

FINANCIAL REPORT
AUDITED

DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
For the Year Ended June 30, 2022

Audited for:

Board of Education

DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Audited By:

RBT CPAs, LLP
4071 US Route 9
Hudson, NY 12534
(518) 828-4616

DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Dutchess County Board of Educational Services
5 BOCES Road
Poughkeepsie, NY 12601

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dutchess County Board of Cooperative Educational Services (the "BOCES") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the BOCES's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the BOCES, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2. to the financial statements, in 2022 the BOCES adopted new accounting guidance GASB No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the BOCES' total OPEB liability and related ratios, funding progress for other post-employment benefits, local government's proportionate share of net pension asset/(liability) for New York State Employees' Retirement System and New York State Teachers' Retirement System, schedule of local employer's contributions for the New York State Employees' Retirement System and New York State Teachers' Retirement System and schedule of revenues and expenditures compared to budget – General Fund, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express

an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BOCES's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Analysis of Account A431 - School Districts, Schedule of Project Expenditures - Capital Projects Fund, and the Schedule of Net Investment in Capital Assets, Net of Related Debt, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2022, on our consideration of BOCES' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BOCES' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BOCES' internal control over financial reporting and compliance.

RBT CPAs, LLP

Hudson, New York
October 3, 2022

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following is a discussion and analysis of the BOCES financial performance for the fiscal year ended June 30, 2022. This section is a summary of the BOCES financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the BOCES financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Commencing in 2018, the BOCES implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The BOCES reported Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources in the amount of \$240,752,085.

While the “fund financial statements” reflect a positive fund balance of \$13,412,147, total net position shows a negative balance of (\$171,685,674). The negative net worth of the BOCES is due to the projected costs to fund the Other Post Employment Benefits Liability, which equals \$161,035,569.

Commencing in 2015, with the adoption of GASB Statement 68, the negative impact of recording the pension liability is tempered by the positive overall impact of the Net of Pension Assets in excess of Pension Liabilities inclusive of the corresponding Deferred Outflows and Inflows in the amount of \$7,937,803.

In December of 2018, BOCES’ voters approved a \$36.8 million Capital Project that will dramatically enhance and reshape our facilities and the programs and services we provide. The project began in the Spring of 2020 and will include the construction of a new Alternative High School adjoining our current Career and Technical Institute, as well as provide for various structural improvements to our primary Special Education building. This project will allow us to relocate our Alternative High School to our main campus, eliminating future rental payments and realize cost and operational efficiencies in areas such as health & safety, transportation, food services, and administrative support. During the summer of 2022, BOCES received the third of three yearly payments from the school districts comprising its service area. It is expected that this construction will be complete by the fall of 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *BOCES-wide* financial statements that provide both *short-term* and *long-term* information about the BOCES’ *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the BOCES, reporting the BOCES operations in *more detail* than the BOCES-wide statements. The fund financial statements concentrate on the BOCES’ most significant funds with all other non-major funds listed in total in one column.
- The *governmental funds statements* tell how basic services such as regular, occupational, and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the BOCES acts solely as a *trustee* or *agent* for the benefit of others.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 REQUIRED SUPPLEMENTARY INFORMATION
 MANAGEMENT’S DISCUSSION AND ANALYSIS**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the BOCES’ budget for the year.

Figure A-1 summarizes the major features of the BOCES’ financial statements, including the portion of the BOCES’ activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

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

	BOCES-Wide	Fund Financial Statements	
		Governmental Activities	Fiduciary Funds
Scope	Entire BOCES (except fiduciary funds)	The activities of the BOCES that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the BOCES administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	*Statement of Net Position *Statement of Activities	*Balance sheet *Statement of Revenues, Expenditures, and Changes in Fund Balances	*Statement of Fiduciary Net Position *Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

BOCES-Wide Statements

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

The two BOCES-wide statements report the BOCES' *net position* and how it has changed. Net position – the difference between the BOCES' assets and liabilities – is one way to measure the BOCES' financial health or *position*.

- Over time, increases or decreases in the BOCES' net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the BOCES' overall health, you need to consider additional non-financial factors such as the financial condition of the component school districts and the condition of school buildings and other facilities.

In the BOCES-wide financial statements, the BOCES' activities are shown as *Governmental activities*. Most of the BOCES' basic services are included here, such as regular, occupational, and special education, and administration. Charges to component school districts and other BOCES' finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the BOCES funds, focusing on its most significant or "major" funds – not the BOCES as a whole. Funds are accounting devices the BOCES uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants. BOCES does not currently have Bond obligations.
- The BOCES establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants). BOCES does not currently have long-term debts requiring such funds.

The BOCES has two kinds of funds:

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

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE

Surpluses from the district supported programs are returned in the following fiscal year. Surpluses for the years ended June 2022 and 2021 were generated from the following elements:

	Governmental Activities		
	2022	2021	% Change
COSERs	\$ 3,552,463	\$ 1,920,790	84.9%
E rate	2,189,410	1,009,617	116.9%
Surplus/Other BOCES	746,509	698,248	6.9%
Total Net Position	<u>\$ 6,488,382</u>	<u>\$ 3,628,655</u>	78.8%

BOCES has continued to monitor the relationships between enrollments, revenue, and expenditures in order to have more accurate projections. We continue to be able to counteract problematic situations in a timely manner.

Figure A-2

Condensed Statement of Net Position (In Thousands of Dollars)

	Governmental Activities		
	2022	Restated 2021	% Change
Current and Other Assets	\$ 45,544	\$ 48,226	-5.9%
Capital Assets, as Restated	41,852	22,354	46.6%
Net Pension Asset-Proportionate Share	20,211	-	100.0%
Total Assets	<u>107,607</u>	<u>70,580</u>	34.4%
Deferred Outflows of Resources	<u>1,938</u>	<u>9,263</u>	-378.0%
Current Liabilities	19,594	20,056	-2.4%
Long-Term Liabilities	171,517	226,040	-31.8%
Net Pension Liability - Proportionate Share	-	3,150	-
Total Liabilities	<u>191,111</u>	<u>249,246</u>	-30.4%
Deferred Inflows of Resources	<u>90,119</u>	<u>25,870</u>	71.3%
Net Position			
Net Investment in Capital Assets, as Restated	36,936	16,781	54.6%
Restricted	3,704	3,704	0.0%
Unrestricted, as Restated	(212,326)	(215,759)	-1.6%
Total Net Position	<u>\$(171,685)</u>	<u>\$(195,273)</u>	-13.7%

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure A-3

Changes in Net Position from Operating Results (In Thousands of Dollars)

	<u>Governmental Activity</u>		
	<u>2022</u>	<u>2021</u>	<u>% Change</u>
<i>Revenues</i>			
Program Revenues:			
Charges for Services	\$ 101,978	\$ 102,469	-0.5%
Operating Grants and Contributions	3,761	3,380	11.3%
General Revenues:			
Interest and Earnings	1,548	2	77300.0%
Sales of Property & Compensation for Loss	-	(12)	-100.0%
Miscellaneous	4,581	7,050	-35.0%
Total Revenues	<u>111,868</u>	<u>112,889</u>	-0.9%
<i>Expenses</i>			
Administration	7,439	8,417	-11.6%
Occupational	7,868	11,065	-28.9%
Instruction for the Handicapped	32,741	35,232	-7.1%
Itinerant Services	2,964	3,907	-24.1%
General Instruction	3,567	4,013	-11.1%
Instructional Support	13,814	17,049	-19.0%
Other Services	11,290	12,523	-9.8%
Cost of Sales	164	172	-4.7%
Other Expenses	4	770	-99.5%
Depreciation	1,765	1,904	-7.3%
Return of Surplus	6,488	3,629	78.8%
Total Expenses	<u>88,104</u>	<u>98,681</u>	-10.7%
Increase in Net Position	<u>\$ 23,764</u>	<u>\$ 14,208</u>	67.3%

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 REQUIRED SUPPLEMENTARY INFORMATION
 MANAGEMENT'S DISCUSSION AND ANALYSIS**

Figure A-4

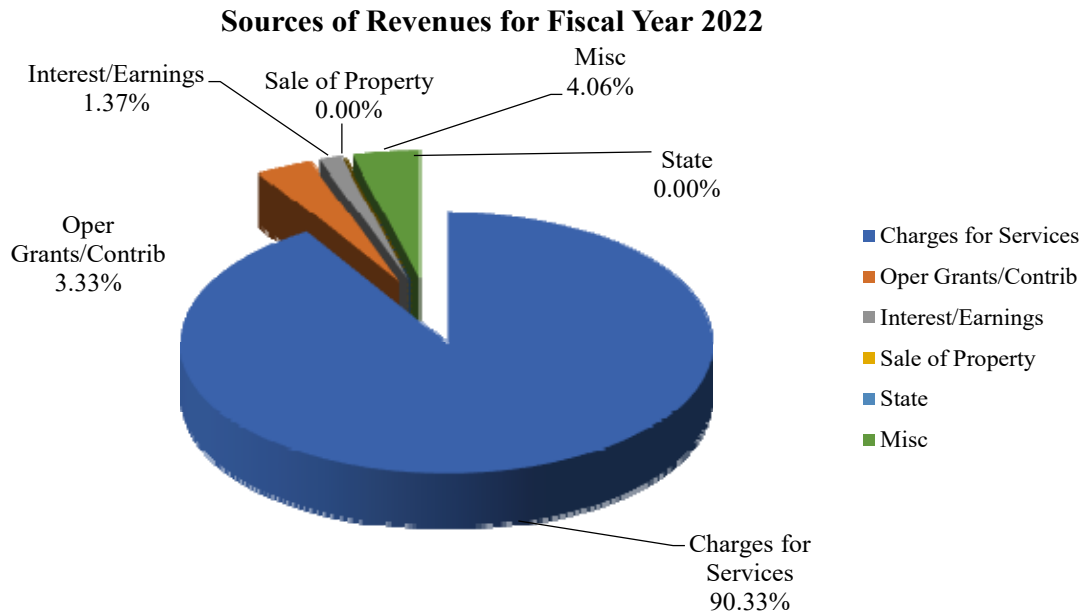
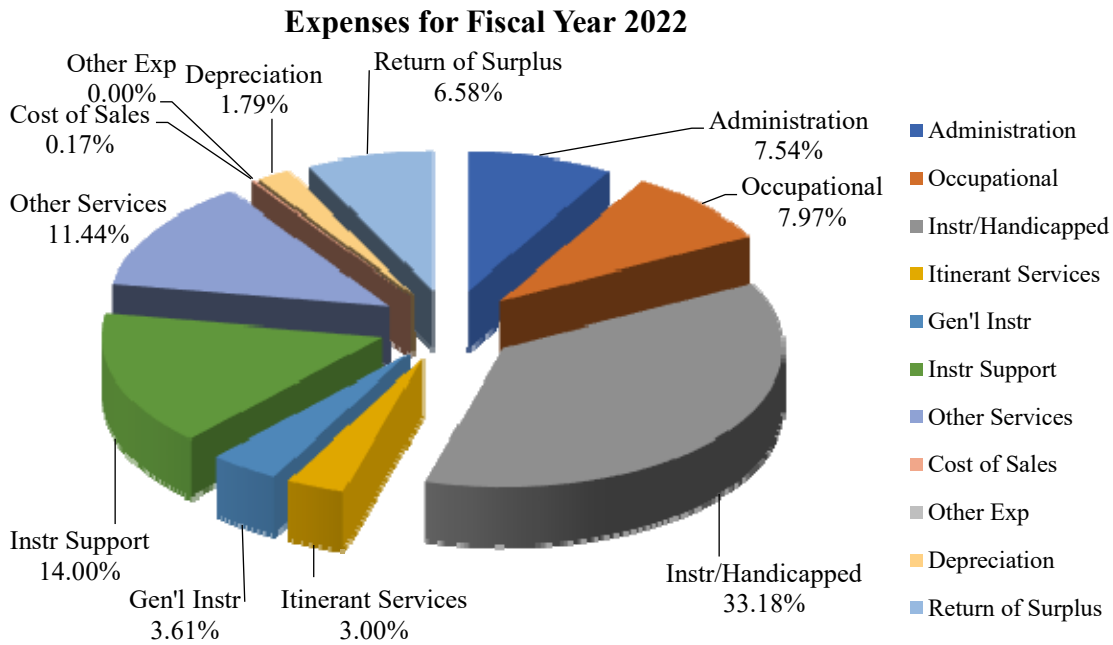


Figure A-5



**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Activities

The Statement of Activities shows the cost of Program Services and the Charges for Services and Operating Grants offsetting those services. The table below reflects the Cost of Program Services and the net cost of those services after taking into account the program revenues for the governmental activities. The net cost of Program Services must be supported by General Revenues including interest and earnings and miscellaneous.

