20.74%
Instruction for special education	71,140,545	82,127,068	(10,986,523)	-13.38%
Itinerant services	3,316,213	3,539,766	(223,553)	-6.32%
General instruction	4,935,308	4,799,464	135,844	2.83%
Instructional support	17,514,336	18,683,198	(1,168,862)	-6.26%
Other services	16,252,671	14,979,942	1,272,729	8.50%
Debt service - interest	265,326	182,867	82,459	45.09%
Food service program	229,841		229,841	0.00%
Total Expenses	<u>\$137,578,429</u>	<u>\$146,663,268</u>	<u>(\$9,314,680)</u>	-6.35%
Total Change in Net Position	<u>\$8,099,905</u>	<u>(\$12,529,828)</u>	<u>\$20,859,574</u>	-166.48%

Information for 2021 was not restated because the information necessary was not readily available. See Note 17 for more information.

The BOCES' fiscal year 2022 revenues totaled \$145,678,334. Charges for services to both component and non-component districts and operating grants and contributions accounted for most of the BOCES' revenue by contributing 90.30% and 8.16%, respectively of total revenue. The remainder came from capital grant and contributions, use of money and property, refund of prior year expenditures, and other miscellaneous sources. Total revenues increased by \$11,544,894 or 8.61%.

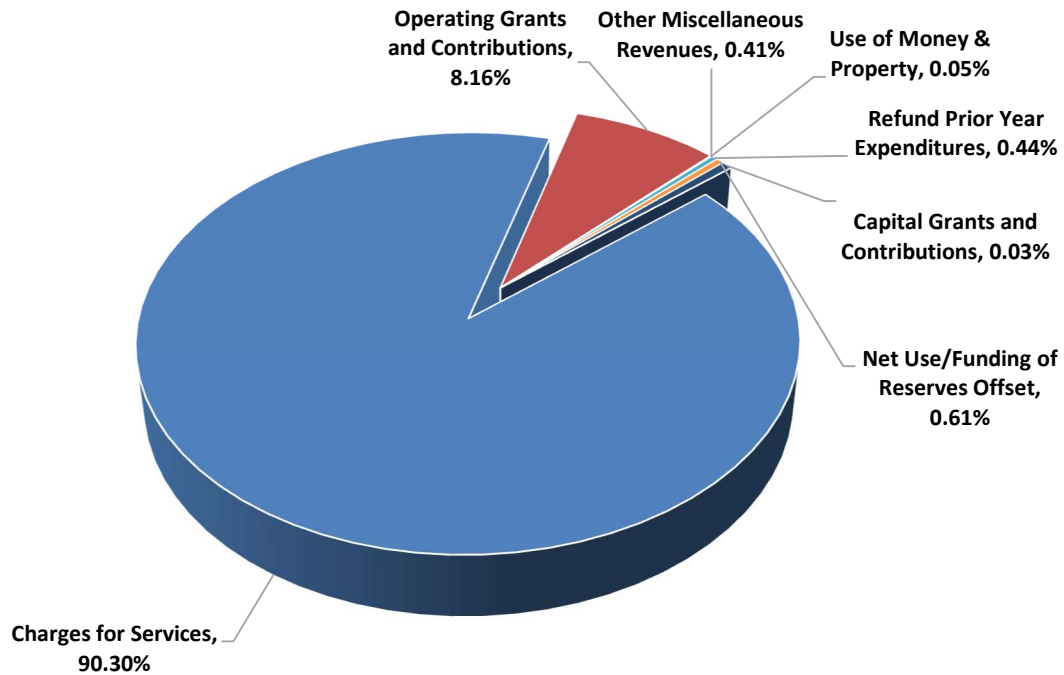
The cost of all programs and services totaled \$137,578,429 for fiscal year 2022. These expenses are predominantly related to instruction, which account for 68.00% of BOCES expenses. The BOCES' general support activities (itinerant services, instructional support, and other services) accounted for 26.95% of total costs. Total expenses decreased by \$9,314,680, or 6.35%. This was primarily attributable to a reduction in pension and OPEB expense due to the current year actuarial valuations pursuant to GASB Statement No. 68 and No. 75, with the majority being allocated to instruction expenditures.

**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

The federal and state governments as well as external donors subsidized certain programs with grants and contributions of \$11,933,909, which includes \$47,165 in capital related grants and contributions and represents a 57.48% increase from the prior year.

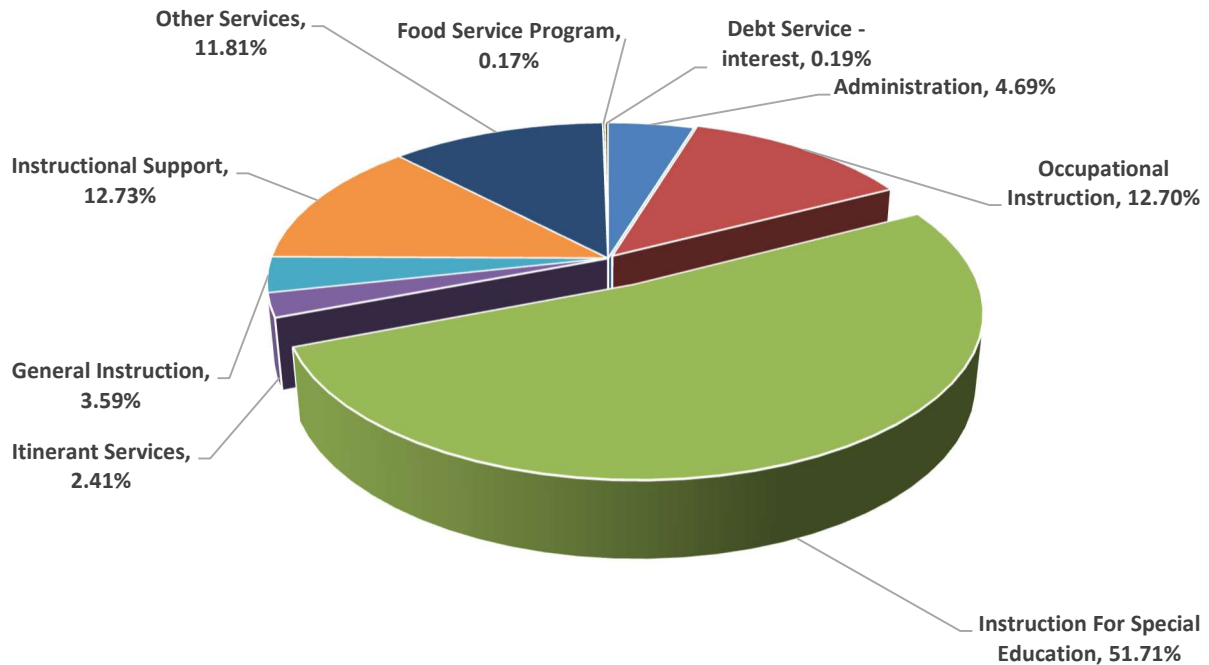
**Revenues for Fiscal Year 2022**



**Expenditures for Fiscal Year 2022**

**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**



**4. FINANCIAL ANALYSIS OF THE BOCES' FUNDS**

Variances between years for the Fund Financial Statements are not the same as variances between years for the BOCES-Wide Financial Statements. The BOCES' governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term liabilities, certain deferred outflows or inflows, and capital assets purchased by the BOCES. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt, and the current payments on other long-term liabilities.

As of June 30, 2022, the BOCES' combined governmental funds reported a total fund balance of \$12,199,154, which is an increase of \$4,545,280 from the prior year.

