

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. 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 – 2019

(The "Notes")

Dated: July 25, 2019

Due: June 19, 2020

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 on July 18, 2019 no later than 10:15 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 July 25, 2019.

THE DATE OF THIS PRELIMINARY OFFICIAL STATEMENT IS JULY 15, 2019.

*Preliminary, subject to change



BOCES OFFICIALS

BOARD OF THE BOCES

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President

ROSEMARY PITRUZZELLA
Vice President

BERNARD CHARLES, JR.
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* * * * *

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DAVID GLEASON
Assistant Superintendent for Business and Operations

MARIE MORENO
BOCES Treasurer

ERIN SUSSMAN
Clerk to the Board

GREENBERG, WANDERMAN & FROMSON
BOCES Attorney



FISCAL ADVISORS & MARKETING, INC
Municipal Advisor

Hawkins
DELAFIELD & WOOD_{LLP}
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>
THE NOTES	4	LITIGATION	22
Nature of Obligation.....	4	UNDERTAKING TO PROVIDE NOTICE OF EVENTS	22
Description of the Notes.....	4	MUNICIPAL ADVISOR	23
Authority for and Purpose of Issue.....	4	CUSIP IDENTIFICATION NUMBERS	23
BOOK-ENTRY-ONLY SYSTEM	5	ADDITIONAL INFORMATION	23
BOARD OF COOPERATIVE EDUCATIONAL SERVICES	6	APPENDIX – A	
Purpose of a BOCES	6	GENERAL FUND - Balance Sheets	
General Information	6	APPENDIX – A1	
Programs and Services Offered by the BOCES.....	7	GENERAL FUND – Revenues, Expenditures and	
Component School Districts.....	8	Changes in Fund Balance - Actual	
Form of BOCES Administration.....	8	APPENDIX – A2	
Budgetary Procedures.....	8	GENERAL FUND – Revenues, Expenditures and	
Investment Policy	9	Changes in Fund Balance - Budgeted	
State Aid.....	9	APPENDIX – B-B1	
Events Affecting State Aid to NYS School Districts.....	11	COMPONENT SCHOOL DISTRICTS	
Contractual Agreement.....	12	FINANCIAL INFORMATION	
Percentage of Contractual Liability	12	APPENDIX – B2	
Revenue from Component School Districts	12	COMPONENT SCHOOL DISTRICTS	
Employees.....	13	TAX INFORMATION	
Status and Financing of Employee Pension Benefits	13	APPENDIX – B3	
Other Post-Employment Benefits	15	COMPONENT SCHOOL DISTRICTS	
Operating Leases	16	STATUS OF INDEBTEDNESS	
Capital Project Plans	17	APPENDIX – C-C1	
Other Information.....	17	MONTHLY CASH FLOW	
Financial Statements	17	APPENDIX – D	
New York State Comptroller Report of Examination.....	17	FORM OF APPROVING OPINION	
The State Comptroller’s Fiscal Stress Monitoring System.....	18	APPENDIX – E	
TAX INFORMATION	18	FORM OF UNDERTAKING TO PROVIDE NOTICES	
Tax Collection Procedure of Component School Districts.....	18	OF EVENTS	
Tax Levy Limit Law	19	APPENDIX – F	
REMEDIES UPON DEFAULT	19	GENERAL PURPOSE FINANCIAL	
MARKET FACTORS AFFECTING FINANCINGS		STATEMENTS JUNE 30, 2018	
OF THE STATE AND SCHOOL DISTRICTS OF			
THE STATE	20		
TAX MATTERS	20		
DOCUMENTS ACCOMPANYING DELIVERY			
OF THE NOTES	22		

PREPARED WITH THE ASSISTANCE OF



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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 – 2019

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 – 2019 (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.

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 \$5,000,000 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, 2019.

Whenever the amount of the Notes and any additional revenue anticipation notes issued by the BOCES in anticipation of component district revenues of the 2019-2020 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.

*Preliminary, subject to change.

BOOK-ENTRY-ONLY SYSTEM

If the Notes are issued as book-entry-only Notes, the Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. 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, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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”). DTC has Standard & Poor’s highest rating: AAA. 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 and www.dtcc.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 Bond (“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.

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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.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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 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 or the BOCES, subject to any statutory or regulatory

requirements as may be in effect from time to time. Payment of principal and interest to 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, Bond 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, Bond 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 43,000 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: Montefiore Nyack Hospital (employing 1,693), Good Samaritan Hospital (employing 1,629), Pfizer Pharmaceuticals (employing 1,510), Rockland Psychiatric Center (employing 1,345), and Hamaspik of Rockland County (employing 1,250).

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 and Arts Camp, and 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
- Suffern Central School District
- South Orangetown Central School District

Form of BOCES Administration

The BOCES carries out its programs through a nine-member board and a staff of approximately 1,170 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 District, a tentative budget for the BOCES program. A meeting of the Boards of Education of the Component School District 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 Feb. 1, 30% in June and the balance in September (of the next fiscal year).

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 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. In any event, State aid appropriated and apportioned to the school districts can be paid only if the State has such monies available therefor.

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
2014	\$ 5,540,860	\$ 11,783,686	13%
2015	7,733,850	14,850,472	16%
2016	7,853,405	14,388,631	15%
2017	7,619,516	15,381,255	15%
2018	8,613,045	16,504,472	15%
2019 (Unaudited)	8,807,622	16,866,633	15%
2020 (Budgeted)	8,900,000	17,200,000	14%

Source: BOCES officials.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. During the 2012 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 fiscal year, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. Although the State's 2018-2019 Budget was adopted on March 30, 2018, in advance of the April 1 deadline, the State's 2017-2018 Budget was adopted on April 9, 2017, a delay of approximately 8 days. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2018-2019 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during fiscal year 2018-2019 and fiscal year 2019-2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (H.R. 1, P.L. 115-97), making major changes to the Federal Internal Revenue Code, most of which were effective starting in the 2018 tax year. The new federal tax law makes extensive changes to federal personal income taxes, corporate income taxes, and estate taxes, and the deductibility of various taxes and interest costs. The State's income tax system interacts with the federal system in numerous ways. The federal changes are expected to have significant flow-through effects on State tax burdens and revenues.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

Litigation regarding apportionment of State aid. In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity* ("CFE") v. *State of 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 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 State Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in *Campaign for Fiscal Equity* ("CFE") v. *State of New York*, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled *NYSER v. State of New York* has been filed recently on behalf of the State's public school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in *Campaign for Fiscal Equity v. State of New York*. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER's claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that NYSER could rely upon the *Campaign for Fiscal Equity* decision in its arguments. It is not possible to predict the outcome of this litigation.

Events Affecting State Aid to New York School Districts

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years.

School district fiscal year (2015-2016): The State Legislature adopted the State budget on March 31, 2015. The budget included an increase of \$1.4 billion in State aid for school districts that was tied to changes in the teacher evaluation and tenure process.

School district fiscal year (2016-2017): The State Legislature adopted the State budget on March 31, 2016. The budget included an increase of \$991 million in State aid for school districts over the 2015-16 budget, \$863 million of which consisted of traditional operating aid. In addition to the \$408 million of expense based aid, the State's Adopted Budget included a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase related to (\$100 million). Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

School district fiscal year (2017-2018): The State's 2017-2018 Enacted Budget provided for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the 2016-2017 school year. The majority of the increases 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 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 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 (2018-2019): The State's 2018-2019 Enacted Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately \$859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at \$26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of \$618 million in Foundation Aid for school districts. Foundation Aid totaled nearly \$17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. \$50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of \$240 million was approved for increases in all expense-based aids in 2018-2019.

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.

Gap Elimination Aid: The State provides annual State aid to school districts in the State, including the Component School Districts, on the basis of various formulas. Due to the State's own budgetary crisis in 2009 and to assist the State in mitigating the impacts of its own revenue shortfall, the State reduced the allocation of State aid to school districts as part of a program known as the Gap Elimination Adjustment ("GEA"). The GEA was a negative number (funds that were deducted from the State aid originally due to the Component School Districts under then existing State aid formulas). The Component School Districts' State aid was reduced as a result of the GEA program starting in 2009. Subsequent, State budgets decreased the amount of the GEA deduction and the Adopted Budget for the State's 2016-2017 fiscal year included the elimination of the remaining balance of the GEA.

The Smart Schools Bond Act (the “SSBA”) was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The SSBA requires that a Review Board review and approve districts’ Smart Schools Investment Plan before any funds may be made available for the program.

The BOCES cannot predict at this time whether there will be any further reductions in and/or delays in the receipt of State aid during the current year.

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 2018-19 and 2019-20 fiscal years have been 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 2019-20 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	\$ 6,000,000	13%	\$ 1,037,237	24%
East Ramapo	7,500,000	16	1,103,141	26
Haverstraw-Stony Point	10,800,000	23	863,568	20
Nanuet Union Free	4,000,000	9	187,876	4
Nyack Union Free	3,400,000	7	245,988	6
Pearl River	3,500,000	8	260,126	6
Suffern	6,500,000	14	346,239	8
South Orangetown	4,800,000	10	244,847	6
Total	\$ 46,500,000	100%	\$ 4,289,022	100%

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 2014-15 fiscal year and the proposed amounts for the 2019-20 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 & Rental Expense</u>	<u>Program or Service Cost</u>	<u>Total Cost</u>
2014-15	\$ 4,520,271	\$ 81,447,298	\$ 85,967,569
2015-16	4,569,995	88,018,398	92,584,530
2016-17	4,919,997	87,654,072	92,574,069
2017-18	5,074,911	85,820,019	90,894,930
2018-19	5,258,148	89,869,336	95,127,484
2019-20 (Budgeted)	5,594,835	96,396,125	101,990,960

Source: BOCES officials.

Employees

The BOCES employs a total of approximately 1,170 employees. Employees are represented as follows:

<u>Employees</u>	<u>Representation</u>	<u>Contract Expiration Date</u>
<u>Union:</u>		
25	BOCES Administrative & Supervisory Staff Association	June 30, 2019 ⁽¹⁾
726	BOCES Staff Association	June 30, 2019 ⁽¹⁾
171	BOCES Teacher Aides Association	June 30, 2019 ⁽¹⁾
216	Civil Service Employees Association	June 30, 2020
<u>Non-Union:</u>		
4	Administrators	June 30, 2020
27	Managerial & Confidential	June 30, 2020

⁽¹⁾ Subject to negotiation.

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, the 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 employees to continue contributing 3% of their salaries 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.

Additionally, 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%, 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 final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

The BOCES payments to ERS and TRS since the 2014-15 fiscal year and the proposed payments for the 2019-20 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2014-15	\$ 2,116,984	\$ 6,518,139
2015-16	1,863,300	7,059,469
2016-17	1,657,989	5,688,269
2017-18	2,299,891	5,339,658
2018-19	2,716,603	4,724,927
2019-20 (Budgeted)	3,007,902	5,739,105

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 is planning to offer an early retirement incentive during the 2019-2020 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 PFRS rates (2016 to 2020) is shown below:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2016	18.2%	24.7%
2017	15.5	24.3
2018	15.3	24.4
2019	14.9	23.5
2020	14.6	23.5

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.

Summary of Changes from the Last Valuation. The first actuarial valuation under GASB 75 was completed for the fiscal year ended June 30, 2018. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through July 1, 2018.

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

Balance at June 30, 2017	\$ 101,131,050
Changes for the year:	
Service cost	6,007,884
Interest	3,180,896
Changes of benefit terms	0
Differences between expected and actual experience	(68,856)
Changes in assumptions or other inputs	0
Benefit payments	(2,234,689)
Net Changes	6,885,235
Balance at June 30, 2018	\$ 108,016,285

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

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45") required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") was determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The BOCES has contracted with an actuarial firm to calculate its OPEB in accordance with GASB 45. Based on the actuarial valuation dated July 1, 2016, the following tables show the components of the BOCES annual OPEB cost, the amount actuarially contributed to the plan, changes in the BOCES net OPEB obligation and funding status for the fiscal years ending June 30, 2016 and 2017:

<i>Annual OPEB Cost and Net OPEB Obligation:</i>	<u>2017</u>	<u>2016</u>
Annual required contribution (ARC)	\$ 7,934,376	\$ 7,769,362
Interest on net OPEB obligation	1,779,708	1,567,772
Adjustment to ARC	<u>(2,474,567)</u>	<u>(2,179,883)</u>
Annual OPEB cost (expense)	7,239,517	7,157,251
Contributions made	<u>(2,095,243)</u>	<u>(1,858,835)</u>
Increase in net OPEB obligation	5,144,274	5,298,416
Net OPEB obligation - beginning of year	<u>44,492,706</u>	<u>39,194,290</u>
Net OPEB obligation - end of year	<u>\$ 49,636,980</u>	<u>\$ 44,492,706</u>
Percentage of annual OPEB cost contributed	26.4%	26.0%

<i>Funding Status:</i>		
Actuarial Accrued Liability (AAL)	\$ 94,394,353	\$ 64,248,291
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 94,394,353</u>	<u>\$ 64,248,291</u>
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 7,239,517	26.4%	\$ 49,636,980
2016	7,157,251	26.0	44,492,706
2015	7,083,459	23.6	39,194,290
2014	6,300,490	21.4	33,784,523
2013	6,223,703	21.1	28,831,861

Source: Audited Financial Statements of the BOCES. The above tables are not audited.