	Total Cost of Services			Net Cost of Services		
	2022	2021	% Change	2022	2021	% Change
Administration	\$ 7,439	\$ 8,417	-11.6%	\$ (1,622)	\$ (1,048)	54.8%
Occupational	7,868	11,065	-28.9%	(3,259)	368	-985.6%
Instruction for the Special Education	32,741	35,233	-7.1%	(7,757)	(7,627)	1.7%
Itinerant Services	2,964	3,907	-24.1%	(1,144)	(373)	206.7%
General Instruction	3,567	4,013	-11.1%	(1,447)	(342)	323.1%
Instructional Support	13,814	17,049	-19.0%	(3,516)	150	-2444.0%
Other Services	11,289	12,523	-9.9%	(5,360)	(2,807)	91.0%
Cost of Sales	164	172	-4.7%	(21)	114	-118.4%
Other Expenses	4,849	770	529.7%	4	769	-99.5%
Depreciation	1,765	1,904	-7.3%	-	-	0.0%
Return of Surplus	6,488	3,629	78.8%	6,488	3,629	78.8%
Total	<u>\$ 92,948</u>	<u>\$ 98,682</u>	-5.8%	<u>\$(17,634)</u>	<u>\$(7,167)</u>	146.0%

FINANCIAL ANALYSIS OF THE BOCES FUNDS

An analysis of the General Fund budgetary and actual activity can be found on Pages 48 and 49 of these statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The BOCES has \$41,851,868 invested in Capital Assets Net of Depreciation.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Assets Net of Depreciation

Balance at 06/30/22, as restated	\$ 22,178,310
Changes During Year Ended 06/30/22:	
Acquisitions	21,438,431
Disposals	(168,694)
Recaptured Depreciation on Disposals	168,614
Depreciation Expense	<u>(1,764,793)</u>
Balance at 06/30/22	<u>\$ 41,851,868</u>

Figure A-7
Capital Assets, Net of Depreciation (In Thousands of Dollars)

	Governmental Activities		
	<u>2022</u>	<u>2021</u>	<u>% Change</u>
Land	\$ 197	\$ 197	0.0%
Construction In Progress	34,692	14,156	145.1%
Buildings	2,984	3,221	-7.4%
Equipment and Furniture	<u>3,978</u>	<u>4,693</u>	-15.2%
Total	<u>\$ 41,851</u>	<u>\$ 22,267</u>	88.0%

Long-Term Liabilities

Long-term liabilities of the BOCES consist of Installment Purchase Obligations, Liability for Compensated Absences, and the Contractual Obligation for Post-Employment Benefits.

Figure A-8
Outstanding Long-Term Liabilities (In Thousands of Dollars)

	<u>2022</u>	<u>2021</u>
Installment Purchase Debt	\$ 2,539	\$ 5,531
Retainage Payable	1,471	-
Energy Performance Contract Payable	2,377	-
Teachers' Retirement System	1,892	1,943
Employees' Retirement System	253	301
Compensated Absences	1,949	1,580
Other Post-Employment Benefits	<u>161,036</u>	<u>216,644</u>
Total	<u>\$ 171,517</u>	<u>\$ 225,999</u>

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FACTORS BEARING ON THE BOCES' FUTURE

During the 2021-2022 school year, BOCES and the world at large worked to pull out of the COVID-19 pandemic and return to a greater sense of “normalcy”. Simultaneous to these efforts, BOCES operations were greatly impacted by the ongoing completion of a 3 year Voter Approved Capital Project. Through it all, BOCES staff and students displayed amazing professionalism as change was constant. This resolve was never more challenged than when it was determined that it was in the best interest of students and staff to end our lease at the BETA facility early and consolidate the Alternative High School and School Communications operations on the main campus. Remote learning was utilized when needed, and select staff were temporarily asked to work from home to ensure maximum utilization of space for instructional needs. Through it all, BOCES continued to provide quality programs and services and learned valuable lessons in adaptability and flexibility.

As New York State and the nation worked to recover from the pandemic, stimulus funds flowed to school districts at levels unanticipated. In turn, many looked to BOCES to help find solutions to their educational needs, particularly in the areas of Professional Development and Learning Technologies. As a result, BOCES worked hard to react in a timely and efficient manner, while remaining focused on meeting our own internal needs. Given the success experienced, it's expected that districts will increasingly look to BOCES for these needs going forward.

Despite both short and long-term funding uncertainty, school districts remain confined by the state mandated 2% tax levy limit cap. As a result, BOCES must remain cognizant of this customer reality as it plans future services and completes its budget development process. More specifically, BOCES must balance its need to continue building an internal structure that can meet the increasing demands, investment in service delivery enhancements, and pricing aligned to the true quality and value of the programs and services delivered. One such area of rate stabilization will be within Special and Alternative Education. As has been highlighted in the past, BOCES has historically helped districts through the challenging Tax Cap era. In the years ahead, BOCES must make appropriate market adjustments in these areas in a balanced and transparent manner to ensure financial sustainability moving forward.

As with school districts, salaries and benefits comprise the largest share of the BOCES budget. As a result, future collective bargaining negotiations will remain critical. While the financial implications of settlements will have a deep impact, it will be critically important to remember the hands on aspect of the BOCES model, and with it that its greatest asset is its people. As such, it's imperative that BOCES maintain a salary and benefits structure that is market competitive and capable of attracting and retaining the high quality staff needed to deliver the cutting edge programs and services that districts will demand.

While BOCES must employ a thorough planning process, certain items are inherently beyond their control. In addition to district revenue uncertainty caused by unknown federal and state aid funding levels, the TRS and ERS pension systems are also likely to face volatile futures. While recent investment performance has led to stable employer contribution rates, many experts predict a future downturn in the economy that would cause employer contribution rates to rise in the years ahead. Similarly, after multiple years of below average health insurance premium increases and three consecutive years of Dutchess Educational Health Insurance Consortium (DEHIC) one month premium holidays, many anticipate future cost increases. While this would have an adverse impact on all participants, none will be more impacted than BOCES who is legally required to pay all retiree health insurance benefits through the Administrative budget. At nearly 75% of the Administrative budget currently, this percentage would only increase if premium rates were to increase more severely than expected.

Finally, as our Voter Approved Capital Project nears its completion and operations are centralized on the Salt Point Campus for the start of the 2022-2023, a sense of both optimism and uncertainty abounds. BOCES is excited about the possibilities that lie ahead for students and educational leaders, all on one efficient and cohesive campus. With state of the art instructional, office, and conference spaces, more than ever before, BOCES is well positioned to deliver on its stated purpose of being a key regional hub for Cooperative Educational Services.

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

DUTCHESS COUNTY BOCES
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Primary Government</u> Governmental Activities
ASSETS	
Unrestricted Cash	\$ 14,430,760
Restricted Cash	804,991
Unrestricted Investments	11,704,025
Restricted Investments	2,900,000
State and Federal Aid	10,434,269
Due from Other Governments	29,390
Lease Receivables	3,581,529
Other Receivables	665,320
Inventories	5,651
Prepaid Expenses	988,125
	<u>45,544,060</u>
Capital Assets, Not Being Depreciated	34,889,399
Capital Assets, Net	<u>6,962,469</u>
Total Capital Assets, Net	<u>41,851,868</u>
Net Pension Asset-Proportionate Share	<u>20,210,673</u>
Total Assets	<u>107,606,601</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - OPEB	29,764,595
Deferred Outflows - Pension	11,931,842
Deferred Outflow - Contribution Post Measurement	1,937,509
Total Deferred Outflows of Resources	<u>43,633,946</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>151,240,547</u>
LIABILITIES	
Accounts Payable	7,272,439
Accrued Liabilities	610,899
Due to School Districts	1,780,350
Due to Other Governments	65,504
State Aid Due to School Districts	9,864,359
Long-Term Liabilities:	
Due and Payable Within One Year:	
Energy Performance Contract Payable	162,687
Installment Purchase Debt Payable	1,261,217
Due to Teachers' Retirement System	1,892,472
Due to Employees' Retirement System	252,577
Due and Payable After One Year:	
Retainage Payable	1,470,636
Energy Performance Contract Payable	2,213,933
Installment Purchase Debt Payable	1,278,188
Compensated Absences Payable	1,949,490
Other Post Employment Benefits Payable	161,035,569
Total Liabilities	<u>191,110,320</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenues - Other	3,545,276
Deferred Revenues - Pension	26,142,221
Deferred Revenues - OPEB	102,128,404
Total Deferred Inflows of Resources	<u>131,815,901</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>322,926,221</u>
NET POSITION	
Net Investment in Capital Assets	35,465,207
Restricted for:	
Other Legal Restrictions	3,704,991
Unrestricted (Deficit)	<u>(210,855,872)</u>
Total Net Position	<u>\$ (171,685,674)</u>

See accompanying notes to basic financial statements.

DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
JUNE 30, 2022

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
Administration	\$ (7,439,096)	\$ (234,656)	\$ 8,850,439	445,238	\$ 1,621,925
Occupational Instruction	(7,867,654)	(86,291)	8,989,725	2,223,782	3,259,562
Instruction for Special Education	(32,741,002)	(31,378)	39,951,981	577,771	7,757,372
Itinerant Services	(2,964,227)	(460)	4,108,837	-	1,144,150
General Instruction	(3,567,113)	(2,250)	5,016,244	-	1,446,881
Instructional Support	(13,813,940)	(1,384,117)	18,384,943	329,401	3,516,287
Other Services	(11,289,768)	(25,640)	16,675,406	-	5,359,998
Cost of Sales	(163,644)	-	201	184,671	21,228
Other Expenses	(4,849)	-	-	-	(4,849)
Depreciation (Allocated Note 7)	(1,764,792)	1,764,792	-	-	-
Return of Surplus (Note 15)	(6,488,382)	-	-	-	(6,488,382)
Total Functions and Programs	<u>(88,104,467)</u>	<u>-</u>	<u>101,977,776</u>	<u>3,760,863</u>	<u>17,634,172</u>
GENERAL REVENUES					
Interest and Earnings					1,548,250
Sale of Property and Compensation for Loss					(80)
Miscellaneous					<u>4,581,668</u>
Total General Revenues					<u>6,129,838</u>
Change in Net Position					<u>23,764,010</u>
Total Net Position - Beginning of Year					(195,360,795)
Prior Period Adjustment - See Note 16					<u>(88,889)</u>
Total Net Position - Beginning of Year, as Restated					<u>(195,449,684)</u>
Total Net Position - End of Year					<u>\$ (171,685,674)</u>

See accompanying notes to basic financial statements.

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

	General	Capital Projects	Non-Major	Total Governmental Funds
ASSETS				
Unrestricted Cash	\$ 13,026,087	\$ -	\$ 1,404,673	\$ 14,430,760
Restricted Cash	804,991	-	-	804,991
Unrestricted Investments	1,152,594	10,551,431	-	11,704,025
Restricted Investments	2,900,000	-	-	2,900,000
State and Federal Aid	9,864,481	-	569,788	10,434,269
Due from Other Governments	-	-	29,390	29,390
Due from Other Funds	2,620,715	3,145,473	152	5,766,340
Lease Receivables	3,581,529	-	-	3,581,529
Other Receivables	581,398	-	83,922	665,320
Inventories	-	-	5,651	5,651
Prepaid Expenditures	988,125	-	-	988,125
Total Assets	\$ 35,519,920	\$ 13,696,904	\$ 2,093,576	\$ 51,310,400
LIABILITIES				
Accounts Payable	\$ 3,474,578	\$ 3,758,364	\$ 39,497	\$ 7,272,439
Accrued Liabilities	22,425	-	31,354	53,779
Due to School Districts	6,678,897	-	-	6,678,897
Due to Other Funds	3,145,473	-	2,620,867	5,766,340
Due to Other Governments	-	64,284	1,220	65,504
State Aid Due to School Districts	9,864,359	-	-	9,864,359
Due to Teachers' Retirement System	1,892,472	-	-	1,892,472
Due to Employees' Retirement System	252,577	-	-	252,577
Compensated Absences Payable	1,891,074	-	-	1,891,074
Other Liabilities	615,536	-	-	615,536
Total Liabilities	27,837,391	3,822,648	2,692,938	34,352,977
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	3,511,845	-	33,431	3,545,276
Total Deferred Inflows of Resources	3,511,845	-	33,431	3,545,276
FUND BALANCE				
Non Spendable	988,125	-	5,651	993,776
Restricted	3,704,991	-	-	3,704,991
Assigned	465,693	9,874,256	14,981	10,354,930
Unassigned	(988,125)	-	(653,426)	(1,641,551)
Total Fund Balance	4,170,684	9,874,256	(632,793)	13,412,147
Total Liabilities and Fund Balance	\$ 35,519,920	\$ 13,696,904	\$ 2,093,576	\$ 51,310,400

See accompanying notes to basic financial statements.

DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted Cash	\$ 14,430,760	\$ -	\$ -	\$ 14,430,760
Restricted Cash	804,991	-	-	804,991
Unrestricted Investments	11,704,025	-	-	11,704,025
Restricted Investments	2,900,000	-	-	2,900,000
State and Federal Aid	10,434,269	-	-	10,434,269
Due from Other Governments	29,390	-	-	29,390
Due from Other Funds	5,766,340	-	(5,766,340)	-
Lease Receivables	3,581,529	-	-	3,581,529
Other Receivables	665,320	-	-	665,320
Inventories	5,651	-	-	5,651
Prepaid Expenditures	988,125	-	-	988,125
Capital Assets, Not Being Depreciated	-	34,889,399	-	34,889,399
Capital Assets, Net	-	6,962,469	-	6,962,469
Net Pension Asset - Proportionate Share	-	20,210,673	-	20,210,673
Total Assets	<u>51,310,400</u>	<u>62,062,541</u>	<u>(5,766,340)</u>	<u>107,606,601</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflow - OPEB	-	29,764,595	-	29,764,595
Deferred Outflow - Pension	-	11,931,842	-	11,931,842
Deferred Outflow - Contributions Post Measurements	-	1,937,509	-	1,937,509
Total Deferred Outflows of Resources	<u>-</u>	<u>43,633,946</u>	<u>-</u>	<u>43,633,946</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 51,310,400</u>	<u>\$ 105,696,487</u>	<u>\$ (5,766,340)</u>	<u>\$ 151,240,547</u>
LIABILITIES				
Accounts Payable	\$ 7,272,439	\$ -	\$ -	\$ 7,272,439
Accrued Liabilities	53,779	-	-	53,779
Due to School Districts	6,678,897	(4,898,547)	-	1,780,350
Due to Other Funds	5,766,340	-	(5,766,340)	-
Due to Other Governments	65,504	-	-	65,504
Retainage Payable	-	-	-	-
State Aid Due to School Districts	9,864,359	-	-	9,864,359
Installment Purchase Interest	-	-	-	-
Due to Teachers' Retirement System	1,892,472	-	-	1,892,472
Due to Employees' Retirement System	252,577	-	-	252,577
Compensated Absences Payable	1,891,074	-	58,416	1,949,490
Judgments and Claims Payable	-	-	-	-
Other Liabilities	615,536	-	(58,416)	557,120
Long-Term Liabilities:				
Retainage Payable	-	1,470,636	-	1,470,636
Energy Performance Contract Payable	-	2,376,620	-	2,376,620
Installment Purchase Debt Payable	-	2,539,405	-	2,539,405
Other Post Employment Benefits Payable	-	161,035,569	-	161,035,569
Total Liabilities	<u>34,352,977</u>	<u>162,523,683</u>	<u>(5,766,340)</u>	<u>191,110,320</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	3,545,276	-	-	3,545,276
Deferred Revenues - Pension	-	26,142,221	-	26,142,221
Deferred Revenues - OPEB	-	102,128,404	-	102,128,404
Total Deferred Inflows of Resources	<u>3,545,276</u>	<u>128,270,625</u>	<u>-</u>	<u>131,815,901</u>
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	<u>13,412,147</u>	<u>(185,097,821)</u>	<u>-</u>	<u>(171,685,674)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	<u>\$ 51,310,400</u>	<u>\$ 105,696,487</u>	<u>\$ (5,766,340)</u>	<u>\$ 151,240,547</u>

See accompanying notes to basic financial statements.

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

Fund Balance - Total Governmental Funds \$ 13,412,147

Amounts reported for Governmental Activities in the Statement of Net Position are:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not current financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 76,293,227	
Less Accumulated Depreciation	<u>(34,441,359)</u>	41,851,868

The School District's proportionate share of the Teacher and Employee Retirement Systems' collective net pension asset or (liability) is not reported in the funds.

TRS Net Pension Asset - Proportionate share	\$ 18,733,262	
ERS Net Pension Asset - Proportionate share	<u>1,477,411</u>	20,210,673

Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including OPEB, and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

ERS Deferred Outflows of Resources - Pension	\$ 2,859,432	
ERS Deferred Outflows of Resources - Contribution Post Measurement	252,577	
ERS Deferred Inflows of Resources - Pension	(5,198,482)	
TRS Deferred Outflows of Resources - Pension	9,072,410	
TRS Deferred Outflows of Resources - Contribution Post Measurement	1,684,932	
TRS Deferred Inflows of Resources - Pension	(20,943,739)	
Deferred Outflows of Resources - OPEB	29,764,595	
Retiree Health Insurance Accrual	4,898,547	
Deferred Inflows of Resources - OPEB	<u>(102,128,404)</u>	(79,738,132)

Long-term liabilities, including bonds payable, compensated absences, and amounts due for other post-employment employee benefits, are not due and payable in the current period and, therefore, are not reported in the funds.

Retainage Payable	\$ (1,470,636)	
Energy Performance Contracts Payable	(2,376,620)	
Installment Purchase Debt	(2,539,405)	
Other Post-Employment Benefits Liabilities	<u>(161,035,569)</u>	(167,422,230)

Net Position (Deficit) of Governmental Activities \$ (171,685,674)

See accompanying notes to basic financial statements.

DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General	Capital Projects	Non-Major	Total Governmental Funds
REVENUES				
Charges for Services	\$ 1,901,282	\$ -	\$ 12,400	\$ 1,913,682
Charges to Components	95,339,075	-	825,921	96,164,996
Charges to Other BOCES	3,883,397	-	15,500	3,898,897
Interest and Earnings	1,548,224	26	-	1,548,250
Miscellaneous	4,494,964	-	552,529	5,047,493
Interfund Revenue	48,525	-	-	48,525
State Sources	-	-	258,685	258,685
Federal Sources	-	-	2,946,302	2,946,302
Surplus Foods	-	-	5,697	5,697
Sales - School Lunch	-	-	201	201
Total Revenues	<u>107,215,467</u>	<u>26</u>	<u>4,617,235</u>	<u>111,832,728</u>
EXPENDITURES				
Administration	7,477,479	-	563,492	8,040,971
Occupational Instruction	7,595,158	-	2,814,410	10,409,568
Instruction for Special Education	33,754,271	-	731,225	34,485,496
Itinerant Services	3,471,437	-	-	3,471,437
General Instruction	4,238,079	-	-	4,238,079
Instructional Support	15,532,905	-	416,889	15,949,794
Other Services	14,088,567	-	-	14,088,567
Cost of Sales	-	-	204,060	204,060
Other Expenses	-	-	4,849	4,849
Capital Outlay	-	21,957,554	-	21,957,554
Total Expenditures	<u>86,157,896</u>	<u>21,957,554</u>	<u>4,734,925</u>	<u>112,850,375</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>21,057,571</u>	<u>(21,957,528)</u>	<u>(117,690)</u>	<u>(1,017,647)</u>
OTHER FINANCING SOURCES AND USES				
Proceeds from Financing	-	1,120,200	-	1,120,200
Operating Transfers In	-	14,550,000	19,188	14,569,188
Restricted Fund Revenues (Note 14)	84,354	-	-	84,354
Due to School Districts (Note 14)	(6,488,382)	-	-	(6,488,382)
Operating Transfers (Out)	(14,569,188)	-	-	(14,569,188)
Total Other Sources (Uses)	<u>(20,973,216)</u>	<u>15,670,200</u>	<u>19,188</u>	<u>(5,283,828)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>84,355</u>	<u>(6,287,328)</u>	<u>(98,502)</u>	<u>(6,301,475)</u>
Fund Balance - Beginning of Year	<u>4,086,329</u>	<u>16,161,584</u>	<u>(534,291)</u>	<u>19,713,622</u>
Fund Balance - End of Year	<u>\$ 4,170,684</u>	<u>\$ 9,874,256</u>	<u>\$ (632,793)</u>	<u>\$ 13,412,147</u>

See accompanying notes to basic financial statements.

DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND
BALANCES IN GOVERNMENTAL ACTIVIES CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
REVENUES:					
Charges for Services	\$ 1,913,682	\$ -	\$ -	\$ -	\$ 1,913,682
Charges to Components	96,164,996	-	-	-	96,164,996
Charges to Other BOCES	3,898,897	-	-	-	3,898,897
Interest and Earnings	1,548,250	-	-	-	1,548,250
Sale of Property and Compensation for Loss	-	-	(80)	-	(80)
Miscellaneous	5,047,493	-	-	-	5,047,493
Interfund Revenue	48,525	(48,525)	-	-	-
State Sources	258,685	-	-	-	258,685
Federal Sources	2,951,999	-	-	-	2,951,999
Sales - School Lunch	201	-	-	-	201
Total Revenues	111,832,728	(48,525)	(80)	-	111,784,123
EXPENDITURES/EXPENSES:					
Administration	8,040,971	(599,405)	(2,470)	-	7,439,096
Occupational Instruction	10,409,568	(2,453,975)	(87,939)	-	7,867,654
Instruction for Special Education	34,485,496	(3,505,680)	1,761,186	-	32,741,002
Itinerant Services	3,471,437	(507,210)	-	-	2,964,227
General Instruction	4,238,079	(670,966)	-	-	3,567,113
Instructional Support	15,949,794	(762,165)	(715,956)	(657,733)	13,813,940
Other Services	14,088,567	(2,713,538)	(85,261)	-	11,289,768
Cost of Sales	204,060	(40,416)	-	-	163,644
Other Expenses	4,849	-	-	-	4,849
Depreciation	-	-	1,764,792	-	1,764,792
Capital Outlay	21,957,554	-	(21,957,554)	-	-
Total Expenditures/Expenses	112,850,375	(11,253,355)	(19,323,202)	(657,733)	81,616,085
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(1,017,647)</u>	<u>11,204,830</u>	<u>19,323,122</u>	<u>657,733</u>	<u>30,168,038</u>
OTHER SOURCES AND USES:					
Proceeds from Debt	1,120,200	-	(1,120,200)	-	-
Operating Transfers In	14,569,188	(14,569,188)	-	-	-
Reserve Fund Revenues	84,354	-	-	-	84,354
Return of Surplus (Note 13)	(6,488,382)	-	-	-	(6,488,382)
Operating Transfers (Out)	<u>(14,569,188)</u>	<u>14,569,188</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Sources (Uses)	(5,283,828)	-	(1,120,200)	-	(6,404,028)
Net Change for the Year	\$ (6,301,475)	\$ 11,204,830	\$ 18,202,922	\$ 657,733	\$ 23,764,010

See accompanying notes to basic financial statements.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND
BALANCES IN GOVERNMENTAL ACTIVIES CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Total net changes in fund balances - governmental funds \$ (6,301,475)

Amounts reported in the Statement of Activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays in the period.

	Depreciation Expense	\$ (1,764,792)	
	Gain (Loss) of Disposition	(80)	
	Capital Outlays	<u>21,438,431</u>	19,673,559

Some of the capital assets acquired this year were financed with capital leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (1,120,200)

In the Statement of Activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement)--are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). 7,728,137

Repayment of installment purchases is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect The Statement of Activities. 1,777,933

Retainage Payable does not meet the defintiion of a current liability in governmental funds until it becomes due and payable on construction in progress accounts, but rather constitutes a long-term liability in the Statement of Net Position. (1,470,637)

(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	2,714,098	
Employees' Retirement System	<u>762,595</u>	

Change in net position of governmental activities \$ 23,764,010

See accompanying notes to basic financial statements.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF FIDUCIARY NET POSITION AND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	Private Purpose Trusts	Custodial
ASSETS		
Cash	\$ 5,527	\$ 17,989
Total Assets	<u>5,527</u>	<u>17,989</u>
LIABILITIES		
Total Liabilities	<u>-</u>	<u>-</u>
NET POSITION		
Restricted for Other Purposes		
Unrestricted (Deficit)	<u>\$ 5,527</u>	<u>\$ 17,989</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

	Private Purpose Trusts	Custodial
ADDITIONS:		
Contributions, Gifts and Donations	\$ 4,100	\$ 22,069
Interest	-	4
Total Additions	<u>4,100</u>	<u>22,073</u>
DEDUCTIONS:		
Scholarships and Awards	2,350	-
Other Custodial Activities	-	26,662
Total Deductions	<u>2,350</u>	<u>26,662</u>
Change in Net Position	1,750	(4,589)
Net Position - Beginning of Year	<u>3,777</u>	<u>22,578</u>
Net Position - End of Year	<u>\$ 5,527</u>	<u>\$ 17,989</u>

See accompanying notes to basic financial statements.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

A. Financial Reporting Entity:

The BOCES is governed by the laws of New York State. The BOCES is an independent entity governed by an elected Board of Education consisting of 7 members elected by participating district school board members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the BOCES. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The Boards of Cooperative Educational Services were established by New York State legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, Legislation was passed allowing Boards of Cooperative Educational Services to provide vocational and special education. The Boards of Cooperative Educational Services are voluntary, cooperative associations of school districts in a geographic area that share planning, services, and programs to provide educational and support activities more economically, efficiently, and equitably than could be provided locally. The BOCES provides instructional support programs and services to the following 13 school districts in New York’s Dutchess County:

1. Arlington Central School District
2. Beacon City School District
3. Dover Union Free School District
4. Hyde Park Central School District
5. Millbrook Central School District
6. Northeast Central School District
7. Pawling Central School District
8. Pine Plains Central School District
9. Poughkeepsie City School District
10. Red Hook Central School District
11. Rhinebeck Central School District
12. Spackenkill Union Free School District
13. Wappingers Central School District

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

The financial reporting entity consists of the following, as defined by the GASB Statement 14, “The Financial Reporting Entity”; as amended by GASB Statements 39 and 61.

- The primary government, which is the BOCES;
- Organizations for which the primary government is financially accountable; and

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

- 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 general purpose financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*, GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39* and GASB 80, *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. 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, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a summary of certain entities considered in determining the BOCES' reporting entity.

- Included in the Reporting Entity:

- The Extraclassroom Activity Funds:

The Extraclassroom Activity Funds of the BOCES represent funds of the students of the BOCES. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the BOCES with respect to its financial transactions and designation of student management and the cash and investment balances are reported in the agency fund of the BOCES. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the BOCES' business office, located at 5 BOCES Road; Poughkeepsie, New York, 12601.

B. Basis of Presentation:

I. BOCES-Wide Statements:

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

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the BOCES governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

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.

II. Fund Financial Statements:

The fund statements provide information about the BOCES funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds.

The BOCES reports the following major governmental funds:

a. General Fund:

This is the BOCES primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

b. Capital Project Funds:

These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

The BOCES reports the following non-major governmental funds:

c. Special Revenue Funds:

Special revenue funds are used to account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditure for specified purposes. Legal restrictions may be imposed either by governments that provide the funds, or by outside parties. Special revenue funds include the following funds:

1. Special Aid Fund is used to account for special operating projects or programs support in whole, or in part, with Federal funds or State or Local grants.
2. School Lunch Fund – School Lunch Fund is used to account for transactions of lunch, breakfast, and milk programs.
3. Miscellaneous Special Revenue Fund is used to account for and report those revenue that are restricted or committed to expenditures for specified purposes.

The BOCES reports the following fiduciary funds:

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

d. Fiduciary Fund:

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

1. 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 BOCES or representatives of the donors may serve on committees to determine who benefits.

2. Custodial Funds: These funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investments trust funds or private purpose trust fund.

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 BOCES-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Non-exchange transactions, in which the BOCES gives or receives value without directly receiving or giving equal value in exchange, includes grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The BOCES considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year.

Expenditures are recorded when the 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 long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Cash (and Cash Equivalents) and Investments:

The BOCES' cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the BOCES' investment policies. Resources must be deposited in FDIC-insured

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and BOCES. Investments are stated at fair value.

E. Accounts Receivable:

An allowance for uncollectible accounts has been provided for certain amounts that may not be collectible within 365 days.

F. Inventories and Prepaid Items:

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

Prepaid items represent payments made by the BOCES for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the BOCES-wide and fund financial statements.

These items are reported as assets in the Statement of Net Position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

G. Interfund Transactions:

The operations of the BOCES include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings.

The BOCES typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the BOCES-wide statements the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities 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.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Capital Assets:

Capital assets are reported at actual cost for acquisitions. 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 BOCES-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$2,500	Straight-Line	40-50 Years
Building Improvements	\$2,500	Straight-Line	20-30 Years
Site Improvements	\$2,500	Straight-Line	20 Years
Furniture and Equipment	\$2,500	Straight-Line	5-20 Years
Infrastructure	\$2,500	Straight-Line	50 Years

I. 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, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. The first item is related to pensions reporting in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES’ proportion of the collective net pension asset or liability and difference during the measurement period between the BOCES’ contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the BOCES’ contributions to the pension systems (TRS and ERS Systems) (see Note 11) subsequent to the measurement date. This represents the effect of the net change in actual and expected experience.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The BOCES has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue. The second item is related to pensions reported

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension liability or asset (TRS and ERS Systems) and difference during the measurement periods between the BOCES' contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the BOCES-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

J. Vested Employee Benefits:

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a first-in, first-out (FIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, an accrual for accumulated vacation and sick leave is included in the compensated absences liability in the BOCES-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the funds statements all the liability is accrued in the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

K. Other Benefits:

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

In addition to providing pension benefits, the BOCES provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with various employment contracts. Substantially all of the BOCES' employees may become eligible for these benefits if they reach normal retirement age while working for the BOCES. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The BOCES recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

For the fiscal year ended June 30, 2022, the BOCES recognized the cost of providing benefits by recording its share of insurance premiums for currently enrolled retirees as current employee benefits operating expense.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

L. Unearned Revenue:

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the BOCES before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the BOCES has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

M. Restricted Resources:

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

N. Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long lived assets.

O. Accrued Liabilities and Long-Term Obligations:

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

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

P. Equity Classifications:

I. BOCES-Wide Statements:

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

- a. *Investment in Capital Assets, Net of Related Debt* - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.
- b. *Restricted Net Position* – reports net position when constraints placed on the position are either externally imposed by creditors (such as through debt covenants), grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

- c. *Unrestricted Net Position* – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the BOCES.

II. Funds Statements:

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

- a. *Non-Spendable Fund Balance* – Includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.
- b. *Restricted* – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as indicated below. The BOCES has established the following restricted fund balances:

1. Employee Benefit Accrued Liability (*not currently utilized*):

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

2. Insurance (*not currently utilized*):

According to General Municipal Law §6-n, must be 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.

3. Liability Claims and Property Loss:

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

4. Retirement Contributions:

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

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

5. Unemployment Insurance:

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

6. Equipment (*not currently utilized*):

According to Education Law §1950[4][ee], must be used to pay all or part of the costs of the replacement and purchase of advanced technology equipment used in instructional programs conducted by BOCES.