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

**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

	Fiscal Year 2022	Fiscal Year 2021	Increase/ (Decrease)	Total Percentage Change
<b>General Fund</b>				
Nonspendable - prepaids	\$127,269	\$90,695	\$36,574	40.3%
Restricted for employee benefit accrued liability	1,272,853	1,437,553	(164,700)	-11.46%
Restricted for liability and property loss	737,624	736,445	1,179	0.16%
Restricted for retirement contribution				
Employees' retirement system	500,000	350,000	150,000	42.86%
Teachers' retirement system	2,250,000	1,350,000	900,000	66.67%
Restricted for unemployment insurance	500,000	500,000	-	0.00%
Restricted for insurance	1,107,357	1,105,587	1,770	0.16%
Assigned unappropriated	4,573,399	1,392,712	3,180,687	228.38%
Unassigned	(127,269)	(90,695)	(36,574)	40.33%
Total Fund Balance - General Fund	<u>\$10,941,233</u>	<u>\$6,872,297</u>	<u>\$4,068,936</u>	59.21%
<b>Special Aid Fund</b>				
Nonspendable	\$5,935	\$11,275	(\$5,340)	-47.36%
Assigned unappropriated	909,652	582,960	326,692	56.04%
Total Fund Balance - Special Purpose Fund	<u>\$915,587</u>	<u>\$594,235</u>	<u>\$321,352</u>	54.08%
<b>School Lunch Fund</b>				
Assigned unappropriated	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$ -</u>	0.00%
Total Fund Balance - School Lunch Fund	<u>\$50,000</u>	<u>\$50,000</u>	<u>\$ -</u>	0.00%
<b>Miscellaneous Special Revenue Fund</b>				
Restricted for scholarships and donations	\$93,432	\$96,124	(\$2,692)	-2.80%
Assigned unappropriated	48,902	41,218	7,684	18.64%
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>\$142,334</u>	<u>\$137,342</u>	<u>\$4,992</u>	3.63%
<b>Capital Projects Fund</b>				
Assigned unappropriated	<u>\$150,000</u>	<u>\$ -</u>	<u>\$150,000</u>	N/A
Total Fund Balance - Capital Projects Fund	<u>\$150,000</u>	<u>\$ -</u>	<u>\$150,000</u>	N/A
Total Fund Balance - All Funds	<u>\$12,199,154</u>	<u>\$7,653,874</u>	<u>\$4,545,280</u>	59.39%

**A) General Fund**

Fund balance in the general fund increased by \$4,068,936 as a result of revenues and other financing sources of \$134,656,913 exceeding expenditures and other financing uses of \$130,587,977. Revenues and other financing sources increased by \$6,337,885 or 4.94% compared to the prior year, mostly due to the increases in charges for services, charges to components, charges to other BOCES and non-components, other unclassified revenues (due to new rental agreement with NYS DOL), and net use/funding of reserves offset, partially offset by a decrease in refund of prior year's expenditures and interfund transfers.

**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

Expenditures and other financing uses increased by \$2,448,372 or 1.91% compared to the prior year. This was primarily due to increases in general instruction, debt service – principal and interest, and other services, partially offset by decreases in administration, instruction for special education, and instructional support.

**B) Special Aid Fund**

Fund balance in the special aid fund increased by \$321,352 as a result of revenues exceeding expenditures and other financing uses for grant funded programs.

**C) School Lunch Fund**

Fund balance in the school lunch fund remained unchanged in 2021-22 as operating transfers in from other funds equaled total cost of sales.

**D) Miscellaneous Special Revenue Fund**

Fund balance in the miscellaneous special revenue increased by \$4,992. This increase is due to current year extraclassroom revenues exceeding extraclassroom expenditures, partially offset by scholarships awarded in excess of scholarship donations received.

**E) Capital Projects Fund**

Fund balance in the capital projects fund increased by \$150,000. This increase was due to revenues and other financing sources exceeding current year capital outlay.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A) 2021-2022 Budget:**

The BOCES' general fund adopted budget for the fiscal year ended June 30, 2022 was \$127,263,364. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,392,712 and budget revisions of \$9,054,450 bringing the final budget to \$137,710,526. The majority of the funding was charges for services and charges to components totaling \$125,237,023.

**6. CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS**

**A) Capital Assets and Intangible Lease Assets:**

The BOCES paid for equipment and various building additions and renovations during the fiscal year 2022. A summary of the BOCES' capital assets and intangible lease assets net of depreciation and amortization are as follows:

**BOARD OF COOPERATIVE EDUCATION  
SERVICES OF ROCKLAND COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**EXHIBIT 1**

Category	Fiscal Year 2022	As Restated Fiscal Year 2021	Net Increase/ (Decrease)	Percentage Change
Land	\$3,163,681	\$3,163,681	\$ -	0.00%
Construction in Progress	45,750		45,750	N/A
Buildings and Improvements	22,972,635	22,425,281	547,354	2.44%
Land improvements	310,662		310,662	N/A
Furniture and Equipment	7,646,549	6,941,200	705,349	10.16%
Subtotal	34,139,277	32,530,162	1,609,115	4.95%
Less: Accumulated Depreciation	10,411,555	10,098,857	312,698	3.10%
Total Capital Assets, Net	<u>\$23,727,722</u>	<u>\$22,431,305</u>	<u>\$1,296,417</u>	5.78%
Intangible Lease Assets, Net	<u>\$13,380,946</u>	<u>\$13,259,542</u>	<u>\$121,404</u>	0.92%

Depreciation expense and loss on disposals was \$1,322,421 and amortization expense was \$1,623,793 for fiscal year ended June 30, 2022. See Note 7 to the financial statements for additional detail.

**7. FACTORS BEARING ON THE BOCES' FUTURE**

- A) The general fund budget for the 2022-23 school year in the amount of \$133,205,381 was approved by the BOCES' component districts. This is an increase of \$5,942,017 or 4.67% over the previous year's budget. This increase was primarily due to an increase in payroll and benefit costs.
- B) The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The BOCES expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.

**8. CONTACTING THE BOCES' FINANCIAL MANAGEMENT**

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

Board of Cooperative Education Services of Rockland County  
Mr. Ron Hansen  
Assistant Superintendent of Business & Operations  
65 Parrott Road  
West Nyack, NY 10994-0607  
(845)-627-4700



**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

**ASSETS**

## Current assets

Cash	
Unrestricted	\$2,443,567
Restricted	6,461,266
Receivables	
Accounts receivable	946,694
State and federal aid	12,406,356
Due from other school districts	24,226,840
Due from other governments	499
Other assets	73,750
Prepays	59,454

## Non Current assets

Lease receivable	39,984
Capital assets	
Capital assets not being depreciated	3,209,431
Capital assets being depreciated, net of accumulated depreciation	20,518,291
Intangible lease asset, net of accumulated amortization	13,380,946
Net pension asset - proportionate share - employees' retirement system	4,365,888
Net pension asset - proportionate share - teachers' retirement system	46,754,694

**TOTAL ASSETS**134,887,660**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	34,821,658
Other post-employment benefits obligation	36,511,808

**TOTAL DEFERRED OUTFLOWS OF RESOURCES**71,333,466**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**206,221,126**LIABILITIES**

## Payables

Accounts payable	1,632,500
Accrued liabilities	7,274,220
Due to other governments	10,625
Due to other school districts	2,625,662
State-aid due to school districts	9,973,965
Due to teachers' retirement system	5,077,028
Due to employees' retirement system	1,790,872
Compensated absences payable	95,803

## Note payable

Revenue anticipation note	5,000,000
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## Unearned credits

Collections in advance	32,052
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## Long-term liabilities

Due and payable within one year	
Lease liability	1,528,537
Compensated absences payable	155,150
Due and payable after one year	
Lease liability	12,056,260
Compensated absences payable	1,117,703
Total other post-employment benefits obligation	115,878,329

**TOTAL LIABILITIES**164,248,706**DEFERRED INFLOWS OF RESOURCES**

Leases	39,984
Pensions	67,529,079
Other post-employment benefits obligation	53,166,855

**TOTAL DEFERRED INFLOWS OF RESOURCES**120,735,918**NET POSITION**

Net investment in capital assets	<u>23,523,871</u>
----------------------------------	-------------------

## Restricted

Employee benefit accrued liability	1,272,853
Liability and property loss	737,624
Retirement contribution	
Employees' retirement system	500,000
Teachers' retirement system	2,250,000
Unemployment insurance	500,000
Insurance	1,107,357
Scholarships and donations	93,432
	<u>6,461,266</u>

Unrestricted (deficit)	<u>(108,748,635)</u>
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**TOTAL NET POSITION (DEFICIT)**(\$78,763,498)

