

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL
SERVICES

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2021



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis (Unaudited)	4 - 12
Basic Financial Statements:	
Statement of Net Position	13
Statement of Activities and Changes in Net Position	14
Balance Sheet - Governmental Funds	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities	17
Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19
Notes to Financial Statements:	20 - 44
Required Supplementary Information:	
Schedule of Changes in BOCES' Total OPEB Liability and Related Ratio	45
Schedule of the BOCES' Proportionate Share of the Net Pension Liability	46
Schedule of BOCES' Contributions	47
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) And Actual - General Fund	48 - 49
Supplementary Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	50
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	51
Analysis of Account A431 - School Districts	52
Schedule of Capital Projects Fund - Project Expenditures and Financing Resources	53
Schedule of Expenditures of Federal Awards	54
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	55 - 56

INDEPENDENT AUDITORS' REPORT

To the Board Members
Orleans-Niagara
Board of Cooperative Educational Services

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orleans-Niagara Board of Cooperative Educational Services, New York, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Orleans-Niagara Board of Cooperative Educational Services, New York, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the BOCES' proportionate share of the net pension liability, schedule of BOCES contributions, and budgetary comparison information on pages 12–19 and 45–49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

As described in Note II to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Orleans-Niagara Board of Cooperative Educational Services, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of the Orleans-Niagara Board of Cooperative Educational Services, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Orleans-Niagara Board of Cooperative Educational Services, New York's internal control over financial reporting and compliance.

Rochester, New York
October 13, 2021

Mengel, Metzger, Barz & Co. LLP

**ORLEANS – NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MEDINA, NEW YORK
Management’s Discussion and Analysis (MD&A)
June 30, 2021**

Introduction

Our discussion and analysis of the Board of Cooperative Educational Services Sole Supervisory District of Orleans and Niagara Counties’ (Orleans/Niagara BOCES) financial performance provides an overview of the BOCES’ financial activities for the year ended June 30, 2021. It should be read in conjunction with the basic financial statements to enhance understanding of the BOCES financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for the fiscal year 2021 are as follows:

The Board of Cooperative Educational Services (BOCES) is a public school district formed under New York State Public Education Law § 1950. It is formed to provide educational and management services to its 13 component school districts in Orleans and Niagara Counties, New York. Additionally, several other school districts purchase services from the BOCES by “cross contracting” through their own local BOCES. Since the BOCES receives no State Aid and has no taxing authority, the vast majority of its revenues are derived from the sale of its services to school districts. Revenues from providing school district services totaled more than \$75 million dollars for the fiscal year. In accordance with New York State Public Education Law, the BOCES does not maintain a General Fund unrestricted balance. Instead, all revenues collected in excess of annual expenditures are returned to participating school districts in direct proportion to the revenues collected from those districts. The refund for the fiscal year ended June 30, 2021 totaled \$4,226,156.

The BOCES governmental fund financial statements report a combined ending fund balance of \$7,724,901, an increase of \$988,087. The fund balance is comprised of a number of sources:

- An amount of \$638,558 is available in the form of reserve funds for unemployment insurance.
- A total of \$124,712 is reserved for liability.
- A total of \$1,010,394 is reserved for a career and technical education equipment.
- A total of \$1,708,319 is reserved for retirement contribution reserves.
- A total of \$41,773 is reserved for Scholarships
- A reserve for encumbrances totals \$557,888.
- The Special Aid Fund Balance is \$447,528, which consists primarily of the adult continuing education programs.
- An amount of \$1,777,768 is available in the Capital Fund to complete future capital projects.
- An amount of \$1,417,961 is reserved for Employee Benefits Liability

The BOCES Net Position decreased by \$2,687,047 for the year ended June 30, 2021 primarily due to the work on two capital projects and the depletion of the assigned fund balance for retiree health insurance, consistent with the NYS Comptroller’s audit corrective action plan.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the BOCES' basic financial statements. The BOCES' basic financial statements are comprised of three components: (1) Government-wide financial statements, (2) Fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

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

The **Statement of Governmental Net Position** presents information on all of the BOCES' assets and liabilities, with the difference between the two reported as Net Position. Net Position are similar to total stockholders' equity presented by a commercial business. Although the purpose of BOCES is not to accumulate Net Position, over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the BOCES is improving or deteriorating.

The **Statement of Activities** presents the revenue, expenses and corresponding change in Net Position of the BOCES during the most recent fiscal year. All revenues are reported when earned and expenses are reported when incurred, regardless of the timing of related cash flows.