A separate bank account is required. The reserve may be established by resolution of the BOCES governing board and approval by the boards of education of a majority of the school districts participating in the instructional program of the BOCES. The reserve is funded by proceeds from the sale of career educational instructional equipment and such other funds as may be legally appropriated. In the event this reserve is liquidated, moneys must be allocated to the school districts participating in the instructional programs of the BOCES.

Restricted fund balance includes the following:

General Fund:

Unemployment Insurance	\$ 800,000
Retirement Contribution - ERS	2,500,000
Retirement Contribution - TRS	400,000
Property Loss	<u>4,991</u>
Total Restricted Funds	<u><u>\$ 3,704,991</u></u>

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

- c. *Committed* – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the BOCES’ highest level of decision making authority, i.e., the Board of Education. The BOCES has no committed fund balances as of June 30, 2022.
- d. *Assigned* – Includes amounts that are constrained by the BOCES’ interest to be used for specific purposes, but 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 amount to \$465,693 (including E-Rate) and in the Capital Fund amounted to \$5,540,141.
- e. *Unassigned* – Includes all other General Fund net position that does not meet the definition of the above four classifications and is deemed to be available for general use by the BOCES.

III. Order of Use of Fund Balance:

The BOCES’ policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned 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 all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. The following standards have been issued by GASB.

In June 2017, GASB issued Statement 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The BOCES implemented the standard for the year ended June 30, 2022. Current year impact discussed in Note 2.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improves note disclosures. The requirements for this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021. The BOCES is required to implement this standard for the year

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

ending June 30, 2023. The BOCES has not evaluated the effect of GASB 91 on its financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public risk pools/reinsurance recoveries, fair value measurements, and derivative instrument technology. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. The BOCES implemented the standard for the year ended June 30, 2022. The implementation did not have a significant impact on the BOCES' financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The BOCES is required to implement this standard for the year ending June 30, 2023. The BOCES has not evaluated the effect of GASB 94 on its financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The BOCES is required to implement this standard for the year ending June 30, 2023. The BOCES has not evaluated the effect of GASB 96 on its financial statements.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and Supersession of GASB Statement No 32*. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

contribution pension plans, defined contribution other postemployment benefit plans, and employee benefit plans other than pension plans or other postemployment benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (“IRC”) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution other postemployment benefit plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The requirements of this statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution other postemployment benefit plans, or other employee benefit plans and (2) limit the applicability of the financial burden criteria, are effective immediately. The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. The BOCES implemented this standard for the year ended June 30, 2022. The implementation did not have significant impact on the BOCES’ financial statements.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym “ACFR”. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for fiscal years ending after December 15, 2021. The BOCES implement this standard for the year ended June 30, 2022. The implementation did not have significant impact on the BOCES’ financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics, including derivative instruments, leases, PPP arrangements, SBITAs, LIBOR, and pledges of future revenues. Many of the requirements are effective immediately. The requirements related to leases, PPPs, and SBITAs are effective for years beginning after June 15, 2022. The requirements related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2024. The BOCES is required to implement this standard for the year ending June 30, 2023. The BOCES has not evaluated the effect of GASB 99 on its financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement provides clarification and guidance for accounting and financial reporting related to accounting changes and error corrections (“ACEC”). GASB 100 also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information and Supplementary Information. The requirements of this statement are effective for ACECs made in fiscal years beginning after June 15, 2023. The BOCES is required to implement this standard for the year ending June 30, 2024. The BOCES has not evaluated the effect of GASB 100 on its financial statements.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The BOCES is required to implement this standard for the year ending June 30, 2025. The District has not evaluated the effect of GASB 101 on its financial statements.

NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLE:

For the fiscal year ended June 30, 2022, the BOCES implemented GASB Statement No. 87, *Leases*. The New York State Office of the State Comptroller implementation bulletin of the statement provided guidance regarding accounting and financial reporting for leases to aid in complying with the GASB Statement.

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND BOCES-WIDE STATEMENTS:

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

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

The costs of building and acquiring capital assets (lands, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the BOCES as a whole, and their original costs are expensed annually over their useful lives. See Note 7 – Capital Assets in these notes to the financial statements for information on the net capital assets.

Because the governmental funds focus on shorter-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenue in the governmental funds. And thus are not included in the fund balance. They are however, included in the net assets of the governmental activities.

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period.

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

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

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND BOCES-WIDE STATEMENTS (CONTINUED):

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 four broad categories:

I. Long-Term Revenue/Expense Differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used in 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 of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

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 Position.

IV. Pension Differences:

Pension differences occur as a result of changes in the BOCES contributions and its proportionate share of the total contributions to the pension systems.

V. OPEB Differences:

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

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. Budgetary Procedures and Budgetary Accounting:

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

The BOCES administration prepares a proposed administrative capital, and program budget, as applicable, for approval by members of the BOCES’ Board for the General Fund.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

Appropriations for educational services are adopted at the program level. A tentative administrative budget is provided to the component BOCES for adoption by resolution. Approval of the tentative administrative budget requires the approval of a majority of the component school boards actually voting. During the current year, the administrative budget was approved by a majority of its voting component school boards.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists, which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year.

Adopted Budget	\$ 95,946,214
June 30, 2021, Carryover:	
Encumbrances (includes Erate)	<u>241,291</u>
Original Budget	96,187,505
Other Revisions (Authorization):	
Additional Contractual Services & Non-Contractual Services	<u>9,225,082</u>
	<u><u>\$ 105,412,587</u></u>

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets.

Individual capital project funds that require borrowing have budgets established as approved by a special referendum of the BOCES' voters, which are composed of eligible voters from each participating school district. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until completion of the projects.

B. The Special Aid Fund had a deficit fund balance of \$647,774. The deficit is the result of the amount reflected in deferred expenditures at year end and cumulative losses in certain programs from prior years.

C. Budgetary Overspending:

The General Fund had excess expenditures over final budget for the year.

General Fund:	
Instruction for the Handicapped	\$ <u>470,526</u>
	<u><u>\$ 470,526</u></u>

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

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

Cash:

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

As of June 30, 2022, \$0 of the BOCES’ bank balance of \$16,123,684 was exposed to custodial credit risk as follows.

Uncollateralized	<u>\$ -</u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the BOCES' name	<u>\$ -</u>

NOTE 6 – INVESTMENTS:

The BOCES participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. At year-end, the BOCES held \$14,604,025 in investments consisting of various investments in securities issued by the United States and its agencies. The investments are highly liquid and considered to be cash equivalents.

The following amounts are included as (un)restricted cash:

<u>Fund</u>	<u>Amount</u>
General:	
Unrestricted	<u>\$ 1,152,594</u>
Restricted	<u>\$ 2,900,000</u>
Capital:	
Unrestricted	<u>\$ 10,551,431</u>
Restricted	<u>\$ -</u>

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateralization requirements.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 – CAPITAL ASSETS

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

	Restated Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital Assets that are not Depreciated:				
Land	\$ 197,385	\$ -	\$ -	\$ 197,385
Construction in Process	<u>14,155,625</u>	<u>20,536,389</u>	<u>-</u>	<u>34,692,014</u>
Total Non-Depreciable Historical Cost	<u>\$ 14,353,010</u>	<u>\$ 20,536,389</u>	<u>\$ -</u>	<u>\$ 34,889,399</u>
Capital Assets that are Depreciated:				
Buildings	\$ 12,426,776	\$ 1,260	\$ -	\$ 12,428,036
Furniture and Equipment, Restated	<u>28,243,704</u>	<u>900,782</u>	<u>(168,694)</u>	<u>28,975,792</u>
Total Depreciable Historical Cost	<u>40,670,480</u>	<u>902,042</u>	<u>(168,694)</u>	<u>41,403,828</u>
Less Accumulated Depreciation:				
Buildings	(9,206,087)	(237,759)	-	(9,443,846)
Furniture and Equipment, Restated	<u>(23,639,093)</u>	<u>(1,527,034)</u>	<u>168,614</u>	<u>(24,997,513)</u>
Total Accumulated Depreciation	<u>(32,845,180)</u>	<u>(1,764,793)</u>	<u>168,614</u>	<u>(34,441,359)</u>
Total Depreciable Historical Cost, Net	<u>\$ 7,825,300</u>	<u>\$ (862,751)</u>	<u>\$ (80)</u>	<u>\$ 6,962,469</u>

Depreciation expense for the fiscal year 2021 was \$1,764,793 and is allocated as follows:

Expenditures	Amount
Administration	\$ 234,656
Occupational Instruction	86,291
Instruction for Special Education	31,378
Itinerant Services	460
General Information	2,250
Instruction Support	1,384,116
Other Services	9,553
Other Expenses	<u>16,089</u>
	<u>\$ 1,764,793</u>

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 – LEASE RECEIVABLES:

The BOCES had entered leasing arrangement with various school districts for technology equipment, maintenance for equipment and copiers/network printers. The general terms of lease agreements with districts corresponds with the terms set by the financing agency (see Note 9). The various agreement original leased amount, monthly payment, term, and rates are as follows.

Lease Name	Type of Equipment	Original Lease	Minimum Monthly		Interest Rate	Start Date	End Date	Term
			Lease Payment					
Pawling CSD	Technology Equipment	\$ 364,761	\$ 6,079		2.19%	6/8/2022	7/27/2027	62
Wappingers CSD	Technology Equipment	701,917	14,623		2.19%	3/1/2022	6/30/2026	52
Wappingers CSD	Technology Equipment	520,200	11,268		1.96%	7/30/2021	7/15/2025	49
Arlington CSD	Technology Equipment	600,000	13,020		2.01%	7/16/2021	7/15/2025	49
Wappingers CSD	Technology Equipment	600,000	12,793		1.16%	3/15/2021	2/15/2025	44
Red Hook CSD	Technology Equipment	220,000	3,763		1.01%	11/15/2020	10/15/2025	52
Arlington CSD	Technology Equipment	600,000	12,752		0.98%	8/15/2020	7/15/2024	37
Wappingers CSD	Technology Equipment	375,000	8,111		1.88%	3/15/2020	2/15/2024	32
Arlington CSD	Printers/Copiers	365,000	7,700		1.86%	3/15/2020	2/15/2024	32
Red Hook CSD	Printers/Copiers	181,465	3,947		2.17%	8/15/2019	7/15/2023	25
Beacon CSD	Printers/Copiers	368,540	8,024		2.14%	8/15/2019	7/15/2023	25
Arlington CSD	Technology Equipment	600,000	13,064		2.14%	8/15/2019	7/15/2023	25
Arlington CSD	Printers/Copiers	180,445	3,961		2.64%	5/15/2019	4/15/2023	22
Wappingers CSD	Technology Equipment	260,000	5,710		2.63%	3/15/2019	2/15/2023	20
Red Hook CSD	Technology Equipment	110,000	1,976		3.02%	11/15/2018	10/15/2023	28
Arlington CSD	Technology Equipment	600,000	13,248		2.84%	8/15/2018	7/15/2022	13
Webutuck CSD	Technology Equipment	61,694	1,104		2.81%	8/15/2018	7/15/2023	25
Webutuck CSD	Printers/Copiers	117,500	2,103		2.81%	8/15/2018	7/15/2023	25
Millbrook CSD	Technology Equipment	33,916	565		2.19%	5/11/2022	6/30/2027	62

	Year Ending
Lease Related Revenue	06/30/2022
Lease Revenue	
Equipment	\$ 1,487,477.00
Maintenance	-
Total Lease Revenue	1,487,477
Interest Revenue	62,347
Variable & Other Revenue	-
Total	<u>\$ 1,549,824.00</u>

The following is a summary of maturing lessor agreements.