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>FUNCTIONS / PROGRAMS</b>	<b>Expenses</b>				
Administration	(\$6,456,116)	\$7,390,934			\$934,818
Occupational instruction	(17,468,073)	6,792,407	\$11,797,356	\$47,165	1,168,855
Instruction for special education	(71,140,545)	74,150,639			3,010,094
Itinerant services	(3,316,213)	3,382,748			66,535
General instruction	(4,935,308)	4,915,340	89,388		69,420
Instructional support	(17,514,336)	17,824,981			310,645
Other services	(16,252,671)	17,093,693			841,022
Debt service - interest	(265,326)				(265,326)
Food service program	(229,841)				(229,841)
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<b>(\$137,578,429)</b>	<b>\$131,550,742</b>	<b>\$11,886,744</b>	<b>\$47,165</b>	<b>5,906,222</b>
<b>GENERAL REVENUES</b>					
Use of money & property					69,190
Other miscellaneous revenues					602,331
Refund of prior year's expenditures					633,915
Net use/funding of reserves offset					888,247
<b>TOTAL GENERAL REVENUES</b>					<b>2,193,683</b>
<b>CHANGE IN NET POSITION</b>					<b>8,099,905</b>
<b>TOTAL NET POSITION (DEFICIT)- BEGINNING OF YEAR</b>					<b>(86,863,403)</b>
<b>TOTAL NET POSITION (DEFICIT)- END OF YEAR</b>					<b>(\$78,763,498)</b>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Cash						
Unrestricted	2,394,665			\$48,902		\$2,443,567
Restricted	6,414,291			46,975		6,461,266
Receivables						
Accounts receivable	347,052	\$599,642				946,694
State and federal aid	10,880,510	1,478,681			\$47,165	12,406,356
Due from other school districts	24,226,840					24,226,840
Due from other governments	499					499
Due from other funds	31,098,451	22,135,979	\$497,606	46,457	140,971	53,919,464
Leases receivable	39,984					39,984
Other assets	73,750					73,750
Prepays	53,519	5,935				59,454
<b>TOTAL ASSETS</b>	<b>\$75,529,561</b>	<b>\$24,220,237</b>	<b>\$497,606</b>	<b>\$142,334</b>	<b>\$188,136</b>	<b>\$100,577,874</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Payables						
Accounts payable	\$1,555,735	\$72,806	\$2,544		\$1,415	\$1,632,500
Accrued liabilities	7,099,395	138,104			36,721	7,274,220
Due to other funds	30,422,970	23,051,432	445,062			53,919,464
Due to other governments	369	10,256				10,625
Due to other school districts	2,625,662					2,625,662
State-aid due to school districts	9,973,965					9,973,965
Due to teachers' retirement system	5,077,028					5,077,028
Due to employees' retirement system	1,790,872					1,790,872
Compensated absences payable	95,803					95,803
Note payable						
Revenue anticipation note payable	5,000,000					5,000,000
Unearned credits						
Collections in advance		32,052				32,052
<b>TOTAL LIABILITIES</b>	<b>63,641,799</b>	<b>23,304,650</b>	<b>447,606</b>	<b>-</b>	<b>38,136</b>	<b>87,432,191</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Federal aid	906,545					906,545
Leases	39,984					39,984
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>64,588,328</b>	<b>23,304,650</b>	<b>447,606</b>	<b>-</b>	<b>38,136</b>	<b>88,378,720</b>
<b>FUND BALANCES</b>						
Nonspendable	127,269	5,935				133,204
Restricted						
Employee benefit accrued liability	1,272,853					1,272,853
Liability and property loss	737,624					737,624
Retirement contribution						
Employees' retirement system	500,000					500,000
Teachers' retirement system	2,250,000					2,250,000
Unemployment insurance	500,000					500,000
Insurance	1,107,357					1,107,357
Scholarships and donations				\$93,432		93,432
Assigned						
Unappropriated fund balance	4,573,399	909,652	50,000	48,902	150,000	5,731,953
Unassigned	(127,269)					(127,269)
<b>TOTAL FUND BALANCES</b>	<b>10,941,233</b>	<b>915,587</b>	<b>50,000</b>	<b>142,334</b>	<b>150,000</b>	<b>12,199,154</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$75,529,561</b>	<b>\$24,220,237</b>	<b>\$497,606</b>	<b>\$142,334</b>	<b>\$188,136</b>	<b>\$100,577,874</b>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

Total Governmental Fund Balances	\$12,199,154
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Some of the BOCES' revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore are deferred in the governmental funds.	906,545
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The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the BOCES as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$34,139,277	
Accumulated depreciation	<u>(10,411,555)</u>	23,727,722

The present value cost of leasing capital assets (buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those leased capital assets among the assets of the BOCES as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.

Present value cost of intangible lease assets	\$15,004,739	
Accumulated amortization	<u>(1,623,793)</u>	13,380,946

Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset-proportionate share at year-end for the teachers' retirement and employees' retirement systems were as follows:

Net pension asset - proportionate share - ERS	\$4,365,888	
Net pension asset - proportionate share - TRS	<u>46,754,694</u>	51,120,582

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and other post-employment benefits obligation that will be recognized as expenditures in future periods amounted to:

Deferred outflows related to pensions	\$34,821,658	
Deferred outflows related to other post-employment benefits	<u>36,511,808</u>	71,333,466

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pensions	(\$67,529,079)	
Deferred inflows related to other post-employment benefits	<u>(53,166,855)</u>	(120,695,934)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Lease liability	(\$13,584,797)	
Compensated absences payable	(1,272,853)	
Total other post-employment benefits obligation payable	<u>(115,878,329)</u>	<u>(130,735,979)</u>

Total Net Position (Deficit)	<u><u>(\$78,763,498)</u></u>
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**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Charges for services	\$987,099			\$52,711		\$1,039,810
Charges to components	103,108,406					103,108,406
Charges to other BOCES & non-components	27,402,526					27,402,526
Use of money & property	69,101			89		69,190
Other unclassified revenues	525,816					525,816
Refund of prior year's expenditures	633,915					633,915
Miscellaneous				89,388		89,388
Local sources		\$4,734,322				4,734,322
State sources		3,293,735			\$47,165	3,340,900
Federal sources	445,162	2,417,592				2,862,754
<b>TOTAL REVENUES</b>	<b>133,172,025</b>	<b>10,445,649</b>	<b>-</b>	<b>142,188</b>	<b>47,165</b>	<b>143,807,027</b>
<b>EXPENDITURES</b>						
Administration	6,480,495					6,480,495
Occupational instruction	6,780,508	9,578,434				16,358,942
Instruction for special education	72,480,035					72,480,035
Itinerant services	3,370,105					3,370,105
General instruction	4,849,772			137,196		4,986,968
Instructional support	17,535,312					17,535,312
Debt service - principal	1,401,322					1,401,322
Debt service - interest	265,326					265,326
Other services	17,070,998					17,070,998
Capital outlay					\$1,792,362	1,792,362
Cost of sales			\$229,841			229,841
<b>TOTAL EXPENDITURES</b>	<b>130,233,873</b>	<b>9,578,434</b>	<b>229,841</b>	<b>137,196</b>	<b>1,792,362</b>	<b>141,971,706</b>
<b>EXCESS (DEFICIENCY)</b>						
<b>OF REVENUES OVER EXPENDITURES</b>	<b>2,938,152</b>	<b>867,215</b>	<b>(229,841)</b>	<b>4,992</b>	<b>(1,745,197)</b>	<b>1,835,321</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	520,126		229,841		150,000	899,967
Operating transfers (out)	(354,104)	(545,863)				(899,967)
Revenue Anticipation Note (RAN) Premium	76,515					76,515
Proceeds from leases					1,745,197	1,745,197
Net use/funding of reserves offset	888,247					888,247
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,130,784</b>	<b>(545,863)</b>	<b>229,841</b>	<b>-</b>	<b>1,895,197</b>	<b>2,709,959</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,068,936</b>	<b>321,352</b>	<b>-</b>	<b>4,992</b>	<b>150,000</b>	<b>4,545,280</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>6,872,297</b>	<b>594,235</b>	<b>50,000</b>	<b>137,342</b>	<b>-</b>	<b>7,653,874</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$10,941,233</b>	<b>\$915,587</b>	<b>\$50,000</b>	<b>\$142,334</b>	<b>\$150,000</b>	<b>\$12,199,154</b>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY  
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances	\$4,545,280
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Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

Unearned revenue - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.	906,545
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In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the fiscal year ended June 30, 2022 changed by	164,701
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Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' retirement system	\$7,272,926	
Employees' retirement system	1,875,381	
Other post-employment benefits obligation	<u>(7,757,494)</u>	1,390,813

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlays	\$2,618,838	
Depreciation expense and loss on disposals	<u>(1,322,421)</u>	1,296,417

Capital outlays related to lease capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual amortization expense in the Statement of Activities.