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.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in the last two legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

Operating Leases

The BOCES leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2019 were approximately \$1,324,597. The maximum future non-cancelable operating lease payments are as follows.

<u>Fiscal Year</u>	<u>Lease Description</u>	<u>Amount</u>
2020	Building/Equipment Rentals	\$ 1,365,813

Source: BOCES officials.

Capital Project Plans

The BOCES has authorized the following capital projects:

<u>Year</u>	<u>Building</u>	<u>Purpose</u>	<u>Amount Authorized</u>
2018	Jesse Kaplan School	Phase I – Modular Classroom	\$ 3,815,000
2018	Bldgs. 4 and 7 Link	Modular Office	636,600
2018	Jesse Kaplan School	Phase II – Pool	4,842,120

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 Berard & Associates C.P.A., P.C. The last audited report covers the period ending June 30, 2018 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.

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 State Comptroller's office released an audit report of the BOCES on December 15, 2017. The purpose of the audit was to review administrative compensation, purchasing and financial management practices for the period July 1, 2013 through June 30, 2015.

Key Findings:

- By creating the position of Chief Operating Officer/Deputy Superintendent and then hiring a new District Superintendent, BOCES incurred total additional costs of approximately \$69,000.
- BOCES has more than \$14.6 million in restricted funds that should have been returned to component districts.
- The Board has not adopted a written policy that addresses procedures for billing and collection.
- The Board and Superintendent incurred \$70,290 in travel-related costs in fiscal years 2013-14 and 2014-15, which are questionable as to whether they were for legitimate and necessary purposes.

Key Recommendations:

- Prepare a cost-benefit analysis to determine whether adding the position of Chief Operating Officer/Deputy Superintendent is economical and beneficial for component district residents.
- Ensure that all surplus funds, except those properly restricted in reserve funds or budgeted for and approved in the capital budget, are distributed back to the districts each year.
- Adopt a comprehensive policy that specifically addresses the procedures for billing and collection when invoices remain uncollected after the payment period.
- Ensure that all travel by the Board and District Superintendent is transparently and appropriately approved in accordance with General Municipal Law and BOCES policies.

The BOCES provided a complete response to the State Comptroller's office on November 2, 2017. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no State Comptroller's audits of the BOCES that are currently in progress or pending release.

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>2018 Designation</u>	<u>2017 Designation</u>
Clarkstown CSD	No Designation 0.0	No Designation 0.0
East Ramapo CSD	Susceptible to Fiscal Stress 30.0	No Designation 23.3
Haverstraw-Stony Point CSD	No Designation 0.0	No Designation 6.7
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 20.0	No Designation 0.0
Suffern CSD	No Designation 0.0	No Designation 0.0
South Orangetown CSD	No Designation 0.0	No Designation 6.7

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.

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.

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. 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 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 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 this 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 will 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 the 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. 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: David C. Gleason, Assistant Superintendent for Business & Operations, BOCES-Rockland County, 65 Parrott Road, Building #4, Phone: (845) 627-4722, Fax: (845) 623-5913, Email: dgleason@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: July 15, 2019

PEGGY ZUGIBE
Board President

GENERAL FUND

Balance Sheets

<u>Fiscal Years Ending June 30:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 20,189,814	\$ 16,510,474	\$ 18,743,892	\$ 13,538,218	\$ 11,883,178
State and Federal Aid Receivables	5,566,219	7,733,850	7,329,162	7,619,516	8,613,045
Due from School Districts	15,984,908	17,819,109	17,191,103	19,095,507	22,827,774
Due from Other Funds	-	-	-	-	-
Other Receivables (net)	23,690	57,115	62,916	42,516	57,956
Restricted Cash	-	-	-	-	41,346
Prepaid Expenditures	41,732	29,675	33,579	33,914	-
	<u>41,732</u>	<u>29,675</u>	<u>33,579</u>	<u>33,914</u>	<u>-</u>
TOTAL ASSETS	\$ 41,806,363	\$ 42,150,223	\$ 43,360,652	\$ 40,329,671	\$ 43,423,299
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 1,157,740	\$ 644,381	\$ 1,007,242	\$ 492,326	\$ 705,020
Accrued Liabilities	7,301,804	6,699,378	6,731,204	5,404,020	6,447,230
Due to Other Funds	109,322	2,118,089	6,435,690	7,569,722	8,413,723
Due to Other Governments	958	-	7	-	21
Due to School Districts	3,813,315	3,305,103	4,382,489	4,429,959	4,058,658
Accrued Post Employment Retirement Benefits	6,861,241	5,433,494	4,011,076	2,966,232	2,041,110
State Aid Due to School District	5,566,219	7,733,850	7,853,405	7,619,516	8,613,045
Due to Teachers' Retirement System	9,218,106	7,457,201	5,730,312	5,340,748	4,724,927
Due to Employees' Retirement System	1,907,953	2,168,484	1,666,955	1,948,166	2,014,903
Deferred Revenues	-	-	-	-	3,200
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200</u>
TOTAL LIABILITIES	\$ 35,936,658	\$ 35,559,980	\$ 37,818,380	\$ 35,770,689	\$ 37,021,837
<u>FUND EQUITY</u>					
Restricted	\$ 3,339,608	\$ 3,550,250	\$ 3,517,964	\$ 3,475,756	\$ 3,417,379
Assigned	2,530,097	3,039,993	2,024,308	1,083,226	2,984,083
Unassigned	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND EQUITY	5,869,705	6,590,243	5,542,272	4,558,982	6,401,462
TOTAL LIABILITIES and FUND EQUITY	\$ 41,806,363	\$ 42,150,223	\$ 43,360,652	\$ 40,329,671	\$ 43,423,299

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Actual

<u>Fiscal Years Ending June 30:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
REVENUES					
Charges for Services	\$ 2,052,993	\$ 2,163,811	\$ 2,191,681	\$ 1,842,138	\$ 2,005,895
Charges to Components	81,659,318	82,662,466	88,205,905	88,157,562	92,359,165
Charges to Other BOCES and Non Components	13,339,181	14,920,324	17,777,634	20,109,383	22,937,865
Use of Money and Property	32,650	41,519	54,169	41,517	119,976
Other Unclassified Revenue	220,202	225,355	303,507	335,355	249,740
Refund of Prior Year Expenditures	1,460,429	1,529,434	1,522,850	1,059,216	1,058,388
Total Revenues	<u>\$ 98,764,773</u>	<u>\$ 101,542,909</u>	<u>\$ 110,055,746</u>	<u>\$ 111,545,171</u>	<u>\$ 118,731,029</u>
Other Sources:					
Reserve Revenues	-	210,642	-	-	-
Operating Transfers (in)	5,282	4,790	4,366	-	-
Total Revenues and Other Sources	<u>\$ 98,770,055</u>	<u>\$ 101,758,341</u>	<u>\$ 110,060,112</u>	<u>\$ 111,545,171</u>	<u>\$ 118,731,029</u>
EXPENDITURES					
Administration	\$ 4,759,487	\$ 5,022,530	\$ 5,155,215	\$ 5,251,571	\$ 5,407,978
Occupational Instruction	5,754,932	5,597,173	5,860,006	5,655,853	5,693,537
Instruction for Special Education	57,458,513	57,725,761	62,441,431	66,327,360	68,088,125
Itinerant Services	2,215,571	2,389,647	2,723,384	2,325,032	2,789,633
General Instruction	2,223,054	2,469,934	2,734,646	2,774,005	3,116,946
Instructional Support	15,994,158	13,740,932	14,252,336	14,982,208	16,158,892
Other Services	9,014,306	10,037,340	11,184,391	11,353,320	12,070,147
Capital	1,156,540	1,164,371	1,456,121	1,275,323	1,279,200
Total Expenditures	<u>\$ 98,576,561</u>	<u>\$ 98,147,688</u>	<u>\$ 105,807,530</u>	<u>\$ 109,944,672</u>	<u>\$ 114,604,458</u>
Other Uses:					
Reserve Expenditures	395,193	-	-	42,208	58,377
Operating Transfers (out)	246,839	2,890,115	5,300,553	2,541,581	2,225,714
Total Expenditures and Other Uses	<u>\$ 99,218,593</u>	<u>\$ 101,037,803</u>	<u>\$ 111,108,083</u>	<u>\$ 112,528,461</u>	<u>\$ 116,888,549</u>
Excess (Deficit) Revenues Over Expenditures	<u>(448,538)</u>	<u>720,538</u>	<u>(1,047,971)</u>	<u>(983,290)</u>	<u>1,842,480</u>
FUND BALANCE					
Fund Balance - Beginning of Year	6,318,243	5,869,705	6,590,243	5,542,272	4,558,982
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 5,869,705</u>	<u>\$ 6,590,243</u>	<u>\$ 5,542,272</u>	<u>\$ 4,558,982</u>	<u>\$ 6,401,462</u>

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

GENERAL FUND

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

<u>Fiscal Years Ending June 30:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	Modified	Modified	Adopted	Adopted	Adopted
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
REVENUES					
Local Sources:					
Charges for Services	\$ 1,961,864	\$ 1,863,694	\$ 1,885,702	\$ 1,748,594	\$ 1,900,870
Charges to Components	92,113,701	98,983,322	104,731,183	109,307,091	116,326,058
Charges to Other BOCES and Non Components	436,500	229,000	103,000	103,000	103,000
Interest and Earnings	50,000	50,000	50,000	100,000	122,000
Other Unclassified Revenue	442,212	569,160	590,549	520,145	557,945
Refund of Prior Year Expenditures	1,472,418	1,094,844	975,122	1,147,077	873,990
State and Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 96,476,695</u>	<u>\$ 102,790,020</u>	<u>\$ 108,335,556</u>	<u>\$ 112,925,907</u>	<u>\$ 119,883,863</u>
EXPENDITURES					
Administration	\$ 6,480,413	\$ 6,452,641	\$ 6,521,762	\$ 7,230,225	\$ 7,390,625
Occupational Instruction	5,955,910	6,127,354	6,059,548	6,335,995	7,136,422
Instruction for Special Education	57,739,473	63,096,715	67,402,691	68,796,158	71,831,379
Itinerant Services	2,249,786	2,820,586	2,728,694	3,041,106	3,912,818
General Instruction	2,923,635	2,908,075	3,058,365	3,363,179	4,070,462
Instructional Support	11,756,087	11,582,806	12,182,104	13,096,959	14,116,983
Other Services	9,371,391	9,801,843	10,382,392	11,062,285	11,425,174
Internal Service	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>\$ 96,476,695</u>	<u>\$ 102,790,020</u>	<u>\$ 108,335,556</u>	<u>\$ 112,925,907</u>	<u>\$ 119,883,863</u>

**COMPONENT SCHOOL DISTRICTS
FINANCIAL INFORMATION**

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ending June 30, 2018:

	Clarkstown CSD	East Ramapo CSD	Haverstraw- Stony Point CSD	Nanuet UFSD	Nyack UFSD
REVENUES					
Real Property Taxes & Tax Items	\$ 145,936,382	\$ 137,150,056	\$ 122,007,468	\$ 50,640,505	\$ 61,498,834
Other Tax Items	14,604,559	14,042,618	21,804,925	9,281,167	7,446,842
Charges for Services	3,911,106	2,202,440	441,873	494,583	217,040
Use of Money & Property	1,164,136	599,353	1,466,403	323,496	1,253,539
Sale of Property and Compensation for Loss	58,369	121,164	97,716	29,823	109,122
Miscellaneous	1,344,171	1,477,100	5,034,140	297,287	426,942
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	33,722,165	79,145,509	63,879,160	8,694,392	11,589,905
Revenues from Federal Sources	-	987,164	198,702	13,928	33,387
Total Revenues	<u>\$ 200,740,888</u>	<u>\$ 235,725,404</u>	<u>\$ 214,930,387</u>	<u>\$ 69,775,181</u>	<u>\$ 82,575,611</u>
Other Sources:					
Interfund Transfers (in)	-	52,990	9,189	3,103	832
Premium on Obligations	-	3,361	63,867	-	-
Total Revenues and Other Sources	<u>200,740,888</u>	<u>235,781,755</u>	<u>215,003,443</u>	<u>69,778,284</u>	<u>82,576,443</u>
EXPENDITURES					
General Support	\$ 18,865,489	\$ 19,448,301	\$ 20,200,571	\$ 8,461,766	\$ 6,894,018
Instruction	114,399,509	125,341,065	103,887,484	33,789,924	48,712,869
Pupil Transportation	7,663,197	35,446,355	12,268,369	2,464,598	3,766,188
Community Services	980,444	135,761	-	-	-
Employee Benefits	40,865,497	50,701,132	51,957,612	15,064,810	15,200,584
Debt Service	6,804,341	2,631,833	16,757,226	12,277	2,659,067
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>\$ 189,578,477</u>	<u>\$ 233,704,447</u>	<u>\$ 205,071,262</u>	<u>\$ 59,793,375</u>	<u>\$ 77,232,726</u>
Other Uses:					
Interfund Transfers (out)	<u>3,878,271</u>	<u>1,832,455</u>	<u>343,688</u>	<u>7,809,522</u>	<u>1,776,522</u>
Total Expenditures and Other Uses	<u>193,456,748</u>	<u>235,536,902</u>	<u>205,414,950</u>	<u>67,602,897</u>	<u>79,009,248</u>
Excess (Deficit) Revenues Over Expenditures	<u>7,284,140</u>	<u>244,853</u>	<u>9,588,493</u>	<u>2,175,387</u>	<u>3,567,195</u>
FUND BALANCE					
Fund Balance - Beginning of Year	33,788,237	9,896,230	56,177,182	14,538,803	22,339,678
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 41,072,377</u>	<u>\$ 10,141,083</u>	<u>\$ 65,765,675</u>	<u>\$ 16,714,190</u>	<u>\$ 25,906,873</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, 2018:

	Pearl River	Suffern	South Orangetown	TOTAL COMPONENT SCHOOL DISTRICTS
<u>REVENUES</u>	<u>UFSD</u>	<u>CSD</u>	<u>CSD</u>	
Real Property Taxes & Tax Items	\$ 48,557,121	\$ 96,386,588	\$ 68,999,635	\$ 731,176,589
Other Tax Items	5,960,063	13,812,800	6,588,651	93,541,625
Charges for Services	115,231	358,507	104,671	7,845,451
Use of Money & Property	883,842	499,287	1,729,316	7,919,372
Sale of Property and Compensation for Loss	4,645	118,143	18,001	556,983
Miscellaneous	312,485	781,118	492,933	10,166,176
Interfund Revenues	-	-	-	-
Revenues from State Sources	10,330,943	24,025,159	12,504,777	243,892,010
Revenues from Federal Sources	448	-	87,325	1,320,954
Total Revenues	<u>\$ 66,164,778</u>	<u>\$ 135,981,602</u>	<u>\$ 90,525,309</u>	<u>\$ 1,096,419,160</u>
Other Sources:				
Interfund Transfers	<u>14,136</u>	<u>-</u>	<u>347,248</u>	<u>427,498</u>
Total Revenues and Other Sources	<u>66,178,914</u>	<u>135,981,602</u>	<u>90,872,557</u>	<u>1,096,846,658</u>
<u>EXPENDITURES</u>				
General Support	\$ 6,477,308	\$ 13,625,797	\$ 9,494,799	\$ 103,468,049
Instruction	40,259,061	75,406,857	50,355,218	592,151,987
Pupil Transportation	3,135,458	7,943,555	4,001,326	76,689,046
Community Services	-	-	239	1,116,444
Employee Benefits	14,141,444	28,742,606	19,647,923	236,321,608
Debt Service	2,295,677	6,949,557	-	38,109,978
Capital Outlay	-	-	106,465	106,465
Total Expenditures	<u>\$ 66,308,948</u>	<u>\$ 132,668,372</u>	<u>\$ 83,605,970</u>	<u>\$ 1,047,857,112</u>
Other Uses:				
Interfund Transfers	<u>607,329</u>	<u>4,251,763</u>	<u>12,197,406</u>	<u>32,696,956</u>
Total Expenditures and Other Uses	<u>66,916,277</u>	<u>136,920,135</u>	<u>95,803,376</u>	<u>1,080,554,068</u>
Excess (Deficit) Revenues Over Expenditures	<u>(737,363)</u>	<u>(938,533)</u>	<u>(4,930,819)</u>	<u>16,292,590</u>
<u>FUND BALANCE</u>				
Fund Balance - Beginning of Year	9,052,183	42,546,329	23,287,728	211,626,370
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	<u>\$ 8,314,820</u>	<u>\$ 41,607,796</u>	<u>\$ 18,356,909</u>	<u>\$ 227,918,960</u>

Source: Audited financial reports of the Component School Districts.

**COMPONENT SCHOOL DISTRICTS
TAX INFORMATION**

(Fiscal Year Ending June 30, 2019)

<u>Component School District</u>	<u>Total Taxable Assessed Valuation 2018-19 Tax Roll</u>	<u>Total Taxable Full Valuation ⁽¹⁾</u>	<u>2018-19 Gross Tax Levy</u>	<u>Property Tax Levy as a Percent of Full Valuation</u>
Clarkstown ⁽²⁾	\$ 2,723,482,344	\$ 8,252,976,800	\$ 160,305,120	1.94%
East Ramapo	1,847,363,398	10,602,750,885	151,054,443	1.42%
Haverstraw-Stony Point	2,581,305,665	4,511,408,799	148,339,280	3.29%
Nanuet ⁽²⁾	748,788,590	2,169,508,906	55,392,222	2.55%
Nyack	1,182,569,890	3,170,980,399	70,344,180	2.22%
Pearl River	1,182,035,464	2,597,880,141	55,374,009	2.13%
Suffern ⁽²⁾	673,230,782	4,826,252,940	110,341,066	2.29%
South Orangetown ⁽²⁾	1,801,587,574	4,094,571,214	75,590,290	1.85%
Totals:	<u>\$ 12,740,363,707</u>	<u>\$ 40,226,330,084</u>	<u>\$ 826,740,610</u>	

⁽¹⁾ Full Valuation using New York State Regular Equalization Rates.

⁽²⁾ Values are for the 2017-2018 fiscal year.

COMPONENT SCHOOL DISTRICTS
STATUS OF INDEBTEDNESS
(Fiscal Year Ending June 30, 2018)

<u>Component School District</u>	<u>Bonds ⁽¹⁾</u>	<u>Bond Anticipation Notes</u>	<u>Other Debt ⁽²⁾</u>	<u>Cash Flow Borrowings</u>	<u>Total Debt Outstanding</u>
Clarkstown	\$ 28,750,000	\$ 15,000,000	\$ 3,556,755	\$ -	\$ 47,306,755
East Ramapo	3,750,000	24,595,395	-	-	28,345,395
Haverstraw-Stony Point	185,625,000	7,435,000	4,453,079	-	197,513,079
Nanuet	30,669,088	-	2,048,412	-	32,717,500
Nyack	695,000	18,965,000	602,681	-	20,262,681
Pearl River	8,620,000	3,400,000	2,666,431	-	14,686,431
Suffern	28,092,024	-	316,241	-	28,408,265
South Orangetown	15,245,000	-	-	-	15,245,000
Totals:	<u>\$ 301,446,112</u>	<u>\$ 69,395,395</u>	<u>\$ 13,643,599</u>	<u>\$ -</u>	<u>\$ 384,485,106</u>

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

⁽²⁾ 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

2018-2019 ACTUAL MONTHLY CASH FLOW (GENERAL & FEDERAL FUNDS)

CASH FLOW	2018						2019						12-MONTH	
	July	August	September	October	November	December	January	February	March 1-15	March 16-31	April	May	June	TOTAL
Beginning Balance:	\$ 10,106,553	\$ 17,771,377	\$ 14,370,786	\$ 13,553,827	\$ 7,548,853	\$ 6,616,125	\$ 8,953,591	\$ 11,047,671	\$ 7,411,193	\$ 359,400	\$ 8,884,361	\$ 13,856,936	\$ 18,318,801	
<u>Cash Receipts</u>														
Charges to Components	\$ 17,144,733	\$ 5,119,298	\$ 4,284,628	\$ 4,143,473	\$ 7,840,122	\$ 12,748,207	\$ 11,569,674	\$ 9,349,122	\$ 221,917	\$ 11,009,128	\$ 14,394,187	\$ 15,599,679	\$ 11,286,760	\$ 124,710,928
State & Federal Aid	256,141	581,015	8,838,252	216,046	617,000	1,120,526	202,447	960,705	5,131	2,279,852	835,841	671,558	3,334,084	19,918,598
Other Programs	24,474	83,018	89,842	361,954	50,664	16,129	295,212	102,735	36,157	161,177	89,014	96,457	64,861	1,471,693
Interest	8,790	14,100	16,728	7,264	3,915	4,244	4,389	4,346	-	2,878	18,309	20,874	19,621	125,459
Refund of Surplus	-	-	-	4,220	-	-	41,946	198	6,221	-	25,532	-	211,574	289,691
RAN Proceeds	-	-	4,019,042	-	-	-	-	-	-	-	-	-	-	4,019,042
Total Receipts	\$ 17,434,138	\$ 5,797,431	\$ 17,248,492	\$ 4,732,956	\$ 8,511,701	\$ 13,889,106	\$ 12,113,669	\$ 10,417,106	\$ 269,426	\$ 13,453,035	\$ 15,362,883	\$ 16,388,568	\$ 14,916,900	\$ 150,535,410
Total available Cash	\$ 27,540,691	\$ 23,568,808	\$ 31,619,278	\$ 18,286,783	\$ 16,060,554	\$ 20,505,231	\$ 21,067,260	\$ 21,464,778	\$ 7,680,619	\$ 13,812,435	\$ 24,247,244	\$ 30,245,504	\$ 33,235,701	
<u>Disbursements</u>														
Warrants	\$ 6,087,962	\$ 4,034,745	\$ 11,804,562	\$ 4,463,888	\$ 3,121,018	\$ 5,172,778	\$ 3,618,075	\$ 7,821,548	\$ 2,228,790	\$ 1,141,634	\$ 4,095,120	\$ 5,660,314	\$ 8,335,210	\$ 67,585,645
Payroll	1,829,975	3,759,321	5,023,913	5,098,444	5,135,007	5,128,639	5,293,109	5,155,031	5,092,429	2,576,170	5,143,631	5,104,201	11,470,744	65,810,612
Health/Dental/Vision	1,356,529	1,403,957	1,196,976	1,175,598	1,188,404	1,250,223	1,108,404	1,077,005	-	1,210,270	1,151,557	1,162,188	1,523,959	14,805,070
Retirement Incentive/Annuity Payment	494,848	-	40,000	-	-	-	-	-	-	-	-	-	-	534,848
Return of Surplus	-	-	-	-	-	-	-	-	-	-	-	-	4,058,657	4,058,657
RAN Repayment Acct.	-	-	-	-	-	-	-	-	-	-	-	-	4,090,333	4,090,333
Total Disbursements	\$ 9,769,313	\$ 9,198,023	\$ 18,065,452	\$ 10,737,930	\$ 9,444,429	\$ 11,551,640	\$ 10,019,588	\$ 14,053,584	\$ 7,321,219	\$ 4,928,074	\$ 10,390,308	\$ 11,926,703	\$ 29,478,904	\$ 156,885,166
Ending Balance:	\$ 17,771,377	\$ 14,370,786	\$ 13,553,827	\$ 7,548,853	\$ 6,616,125	\$ 8,953,591	\$ 11,047,671	\$ 7,411,193	\$ 359,400	\$ 8,884,361	\$ 13,856,936	\$ 18,318,801	\$ 3,756,797	

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

APPENDIX - C1

2019-2020 ESTIMATED MONTHLY CASH FLOW (GENERAL & FEDERAL FUNDS)