Maturities Analysis	Principal	Interest	Total Receipts
2023	\$ 1,484,125	\$ 59,073	\$ 1,543,198
2024	1,031,321	29,691	1,061,012
2025	692,241	14,683	706,924
2026	289,659	4,895	294,554
2027	78,113	1,057	79,170
2028-2032	6,068	11	6,079
	<u>\$ 3,581,527</u>	<u>\$ 109,410</u>	<u>\$ 3,690,937</u>

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 9 – LONG-TERM DEBT:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds and Notes Payable:					
Installment Purchase Debt Payable	\$ 3,037,470	\$ 1,120,200	\$ (1,618,265)	\$ 2,539,405	\$ 1,261,217
Energy Performance Contract Payable	<u>2,536,241</u>	<u>-</u>	<u>(159,621)</u>	<u>2,376,620</u>	<u>162,687</u>
Total Bonds & Notes Payable	<u>5,573,711</u>	<u>1,120,200</u>	<u>(1,777,886)</u>	<u>4,916,025</u>	<u>1,423,904</u>
Other Liabilities:					
Retainage Payable	-	1,470,636	-	1,470,636	-
Teachers' Retirement System	1,942,975	-	(50,503)	1,892,472	1,892,472
Employees' Retirement System	300,167	-	(47,590)	252,577	252,577
Compensated Absences	1,579,796	369,694	-	1,949,490	-
Other Post-Employment Benefits	<u>216,643,803</u>	<u>-</u>	<u>(55,608,234)</u>	<u>161,035,569</u>	<u>-</u>
Total Other Liabilities	<u>220,466,741</u>	<u>1,840,330</u>	<u>(55,706,327)</u>	<u>166,600,744</u>	<u>2,145,049</u>
Total Long-Term Liabilities	<u>\$ 226,040,452</u>	<u>\$ 2,960,530</u>	<u>\$ (57,484,213)</u>	<u>\$ 171,516,769</u>	<u>\$ 3,568,953</u>

Additions and deletions to other liabilities are shown net since it is impractical to determine those amounts separately.

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Energy Performance Contract Payable	10/22/2020	6/15/2035	1.90%	<u>\$ 2,376,620</u>

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 9 – LONG-TERM DEBT (CONTINUED):

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Technology Equipment	8/15/2018	7/15/2023	2.81%	\$ 26,901
Technology Equipment	8/15/2018	7/15/2023	2.81%	14,125
Technology Equipment	8/15/2018	7/15/2022	2.84%	13,216
Technology Equipment	11/15/2018	10/15/2023	3.02%	30,955
Technology Equipment	3/15/2019	2/15/2023	2.63%	45,230
Technology Equipment	5/15/2019	4/15/2023	2.64%	39,138
Technology Equipment	8/15/2019	7/15/2023	2.14%	167,729
Technology Equipment	8/15/2019	7/15/2023	2.14%	103,024
Technology Equipment	8/15/2019	7/15/2023	2.17%	50,668
Technology Equipment	3/15/2020	2/15/2024	1.86%	151,517
Technology Equipment	3/15/2020	2/15/2024	1.88%	159,590
Technology Equipment	8/15/2020	7/15/2024	0.98%	315,450
Technology Equipment	11/15/2020	10/15/2025	1.01%	147,955
Technology Equipment	3/15/2021	2/15/2025	1.16%	402,928
Technology Equipment	7/16/2021	7/15/2025	2.01%	466,726
Technology Equipment	3/15/2021	2/15/2025	1.16%	404,253
				\$ 2,539,405

The following is a summary of maturing debt service requirements for long-term indebtedness:

	Energy				Installment		
	Performance	Interest	Total		Purchase	Interest	Total
2023	\$ 162,687	\$ 44,649	\$ 207,336	2023	\$ 1,261,217	\$ 32,845	\$ 1,294,062
2024	165,811	41,525	207,336	2024	791,651	13,719	805,370
2025	168,995	38,340	207,335	2025	447,269	4,440	451,709
2026	172,240	35,095	207,335	2026	39,268	71	39,339
2027	175,548	31,787	207,335	2027	-	-	-
2028-2032	929,619	109,060	1,038,679	2028-2032	-	-	-
2033-2036	601,720	20,285	622,005	2033-2036	-	-	-
	\$ 2,376,620	\$ 320,741	\$ 2,697,361		\$ 2,539,405	\$ 51,075	\$ 2,590,480

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 10 – INTERFUND BALANCES AND ACTIVITY:

	Interfund			
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 2,620,715	\$ 3,145,473	\$ -	\$ 14,569,188
Capital Fund	3,145,473	-	14,550,000	-
Non-Major Funds	<u>152</u>	<u>2,620,867</u>	<u>19,188</u>	<u>-</u>
Total Government Activities	5,766,340	5,766,340	14,569,188	14,569,188
Fiduciary Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 5,766,340</u>	<u>\$ 5,766,340</u>	<u>\$ 14,569,188</u>	<u>\$ 14,569,188</u>

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

In the normal course of its operations, the BOCES budgets for and transfers monies between funds for these budgeted purposes. From the General Fund these represent funding for budgeted support of the cafeteria program and transfers to the Capital Fund for voter authorized capital items, such as construction. From the Special Aid Fund these may represent the BOCES’ share of Indirect Cost chargeable to each applicable project per the approved budget.

Additional loans will occur between funds to mitigate the effects of cash flow, such as in the Special Aid Fund where-in project advances generally do not keep pace with costs and the General Fund has to “loan” cash dollars to run the programs. In the case of the Capital Fund, loans will occur in advance of obtaining the final funding. In the case of the Agency Fund, cash will be advanced to the fund prior to a payroll date to accommodate the electronic transfer of funds for direct deposits to employees the day before the payroll in accordance with banking agreements. Also generally, most if not all fringe benefits are advanced from the General Fund and result in the need to reflect a due from both the Special Aid Fund and the School Lunch Fund for the applicable payroll.

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

NOTE 11 – PENSION PLANS:

A. General Information:

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

B. Plan Descriptions and Benefits Provided:

I. Teachers’ Retirement System (“TRS”):

This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 – PENSION PLANS (CONTINUED):

New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains financial statements and required supplementary information. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

II. Employees' Retirement System ("ERS"):

This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL).

Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The BOCES also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 26, 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 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 – PENSION PLANS (CONTINUED):

Contributions for the current year and two preceding years were equal to 100 percent of the actuarially determined contributions required, and were as follows:

	<u>ERS</u>	<u>TRS</u>
2021-2022	\$ 971,203	\$ 1,684,932
2020-2021	\$ 918,206	\$ 1,748,621
2019-2020	\$ 851,151	\$ 1,703,533

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

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

At June 30, 2022, the BOCES reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS.

The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation.

The BOCES' proportion of the net position asset/(liability) was based on a projection of the BOCES' long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. The information was provided by the ERS and TRS Systems in reports provided to the BOCES.

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	4/1/2021	6/30/2020
Net Pension Asset/(Liability)	\$ 1,477,411	\$ 18,733,262
BOCES' Portion of the Plan's Total		
Net Pension Asset/(Liability)	0.018073%	0.108103%

For the year ended June 30, 2022, the BOCES' recognized pension expense (credits) of \$161,013 for ERS and the actuarial value of \$1,028,205 for TRS. At June 30, 2022, the BOCES' reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 – PENSION PLANS (CONTINUED):

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 111,886	\$ 2,582,181	145,123	\$ 97,327
Changes of Assumptions	2,465,634	6,161,761	41,605	1,091,157
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	4,837,903	19,606,297
Changes in Proportion and Differences between the BOCES' Contributions and Proportionate Share of Contributions	281,912	328,468	173,851	148,958
BOCES' Contributions Subsequent to the Measurement Date	<u>252,577</u>	<u>1,684,932</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,112,009</u>	<u>\$ 10,757,342</u>	<u>\$ 5,198,482</u>	<u>\$ 20,943,739</u>

BOCES contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year Ended:		
2023	\$ (323,212)	\$ (2,372,471)
2024	(499,610)	(2,828,084)
2025	(1,245,069)	(3,551,395)
2026	(271,159)	(4,697,637)
2027	-	930,743
Thereafter	<u>-</u>	<u>647,515</u>
	<u>\$ (2,339,050)</u>	<u>\$ (11,871,329)</u>

D. 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 assumptions:

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 – PENSION PLANS (CONTINUED):

	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Actuarial Valuation Date	April 1, 2021	June 30, 2020
Interest Rate	5.90%	6.95%
Salary Scale	4.40%	5.18%-1.95%
Decrement Tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation Rate	2.70%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries MP 2019.

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

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

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

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 – PENSION PLANS (CONTINUED):

Asset Type	ERS	ERS	TRS	TRS
	March 31, 2022	March 31, 2022	June 30, 2021	June 30, 2021 Long Term Expected Real Rate of Return
	Target Allocation	Long Term Expected Real Rate of Return	Target Allocation	
Domestic Equity	32%	3.30%	33%	6.80%
International Equity	15%	5.85%	16%	7.60%
Private Equity	10%	6.50%	8%	10.00%
Real Estate	9%	5.00%	11%	6.50%
Alternative Investments	3%	4.10%	4%	7.10%
Total Equities	69%		72%	
Domestic Fixed Income Securities	23%	0.00%	16%	1.30%
Global Fixed Income Securities	0%	0.00%	2%	80.00%
Real Assets	3%	5.58%	0%	0.00%
Bonds and Mortgages	0%	0.00%	7% - 1%	3.3% - 3.8%
Short-term	1%	-1.00%	1%	-0.20%
Inflation-Indexed Bonds	4%	3.78%	1%	5.90%
Total Fixed Income	31%		28%	
Total	100%		100%	

Discount Rate:

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

E. Sensitivity of the Proportionate Share of the Net Pension to the Discount Rate Assumption:

The following presents the BOCES' proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the BOCES' proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 6.1% for TRS) or 1-percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 – PENSION PLANS (CONTINUED):

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (3,802,841)	\$ 1,477,411	\$ 5,894,087
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ 1,965,783	\$ 18,733,262	\$ 32,825,112

F. Pension Plan Fiduciary Net Position:

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

	(Dollars in Thousands)	
	ERS	TRS
Valuation Date	4/1/2021	6/30/2020
Employers' Total Pension Liability	\$ 223,874,888	\$ 130,819,415
Plan Net Position	<u>232,049,473</u>	<u>148,148,457</u>
Employers' Net Pension (Liability)/Asset	<u>\$ (8,174,585)</u>	<u>\$ (17,329,042)</u>
Plan Net Position as a percentage to the Systems' Total Pension (Liability)/Asset	103.65%	113.25%

G. 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, 2022, represent the projected employer contribution for the period of April 1, 2022, through June 30, 2022, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022, amounted to \$252,577.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022, are paid to the System in September, October, and November 2021 through a state aid intercept.