Intangible lease capital outlays	\$1,745,197	
Amortization expense	<u>(1,623,793)</u>	121,404

Long-Term Debt Transaction Differences

Proceeds from leases are recorded as revenue in the governmental funds, but not in the Statement of Activities.	(1,745,197)
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Repayment of lease liability principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	<u>1,419,942</u>
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Change in Net Position	<u><u>\$8,099,905</u></u>
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**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:**

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

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

**A) Reporting entity:**

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

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

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

The reporting entity of the BOCES is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement 61, *The Financial Reporting Entity: Omnibus—An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the BOCES. The BOCES is not a component unit of another reporting entity. The decision to include a potential

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, there are no other entities that would be included in the BOCES' reporting entity.

**B) Basis of presentation:**

**BOCES-Wide Financial Statements:**

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

The Statement of Activities presents a comparison between 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 or 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 are presented as general revenues.

**Fund Financial Statements:**

The Fund Financial Statements provide information about the BOCES funds. 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 fund is the BOCES primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

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



**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**School lunch fund:** This fund is used to account for the activities of the BOCES food service operations.

**Miscellaneous special revenue fund:** This fund is used to account for assets held by the BOCES in accordance with grantor or contributor stipulations. Other activities included in this fund are extraclassroom activities.

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

**C) Measurement focus and basis of accounting:**

The BOCES-Wide 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. Non-exchange transactions, in which the BOCES gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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 twelve months after the end of the fiscal year.

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

**D) Revenue from component school districts:**

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

**E) State aid – component school districts:**

New York State remits to BOCES, for distribution to component school districts, state aid payments applicable to certain programs. State aid relating to the current year was

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

\$19,653,973. Of the total aid, \$9,680,008 was received and distributed to the school districts prior to June 30, 2022. The remaining aid of \$9,973,965 was received in September 2022 and will be fully distributed subsequent to year-end. As provided by state law, the receipt and distribution of component school district's state aid is not reflected in the statement of revenues, expenditures and changes in fund balance of the general fund.

**F) Restricted resources:**

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

**G) 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 fund). Eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**H) 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, and deferred inflows of resources and disclosure of contingent items 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 compensated absences, other post-employment benefits, pension liabilities, potential contingent liabilities, lease liabilities, and useful lives of capital assets and intangible lease assets.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**I) Cash and cash equivalents:**

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 the date of acquisition. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

**J) 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.

**K) Prepaid items:**

Prepaid items represent payments made by the BOCES for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the BOCES-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. At June 30, 2022 the BOCES had \$53,519 of prepaid expenditures in the general fund related to prepaid subscriptions and insurance premiums, and \$5,935 of prepaid expenditures in the special aid fund related to prepaid tickets and tuition.

Nonspendable fund balance for these non-liquid assets (prepaids) has been recognized in the general fund and special aid fund to signify that a portion of fund balance is not available for other subsequent expenditures.

**L) Other Assets:**

The BOCES carries a universal life insurance policy for a certain former administrator. The contract is owned 100% by the BOCES with full rights of ownership. The former administrator's beneficiary has full rights of the death benefit minus all premiums paid by the BOCES. The premiums paid by the BOCES are recorded in the general fund as an other asset and is part of the nonspendable fund balance until the former administrator's beneficiaries have an exercisable claim to their entitled death benefit. At June 30, 2022 the total value of insurance premiums made by the BOCES was \$73,750.

**M) 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, based on appraisals conducted by independent third-party professionals are used. Donated assets are reported at estimated fair market value at the time received.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 Financial Statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building & building improvements	\$5,000	Straight-line	50 years
Site improvements	\$5,000	Straight-line	20 years
Vehicles	\$5,000	Straight-line	8 years
Computer equipment and books	\$5,000	Straight-line	5 years
Furniture and equipment	\$5,000	Straight-line	10 years

**N) Intangible lease assets:**

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the BOCES' estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible lease assets reported in the BOCES-Wide Financial Statements follow the same thresholds as noted above for capital assets.

**O) Vested employee benefits:**

Compensated absences:

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

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. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

The 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 method and an accrual for that liability is included

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

in the BOCES-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the Fund Financial 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.

**P) Other benefits:**

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

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

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

**Q) Deferred outflows and inflows of resources:**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 two items that qualify for reporting in this category at June 30, 2022, which are amounts related to pensions and other post-employment benefits obligation, which are reported in the BOCES-Wide Statement of Net Position, and are detailed further in Notes 11 and 13, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The BOCES reported deferred inflows of resources related to pensions and OPEB reported in the BOCES-Wide Statement of Net Position, and are detailed further in Notes 11 and 13. The BOCES also reported deferred inflows of resources related to lease receivable, which is reported in the

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

BOCES-Wide Statement of Net Position as well as in the general fund, and is detailed further in Note 6.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows are classified as revenues. The BOCES recorded \$906,545 of federal aid as unavailable revenue in the general fund. The BOCES-Wide Financial Statements, however, report this deferred inflow as revenue in accordance with the accrual basis of accounting and economic resources measurement focus.

**R) Collections in advance:**

Collections in advance arise when the BOCES receives resources before it has legal claim to them, as when monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the BOCES has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance at June 30, 2022 consist of grant advances in the special aid fund.

**S) Short-term debt:**

The BOCES may issue Revenue Anticipation Notes (RAN) 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 RAN represents a liability that will be extinguished by the use of expendable, available resources of the fund.

**T) 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. Compensated absences, net pension liability, other post-employment benefits obligation, and lease liability 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. 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.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**U) Equity Classifications:**

**BOCES-Wide Financial Statements:**

In the BOCES-Wide Financial Statements, there are three classes of net position:

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

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

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

**Fund Financial Statements:**

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

**Non-spendable fund balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

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

**Employee Benefit Accrued Liability Reserve**

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

**Liability and Property Loss Reserve**

Liability and property loss reserve (Education Law §1709(8)(c)) must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required and these reserves may not in total exceed 3% of the annual

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

budget or \$15,000, whichever is greater. This type of reserve fund may be utilized by most school districts and BOCES. The reserve is accounted for in the general fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Unemployment Insurance Reserve

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

Insurance Reserve

Insurance reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated the insurance reserve. However, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund.

Restricted for Scholarships and Donations

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



**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the BOCES' highest level of decision-making authority (i.e., Board of Education). The BOCES has no committed fund balance as of June 30, 2022.

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

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

Order of Use of Fund Balance

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

**V) New accounting pronouncement:**

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources. The BOCES has adopted and implemented GASB Statement No. 87, *Leases*, in 2022. See Note 17 for further consideration.

**W) Future accounting pronouncement:**

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, defines a subscription-based technology arrangement as a contract that conveys control of the right to use a vendor's software, alone or in combination with tangible capital assets requiring governments to recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this Statement are effective for periods beginning after June 15, 2022.

This is the statement that the BOCES feels may have an impact on these financial statements and is not an all-inclusive list of GASB statements issued. The BOCES will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the BOCES-Wide Financial 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 resources measurement focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

**A) Total fund balances of governmental funds vs. net position of governmental activities:**

Total fund balances of the BOCES governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of two broad categories. The amounts shown below represent:

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 accruals basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences:

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

Long-term debt differences:

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

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

The BOCES was in compliance with all legal and contractual provisions for the fiscal year.

**A) Budgets:**

The BOCES administration prepares a proposed administrative, capital and program budget, as applicable for approval by the members of the Board for the general fund, the only fund with a legally adopted budget. The budget is adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. A tentative administrative budget is provided to the component districts for adoption by resolution. Approval of the tentative administrative budget requires the approval of a majority of the component school boards actually voting. During the current year, the administrative budget was approved by a majority of its voting component school boards. Appropriations for educational services are adopted at the program level. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #7.