CASH FLOW	2019						2020						12-MONTH	
	<i>July (est. actual)</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>	<i>December 1-22</i>	<i>December 22-31</i>	<i>January</i>	<i>February</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	TOTAL
Beginning Balance:	\$ 3,756,797	\$ 17,803,422	\$ 14,533,824	\$ 9,365,155	\$ 3,141,441	\$ 1,461,363	\$ 361,281	\$ 3,694,420	\$ 5,289,197	\$ 2,337,201	\$ 3,837,187	\$ 7,728,130	\$ 9,849,842	
<u>Cash Receipts</u>														
Charges to Components	\$ 17,144,733	\$ 5,221,684	\$ 4,370,321	\$ 4,226,342	\$ 7,996,924	\$ 3,825,223	\$ 9,177,948	\$ 11,801,067	\$ 9,536,104	\$ 11,455,666	\$ 14,680,504	\$ 14,865,590	\$ 13,122,288	\$ 127,424,395
State & Federal Aid	256,141	581,015	8,838,252	216,046	617,000	1,120,526	-	202,447	960,705	2,284,983	807,767	888,393	3,334,084	20,107,359
Other Programs	24,474	83,018	89,842	361,954	50,664	16,129	-	295,212	102,735	197,334	117,825	49,227	64,861	1,453,275
Interest	8,790	14,100	16,728	7,264	3,915	4,244	-	4,389	4,346	2,878	14,295	18,191	17,533	116,674
Refund of Surplus	-	-	-	4,220	-	-	-	41,946	198	6,221	-	19	211,574	264,177
RAN Proceeds	5,000,000	-	-	-	-	-	-	-	-	-	-	-	-	5,000,000
Total Receipts	\$ 22,434,138	\$ 5,899,817	\$ 13,315,143	\$ 4,815,826	\$ 8,668,503	\$ 4,966,122	\$ 9,177,948	\$ 12,345,061	\$ 10,604,088	\$ 13,947,082	\$ 15,620,391	\$ 15,821,420	\$ 16,750,340	\$ 154,365,880
Total available Cash	\$ 26,190,935	\$ 23,703,239	\$ 27,848,967	\$ 14,180,982	\$ 11,809,945	\$ 6,427,485	\$ 9,539,229	\$ 16,039,481	\$ 15,893,286	\$ 16,284,283	\$ 19,457,578	\$ 23,549,550	\$ 26,600,181	
<u>Disbursements</u>														
Warrants	\$ 3,676,867	\$ 3,113,512	\$ 11,138,026	\$ 3,617,733	\$ 2,889,480	\$ 2,229,203	\$ 2,229,203	\$ 3,129,918	\$ 6,797,953	\$ 3,125,124	\$ 4,606,195	\$ 3,587,566	\$ 7,481,326	\$ 57,622,107
Warrants - Capital Project	721,395	721,395	721,395	721,395	721,395	721,395	-	721,395	-	-	-	-	-	5,049,764
Payroll	1,866,575	3,834,507	5,124,391	5,200,413	5,237,707	2,615,606	2,615,606	5,398,971	5,258,132	7,821,971	5,623,254	5,112,142	11,700,159	67,409,434
Health/Dental/Vision	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	500,000	1,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	18,000,000
Retirement Incentive/Annuity Payment	622,677	-	-	-	-	-	-	-	-	-	-	-	-	622,677
Return of Surplus	-	-	-	-	-	-	-	-	-	-	-	3,500,000	-	3,500,000
RAN Repayment Amount	-	-	-	-	-	-	-	-	-	-	-	-	5,125,000	5,125,000
Total Disbursements	\$ 8,387,513	\$ 9,169,414	\$ 18,483,812	\$ 11,039,541	\$ 10,348,582	\$ 6,066,204	\$ 5,844,809	\$ 10,750,284	\$ 13,556,085	\$ 12,447,095	\$ 11,729,449	\$ 13,699,708	\$ 25,806,485	\$ 157,328,981
Ending Balance:	\$ 17,803,422	\$ 14,533,824	\$ 9,365,155	\$ 3,141,441	\$ 1,461,363	\$ 361,281	\$ 3,694,420	\$ 5,289,197	\$ 2,337,201	\$ 3,837,187	\$ 7,728,130	\$ 9,849,842	\$ 793,696	

FORM OF APPROVING OPINION

July 25, 2019

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 – 2019 (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.

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 July 25, 2019.

“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 - 2019, dated July 25, 2019, maturing on June 19, 2020, 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 **July 25, 2019**.

**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, 2018

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 SCHEDULES

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2018

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-15
Basic Financial Statements	
Statement of Net Position	16
Statement of Activities and Changes in Net Position	17
Balance Sheet – Governmental Funds	18
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	20
Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Equity to The Statement of Activities	21
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Notes to Financial Statements	24-51
Required Supplementary Information	
Schedule of Funding Progress – Other Post Employment Employment Benefit Plan	52
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	53
Schedule of the District's Proportionate Share of the Net Pension Liability	54-55
Schedule of the District's Contributions	56-57
Supplementary Information	
Analysis of Account A431 School Districts	58
Schedule of Capital Projects Fund - Project Expenditures and Financing Resources	59

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Award Program Information

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards	60-61
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	62-64
Schedule of Expenditures of Federal Awards	65
Notes to Schedule of Expenditures of Federal Awards	66
Schedule of Findings and Questioned Costs	67



INDEPENDENT AUDITORS' REPORT

To the Board of Education of the
Board of Cooperative Educational Services of Rockland County
West Nyack, New York:

We have audited the accompanying financial statements of the government activities, each major fund and the aggregate remaining fund information of the Board of Cooperative Educational Services of Rockland County, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, each major fund and the aggregate remaining fund information of the Board of Cooperative Educational Services of Rockland County as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of funding progress, budgetary comparison information, District's proportionate share of the net pension liability and District's contribution on pages 4-15, 52, 53, 54-55 and 56-57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Cooperative Educational Services of Rockland County's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2018, on our consideration of the Board of Cooperative Educational Services of Rockland County's 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 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 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 Board of Cooperative Educational Services of Rockland County's internal control over financial reporting and compliance.

Berard & Associates CPA'S PC

Berard & Associates CPA'S P.C.
October 24, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

The following is a narrative overview and analysis of the financial activities of the Board of Cooperative Educational Services of Rockland County (District) for the fiscal years ended June 30, 2018 and 2017. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which have the following components: (1) management's discussion and analysis (MD&A), (2) district-wide financial statements, (3) fund financial statements, and (4) notes to the financial statements.

DISTRICT-WIDE FINANCIAL STATEMENTS

The district-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The "statement of net position" presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The "statement of activities and changes in net position" presents information showing how the District's net position changed during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave).

The district-wide financial statements can be found on pages 16-17 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements.

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The Board of Cooperative Educational Services of Rockland County maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the governmental funds as the District considers each one to be a major fund.

The Board of Cooperative Educational Services of Rockland County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18 and 20 of this report.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in a trustee or custodial capacity. Fiduciary funds include Private Purpose Trust and Agency funds. The Private Purpose Trust Fund accounts for assets held by the District in accordance with terms of a trust agreement. The Agency Fund accounts for assets held by the District on behalf of others. Among the activities included in the Agency Fund are the student activity funds.

The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for a full understanding of the information provided in the district-wide and fund financial statements. The notes also present certain required supplementary information.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

FINANCIAL ANALYSIS OF THE DISTRICT-WIDE FINANCIAL STATEMENTS

In the district-wide financial statements, all of the activities of the District are considered governmental activities. Governmental activities decreased the District's net position by approximately \$4,435,000 during fiscal year 2017 and decreased the District's net position by approximately \$14,440,000 during fiscal year 2018. Key elements of these changes are as follows:

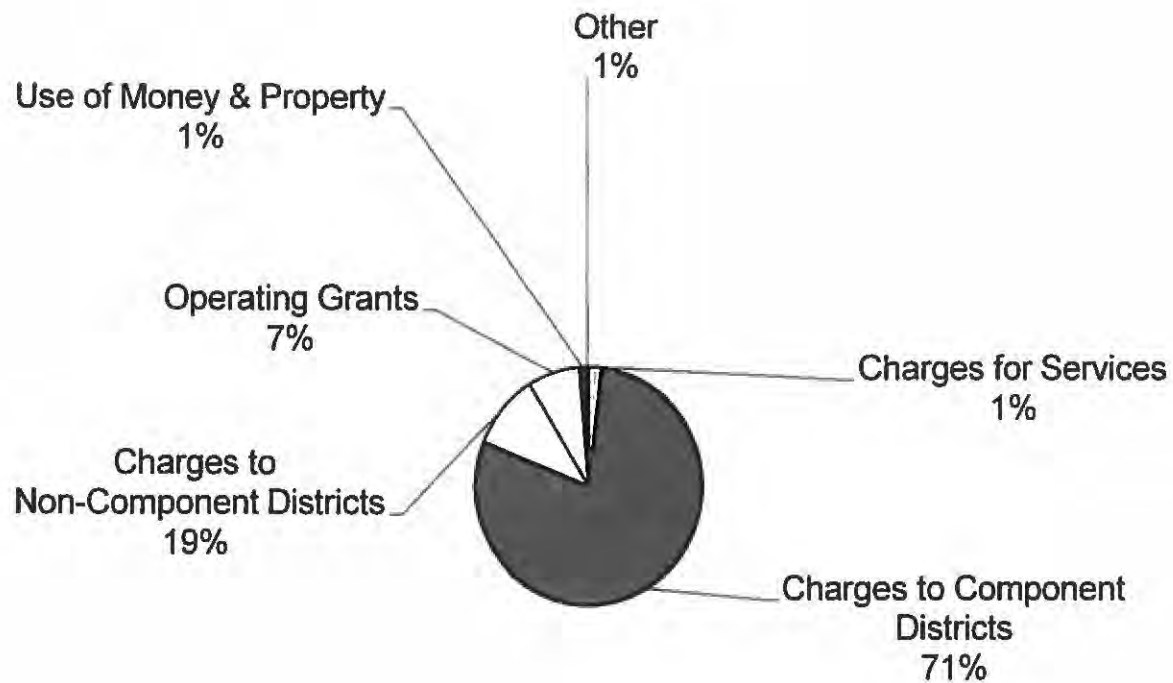
Governmental activities
For the fiscal year ended June 30,

<u>Revenues</u>	<u>2018</u>	<u>2017</u>
Program revenues		
Charges for Services	\$ 2,005,895	\$ 1,842,138
Charges to Components	91,479,262	88,157,562
Charges to Other BOCES and Non Components	23,817,768	20,109,383
Operating Grants & Contributions	9,637,901	9,427,681
General revenues		
Use of Money and Property	119,976	41,517
Reserve Revenues (Expenditures)	(58,377)	(42,208)
Other Unclassified Revenue	(141,810)	108,911
Refund of Prior Year Expenditures	1,058,388	1,059,216
Total revenues	<u>\$ 127,919,003</u>	<u>\$ 120,704,200</u>
<u>Expenses</u>		
Administration	\$ 5,887,591	\$ 5,453,186
Occupational Instruction	16,303,586	10,213,480
Instruction for Special Education	79,392,646	75,064,522
Itinerant Services	3,184,671	2,479,049
General Instruction	3,580,966	2,957,816
Instructional Support	16,412,177	15,643,093
Other Services	12,578,615	10,406,942
Cost of Sales	279,069	286,942
Capital	3,993,545	1,949,726
Depreciation	745,960	684,565
Total Expenses	<u>\$ 142,358,826</u>	<u>\$ 125,139,321</u>
Change in net assets	\$ (14,439,823)	\$ (4,435,121)
Net Position –Beginning	(2,098,993)	2,336,128
Prior Year Restatement - GASB 75	(51,494,070)	-
Net Position- Ending	<u>\$ (68,032,886)</u>	<u>\$ (2,098,993)</u>

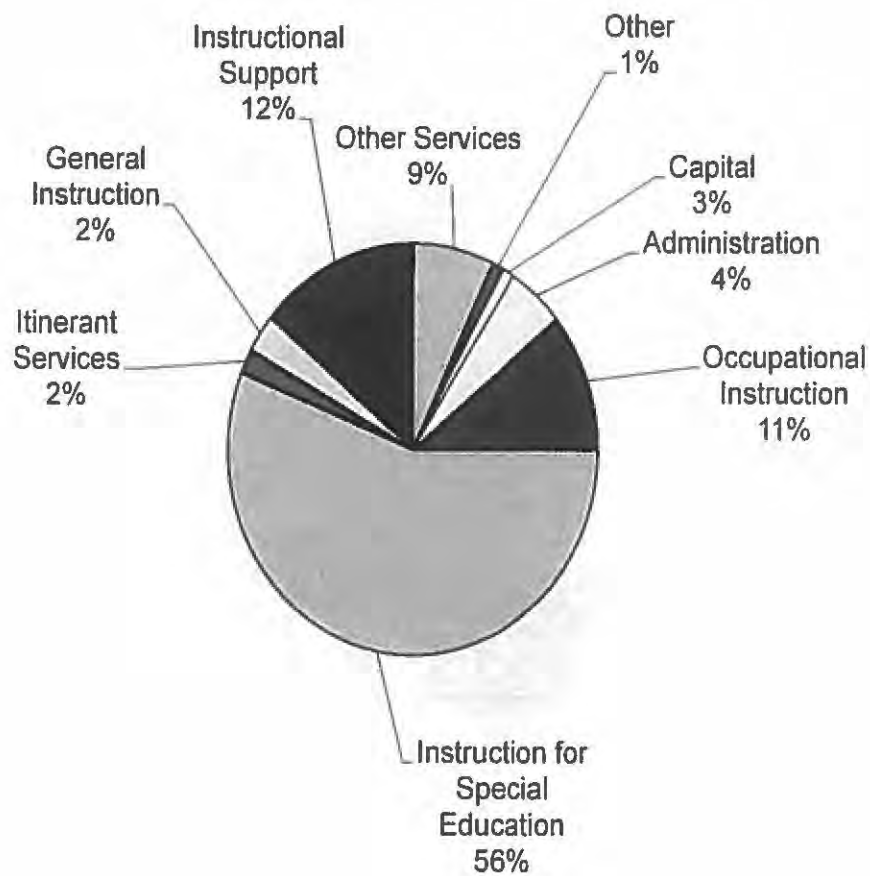
In fiscal year 2018 the district-wide revenues increased from fiscal year 2017 levels by approximately \$7,200,000 while district-wide expenses Increased by approximately \$17,200,000

Revenues by Source – Governmental Activities

The major components of the district-wide revenue increase were due to increased participation by component and non-component Districts in the services provided by the Board of Educational Services of Rockland County.