Accrued retirement contributions as of June 30, 2022, represent employee and employer contributions for the fiscal year ended June 30, 2022, based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022, amounted to \$1,684,932.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 – OTHER POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A. General Information about the OPEB Plan:

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

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

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	336
Inactive employees entitled to but not yet receiving benefit payments	
Active Employees	350
	<u>686</u>

B. Total OPEB Liability:

The BOCES’ total OPEB liability of \$161,035,569 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary Increases	salary scale applicable to contract, range from 1.84% - 8.80%
Discount Rate	4.09%
Healthcare Cost Trend Rates	6.5% for 2023, decreasing 0.5% per year to an ultimate rate of 4.5% for 2031 and later years
Retirees' Share of Benefit-Related Costs	Retirees are responsible for 9% - 15% of the portion of premium rates not covered by the BOCES' explicit subsidy

The discount rate was based on Municipal Bond 20 Year High Grade, averaging rating of AA/Aa or higher (or equivalent quality on another rating scale).

Mortality rates were based on the SOA PUB 2010 General Headcount Weighted Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale MP-2021.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 – OTHER POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

The actuarial assumptions used in the June 30, 2022, valuation was based on the results of an actuarial experience study for the period July 1, 2021, through June 30, 2022.

C. Changes in the total OPEB Liability:

Balance at June 30, 2021	\$ 216,643,803
Changes for the Year:	
Service Cost	10,271,666
Interest	4,910,955
Changes of Benefit Terms	(195,893)
Differences Between Expected and Actual Experience	(20,639,691)
Changes in Assumptions or Other Inputs	(44,584,255)
Benefit Payments	<u>(5,371,016)</u>
Net Changes	<u>(55,608,234)</u>
Balance at June 30, 2022	<u>\$ 161,035,569</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.19 percent in 2021 to 4.09 percent in 2022.

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 185,666,908</u>	<u>\$ 161,035,569</u>	<u>\$ 141,018,120</u>

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 139,200,678</u>	<u>\$ 161,035,569</u>	<u>\$ 188,433,371</u>

D. OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

For the year ended June 30, 2022, the BOCES recognized OPEB Expense of (\$1,981,691). At June 30, 2022, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ (64,974,858)
Changes of Assumptions or Other Inputs	29,764,595	(37,153,546)
Contributions Subsequent to the Measurement Period	-	-
Total	<u>\$ 29,764,595</u>	<u>\$ (102,128,404)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (16,968,416)
2024	(15,388,726)
2025	(17,473,304)
2026	(11,662,707)
2027	(10,870,656)
Thereafter	-
	<u>\$ (72,363,809)</u>

NOTE 13 – RISK MANAGEMENT:

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

-- Risk Financing and Related Insurance:

I. Pool, Non-Risk-Retained:

The BOCES incurs costs related to an employee health insurance plan (Plan) sponsored by itself and participating districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of five (5) years; a member may withdraw from the plan after that time by providing 180 days' written notice. During the year ended June 30, 2022, the BOCES incurred premiums for contribution expenditures totaling \$10,954,000.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 13 – RISK MANAGEMENT (CONTINUED):

II.Pool, Risk-Retained:

The BOCES incurs costs related to a workers’ compensation insurance plan (Plan) sponsored by itself and its component districts. The Plan’s objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of five (5) years; a member may withdraw from the plan after that time by providing 180 days’ written notice. Plan members include 12 districts. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan’s assets were to be exhausted, the members would be responsible for the Plan’s liabilities.

During the year ended June 30, 2022, the BOCES incurred premiums for contribution expenditures totaling \$268,751.

NOTE 14 – COMMITMENTS AND CONTINGENCIES:

- A. The BOCES has received grants, which are subject to audit by agencies of the State, Federal, and local governments. Such audits may result in disallowances and a request of a return of funds. Based on prior audits, the BOCES administration believes disallowances, if any, will be immaterial.
- B. The BOCES is currently in the process of a Capital Construction Project. As part of the process it is common to receive claims by contractors for the project. They have received several delay claims, which are being handled by the BOCES attorneys for the project. At this time no estimate can be made as to the ultimate outcome of such claims.

NOTE 15 – CHANGE IN FUND EQUITY:

General Fund:

The fund equity in the General Fund was decreased by the following for the year ended June 30, 2021:

Excess (Deficiency) of Revenues	
Over Expenditures, excluding any change in reserve and net of Operating Transfers Out	\$(6,572,736)
Increase (Decrease) in:	
Reserve for Encumbrances	84,354
Reserve for Property Loss	<u>-</u>
Return on Surplus	<u><u>\$(6,488,382)</u></u>

NOTE 16 – PRIOR PERIOD CORRECTION OF AN ERROR:

For fiscal year June 30, 2022, the BOCES restated opening net position in the amount of (\$88,843). The BOCES restated fixed asset additions in the amount of \$33,977. The BOCES restated accumulated depreciation in the amount of \$122,820, the result of software not capturing the accumulated depreciation. Page

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF CHANGES IN THE BOCES' NET OPEB LIABILITY
AND RELATED RATIOS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total OPEB Liability										
Service Cost	\$ 10,271,666	\$ 9,715,607	\$ 9,472,688	\$ 8,610,357	\$ 8,897,203	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	4,910,955	5,806,432	8,444,071	8,349,045	7,664,632	-	-	-	-	-
Changes of Benefit Terms	(195,893)	-	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(20,639,691)	(20,346,144)	(65,262,657)	-	(9,478,173)	-	-	-	-	-
Changes of Assumption or Other Inputs	(44,584,255)	15,593,845	30,399,061	12,507,507	-	-	-	-	-	-
Benefit Payments	(5,371,016)	(5,359,305)	(5,787,926)	(5,202,651)	(5,111,952)	-	-	-	-	-
Net Change in Total OPEB Liability	(55,608,234)	5,410,435	(22,734,763)	24,264,258	1,971,710	-	-	-	-	-
Total OPEB Liability - Beginning	216,643,803	211,233,368	233,968,131	209,703,873	207,732,163	-	-	-	-	-
Total OPEB Liability - Ending	\$ 161,035,569	\$ 216,643,803	\$ 211,233,368	\$ 233,968,131	\$ 209,703,873	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	22,728,535	24,339,032	24,311,978	26,751,681	25,167,945	-	-	-	-	-
Total OPEB Liability as a Percentage of Covered-Employee Payroll	708.52%	890.11%	868.84%	874.59%	833.22%	-	-	-	-	-

Notes to Schedule:

Changes of Assumptions:

Changes of Assumptions and other inputs reflects the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2022	4.09%
2021	2.19%
2020	2.66%
2019	3.51%
2018	3.87%

Health care trend rates have been updated to an annual trend of 7.5% decreasing to an ultimate rate of 4.5% according to the schedule in the Health Care Trend Rates section of the Actuarial Methods and Assumptions. The impact of this change is a slight decrease in liabilities.

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

In accordance with New York State Law, the District's Defined Benefit OPEB Plan is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75. Accordingly, the District does not have net assets accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
AND RELATED RATIOS**

LAST 10 FISCAL YEARS*

FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM

Measurement Year	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
The BOCES' proportion of the net pension liability (asset)	0.018073%	0.020097%	0.019946%	0.018490%	0.020291%	0.018808%	0.020073%	0.02%	-	-
The BOCES' proportionate share of the net pension liability (asset)	\$ (1,477,411)	\$ 20,012	\$ 5,281,693	\$ 1,310,081	\$ 654,880	\$ 1,767,198	\$ 3,221,782	\$ 704,693	-	-
The BOCES' covered employee payroll	\$ 6,621,668	\$ 6,372,686	\$ 6,767,355	\$ 6,098,861	\$ 5,834,293	\$ 6,298,330	\$ 5,805,365	\$ 5,884,096	-	-
The BOCES' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-22.31%	0.31%	78.05%	21.48%	11.22%	28.06%	55.50%	11.98%	-	-
Plan fiduciary net position as a percentage of the total pension liability	10365.00%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	-	-

* The amounts presented for each fiscal year were determined as of 3/31

FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

Measurement Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
The BOCES' proportion of the net pension liability (asset)	0.108103%	0.113278%	0.115420%	0.113419%	0.114343%	0.111498%	0.115410%	0.114763%	-	-
The BOCES' proportionate share of the net pension liability (asset)	\$ (18,733,262)	\$ (3,130,179)	\$ (2,998,614)	\$ (2,050,911)	\$ (869,117)	\$ 1,194,189	\$ (11,987,399)	\$ (12,783,894)	-	-
The BOCES' covered employee payroll	\$ 17,447,540	\$ 18,575,575	\$ 19,629,514	\$ 19,717,127	\$ 18,753,866	\$ 18,388,847	\$ 17,390,256	\$ 17,231,907	-	-
The BOCES' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-107.37%	-16.85%	-15.28%	-10.40%	-4.63%	6.49%	-68.93%	-74.19%	-	-
Plan fiduciary net position as a percentage of the total pension liability (asset)	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	-111.48%	-	-

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

LAST 10 FISCAL YEARS

FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM

Measurement Year	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 971,203	\$ 918,206	\$ 851,151	\$ 841,365	\$ 928,229	\$ 873,494	\$ 1,021,921	\$ 1,052,503	-	-
Contributions in relation to the contractually required contribution	\$ 971,203	\$ 918,206	\$ 851,151	\$ 841,365	\$ 928,229	\$ 873,494	\$ 1,021,921	\$ 1,052,503	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
The BOCES' covered employee payroll	\$ 6,621,668	\$ 6,372,686	\$ 6,767,355	\$ 6,098,861	\$ 5,834,293	\$ 6,298,330	\$ 5,805,365	\$ 5,884,096	-	-
Contributions as a percentage of a covered employee payroll	14.67%	14.41%	12.58%	13.80%	15.91%	13.87%	17.60%	17.89%	-	-

FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

Measurement Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,748,621	\$ 1,703,501	\$ 2,045,989	\$ 1,810,516	\$ 2,123,609	\$ 2,281,416	\$ 3,039,021	\$ 2,754,748	-	-
Contributions in relation to the contractually required contribution	\$ 1,748,621	\$ 1,703,501	\$ 2,045,989	\$ 1,810,516	\$ 2,123,609	\$ 2,281,416	\$ 3,039,021	\$ 2,754,748	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
The BOCES' covered employee payroll	\$ 17,447,540	\$ 18,575,575	\$ 19,629,514	\$ 19,717,127	\$ 18,753,866	\$ 18,388,847	\$ 17,390,256	\$16,952,298	-	-
Contributions as a percentage of a covered employee payroll	10.02%	9.17%	10.42%	9.18%	11.32%	12.41%	17.48%	16.25%	-	-