**B) 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 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.

**NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:**

**A) Cash:**

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

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

of the United States and its agencies and obligations of the state and its municipalities and BOCES.

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

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

All of the BOCES' aggregate bank balances were covered by depository insurance or were collateralized with securities held by the pledging financial institution in the BOCES' name at year-end.

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2022 included \$6,461,266 within the governmental funds for general reserve purposes, and amounts restricted for scholarships and donations.

**B) Investments:**

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

**C) Investment Pool:**

The BOCES participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and considered to be cash equivalents. At June 30, 2022 the BOCES held \$6,159,782 in investments consisting of various investments in securities issued by the United States and its agencies:

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Fund	Bank Balance
General fund	\$6,112,806
Miscellaneous special revenue fund	46,976
Total	<u>\$6,159,782</u>

Total investments of the cooperative at June 30, 2022 are \$3,380,014,605 which consisted of \$1,151,932,927 in repurchase agreements and \$2,228,081,678 in U.S. Treasury Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2022 are \$843,464,076.

The above amounts represent the cost of the investment pool shares and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateralization requirements. NYCLASS is rated AAAM by Standard and Poor's Ratings Agency. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website, [www.newyorkclass.org](http://www.newyorkclass.org), or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver CO, 80202.

**NOTE 5 – STATE AND FEDERAL AID RECEIVABLES:**

State and federal receivables for the BOCES individual major funds at June 30, 2022 consisted of the following:

General Fund	
BOCES aid - due to school districts	\$9,973,965
Federal aid - FEMA	906,545
Total - General Fund	<u>10,880,510</u>
Special Aid Fund	
Federal aid	580,385
State and local aid	898,296
Total - Special Aid Fund	<u>1,478,681</u>
Capital Projects Fund	
State aid - grant	47,165
Total - School Lunch Fund	<u>47,165</u>
Total - State and federal aid receivables	<u>\$12,406,356</u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The general fund receivable of \$906,545 for Federal aid – FEMA represents unavailable revenues, which is included in deferred inflows of resources on the balance sheet.

BOCES management has deemed these receivables as fully collectible.

**NOTE 6 – LEASE RECEIVABLE:**

In addition, as a result of adopting and implementing GASB Statement No. 87, *Leases*, the BOCES recognized a lease receivable and deferred inflow of resources – leases, for an agreement whereby the BOCES leases building space to another entity, with an interest rate of 0.2450%. The lease receivable and associated deferred inflow of resources will be reduced as the lease revenue is earned in future periods.

Principal and interest income received for the BOCES' lease receivable amounted to \$159,731 and \$269, respectively, for the fiscal year ended June 30, 2022.

The following is a summary of the principal and interest requirements to maturity for the BOCES' lease receivable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 39,984	\$ 16	\$ 40,000
Total	\$ 39,984	\$ 16	\$ 40,000

**NOTE 7 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:**

**A) Capital Assets**

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

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$3,163,681			\$3,163,681
Construction in progress	-	\$45,750		45,750
Total capital assets not being depreciated	3,163,681	45,750	-	3,209,431
Capital assets that are depreciated:				
Building and building improvements	22,425,281	566,656	(\$19,302)	22,972,635
Land improvement	-	310,662		310,662
Furniture and equipment	6,941,200	1,695,770	(990,421)	7,646,549
Total capital assets being depreciated	29,366,481	2,573,088	(1,009,723)	30,929,846
Less accumulated depreciation:				
Building and building improvements	7,110,418	366,227	(12,206)	7,464,439
Land improvement	-	12,964		12,964
Furniture and equipment	2,988,439	683,065	(737,352)	2,934,152
Total accumulated depreciation	10,098,857	1,062,256	(749,558)	10,411,555
Total capital assets being depreciated, net	19,267,624	1,510,832	(260,165)	20,518,291
Total capital assets, net	\$22,431,305	\$1,556,582	(\$260,165)	\$23,727,722

Depreciation expense and loss on disposals were charged to the governmental functions as follows:

Administration	\$28,935
Occupational instruction	64,448
Instruction for special education	311,389
General instruction	1,603
Instructional support	10,381
Other services	905,665
	<u>\$1,322,421</u>

**B) Intangible Lease Assets**

In 2022, the BOCES adopted and implemented the provisions of GASB Statement No. 87, *Leases*. As such, the BOCES recognized a lease liability obligation and an intangible lease asset for agreements whereby the BOCES obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The BOCES has entered into such lease agreements for classroom or building space and other equipment items with implicit interest rates ranging from 0.245% to 1.471%.

The following schedule summarizes the BOCES' intangible lease asset activity for the fiscal year ended June 30, 2022:

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Intangible lease assets				
Building space	\$ 12,890,131	\$ 1,745,197	\$ -	\$ 14,635,328
Furniture & equipment	369,411			369,411
Total intangible lease assets being amortized	<u>13,259,542</u>	<u>1,745,197</u>	<u>-</u>	<u>15,004,739</u>
Less accumulated amortization:				
Building space		1,535,134		1,535,134
Furniture & equipment	-	88,659	-	88,659
Total accumulated amortization	<u>-</u>	<u>1,623,793</u>	<u>-</u>	<u>1,623,793</u>
Total intangible lease assets, net	<u>\$ 13,259,542</u>	<u>\$ 121,404</u>	<u>\$ -</u>	<u>\$ 13,380,946</u>

Amortization expense was charged to governmental functions as follows:

Occupational Instruction	\$ 1,623,793
	<u>\$ 1,623,793</u>

**NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:**

Interfund balances and activities for the fiscal year ended June 30, 2022 were as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General fund	\$31,098,451	\$30,422,970	\$520,126	\$354,104
Special aid fund	22,135,979	23,051,432		545,863
School lunch fund	497,606	445,062	229,841	
Miscellaneous special revenue fund	46,457			
Capital fund	140,971		150,000	
Total government activities	<u>\$53,919,464</u>	<u>\$53,919,464</u>	<u>\$899,967</u>	<u>\$899,967</u>

The BOCES typically transfers from the general fund to the school lunch fund to subsidize the operations of the school lunch program, and from the special aid fund to the general fund for reimbursement of grant expenses initially incurred by the general fund. In addition, the BOCES budgeted a transfer from the general fund into the capital projects fund to finance future capital outlays.

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.



**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 9 - SHORT-TERM DEBT:**

Transactions in short-term debt for the fiscal year ended June 30, 2022 are summarized below:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
RAN	6/17/2022	1.500%	\$ 7,000,000	\$ -	\$ 7,000,000	\$ -
RAN	6/22/2023	2.270%	-	5,000,000	-	5,000,000
	Totals		<u>\$ 7,000,000</u>	<u>\$5,000,000</u>	<u>\$7,000,000</u>	<u>\$5,000,000</u>

The Revenue Anticipation Note (RAN) was issued for interim financing of general fund operations. Interest on short-term debt for the year amounted to \$103,833 and the BOCES received a premium on issuance of the RAN of \$76,515.

**NOTE 10 – LONG-TERM LIABILITIES:**

Long-term liability balances and activity for the year ended June 30, 2022 are summarized below:

	Beginning Balance	Issued	Reclassified and Redeemed	Ending Balance	Due Within One Year
Other long-term liabilities:					
Lease liability*	\$13,259,542	\$1,745,197	\$1,419,942	\$13,584,797	\$1,528,537
Compensated absences	1,437,554		164,701	1,272,853	155,150
Total other post-employment benefits obligation	136,490,461	12,552,370	33,164,502	115,878,329	
Net pension liability - proportionate share - ERS	52,898		52,898	-	
Net pension liability - proportionate share - TRS	7,382,688		7,382,688	-	
Total long-term liabilities	<u>\$ 158,623,143</u>	<u>\$ 14,297,567</u>	<u>\$ 42,184,731</u>	<u>\$ 130,735,979</u>	<u>\$ 1,683,687</u>

\*Beginning balance as restated. See Note 17 for further details.

The general fund has typically been used to liquidate long-term liabilities such as lease liability, compensated absences, total other post-employment benefits obligation, and net pension liabilities.