Expenditures - Governmental Activities



The major component of the district-wide expense increase was:

- Increase in health insurance premiums.
- Increase enrollment of students led to:
 - 1) Increase in staff salaries and fringe benefits.
 - 2) Increase in instructional materials and supplies.

As noted earlier, increases and decreases of net assets may serve over time as a useful indicator of changes in government's financial position. The following chart summarizes the statement of net assets.

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 78,484,619	\$ 74,016,838
Capital Assets	<u>10,040,334</u>	<u>10,400,838</u>
Total Assets	<u>\$ 88,524,953</u>	<u>\$ 84,417,676</u>
Long-term liabilities outstanding	\$ 107,822,395	\$ 49,453,212
Other liabilities	<u>37,631,726</u>	<u>37,063,457</u>
Total Liabilities	<u>\$ 145,454,121</u>	<u>\$ 86,516,669</u>
Net position:		
Invested in capital assets, net of related debt	\$ 10,040,334	\$ 10,400,838
Unrestricted	<u>(66,969,502)</u>	<u>(12,499,831)</u>
Total net position	<u>\$ (56,929,168)</u>	<u>\$ (2,098,993)</u>

The District's long-term liabilities increased from the previous year due to the following factors:

- In accordance with Government Accounting Standards Board, Statement No.75, the District is required to record a net other post employment benefit obligation in the amount of \$108,016,285.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District ended the fiscal year June 30, 2018, with a general fund balance of \$6,401,462 of which \$2,984,083 is in the Reserve for Encumbrances, \$1,066,330 in an Insurance Reserve, \$710,295 in a Property Loss Reserve, \$1,140,754 in an Employee Benefit Accrued Liability reserve and \$500,000 in an Unemployment Insurance Reserve.

The table below summarizes the changes in the fund balance of the District's governmental funds.

GOVERNMENTAL FUNDS

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital</u>	<u>Total</u>
Fund Balances(deficit) July 1, 2016	\$ 5,542,272	\$ 1,779,980	\$ 50,500	\$ 7,202,922	\$ 14,575,674
Revenues	111,545,171	9,427,681	-	-	120,972,852
Expenditures	109,944,672	9,083,159	286,942	674,403	119,989,176
Other financing sources	<u>(2,583,789)</u>	<u>-</u>	<u>286,442</u>	<u>2,255,139</u>	<u>(42,208)</u>
Fund Balances(deficit) June 30, 2017	\$ 4,558,982	\$ 2,124,502	\$ 50,000	\$ 8,783,658	\$ 15,517,142
Revenues	118,731,029	9,637,901	-	-	128,368,930
Expenditures	114,604,458	9,533,919	279,069	2,714,345	127,131,791
Other financing sources	<u>(2,284,091)</u>	<u>(53,355)</u>	<u>279,069</u>	<u>2,000,000</u>	<u>(58,377)</u>
Fund Balances (deficit) June 30, 2018	<u>\$ 6,401,462</u>	<u>\$ 2,175,129</u>	<u>\$ 50,000</u>	<u>\$ 8,069,313</u>	<u>\$ 16,695,904</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The following information is presented to assist the reader in comparing the original budget and the final amended budget (Modified Budget) and how actual results compared with these budgeted amounts. The Modified Budget can be modified subsequent to the end of the fiscal year.

General Fund Revenues

The following table summarizes actual revenues by category for fiscal year 2018 and compares revenues to the current fiscal year's Budget and Modified Budget.

	Original <u>Budget</u>	Modified <u>Budget</u>	Actual <u>2018</u>	Actual <u>2017</u>
Revenues:				
Charge for Services	\$ 1,885,702	\$ 1,885,702	\$ 2,005,895	\$ 1,842,138
Charges to Component Districts	104,451,183	96,553,771	91,479,262	88,157,562
Charges to Other BOCES and Non Components	383,000	23,817,768	23,817,768	20,109,383
Use of Money and Property	50,000	50,000	119,976	41,517
Other Unclassified Revenue	640,549	640,549	249,740	335,355
Refund of Prior Year Expenditures	<u>925,122</u>	<u>925,122</u>	<u>1,058,388</u>	<u>1,059,216</u>
Total Revenue	<u>\$ 108,335,556</u>	<u>\$ 123,872,912</u>	<u>\$ 118,731,029</u>	<u>\$ 111,545,171</u>

General Fund Expenditures

The following table summarizes actual expenditures by function/program for the fiscal year 2018 and compares expenditures to the current fiscal year's Budget and Modified Budget.

	<u>Budget</u>	<u>Budget</u>	<u>2018</u>	<u>2017</u>
Expenditures and Other Uses				
Expenditures:				
Administration	\$ 6,521,762	\$ 6,904,212	\$ 5,407,978	\$ 5,251,571
Occupational Instruction	6,059,548	6,348,930	5,693,537	5,655,853
Instruction - Special Education	67,402,691	74,985,428	68,088,125	66,327,360
Itinerant Services	2,728,694	3,234,249	2,789,633	2,325,032
General Instruction	3,058,365	3,177,914	3,116,946	2,774,005
Instructional Support	12,172,222	16,272,866	16,158,892	14,982,208
Other Services	10,392,274	12,246,829	12,070,147	11,353,320
Internal Service	-	702,484	-	-
Capital Services	-	-	1,279,200	1,275,323
Total Expenditures	<u>\$ 108,335,556</u>	<u>\$ 123,872,912</u>	<u>\$ 114,604,458</u>	<u>\$ 109,944,672</u>
Other Uses:				
Operating Transfers out (Net)	-	-	2,284,091	2,583,789
Total Other Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,284,091</u>	<u>\$ 2,583,789</u>
Total Expenditures and Other Uses	<u>\$ 108,335,556</u>	<u>\$ 123,872,912</u>	<u>\$ 116,888,549</u>	<u>\$ 112,528,461</u>

Supplemental appropriations occurred during the year to address several areas where the District had incurred additional unanticipated costs which impacted the modified budget and expenditures. Component Districts, other BOCES and non-component Districts contract with Rockland BOCES at the beginning of the fiscal year for expected participation in classes and other services. As the year progresses, the component and other Districts generally add services. During 2017-2018 the number of students who attended BOCES classes increased from the contracted amount and resulted in additional salaries and benefits from additional services utilized by the component Districts.

Capital Expenditures

BOCES continued work on several capital projects during 2017-2018 and also purchased several items of equipment.

The following table lists the capital assets net of accumulated depreciation.

	Governmental Activities June 30,	
	<u>2018</u>	<u>2017</u>
Land	\$ 3,163,681	\$ 3,163,681
Buildings	3,482,861	3,167,893
Machinery & Equipment	<u>3,393,792</u>	<u>4,069,264</u>
Total	<u>\$ 10,040,334</u>	<u>\$10,400,838</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District is in the final year of a four year contract with the BOCES Staff Association (BSA) that runs through the end of school year 2018-2019. Negotiations have been scheduled with the bargaining group to work toward a new contract.
- The District is in the final year of a four year contract with the BOCES Teacher Aides Association (BSA) that runs through the end of school year 2018-2019. Negotiations have been scheduled with the bargaining group to work toward a new contract
- The District is in the final year of a four year contract with the BOCES Administrative and Supervisory Staff Association (BASA) that runs through the end of school year 2018-2019. Negotiations have been scheduled with the bargaining group to work toward a new contract.
- The District is in the second year of the contract negotiated with CSEA that runs through June 30, 2020.
- Increases in employee benefit expenditures continue to be a factor in the operations of the District and management and the various bargaining units are exploring various options available to us to control costs in these areas. Of primary concern are:
 - o Health Insurance Premiums
 - o The employer contribution rates for the NYS Retirement Systems, including both the Teachers Retirement System and the Employee Retirement System.

- The District has the approval of NYSED to make capital improvements including additional instructional space, additional office space, and the addition of a new therapeutic pool. The improvements have been separated into two phases, classrooms and offices being Phase I and the pool being Phase II. The Phase I portion is nearing completion at the time of the preparation of these financial statements. Phase II will begin shortly with an anticipated completion date of June 2019. All contracts have been awarded and all contractors have agreements in place related to their portion of the work. It is anticipated that the capital improvements will be completed within the budgeted amounts

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Cooperative Educational Services of Rockland County.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government
ASSETS	
Unrestricted Cash/Investment	\$ 11,883,178
State and Federal Aid Receivable	10,235,316
Due from School Districts	22,903,711
Other Receivables	2,085,387
Prepaid Expenditure	47,001
Capital Assets (net)	10,040,334
TOTAL ASSETS	<u>57,194,927</u>
DEFERRED OUTFLOW OF RESOURCES	
Pensions	<u>31,330,308</u>
LIABILITIES	
Accounts Payable	2,495,318
Accrued Liabilities	6,470,898
Due to School Districts	4,059,071
State Aid Due to School Districts	8,613,045
Unearned Revenues	39,160
Other Liabilities	257
Noncurrent liabilities:	
Due within one year	9,899,830
Due in more than one year	106,897,395
Net Pension Liability - proportionate share	<u>6,979,429</u>
TOTAL LIABILITIES	<u>145,454,403</u>
DEFERRED INFLOW OF RESOURCES	
Pensions	11,041,358
OPEB	<u>62,360</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>11,103,718</u>
NET POSITION	
Investment in Capital Assets, net of related debt	10,040,334
Restricted for:	
Employee Benefit Accrued Liability Reserve	1,140,754
Property Loss Reserve	710,295
Unemployment Reserve	500,000
Insurance Reserve	1,066,330
Capital Projects	8,069,313
Unrestricted:	<u>(89,559,912)</u>
TOTAL NET POSITION	<u>\$ (68,032,886)</u>

See independent auditor's report and accompanying notes to financial statements

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Expenses</u>	<u>Program Revenue</u> Charges for <u>Services</u>	<u>Operating</u> <u>Grants</u>	Net (Expense) Revenue and Changes in <u>Net Assets</u>
FUNCTIONS/PROGRAMS				
Administration	\$ (5,887,591)	\$ 4,402,859	\$ -	\$ (1,484,732)
Occupational Instruction	(16,303,586)	6,281,751	9,637,901	(383,934)
Instruction for Special Education	(79,392,646)	71,204,045	-	(8,188,601)
Itinerant Services	(3,184,671)	2,796,661	-	(388,010)
General Instruction	(3,580,966)	3,176,764	-	(404,202)
Instructional Support	(16,412,177)	16,115,761	-	(296,416)
Other Services	(12,578,615)	12,058,899	-	(519,716)
Cost of Sales	(279,069)	-	-	(279,069)
Capital	(3,993,545)	1,266,185	-	(2,727,360)
Depreciation	(745,960)	-	-	(745,960)
TOTAL FUNCTIONS AND PROGRAMS	<u>(142,358,826)</u>	<u>117,302,925</u>	<u>9,637,901</u>	<u>(15,418,000)</u>
GENERAL REVENUES				
Use of Money and Property				119,976
Reserve Revenues (Expenditures)				(58,377)
Other Unclassified Revenue				(141,810)
Refund of Prior Year Expenditures				<u>1,058,388</u>
TOTAL GENERAL REVENUES				<u>978,177</u>
CHANGE IN NET POSITION				(14,439,823)
Total Net Position - Beginning of Year				(2,098,993)
Prior Year Restatement - GASB 75				<u>(51,494,070)</u>
Total Net Position - End of Year				<u>\$ (68,032,886)</u>