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Revised Budget	Current Year's Revenues	Over (Under) Revised Budget
REVENUES				
Administration - 001	\$ 22,486,815	22,043,389.00	\$ 23,666,263	\$ 1,622,874
Occupational Instruction - 100-199	7,817,706	7,515,877.00	7,659,800	143,923
Instruction for the Handicapped - 200-299	34,016,517	33,069,648.00	33,776,292	706,644
Itinerant Services - 300-399	3,087,243	3,571,845.00	3,601,367	29,522
General Instruction - 400-499	3,029,971	4,692,065.00	4,732,668	40,603
Instructional Support - 500-599	12,725,958	17,831,955.00	16,285,040	(1,546,915)
Other Services - 600-699	12,782,005	15,900,618.00	17,494,037	1,593,419
Internal Services - 700-799	-	-	-	-
Total Revenues	\$ 95,946,215	\$ 104,625,397	\$ 107,215,467	\$ 2,590,070

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET - GENERAL FUND – (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balances</u>
EXPENDITURES					
Administration - 001	\$ 22,486,815	\$ 22,493,620	\$ 22,027,479	\$ 10,196	\$ 455,945
Occupational Instruction - 100-199	7,817,706	7,656,659	7,595,158	-	61,501
Instruction for the Handicapped - 200-299	34,016,517	33,283,743	33,754,270	-	(470,527)
Itinerant Services - 300-399	3,087,243	3,570,630	3,493,848	-	76,782
General Instruction - 400-499	3,029,971	4,715,269	4,238,079	60,042	417,148
Instructional Support - 500-599	12,725,958	17,946,062	15,532,905	254,577	2,158,580
Other Services - 600-699	12,782,005	15,746,604	14,109,618	140,415	1,496,571
Internal Services - 700-799	<u>-</u>	<u>-</u>	<u>(24,273)</u>	<u>463</u>	<u>24,273</u>
 Total Expenditures	 <u>95,946,215</u>	 <u>105,412,587</u>	 <u>100,727,084</u>	 <u>\$ 465,693</u>	 <u>\$ 4,220,273</u>
 Excess of Revenues (Expenditures)	 <u>\$ -</u>	 <u>\$ (787,190)</u>	 6,488,383		
 Other Adjustments to Reserve Funds, Net			84,354		
Surplus Activity 2021-2022 Closed to Due to School Districts			<u>(6,488,382)</u>		
 Changes in Fund Balances			84,355		
 Fund Balances - Beginning of Year			<u>4,086,329</u>		
 Fund Balances - End of Year			<u>\$ 4,170,684</u>		

**SUPPLEMENTARY
INFORMATION**

DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF COMBING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Aid	School Lunch	Special Miscellaneous	Total Non-Major
ASSETS				
Cash:				
Unrestricted	\$ 1,383,631	\$ 6,061	\$ 14,981	\$ 1,404,673
Receivables:				
State and Federal Aid	539,343	30,445	-	569,788
Due from Other Governments	29,390	-	-	29,390
Due from Other Funds	-	152	-	152
Lease Receivables	-	-	-	-
Other Receivables	83,922	-	-	83,922
Inventories	-	5,651	-	5,651
Total Assets	<u>\$ 2,036,286</u>	<u>\$ 42,309</u>	<u>\$ 14,981</u>	<u>\$ 2,093,576</u>
LIABILITIES				
Payables:				
Accounts Payable	\$ 35,944	\$ 3,553	\$ -	\$ 39,497
Accrued Liabilities	31,354	-	-	31,354
Due to Other Funds	2,582,139	38,728	-	2,620,867
Due to Other Governments	1,192	28	-	1,220
Total Liabilities	<u>2,650,629</u>	<u>42,309</u>	<u>-</u>	<u>2,692,938</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	<u>33,431</u>	<u>-</u>	<u>-</u>	<u>33,431</u>
Total Deferred Inflows of Resources	<u>33,431</u>	<u>-</u>	<u>-</u>	<u>33,431</u>
FUND BALANCES				
Non Spendable	-	5,651	-	5,651
Assigned	-	-	14,981	14,981
Unassigned	<u>(647,774)</u>	<u>(5,651)</u>	<u>-</u>	<u>(653,426)</u>
Total Fund Balances	<u>(647,774)</u>	<u>-</u>	<u>14,981</u>	<u>(632,793)</u>
Total Liabilities and Fund Balances	<u>\$ 2,036,286</u>	<u>\$ 42,309</u>	<u>\$ 14,981</u>	<u>\$ 2,093,576</u>

DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF COMBING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Aid	School Lunch	Special Miscellaneous	Total Non-Major
REVENUES				
Charges for Services	\$ 12,400	\$ -	\$ -	\$ 12,400
Charges to Components	825,921	-	-	825,921
Charges to Other BOCES	15,500	-	-	15,500
Miscellaneous	550,179	-	2,350	552,529
Interfund Revenue	-	-	-	-
State Sources	255,422	3,263	-	258,685
Federal Sources	2,770,591	175,711	-	2,946,302
Surplus Foods	-	5,697	-	5,697
Sales - School Lunch	-	201	-	201
Total Revenues	<u>4,430,013</u>	<u>184,872</u>	<u>2,350</u>	<u>4,617,235</u>
EXPENDITURES				
Administration	563,492	-	-	563,492
Occupational Instruction	2,814,410	-	-	2,814,410
Instruction for Special Education	731,225	-	-	731,225
Itinerant Services	-	-	-	-
General Instruction	-	-	-	-
Instructional Support	416,889	-	-	416,889
Other Services	-	-	-	-
Cost of Sales	-	204,060	-	204,060
Other Expenses	-	-	4,849	4,849
Depreciation	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>4,526,016</u>	<u>204,060</u>	<u>4,849</u>	<u>4,734,925</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(96,003)</u>	<u>(19,188)</u>	<u>(2,499)</u>	<u>(117,690)</u>
OTHER FINANCING SOURCES AND USES				
Operating Transfers In	-	19,188	-	19,188
Total Other Sources (Uses)	<u>-</u>	<u>19,188</u>	<u>-</u>	<u>19,188</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(96,003)	-	(2,499)	(98,502)
Fund Balances - Beginning of Year	<u>(551,771)</u>	<u>-</u>	<u>17,480</u>	<u>(534,291)</u>
Fund Balances - End of Year	<u>\$ (647,774)</u>	<u>\$ -</u>	<u>\$ 14,981</u>	<u>\$ (632,793)</u>

**OTHER
INFORMATION**

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 SUPPLEMENTAL INFORMATION
 ANALYSIS OF ACCOUNT A431 - SCHOOL DISTRICTS
 FOR THE YEAR ENDED JUNE 30, 2022**

July 1, 2021 - Debit (Credit) Balance \$ (552,294)

Debits:

Billings to School Districts/BOCES	\$	96,785,900	
Refund of Balances Due School Districts		3,553,001	
Billings to Other BOCES		5,143,421	
Expenditures in Excess of Revenues		-	
Encumbrances - June 30, 2022		465,693	
Other Adjustments		-	
Total Debits		-	<u>105,948,015</u>

Credits:

Collections from School Districts		100,306,349	
Summer Programs		-	
Adjustment - Summer Programs		-	
Revenues in Excess of Expenditures		6,628,431	
Encumbrances - June 30, 2021		241,291	
Other Adjustments		-	
Total Credits		-	<u>107,176,071</u>

June 30, 2022 - Debit (Credit) Balance \$ (1,780,350)

Due to School Districts - Held for Other Post
 Employment Benefits Liability at June 30, 2022 \$ (4,898,547)

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
 SCHEUDLE OF PROJECT EXPENDITURES – CAPITAL PROJECTS FUND
 INCEPTION OF PROJECT THROUGH JUNE 30, 2022**

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2022
			Prior Years	Current Year	Total		Proceeds of Obligation	State Aid	Local Sources	Total	
Capital Projects:											
CTI Expansion Project	\$ 100,000	\$ 36,800,000	\$ 12,140,706	\$ 19,974,900	\$ 32,115,606	\$ 4,684,394	\$ -	\$ -	\$ 37,482,930	\$ 37,482,930	9,874,256
Energy Performance Lease Contract	2,550,000	2,550,000	2,044,919	531,490	2,576,409	(26,409)	2,550,000	-	-	2,550,000	-
	<u>2,650,000</u>	<u>39,350,000</u>	<u>14,185,625</u>	<u>20,506,390</u>	<u>34,692,015</u>	<u>4,657,985</u>	<u>2,550,000</u>	<u>-</u>	<u>37,482,930</u>	<u>40,032,930</u>	<u>9,874,256</u>
Non-Major Capital Projects:											
Admin Brick Veneer	49,923	49,923	17,755	-	17,755	32,168	-	-	17,755	17,755	32,168
Municipal Water	100,000	600,000	126,884	86,401	213,285	386,715	-	-	68,718	68,718	228,553
SPC Boiler Room Abatement	245,000	244,563	-	244,563	244,563	-	-	-	244,563	244,563	-
	<u>394,923</u>	<u>894,486</u>	<u>144,639</u>	<u>330,964</u>	<u>475,603</u>	<u>418,883</u>	<u>-</u>	<u>-</u>	<u>331,036</u>	<u>331,036</u>	<u>-</u>
Totals	<u>\$ 3,044,923</u>	<u>\$ 40,244,486</u>	<u>\$ 14,330,264</u>	<u>\$ 20,837,354</u>	<u>\$ 35,167,618</u>	<u>\$ 5,076,868</u>	<u>\$ 2,550,000</u>	<u>\$ -</u>	<u>\$ 37,813,966</u>	<u>\$ 40,363,966</u>	<u>\$ 9,874,256</u>

**DUTCHESS COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

Capital Assets, Not Depreciated	\$ 34,889,399	
Capital Assets, Net	<u>6,962,469</u>	
Total Capital Assets, Net		<u>41,851,868</u>
Add:		
Unamortized Bond Issuance Costs	-	
Discount on Bonds Payable	<u>-</u>	
Total Additions		<u>-</u>
Deduct:		
Retainage Payable	1,470,636	
Short-Term Portion of Leases	162,687	
Long-Term Portion of Leases	2,213,933	
Short-Term Portion of Installment Purchase Debt	1,261,217	
Long-Term Portion of Installment Purchase Debt	<u>1,278,188</u>	
Total Deductions		<u>6,386,661</u>
Investment in Capital Assets, Net of Related Debt		<u>\$ 35,465,207</u>

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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**

Board of Education
Dutchess County Board of Educational Services
5 BOCES Road
Poughkeepsie, NY 12601

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 Dutchess County Board of Cooperative Educational Services (the "BOCES"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements, and have issued our report thereon dated October 3, 2022.

Report on Internal Control over Financial Reporting

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

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

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

ibtcpsa.com

11 Racque Road
Newburgh, NY 12550

2678 South Road
Suite 101
Poughkeepsie, NY 12601

P.O. Box 757
2215 R. 9th
Lake Katonah, NY 12449

P.O. Box 299
51 Sullivan Street
Warburton, NY 12790

4071 Route 9, Stop 1
Hudson, NY 12534

990 Madison Avenue
21st Floor
New York, NY, 10022

Report on Compliance and Other Matters

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

Purpose of this Report

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

RBT CPAs, LLP

Hudson, NY

October 3, 2022