**A) Lease Liability**

In 2022, the BOCES adopted and implemented the provisions of GASB Statement No. 87, *Leases*. As such, the BOCES recognized a lease liability obligation and an intangible lease asset for agreements whereby the BOCES obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The BOCES has entered into such lease

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

agreements for classroom or building space and other equipment items with implicit interest rates ranging from 0.245% to 1.471%.

Principal and interest expense paid on the BOCES's lease liability amounted to \$1,419,942 and \$161,493, respectively, for the fiscal year ended June 30, 2022.

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 1,528,537	\$ 160,538	\$ 1,689,075
2024	1,558,786	143,428	1,702,214
2025	1,562,766	125,926	1,688,692
2026	1,506,386	108,377	1,614,763
2027	1,508,918	90,898	1,599,816
2028-2032	4,239,683	248,278	4,487,961
2033-2035	1,679,721	38,365	1,718,086
	\$ 13,584,797	\$ 915,810	\$ 14,500,607

**B) Long-Term Interest**

Interest on long-term debt for the year was composed of lease liability interest of \$161,493.

**NOTE 11 – PENSION PLANS:**

**A) Plan Description and Benefits Provided:**

Teachers' Retirement System

The BOCES participates in the New York State Teachers' Retirement System (TRS) (the System). 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. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

Employees' Retirement System

The BOCES participates in the New York State and Local Employees' Retirement System (ERS) (the "System"). 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 new 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. System benefits are established under the provisions of the RSSL. 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. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

**B) Funding policies:**

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
  - a. Employees who joined the system after July 27, 1976,
    - i. Employees contribute 3% of their salary, except those employees in the system more than ten years are no longer required to contribute.
  - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
    - i. Employees contribute 3.5% of their salary throughout active membership.
  - c. Employees who joined the system on or after April 1, 2012
    - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
  - a. Employees who joined the system after July 27, 1976, but before January 1, 2010
    - i. Employees contribute 3% of their salary, except those employees in the system more than ten years are no longer required to contribute.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

- b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
  - i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
  - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The BOCES contribution rates for ERS' fiscal year ended March 31, 2022 for covered payroll (for applicable tiers) was 25.2% for Tier 1, 23.1% for Tier 2, 18.3% for Tiers 3 & 4, 15.3% for Tier 5, and 10.7% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The BOCES contribution rate for the TRS' fiscal year ended June 30, 2022 and 2021 for covered payroll was 9.8% and 9.53%, respectively.

The BOCES contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the BOCES' year end were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2022	\$4,444,349	\$1,790,872
2021	\$4,364,228	\$2,316,328
2020	\$4,017,795	\$2,148,220

**C) Pension 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.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Net pension asset/(liability)	\$ 4,365,888	\$ 46,754,694
BOCES' portion of the Plan's total net pension asset/(liability)	0.0534081%	0.269805%
Change in proportionate since the prior measurement date	0.0002834%	0.002633%

For the fiscal year ended June 30, 2022, the BOCES' recognized pension expense (credit) of (\$2,826,175) for TRS and pension expense of \$309,587 for ERS. At June 30, 2022, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<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	\$ 330,635	\$ 6,444,639	\$ 428,852	\$ 242,911
Changes of assumptions	7,286,177	15,378,596	122,946	2,723,323
Net difference between projected and actual earnings on pension plan investments			14,296,453	48,933,625
Changes in proportion and difference between the BOCES' contributions and proportionate share of contributions	124,718	364,826	87,731	693,238
BOCES' contributions subsequent to the measurement date	447,718	4,444,349		
	<u>\$ 8,189,248</u>	<u>\$ 26,632,410</u>	<u>\$ 14,935,982</u>	<u>\$ 52,593,097</u>

BOCES contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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>
Plan Year ended:		
2022	\$ -	\$ (6,181,210)
2023	(1,076,736)	(7,210,371)
2024	(1,585,995)	(9,011,157)
2025	(3,739,016)	(11,819,797)
2026	(792,705)	2,264,119
Thereafter	-	1,553,380
	<u>\$ (7,194,452)</u>	<u>\$ (30,405,036)</u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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:

	<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	5.90%	6.95%
Salary scale	4.40%	5.18% - 1.95%
Cost of living adjustments	1.4% annually	1.3%, annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation rate	2.70%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020, applied on a generational basis. Active member mortality rates are based on plan member experience.

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 – 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 – June 30, 2020.

For ERS, the long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment 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 the target asset allocation percentage and by adding expected inflation.

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

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	March 31, 2022		June 30, 2021	
<u>Asset type</u>	<u>Target</u> <u>Allocation</u>	<u>Long-term</u> <u>expected real</u> <u>rate of return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-term</u> <u>expected real</u> <u>rate of return</u>
Domestic equity	32%	3.30%	33%	6.80%
International equity	15%	5.85%	16%	7.60%
Global equity			4%	7.10%
Private equity	10%	6.50%	8%	10.00%
Real estate	9%	5.00%	11%	6.50%
Opportunistic/Absolute return strategy	3%	4.10%		
Credit	4%	3.78%		
Real assets	3%	5.58%		
Fixed income	23%	0.00%		
Cash and cash equivalents	1%	-1.00%	1%	-0.20%
Domestic fixed income securities			16%	1.30%
Global bonds			2%	0.80%
High-yield bonds			1%	3.80%
Private debt			1%	5.90%
Real estate debt			7%	3.30%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.50% for ERS, and 2.40% for TRS.

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).

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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:

<u>ERS</u>	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset/(liability)	\$ (11,237,747)	\$ 4,365,888	\$ 17,417,575

<u>TRS</u>	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset/(liability)	\$ 4,906,223	\$ 46,754,694	\$ 81,925,297

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>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Employers' total pension (liability)	\$ (223,874,888)	\$ (130,819,415)
Plan fiduciary net position	232,049,473	148,148,457
Employers' net pension asset/(liability)	\$ 8,174,585	\$ 17,329,042

Ratio of plan fiduciary net position to the		
Employers' total pension asset/(liability)	103.65%	113.25%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through



**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 \$1,790,872.

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 and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$5,077,028.

**NOTE 12 – OTHER RETIREMENT PLANS:**

**A) Tax Sheltered Annuities:**

The BOCES has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The BOCES is also required to make non-elective contributions of certain termination payments based on collectively bargained agreements, and payments based on certain non-aligned contract agreements. Contributions made by the BOCES and the employees for the fiscal year ended June 30, 2022 totaled \$233,444 and \$2,456,392, respectively.

**B) Deferred Compensation Plan:**

The BOCES has established a deferred compensation plan in accordance with Internal Revenue Code Section 457 for all eligible employees. The BOCES makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2022 totaled \$341,539.

**NOTE 13 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):**

**A) General Information about the OPEB Plan:**

Plan Description:

The BOCES' defined benefit other post-employment benefits plan (the "Plan") provides OPEB for all permanent full-time general and public safety employees of the BOCES. The plan is a single-employer defined benefit plan administered by the BOCES. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the BOCES' Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The Plan 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. Benefit terms provide for the BOCES to contribute between 63% and 100% of the premiums for individual and family coverage, and 0% of the premiums for surviving spouses. The BOCES recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments as accrued. For fiscal year 2022, the BOCES contributed an estimated \$2,757,737 to the Plan, including \$2,757,737 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the BOCES to fund OPEB by any other means than the "pay as you go" method.

**Employees Covered by Benefit Terms**

At July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	406
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>1,021</u>
Total Members	<u><u>1,427</u></u>

**Total OPEB Liability:**

The BOCES' total OPEB liability of \$115,878,329 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases including inflation	2.60%
Discount rate	3.54%
Healthcare cost trend rate	5.3% for 2020, decreasing to an ultimate rate of 4.1% over 55 years

This discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. Mortality rates were based on Pub-2010 Mortality Table generationally projected using Scale MP-Ultimate, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**B) Changes in the Total OPEB Liability:**

Balance at June 30, 2021	\$ 136,490,461
Service cost	9,430,110
Interest	3,122,260
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	(30,406,765)
Benefit payments	<u>(2,757,737)</u>
Net changes	<u>(20,612,132)</u>
Balance at June 30, 2022	<u><u>\$ 115,878,329</u></u>

There were no significant plan changes since the last valuation.

The following assumptions were updated since the last full valuation:

The discount rate was changed from 2.16% at June 30, 2021 to 3.54% at June 30, 2022.