See independent auditor's report and accompanying notes to financial statements

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Project</u>	<u>Total</u>
ASSETS					
Unrestricted Cash/Investment	\$ 11,883,178	\$ -	\$ -	\$ -	\$ 11,883,178
State and Federal Aid Receivable	8,613,045	1,622,271	-	-	10,235,316
Due from School Districts	22,827,774	75,937	-	-	22,903,711
Due From Other Funds	-	-	71,298	9,786,826	9,858,124
Other Receivables (net)	57,956	1,769,804	-	-	1,827,760
Prepaid Expenditures	41,346	5,655	-	-	47,001
TOTAL ASSETS	<u>43,423,299</u>	<u>3,473,667</u>	<u>71,298</u>	<u>9,786,826</u>	<u>56,755,090</u>
LIABILITIES					
Accounts Payable	705,020	52,120	21,298	1,716,880	2,495,318
Accrued Liabilities	6,447,230	23,035	-	633	6,470,898
Due to Other Funds	8,413,723	1,186,774	-	-	9,600,497
Due to Other Governments	21	236	-	-	257
Due to School Districts	4,058,658	413	-	-	4,059,071
Accrued Post Employment Retirement Benefits	2,041,110	-	-	-	2,041,110
State Aid Due to School Districts	8,613,045	-	-	-	8,613,045
Due to Teachers' Retirement System	4,724,927	-	-	-	4,724,927
Due to Employees' Retirement System	2,014,903	-	-	-	2,014,903
Unearned Revenues	3,200	35,960	-	-	39,160
TOTAL LIABILITIES	<u>37,021,837</u>	<u>1,298,538</u>	<u>21,298</u>	<u>1,717,513</u>	<u>40,059,186</u>
FUND BALANCES					
Restricted for:					
EMP Benefit Accrued Liab. Reserve	1,140,754	-	-	-	1,140,754
Property Loss Reserve	710,295	-	-	-	710,295
Unemployment Insurance	500,000	-	-	-	500,000
Insurance Reserve	1,066,330	-	-	-	1,066,330
Capital Projects	-	-	-	8,069,313	8,069,313
Assigned to:					
Administration	221,017	-	-	-	221,017
Occupational Instruction	789,758	2,314	-	-	792,072
Instruction for Special Education	1,318,670	-	-	-	1,318,670
Instructional Support	105,972	-	-	-	105,972
Other Services	548,666	-	-	-	548,666
Unassigned:	-	2,172,815	50,000	-	2,222,815
TOTAL FUND BALANCES	<u>\$ 6,401,462</u>	<u>\$ 2,175,129</u>	<u>\$ 50,000</u>	<u>\$ 8,069,313</u>	<u>\$ 16,695,904</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 43,423,299</u>	<u>\$ 3,473,667</u>	<u>\$ 71,298</u>	<u>\$ 9,786,826</u>	

See independent auditor's report and accompanying notes to financial statements

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2018

Amounts Reported for the Governmental Activities are Different Because:

Fund Balances - Total Government Funds	\$ 16,695,904
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	10,040,334
Deferred amounts on Pensions	31,330,308
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Other Postemployment Benefits	(108,016,285)
Net Pension Liability - proportionate share	<u>(6,979,429)</u>
Governmental funds report the effects of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on OPEB	(62,360)
Deferred amounts on Pensions	<u>(11,041,358)</u>
Net Position of Governmental Activities	<u>\$ (68,032,886)</u>

See independent auditor's report and accompanying
notes to financial statements

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Governmental Funds</u>
REVENUES					
Charges for Services	\$ 2,005,895	\$ -	\$ -	\$ -	\$ 2,005,895
Charges to Components	92,359,165	-	-	-	92,359,165
Charges to Other BOCES and Non Components	22,937,865	-	-	-	22,937,865
Use of Money and Property	119,976	-	-	-	119,976
Other Unclassified Revenue	249,740	-	-	-	249,740
Refund of Prior Year Expenditures	1,058,388	-	-	-	1,058,388
Local Sources	-	6,653,466	-	-	6,653,466
State Sources	-	1,882,402	-	-	1,882,402
Federal Sources	-	1,102,033	-	-	1,102,033
TOTAL REVENUES	<u>118,731,029</u>	<u>9,637,901</u>	<u>-</u>	<u>-</u>	<u>128,368,930</u>
EXPENDITURES					
Administration	5,407,978	-	-	-	5,407,978
Occupational Instruction	5,693,537	9,533,919	-	-	15,227,456
Instruction for Special Education	68,088,125	-	-	-	68,088,125
Itinerant Services	2,789,633	-	-	-	2,789,633
General Instruction	3,116,946	-	-	-	3,116,946
Instructional Support	16,158,892	-	-	-	16,158,892
Other Services	12,070,147	-	-	-	12,070,147
Cost of Sales	-	-	279,069	-	279,069
Capital	1,279,200	-	-	2,714,345	3,993,545
TOTAL EXPENDITURES	<u>114,604,458</u>	<u>9,533,919</u>	<u>279,069</u>	<u>2,714,345</u>	<u>127,131,791</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>4,126,571</u>	<u>103,982</u>	<u>(279,069)</u>	<u>(2,714,345)</u>	<u>1,237,139</u>
Other Sources and Uses:					
Operating Transfers In	-	-	279,069	2,000,000	2,279,069
Operating Transfers Out	(2,225,714)	(53,355)	-	-	(2,279,069)
Reserve Revenues (Expenditures)	(58,377)	-	-	-	(58,377)
TOTAL OTHER SOURCES AND USES	<u>(2,284,091)</u>	<u>(53,355)</u>	<u>279,069</u>	<u>2,000,000</u>	<u>(58,377)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>1,842,480</u>	<u>50,627</u>	<u>-</u>	<u>(714,345)</u>	<u>1,178,762</u>
Fund Balance, Beginning of Year	<u>4,558,982</u>	<u>2,124,502</u>	<u>50,000</u>	<u>8,783,658</u>	<u>15,517,142</u>
FUND BALANCE, END OF YEAR	<u>\$ 6,401,462</u>	<u>\$ 2,175,129</u>	<u>\$ 50,000</u>	<u>\$ 8,069,313</u>	<u>\$ 16,695,904</u>

See independent auditor's report and accompanying notes to financial statements

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN
FUND EQUITY TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2018

Amounts Reported for the Governmental Activities are Different Because:

Net Changes in Fund Balances - Total Government Funds	\$ <u>1,178,762</u>
---	---------------------

Deferred outflows of resources related
to pensions are not reported in
governmental
funds

1,228,849

Governmental fund report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Governmental funds also report the gross proceeds from the sale of capital assets in revenues. In the statement of net activities only the gain or loss from the disposal of the asset is reported. These are the amounts by which capital outlay exceeded depreciation and the gain on the disposal.

Capital outlay expenditures
Depreciation

385,456

(745,960)

(360,504)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Other Postemployment Benefits

(6,885,235)

(6,885,235)

Pension Liability - Proportionate Share

(234,212)

Deferred inflows of resources related to
OPEB are not reported in
governmental funds

(62,360)

Deferred inflows of resources related to
pensions are not reported in
governmental funds

(9,305,123)

Change in Net Position of Governmental Activities

\$ (14,439,823)

See independent auditor's report and accompanying notes to financial statements

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private Purpose <u>Trust Fund</u>	Agency <u>Funds</u>
ASSETS		
Unrestricted Cash	\$ -	\$ -
Restricted Investments	59,849	24,049
Prepaid Expenditures	-	262,213
Due From Other Funds	4,586	-
TOTAL ASSETS	<u>64,435</u>	<u>286,262</u>
 LIABILITIES		
Extraclassroom Activity Balances	-	24,049
Due to Other Funds	-	262,213
Other Liabilities	-	-
TOTAL LIABILITIES	<u>-</u>	<u>286,262</u>
 NET POSITION		
Held in trust for:		
Endowment Scholarships	64,435	
TOTAL NET POSITION	<u>\$ 64,435</u>	

See independent auditor's report and accompanying notes to financial statements

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Private Purpose <u>Trust</u>
ADDITIONS	
Contributions	\$ 1,345
Investment Earnings	
Interest	<u>739</u>
TOTAL ADDITIONS	<u>2,084</u>
DEDUCTIONS	
Scholarship expenses	<u>4,875</u>
TOTAL DEDUCTIONS	<u>4,875</u>
Changes in Net Assets	(2,791)
Net Position - Beginning of year	<u>67,226</u>
Net Position - End of year	<u>\$ 64,435</u>

See independent auditor's report and accompanying notes to financial statements

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Cooperative Educational Services of Rockland County have been prepared in conformity with generally accepted accounting principles (GAAP) as apply 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 District are described below:

A. Reporting Entity

The Board of Cooperative Educational Services of Rockland County (BOCES) is governed by the laws of New York State. The BOCES is an independent entity governed by a Board of Education appointed by its component Districts. The Board is responsible for, and controls all activities related to the education services within the BOCES. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Board of Cooperative Educational Services of Rockland County represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to financial transactions and designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's business office, located at 65 Parrott Rd., West Nyack, New York. The District accounts for assets held as an agent for various student organizations in an agency fund.

B. Basis of presentation

i) District-wide statements:

The Statement of Net Assets and the Statement of Activities present financial information about the District's 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. The activities of Boards of Cooperative Educational Services generally are financed through charges for services, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

ii) Fund statements:

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, school lunch operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

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

The District reports the following fiduciary funds:

Fiduciary Fund: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

C. Measurement focus and basis of accounting

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

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year.

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

D. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's 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.

E. Accounts receivable

Accounts receivable 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.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

F. Prepaid items

Prepaid items represent payments made by the District 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 district-wide and fund financial statements. These items are reported as assets on the statement of net assets or balance sheet using the consumption method. A current asset for prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

G. Interfund Transfers

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District 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 district-wide statements, the amounts reported on the Statement of Net Assets for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

A detailed disclosure of the individual fund balances at year-end is provided subsequently in these Notes.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, potential contingent liabilities and useful lives of long-lived assets.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

I. Cash and Investments

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

New York State law governs the District's 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.

Investments are stated at fair value.

J. Capital assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings & Improvements	\$ 5000	Straight Line	50
Site improvements	\$ 5000	Straight Line	20
Vehicles	\$ 5000	Straight Line	8
Computer equipment & books	\$ 5000	Straight Line	5
Equipment	\$ 5000	Straight Line	10

K. Other Benefits

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

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees in accordance with the provisions of the employment contract negotiated between the District and its employee groups. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. The District pays a portion of the cost of premiums to an insurance company which provides health care insurance. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure or operating transfer to other funds in the General fund, in the year paid.

In addition, the Board of Cooperative Educational Services of Rockland County has established a policy under which a portion of the liability for future post-retirement employee benefits is to be accrued annually to minimize the cost to component districts in subsequent years. Pursuant to this policy, the District has an accumulated liability of \$2,966,232 as of June 30, 2017.

L. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and differences during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Lastly are the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows and resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and differences during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

M. Unearned Revenue

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

N. Accrued liabilities and long-term Obligations

Payables and accrued liabilities are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments 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.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statements of Net Assets.

P. Equity Classification

District-wide statements: In the district-wide statements there are three classes of net assets:

Invested in capital assets, net of related debt – consists of net assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted net assets – reports net assets 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.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Unrestricted net assets – 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 District.

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

Non-spendable fund balance includes amount 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. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability (GML §6-p) is used to pay the cost of unused sick leave, personal leave, vacation time, and other benefits earned by BOCES' employees which is payable after the conclusion of their employment. The reserve was established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated.

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated.

Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess may be applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 in 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.

Property Loss Reserve and Liability Reserve

Property Loss Reserve and Liability Reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the General Fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balance includes the following:

General Fund:

Employee Benefit Accrued Liability	\$ 1,140,754
Property Loss Reserve	710,295
Insurance Reserve	1,066,330
Unemployment Insurance	500,000
Capital Fund	<u>8,069,313</u>
Total Restricted Funds	<u>\$11,486,692</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Committed fund balance includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school district's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2017.

Assigned fund balance includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$2,984,083.

Unassigned fund balance includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Q. New Accounting Standards

The District has adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2018:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* - Effective for the year ending June 30, 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*.

GASB has issued Statement No. 81, *Irrevocable Split Interest Agreements* - Effective for the year ending June 30, 2018

GASB has issued Statement No. 85, *Omnibus 2017* - Effective for the year ending June 30, 2018.

GASB has issued Statement No. 86, *Certain Debt Extinguishment Issues* - Effective for the year ending June 30, 2018.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

R. Future Changes in Accounting Standards

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations* – Effective for the year ending June 30, 2019.

GASB has issued Statement No. 84, *Fiduciary Activities* - Effective for the year ending June 30, 2020.

GASB has issued Statement No. 87, *Leases* - Effective for the year ending June 30, 2021.

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* – Effective for the year ended June 30, 2019.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – Effective for the year ended June 30, 2021.

GASB has issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*) – Effective for the year ended June 30, 2020.

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

S. Subsequent Events Evaluation by Management classifications

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 24, 2018.

T. Reclassifications

Certain prior year data has been reclassified to conform to the current year's presentation.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN
GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE
STATEMENTS

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

- A. Total fund balances of governmental funds vs. net assets of governmental activities:

Total fund balances of the District's governmental funds differ from "net assets" of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental fund Balance Sheets.

- B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

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

- i) Long-term revenue differences:

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

- ii) Capital related differences:

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

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

iii) Long-term debt transaction differences:

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

NOTE 3 CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of the statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expense, deferred outflows of resources and deferred inflow of resources related to OPEB. See note 10 for the financial statement impact of the implementation of the statement.

NOTE 4 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The budget policies are as follows:

1. Section 1950 Sec. 4(b) of the Education Law requires adoption of a final budget by no later than May 15 of the ensuing year.
2. BOCES administration prepares a proposed administrative, capital and program budget, as applicable, for approval by members of the BOCES board for the general fund.
3. Appropriations for educational services are adopted at the program level and lapse at the end of each fiscal year.
4. 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 unanimous vote of its voting component school boards.

Encumbrances

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

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

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

NOTE 5 CASH (AND CASH EQUIVALENTS) CUSTODIAL CREDIT,
CONCENTRATION OF CREDIT, INTEREST RATE AND CURRENCY
RISKS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes. In addition, the Board of Cooperative Educational Services of Rockland County has its own written investment policy. The District's aggregate bank balances, included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ -0-
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Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 5,145,461
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Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of the year-end includes \$83,898 in the fiduciary funds.

NOTE 6 INVESTMENTS

The District has few investments and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

- A) Insured or registered, or investments held by the District or by the District's agent in the District's name, or
- B) Uninsured and unregistered, with the investments held by the financial institution's trust department in the District's name, or
- C) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

<u>Fund</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Investment Gain/Loss</u>	<u>Type of Investment</u>	<u>Category</u>
General Fund	9,194,877	9,194,877	-0-	Stable Nav Government Investment Pool	A
Agency Funds	59,849	59,839	-0-	Stable Nav Government Investment Pool	A

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

NOTE 7 CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 3,163,681	\$ -	\$ -	\$ 3,163,681
Total nondepreciable historical cost	\$ 3,163,681	\$ -	\$ -	\$ 3,163,681
Capital assets that are depreciated:				
Buildings	\$ 9,396,389	\$ -	\$ -	\$ 9,396,389
Furniture and equipment	6,704,799	777,006	1,093,895	6,387,910
Total depreciable historical cost	\$ 16,101,188	\$ 777,006	\$ 1,093,895	\$ 15,784,299
Less accumulated depreciation:				
Buildings	\$ 6,228,496	\$ 135,668	\$ 450,636	\$ 5,913,528
Furniture and equipment	2,635,535	610,293	251,710	2,994,118
Total accumulated depreciation	\$ 8,864,031	\$ 745,961	\$ 702,346	\$ 8,907,646
Total depreciable historical cost, net	\$ 7,237,157	\$ 31,045	\$ 391,549	\$ 6,876,653
Total historical cost, net	\$ 10,400,838	\$ 31,045	\$ 391,549	\$ 10,040,334

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Other liabilities:					
Accrued Post Employment Benefits	\$ 2,966,232	\$ -	\$ 925,122	\$ 2,041,110	\$ 925,000
Net Pension Liability - Proportionate Share	6,745,217	234,212	-	6,979,429	-
Other Postemployment Benefits	49,636,980	60,613,994	2,234,689	108,016,285	2,235,000
Total Long-Term Debt	<u>\$ 59,348,429</u>	<u>\$ 60,848,206</u>	<u>\$ 3,159,811</u>	<u>\$ 117,036,824</u>	<u>\$ 3,160,000</u>

NOTE 8 INTERFUND BALANCES AND ACTIVITIES

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ -	\$8,413,723	\$ -	\$2,279,069
Special Aid Fund	-	1,186,774	-	-
Capital Projects Fund	9,786,826	-	2,225,714	-
School Lunch Fund	71,298	-	53,355	-
	<u>\$9,858,124</u>	<u>\$9,600,497</u>	<u>\$2,279,069</u>	<u>\$2,541,581</u>
Agency Fund	<u>\$ -</u>	<u>\$ 257,627</u>	<u>\$ -</u>	<u>\$ -</u>
Totals	<u>\$9,858,124</u>	<u>\$9,858,124</u>	<u>\$2,279,069</u>	<u>\$2,541,581</u>

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

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

NOTE 9 PENSION PLANS

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

General Information:

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

Provisions and Administration:

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District 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. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

York 12244 or by referring to the ERS Comprehensive Annual Report,
which can be found at www.osc.state.ny.us/retire/publications/index.php.

Funding Policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years.

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, was:

	<u>NYSTRS</u>	<u>NYSERS</u>
2018	\$5,399,658	\$1,948,166
2017	\$5,688,269	\$1,657,989
2016	\$7,059,469	\$1,863,300

In addition, the Employer Contribution Stabilization Program was signed into law on August 11, 2010 as Chapter 57 of the Laws of 2010. This Statute enables local governments to amortize a portion of the annual pension costs. The program allows local governments to amortize required contributions in excess of 9.5% for ERS members.

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

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

At June 30, 2018, the District 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, 2018 for ERS and June 30, 2017 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's 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 District.

	<u>ERS</u>	<u>TRS</u>
Measurement Date	3/31/2018	6/30/2017
District's proportionate share of the net pension liability/(asset)	\$ 1,604,586	\$ (2,000,323)
District's portion of the Plan's total net pension liability/(asset)	0.0497169%	0.2631660%
Change in proportion since the prior measurement date	\$ 2,369,534	\$ (770,774)

For the year ended June 30, 2018, the District's recognized pension expense of \$1,948,166 for ERS and the actuarial value \$4,887,608 for TRS. At June 30, 2018 the District's 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	\$ 572,304	\$ 1,645,774	\$ 472,930	\$ 779,903
Changes of assumptions	1,063,973	20,353,673	-	-
Net difference between projected and actual earnings on pension plan investments	2,330,534	-	4,600,241	4,711,339
Changes in proportion and differences between District contributions and proportionate share of contributions	-	24,392	19,992	456,953
District contributions subsequent to the measurement date	-	5,339,658	-	-
Total	<u>\$ 3,966,811</u>	<u>\$ 27,363,497</u>	<u>\$ 5,093,163</u>	<u>\$ 5,948,195</u>

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

District contributions of \$4,887,608 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ended June 30:		
2019	\$ 463,476	\$ 5,319,083
2020	355,175	3,787,687
2021	(1,083,838)	890,770
2022	(463,372)	3,776,475
2023	-	1,904,608
Thereafter	-	-

Actuarial Assumptions

The total pension 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 liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	8%
Salary scale	3.8%	1.9% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.5%

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Domestic Equity	36%	35%	4.55%	5.9%
International Equity	14%	18%	6.35%	7.4%
Real Estate	10%	11%	5.55%	4.3%
Private Equity	10%	8%	7.50%	9.0%
Absolute Return Strategies	2%	0%	3.75%	0.0%
Opportunistic Portfolio	3%	0%	5.68%	0.0%
Real Assets	3%	0%	5.29%	0.0%
Alternative	0%	1%	n/a	3.9%
Domestic fixed income securities	0%	16%	n/a	1.6%
Global fixed income securities	0%	2%	n/a	1.3%
Mortgages	0%	8%	n/a	2.8%
Short-term	0%	1%	n/a	0.6%
Bonds and Mortgages	17%	0%	1.31%	0.0%
Cash	1%	0%	-0.25%	0.0%
Inflation-indexed Bonds	4%	0%	1.50%	0.0%
Total	<u>100%</u>	<u>100%</u>		

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumed 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 determined. 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 liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1- percentage point lower (6.0% for ERS and 6.5% for TRS) or 1- percentage point higher (8.0% for ERS and 9% for TRS) than the current rate :

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share Of the net pension liability/(asset)	\$ 12,140,731	\$ 1,604,586	(\$3,397,298)
TRS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Employer's proportionate share Of the net pension liability/(asset)	\$ 34,459,636	(\$ 2,000,323)	(\$32,533,728)

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:

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

	(Dollars in Thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Valuation date	March 31, 2018	June 30, 2017	
Employers' total pension liability	\$ 183,400,590	\$ 114,708,261	\$ 298,108,851
Plan Net Position	180,173,145	115,468,360	295,641,505
Employers' net pension (asset)/liability	<u>\$ 3,227,445</u>	<u>\$ (760,099)</u>	<u>\$ 2,467,346</u>
Ration of plan net position to the			
Employers' total pension liability	98.24%	100.66%	99.17%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$2,014,903.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amounted to \$4,724,927.

NOTE 10 POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS/ PRIOR PERIOD ADJUSTMENTS

A. General Information about the OPEB plan

Plan description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Benefits Provided – The District 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 District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees of beneficiaries currently receiving benefit payments	255
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>725</u>
Total	<u><u>980</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$108,016,285 was measured as of June 30, 2017, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other inputs – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.6%
Salary Increases	N/A
Discount Rate	3.0%
Healthcare Cost Trend Rates	7.5% in 2016, decreasing 0.5% per year to an ultimate rate of 4.5% in 2022
Retirees' Share of Benefit-Related Costs	\$1,454,698

The discount rate is based on the July 1, 2018 S&P Municipal Bond 20 Year High Grade Rate Index. Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2016.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

C. Changes in the Total OPEB Liability

Balance as of June 30, 2017	\$ 101,131,050
<u>Changes for the year</u>	
Service Cost	6,007,884
Interest	3,180,896
Differences between expected and actual experience	(68,856)
Changes of benefit terms	-
Changes of assumptions	-
Benefit payments	(2,234,689)
Net Changes	6,885,235
Balance as of June 30, 2018	\$ 108,016,285

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.0%) or 1 percentage point higher (4.0%) than the current discount rate:

	1% Decrease (2.0%)	Discount Rate (3.0%)	1% Increase (4.0%)
Total OPEB Liability	\$129,103,985	\$ 108,016,985	\$ 91,455,052

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (2.0%) or 1 percentage point higher (4.0%) than the current discount rate:

	1% Decrease (6.5% Decreasing to 3.5%)	Healthcare Cost Trend Rates (7.5% Decreasing to 4.5%)	1% Increase (8.5% Decreasing to 5.5%)
Total OPEB Liability	\$90,291,616	\$108,016,985	\$133,645,794

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

For the year ended June 30, 2018, the District recognized OPEB expense of \$9,182,284. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ -	\$ 62,360
Changes of assumptions or other inputs	-	-
District contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 62,360</u>

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

Year ended June 30:	
2019	\$ (6,496)
2020	(6,496)
2021	(6,496)
2022	(6,496)
2023	(6,496)
Thereafter	(29,880)

NOTE 11 RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; certain health claims; and natural disasters. 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 two years.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The Board of Cooperative Educational Services of Rockland County participates in a risk sharing pool, the Rockland County Schools Workers' Compensation Self-Insurance Plan for injuries to employees. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance, liability and risks related to workers' compensation finance liability and risks related to workers' compensation claims. A portion of the Plan assets are available to offset the share of the total liability, but the exact allocation has not been made by the Plan.