**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 (2.54%) or 1-percentage point higher (4.54%) that the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	<u>\$ 136,909,557</u>	<u>\$ 115,878,329</u>	<u>\$ 99,113,448</u>

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

The following presents the total OPEB liability of the BOCES, as well as what the BOCES' total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage point lower (4.3%) or 1-percentage point higher (6.3%) that the current healthcare trend rates:

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	1% Decrease (4.3% decreasing to 3.1%)	Healthcare Cost Trend Rates (5.3% decreasing to 4.1%)	1% Increase (6.3% decreasing to 5.1%)
Total OPEB liability	<u>\$ 99,157,605</u>	<u>\$ 115,878,329</u>	<u>\$ 138,076,794</u>

**C) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:**

For the fiscal year ended June 30 2022, the BOCES recognized OPEB expense of \$10,515,231. At June 30, 2022, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 20,135,080
Changes of assumptions or other inputs	<u>36,511,808</u>	<u>33,031,775</u>
	<u>\$ 36,511,808</u>	<u>\$ 53,166,855</u>

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

Fiscal Year ended June 30:

2023	\$ (2,037,139)
2024	(2,037,139)
2025	(2,037,139)
2026	(2,037,139)
2027	(1,329,130)
Thereafter	<u>(7,177,361)</u>
	<u>\$ (16,655,047)</u>

**NOTE 14 – RISK MANAGEMENT:**

**A) General Information:**

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

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**B) Public Entity Risk Pool:**

The BOCES participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk retained public entity risk pool for its BOCES property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the BOCES has essentially transferred all related risk to the pool.

The BOCES participates in a risk-sharing pool, the Rockland County Schools Cooperative Workers' Compensation Self- Insurance Plan, 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.

The BOCES pays an annual premium to the pool for its workers' compensation claims coverage. The Plan has obtained an excess compensation insurance policy to buffer the effect that a single large claim may have on the Plan. Although excess compensation insurance permits recovery of a portion of such losses from the insurance carrier, it does not discharge the Plan's responsibility for payment of the claim.

The Plan established a liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Plan's total liability for unbilled and opened claims at June 30, 2022, is \$16,940,056. Of this total undiscounted liability, \$3,969,047 associated with the BOCES. During the year ended June 30, 2022, the BOCES' contribution to the Plan was \$1,177,741.

The Plan has issued financial statements for the year ended June 30, 2022. Copies of these statements can be obtained from the BOCES' administrative office. For its health insurance coverage, the BOCES is a participant in the New York State Employees Health Insurance Plan, a public entity risk pool operated for New York State, local government and school district employers and employees. The Plan is considered a self-sustaining risk pool and the BOCES has essentially transferred all risk to the pool.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 15 – FUND BALANCES – ASSIGNED AND RESTRICTED:**

**Assigned Unappropriated or Restricted- Encumbered:**

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2022, the BOCES encumbered the following amounts:

General Fund	
Administration	\$106,181
Occupational instruction	1,018,942
Instruction for special education	1,664,722
Itinerant services	12,644
General instruction	65,570
Instructional support	262,458
Other services	764,503
Internal services	678,379
	<u>\$4,573,399</u>

**NOTE 16 – COMMITMENTS AND CONTINGENCIES:**

**A) Litigation:**

The BOCES is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the BOCES insurance coverage. However, it is not possible to determine the BOCES potential exposure, if any, at this time.

**B) Grants:**

The BOCES has received grants in excess of \$1,500,000, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The BOCES' administration believes that disallowances, if any, would be immaterial.

**NOTE 17 – RESTATEMENT OF BALANCES**

During the year ended June 30, 2022, the BOCES implemented GASB Statement No. 87, *Leases*. The adoption and implementation of this Statement resulted in the restatement of opening balances of non-current assets and long-term liabilities. These changes have been restated as follows:

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Statement of Net Position (Deficit)</u>
Net position (deficit), beginning of year, as reported	<u>\$ (86,863,403)</u>
Non-current assets	
Intangible lease assets	13,259,542
Lease receivable	<u>199,715</u>
Total non-current assets	<u>13,459,257</u>
Long-term liabilities	
Lease liability	<u>13,259,542</u>
Total long-term liabilities	<u>13,259,542</u>
Deferred inflows of resources	<u>199,715</u>
Net position (deficit), beginning of year, as restated	<u><u>\$ (86,863,403)</u></u>

**NOTE 18 – SUBSEQUENT EVENTS:**

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the BOCES through the date of this report and concluded that there were no events which took place that would have a material impact on the financial statements.

## **SUPPLEMENTARY INFORMATION**



**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUES</b>				
Local Sources				
Charges for services	\$1,203,182	\$2,045,311	\$987,099	(\$1,058,212)
Charges to components	124,033,841	105,205,570	103,108,406	(2,097,164)
Charges to other BOCES & non-components	678,390	27,931,025	27,402,526	(528,499)
Use of money & property	10,500	13,417	69,101	55,684
Other unclassified revenues	393,912	525,816	525,816	-
Refund of prior year's expenditures	50,000	596,675	633,915	37,240
Federal Sources	-	-	445,162	445,162
<b>TOTAL REVENUES</b>	<u>126,369,825</u>	<u>136,317,814</u>	<u>133,172,025</u>	<u>(3,145,789)</u>
Other Financing Sources				
Revenue Anticipation Note (RAN) Premium	-	-	76,515	76,515
Transfers from other funds	893,539	-	520,126	520,126
Net use/funding of reserves offset	-	-	888,247	888,247
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>127,263,364</u>	<u>136,317,814</u>	<u>134,656,913</u>	<u>(\$1,660,901)</u>
Appropriated Reserves	<u>1,392,712</u>	<u>1,392,712</u>		
<b>TOTAL REVENUES, OTHER FINANCING SOURCES, &amp; APPROPRIATED RESERVES</b>	<u>\$128,656,076</u>	<u>\$137,710,526</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
Administration	\$7,456,644	\$6,597,651	\$6,480,495	\$106,181	\$10,975
Occupational instruction	7,882,070	7,816,723	6,780,508	1,018,942	17,273
Instruction for special education	74,111,018	75,438,633	72,480,035	1,664,722	1,293,876
Itinerant services	3,884,399	4,185,081	3,370,105	12,644	802,332
General instruction	5,183,089	4,915,342	4,849,772	65,570	-
Instructional support	14,804,824	18,025,526	17,535,312	262,458	227,756
Other services	14,493,389	18,108,954	17,070,998	764,503	273,453
Internal service	412,745	678,379		678,379	-
Debt service principal	-	1,401,322	1,401,322	-	-
Debt service interest	-	188,811	265,326	-	(76,515)
<b>TOTAL EXPENDITURES</b>	<u>128,228,178</u>	<u>137,356,422</u>	<u>130,233,873</u>	<u>4,573,399</u>	<u>2,549,150</u>
Other Financing (Sources) Uses					
Transfers to other funds	427,898	354,104	354,104	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>427,898</u>	<u>354,104</u>	<u>354,104</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$128,656,076</u>	<u>\$137,710,526</u>	<u>130,587,977</u>	<u>\$4,573,399</u>	<u>\$2,549,150</u>
Net change in fund balances			4,068,936		
Fund balances - beginning of year			<u>6,872,297</u>		
Fund balances - end of year			<u>\$10,941,233</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE BOCES' TOTAL OPEB LIABILITY**  
**AND RELATED RATIOS**  
**FOR THE FISCAL YEARS ENDED JUNE 30,**

<b>TOTAL OPEB LIABILITY</b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Service cost	\$ 9,430,110	\$ 5,629,523	\$ 4,841,962	\$ 5,571,110	\$ 6,007,884
Interest	3,122,260	2,723,926	3,406,965	3,369,397	3,180,896
Changes of demographic gains and losses		(18,580,375)	-	(9,621,107)	-
Changes of benefit terms	-	-	52,799	-	-
Differences between expected and actual experience	-	-	-	-	(68,856)
Changes of assumptions or other inputs	(30,406,765)	30,361,632	19,459,808	(10,911,199)	-
Benefit payments	<u>(2,757,737)</u>	<u>(2,524,814)</u>	<u>(2,738,148)</u>	<u>(2,567,303)</u>	<u>(2,234,689)</u>
<b>NET CHANGE IN TOTAL OPEB LIABILITY</b>	<b>(20,612,132)</b>	<b>17,609,892</b>	<b>25,023,386</b>	<b>(14,159,102)</b>	<b>6,885,235</b>
<b>TOTAL OPEB LIABILITY - BEGINNING</b>	<b><u>136,490,461</u></b>	<b><u>118,880,569</u></b>	<b><u>93,857,183</u></b>	<b><u>108,016,285</u></b>	<b><u>101,131,050</u></b>
<b>TOTAL OPEB LIABILITY - ENDING</b>	<b><u>\$ 115,878,329</u></b>	<b><u>\$ 136,490,461</u></b>	<b><u>\$ 118,880,569</u></b>	<b><u>\$ 93,857,183</u></b>	<b><u>\$ 108,016,285</u></b>
<b>COVERED-EMPLOYEE PAYROLL</b>	<b>\$ 60,900,504</b>	<b>\$ 60,900,504</b>	<b>\$ 42,412,725</b>	<b>\$ 42,412,725</b>	<b>\$ 53,985,523</b>
<b>TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL</b>	<b>190.27%</b>	<b>224.12%</b>	<b>280.29%</b>	<b>221.29%</b>	<b>200.08%</b>

**NOTES TO SCHEDULE:**

*Trust Assets*

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75 to pay related benefits.

*Changes of Assumptions*

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

The following are the discount rates used in each period:

2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)**  
**FOR THE LAST EIGHT FISCAL YEARS ENDED JUNE 30,**

<b><u>NYSERS Pension Plan</u></b>								
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
BOCES' proportion of the net pension asset/(liability)	0.0534081%	0.0531247%	0.0529506%	0.0497058%	0.0497169%	0.0422949%	0.041399%	0.0548775%
BOCES' proportionate share of the net pension asset/(liability)	\$ 4,365,888	\$ (52,898)	\$ (14,021,623)	\$ (3,521,810)	\$ (1,604,586)	\$ (3,974,120)	\$ (6,644,680)	\$ (1,853,895)
BOCES' covered payroll	\$ 17,316,323	\$ 16,332,294	\$ 16,551,019	\$ 16,013,000	\$ 15,084,000	\$ 14,032,000	\$ 10,802,000	\$ 10,798,000
BOCES' proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	25.21%	0.32%	84.72%	21.99%	10.64%	28.32%	61.51%	17.17%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%
<b><u>NYSTRS Pension Plan</u></b>								
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
BOCES' proportion of the net pension asset/(liability)	0.269805%	0.267172%	0.275719%	0.267450%	0.263166%	0.258729%	0.255007%	0.256032%
BOCES' proportionate share of the net pension asset/(liability)	\$ 46,754,694	\$ 7,382,688	\$ 7,163,207	\$ 4,836,199	\$ 2,000,323	\$ (2,771,097)	\$ (26,487,068)	\$ (28,520,333)
BOCES' covered payroll	\$ 46,627,866	\$ 46,375,769	\$ 46,008,000	\$ 43,565,000	\$ 41,703,000	\$ 39,925,000	\$ 38,305,000	\$ 37,820,000
BOCES' proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	100.27%	15.92%	15.57%	11.10%	4.80%	6.94%	69.15%	75.41%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

\* The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF BOCES' CONTRIBUTIONS - PENSION PLANS**  
**FOR THE FISCAL YEARS ENDED JUNE 30,**

<b>NYSERS Pension Plan</b>								
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contribution	\$ 1,790,872	\$ 2,316,328	\$ 2,148,220	\$ 2,096,587	\$ 1,948,166	\$ 1,658,000	\$ 1,863,000	\$ 2,117,000
Contributions in relation to the contractually required contribution	<u>1,790,872</u>	<u>2,316,328</u>	<u>2,148,220</u>	<u>2,096,587</u>	<u>1,948,166</u>	<u>1,658,000</u>	<u>1,863,000</u>	<u>2,117,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered payroll	\$ 17,714,480	\$ 16,604,611	\$ 17,071,577	\$ 16,013,000	\$ 15,084,000	\$ 14,032,000	\$ 10,802,000	\$ 10,798,000
Contributions as a percentage of covered payroll	10.11%	13.95%	12.58%	13.09%	12.92%	11.82%	17.25%	19.61%

<b>NYSTRS Pension Plan</b>								
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contribution	\$ 4,444,349	\$ 4,364,228	\$ 4,017,795	\$ 4,886,071	\$ 4,269,000	\$ 4,888,000	\$ 5,294,000	\$ 6,715,000
Contributions in relation to the contractually required contribution	<u>4,444,349</u>	<u>4,364,228</u>	<u>4,017,795</u>	<u>4,886,071</u>	<u>4,269,000</u>	<u>4,888,000</u>	<u>5,294,000</u>	<u>6,715,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' covered payroll	\$ 46,140,122	\$ 46,627,866	\$ 46,375,769	\$ 46,008,000	\$ 43,561,000	\$ 41,703,000	\$ 39,925,000	\$ 38,305,000
Contributions as a percentage of covered payroll	9.63%	9.36%	8.66%	10.62%	9.80%	11.72%	13.26%	17.53%

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY  
OTHER SUPPLEMENTARY INFORMATION  
ANALYSIS OF ACCOUNT A431 AND A431-80 SCHOOL DISTRICTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**July 1, 2021 - Debit (Credit) Balance** \$17,752,235

**DEBITS**

Billings to School Districts	133,136,594	
Refund of Prior Year Surplus to Districts	1,219,010	
Encumbrances - End of Year	4,573,399	

**TOTAL DEBITS** 138,929,003

**SUBTOTAL** 156,681,238

**CREDITS**

Collections from School Districts	127,880,999	
Revenues in Excess of Expenditures	5,806,349	
Encumbrances - Beginning of Year	1,392,712	

**TOTAL CREDITS** 135,080,060

**June 30, 2022 - Debit (Credit) Balance** \$21,601,178

**BREAKDOWN OF A431 AND A380 DEBIT BALANCE**

Receivables from Districts-A431		\$24,226,840
Surplus Payable to Districts-Credit		2,625,662
Net Receivable from Districts - Debit		\$21,601,178

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Project Name	Total Authorized Budget	Expenditures and Transfers to Date				Unexpended Balance	Methods of Financing				Fund Balance June 30, 2022
		Prior Years Expenses	Current Year Expenses	Current Year Transfers	Total		General Fund Transfers	Other Financing Sources	State Aid	Total	
Student Lifeskills Building	\$ 197,165	\$ -	\$ 47,165	\$ -	\$ 47,165	\$ 150,000	\$ 150,000	\$ -	\$ 47,165	\$ 197,165	\$ 150,000
Lease agreements	1,745,197		1,745,197		1,745,197	-		1,745,197		1,745,197	-
Total All Projects	<u>\$ 1,942,362</u>	<u>\$ -</u>	<u>\$ 1,792,362</u>	<u>\$ -</u>	<u>\$ 1,792,362</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 1,745,197</u>	<u>\$ 47,165</u>	<u>\$ 1,942,362</u>	<u>\$ 150,000</u>

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**OTHER SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget			\$127,263,364
Add: Prior year's encumbrances			<u>1,392,712</u>
Original Budget			128,656,076
Budget Revisions:			
Board resolutions to accept changes in service contracts		<u>\$9,054,450</u>	
Total budget revisions			<u>9,054,450</u>
Final Budget			<u><u>\$137,710,526</u></u>



**BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY**  
**OTHER SUPPLEMENTARY INFORMATION**  
**NET INVESTMENT IN CAPITAL ASSETS**  
**JUNE 30, 2022**

<b>Capital assets, net</b>			\$23,727,722
<b>Intangible lease assets, net</b>			13,380,946
<b>Deduct:</b>			
Short-term portion of lease liability	\$1,528,537		
Long-term portion of lease liability	<u>12,056,260</u>	<u>13,584,797</u>	
<b>Net investment in capital assets</b>			<u><u>\$23,523,871</u></u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education  
Board of Cooperative Educational Services of Rockland County

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Board of Cooperative Educational Services of Rockland County (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, and have issued our report thereon dated November 16, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

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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.

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
November 16, 2022