NOTE 12 COMMITMENTS AND CONTINGENCIES

A. Operating Leases

The BOCES leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2018 were approximately \$1,663,277. The maximum future non-cancelable operating lease payments are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Lease Description</u>	<u>Amount</u>
2019	Building/Equipment Rentals	\$1,665,897

B. Grants

The Board of Cooperative Educational Services of Rockland County 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 Board of Cooperative Educational Services of Rockland County's administration believes that disallowances, if any, would be immaterial.

C. Litigation

With respect to litigation matters, counsel is not at this time handling any litigation on behalf of the School District which in their opinion would have a material monetary effect on the School District's June 30, 2018 financial statements.

SUPPLEMENTAL SCHEDULES FOLLOWING

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>
Measurement Date	6/30/2018
Total OPEB Liability	
Service Cost	\$ 6,007,884
Interest	3,180,896
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total OPEB liability	(68,856)
Changes of assumptions	-
Benefit payments	<u>(2,234,689)</u>
Net change in total OPEB liability	6,885,235
Total OPEB liability - beginning	<u>101,131,050</u>
Total OPEB liability - ending	<u>\$ 108,016,285</u>
 Covered Payroll	 \$ 53,985,523
 Total OPEB liability as a % of covered payroll	 200.08%

Supplemental Schedule #2

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR FISCAL YEAR ENDED JUNE 30, 2018

	General Fund		
	Budget (Amended)	Actual	Variance-Favorable (Unfavorable)
REVENUES			
Local Sources:			
Charges for Services	\$ 1,885,702	\$ 2,005,895	\$ 120,193
Charges to Components	96,553,771	92,359,165	(4,194,606)
Charges to Other BOCES & Non Components	23,817,768	22,937,865	(879,903)
Interest and Earnings	50,000	119,976	69,976
Other Unclassified Revenues	640,549	249,740	(390,809)
Refund of Prior Year's Expenditures	925,122	1,058,388	133,266
State and Federal Sources	-	-	-
TOTAL REVENUES	123,872,912	118,731,029	(5,141,883)
EXPENDITURES			
Current:			
Administration	6,904,212	5,407,978	1,496,234
Occupational Instruction	6,348,930	5,693,537	655,393
Instruction for Special Education	74,985,428	68,088,125	6,897,303
Itinerant Services	3,234,249	2,789,633	444,616
General Instruction	3,177,914	3,116,946	60,968
Instructional Support	16,272,866	16,158,892	113,974
Other Services	12,246,829	12,070,147	176,682
Internal Service	702,484	-	702,484
Capital Outlay	-	1,279,200	(1,279,200)
TOTAL EXPENDITURES	123,872,912	114,604,458	9,268,454
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ 4,126,571	\$ 4,126,571
OTHER FINANCING SOURCES (USES)			
Operating Transfers - In		\$ -	
Operating Transfers - Out		(2,225,714)	
Reserve Revenues		(58,377)	
TOTAL OTHER FINANCING SOURCES (USES)		(2,284,091)	
TOTAL FINANCING SOURCES (USES)		1,842,480	
FUND BALANCE, BEGINNING OF YEAR		4,558,982	
FUND BALANCE, END OF YEAR		\$ 6,401,462	

See Paragraph on Supplementary Schedules Included in
 Independent Auditor's Report

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
LAST 10 FISCAL YEARS
(Dollar amounts in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>TRS</u>				
District's proportion of the net pension liability(asset)	N/A	0.263166%	0.258729%	0.255007%
District's proportionate share of the net pension liability/(asset)	N/A	\$ 5,040	\$ 2,771	\$ (26,487)
District's-covered employee payroll	N/A	\$ 43,565	\$ 39,925	\$ 38,305
District's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	N/A	-11.57%	-6.94%	69.15%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	N/A	100.66%	99.01%	110.46%
<u>ERS</u>				
District's proportion of the net pension liability(asset)	0.049717%	0.042295%	0.041399%	0.041026%
District's proportionate share of the net pension liability/(asset)	\$ 1,940	\$ 3,974	\$ 6,645	\$ 1,386
District's-covered employee payroll	\$ 15,084	\$ 14,032	\$ 10,802	\$ 10,798
District's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	12.86%	28.32%	61.52%	12.84%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	98.24%	94.70%	90.70%	97.95%

See Paragraph on Supplementary Schedules Included in
Independent Auditor's Report.

Supplemental Schedule #3

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
0.256032%	0.255139%	N/A	N/A	N/A	N/A
\$ (28,520)	\$ (1,679)	N/A	N/A	N/A	N/A
\$ 37,820	\$ 37,942	N/A	N/A	N/A	N/A
75.41%	4.43%	N/A	N/A	N/A	N/A
111.48%	100.70%	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
LAST 10 FISCAL YEARS
(Dollar amounts in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>TRS</u>				
Contractually required contribution	\$ 4,269	\$ 4,888	\$ 5,294	\$ 6,715
Contributions in relation to the contractually required contribution	<u>4,269</u>	<u>4,888</u>	<u>5,294</u>	<u>6,715</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's-covered employee payroll	\$ 43,561	\$ 41,703	\$ 39,925	\$ 38,305
Contributions as a percentage of covered-employee payroll	9.80%	11.72%	13.26%	17.53%
<u>ERS</u>				
Contractually required contribution	\$ 1,948	\$ 1,658	\$ 1,863	\$ 2,117
Contributions in relation to the contractually required contribution	<u>1,948</u>	<u>1,658</u>	<u>1,863</u>	<u>2,117</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's-covered employee payroll	\$ 15,084	\$ 14,032	\$ 10,802	\$ 10,798
Contributions as a percentage of covered-employee payroll	12.91%	11.82%	17.25%	19.61%

See Paragraph on Supplementary Schedules Included in
Independent Auditor's Report.

Supplemental Schedule #4

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 6,146	\$ 4,492	N/A	N/A	N/A	N/A
<u>6,146</u>	<u>4,492</u>	N/A	N/A	N/A	N/A
\$ -	\$ -	N/A	N/A	N/A	N/A
\$ 37,820	\$ 37,942	N/A	N/A	N/A	N/A
16.25%	11.84%	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

Supplemental Schedule #5

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
ANALYSIS OF ACCOUNT A431 SCHOOL DISTRICTS
FOR FISCAL YEAR ENDED JUNE 30, 2018
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
JULY 1 BEGINNING BALANCE - DEBIT (CREDIT) BALANCE	\$ 14,665,830	\$ 12,808,614
Debits:		
Billings to School District	119,355,687	112,696,904
Refund of Balances Due School Districts	4,429,959	4,382,489
Encumbrances - End of Year	<u>2,984,083</u>	<u>1,083,226</u>
TOTAL DEBITS	<u>141,435,559</u>	<u>130,971,233</u>
Credits:		
Collection from School Districts	115,623,703	110,792,219
Revenues in Excess of Expenditures	5,959,514	3,488,877
Encumbrances - Beginning of Year	<u>1,083,226</u>	<u>2,024,308</u>
TOTAL CREDITS	<u>122,666,443</u>	<u>116,305,404</u>
JUNE 30 ENDING BALANCE - DEBIT (CREDIT) BALANCE	<u>18,769,116</u>	<u>14,665,829</u>
Reconciliation of Debit Balance as of June 30, 2018		
Due from School Districts & Non-Components	22,827,774	19,095,507
Less: Due to School Districts	<u>4,058,658</u>	<u>4,429,959</u>
	<u>\$ 18,769,116</u>	<u>\$ 14,665,548</u>

See Paragraph on Supplementary Schedules Included in
Independent Auditor's Report

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2018

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Revenue</u>	<u>Expenditures to Date</u>				<u>Fund Balance</u>
			<u>Local Sources</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Reserve for Encumbrances</u>	
Renovations - Building 4	\$ 21,500	\$ 325,000	\$ 325,000	\$ 108,719	\$ -	\$ 108,719	\$ -	\$ 216,281
Building 9 Modular/Pool	2,113,875	10,540,885	10,540,885	1,100,245	2,205,875	3,306,120	7,234,154	611
Modular Office - Building 4-7	532,000	1,104,990	1,104,990	53,597	508,470	562,067	542,923	-
Bus Garage - Building 5	255,139	255,139	255,139	255,139	-	255,139	-	-
Building 9 - Modular Classrooms	60,000	1,100,000	1,100,000	1,024,656	-	1,024,656	-	75,344
	<u>\$ 2,982,514</u>	<u>\$ 13,326,014</u>	<u>\$ 13,326,014</u>	<u>\$ 2,542,356</u>	<u>\$ 2,714,345</u>	<u>\$ 5,256,701</u>	<u>\$ 7,777,077</u>	<u>\$ 292,236</u>

See Paragraph on Supplementary Schedules Included in
Independent Auditor's Report

FEDERAL AWARD PROGRAM INFORMATION



Berard & Associates CPA'S P.C.
Certified Public Accountants

**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 of the
Board of Cooperative Educational Services of Rockland County
West Nyack, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Cooperative Educational Services of Rockland County as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board of Cooperative Educational Services of Rockland County's basic financial statements, and have issued our report thereon dated October 24, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Cooperative Educational Services of Rockland County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Cooperative Educational Services of Rockland County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Cooperative Educational Services of Rockland County.

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.

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

Compliance and Other Matters

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

Purpose of the 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.

Berard + Associates CPA'S PC

Berard & Associates CPA'S P.C.

October 24, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the Board of Education of the
Board of Cooperative Educational Services of Rockland County
West Nyack, New York

Report on Compliance for Each Major Federal Program

We have audited the Board of Cooperative Educational Services of Rockland County's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Board of Cooperative Educational Services of Rockland County's major federal programs for the year ended June 30, 2018. The Board of Cooperative Educational Services of Rockland County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Cooperative Educational Services of Rockland County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and OMB Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence Board of Cooperative Educational Services of Rockland County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Board of Cooperative Educational Services of Rockland County's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board of Cooperative Educational Services of Rockland County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Board of Cooperative Educational Services of Rockland County's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Cooperative Educational Services of Rockland County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Cooperative Educational Services of Rockland County's internal control over compliance.

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

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

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

Berard + Associates CPA's PC

Berard & Associates CPA'S P.C.

October 24, 2018

BOARD OF COOPERATIVE EDUCATIONAL SERVICES OF ROCKLAND COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass -Through Entity- Identifying Number	Federal Expenditures	Sub-recipient awards
<u>Student Financial Assistance Cluster</u>				
Department of Education Direct Programs				
Federal Direct Student Loans	84.268	N/A	\$ 272,762	-0-
Federal Pell Grant Program	84.063	N/A	157,104	-0-
Total Department of Education Direct Programs			<u>\$ 429,866</u>	
Total Department of Education			<u>\$ 429,866</u>	
Total Student Financial Assistance Cluster			<u>\$ 429,866</u>	
<u>Other Programs</u>				
Department of Education Direct Programs				
Fund for the Improvement of Education	84.215	N/A	\$ 310,407	-0-
Department of Education Pass-Through Programs				
Passed-through New York State Department of Education:				
New York State Department of Education				
Career and Technical Education :				
Basic Grants to States - Carl Perkins	84.048	8000-18-0023	\$ 514,357	-0-
Total Career and Technical Education - Basic Grants to States			<u>\$ 514,357</u>	
New York State Department of Education				
Special Education :				
Special Education Grants to States	84.027	0031-18-0012	\$ 277,269	-0-
Total Special Education Grants to States			<u>\$ 277,269</u>	
Total Department of Education Pass-Through Programs			<u>\$ 791,626</u>	
Total Department of Education			<u>\$1,102,033</u>	
Total Other Programs			<u>\$1,102,033</u>	
Total Expenditures of Federal Awards			<u>\$1,531,899</u>	

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for applicable programs and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2 SUBRECIPIENTS

No amounts were provided to subrecipients

NOTE 3 OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

See Paragraph on Supplementary Schedules Included
in Independent Auditors' Report.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF ROCKLAND COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR FISCAL YEAR ENDED JUNE 30, 2018

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's opinion(s) issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified:	No
Reportable condition(s) identified that are not considered to be material weakness(es):	None
Noncompliance material to financial statements noted:	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified:	No
Reportable condition(s) identified that are not considered to be material weakness(es):	No
Type of auditor's opinion(s) issued on compliance for major programs:	Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance:	None
Identification of major programs:	
Basic Grants to States -	
Student Financial Assistance Cluster 84.268 & 84.063	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low risk:	Yes

PART II - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements in the June 30, 2018 audit.

PART III - FINDINGS RELATED TO FEDERAL AWARDS

There were no findings related to federal awards in the June 30, 2018 audit.

PART IV - FINDINGS RELATED TO PRIOR YEARS AUDIT

There were no findings related to the financial statements nor the federal awards in the June 30, 2017 audit.