The governmental activities of the BOCES include administration, career and technical education, instruction for the handicapped, itinerant services, general instruction, instructional support, other services, school store and depreciation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is considered a separate accounting entity with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. All of the funds of the BOCES can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, they are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements. In general, the fund financial statements have a short-term emphasis. They measure and account for cash and other assets that can be easily converted to cash, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a very short period of time after the end of the fiscal year. Compensated absences are an example of liabilities that are not reflected in the fund financial statements, but are included as a liability in the statement of Net Position. The difference between a fund's total assets and total liabilities is labeled as the fund balance and indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash respectively during the current period, or very shortly after the end of the year. Therefore, depreciation is not reflected as an expense since it doesn't require a cash payment.

Since different accounting bases are used to prepare fund financial statements and government-wide financial statements, there are often significant differences between the totals presented in these financial statements. To reconcile the total fund balance to the amount of Net Position, an analysis is presented at the bottom of the balance sheet. Also, the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances reconciles the total change in fund balances for all government funds to the change in Net Position as reported in the governmental activities statement.

The BOCES maintains four individual governmental funds; General Fund, Special Aid Fund, School Store Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each fund.

The BOCES adopts an annual budget for its General Fund. Supplementary schedules are provided in the Notes to Financial Statement section which compare revenue and expenditures to the budget and revisions to the budget which identifies sources of changes.

The **Custodial Funds** are used to account for assets held by the BOCES in an agency capacity which account for assets held on behalf of others. The BOCES, however, is responsible for ensuring that the assets reported in these funds are used only for their intended purpose. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are **not** available to support the BOCES' programs.

The BOCES Miscellaneous Special Revenue Fund consists of student activity accounts.

The financial statements for the governmental and custodial funds can be found in the basic financial statement section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements section of this report.

Government-Wide Financial Analysis

As mentioned earlier, Net Position may serve over time as a useful indicator of the BOCES' financial position. As of June 30, 2021, the BOCES assets exceeded the liabilities by \$7,439,521. A comparison of Net Position with the prior year follows:

Net Position:

	<u>2021</u>	<u>2020</u>
Current Assets	\$ 28,237,344	\$ 26,883,180
Due From Districts	307,531	1,139,673
Long Term Net Pension Asset	0	3,249,618
Capital Assets, Net	<u>20,813,801</u>	<u>21,624,719</u>
Total Assets	<u>\$ 49,358,676</u>	<u>\$ 52,897,190</u>
Deferred Outflow of Resources	\$ 18,420,838	\$ 14,999,952
Current Liabilities	\$ 20,819,974	\$ 21,331,322
Long-Term Liabilities	<u>29,831,643</u>	<u>30,477,638</u>
Total Liabilities	<u>\$ 50,651,617</u>	<u>\$ 51,808,960</u>
Deferred Inflow of Resources	\$ 9,688,376	\$ 6,006,897
Net Position:		
Investment in Capital Assets, Net of Related Debt	\$ 20,813,801	\$ 21,624,719
Restricted-Capital Projects	1,777,768	637,799
Restricted – Accrued Benefit Liability Reserve	1,417,961	1,417,622
Restricted- Other Reserves	3,481,983	3,480,120
Scholarships	41,773	0
Unrestricted	<u>(20,093,765)</u>	<u>(17,078,975)</u>
Total Net Position	<u>\$ 7,439,521</u>	<u>\$ 10,081,285</u>

The single largest component of the BOCES' Net Position, \$20,813,801, reflects its investment in capital assets. The BOCES uses these assets to provide programs and services to its component districts and students. Consequently, these assets are not available for future spending.

A large portion of the current assets is amounts which are due from other governments. A receivable from New York State of \$11,230,352 is for BOCES aid for the component districts which was not received as of June 30, 2021. This amount was also accounted for in the current liabilities as Due to School Districts. Other government receivables include the amount of \$1,410,643 in state and federal grants in the Special Aid Fund and \$307,531 due from school districts. The amount of \$15,313,719 is cash and cash equivalents (money market accounts) held by BOCES.

In addition to the BOCES aid due to school districts, the current liabilities reflect an amount of \$2,682,894 for the Employee' and Teachers' Retirement System.

Long term liabilities has several components. The amount of \$1,137,314 is for compensated absences which is unused vacation and compensatory time which is due to certain employees upon separation from service. The amount of \$25,203,766 is for BOCES' net obligation for other postemployment benefit (OPEB) cost as determined in accordance with GASB Statement #45. Also included is a liability for the BOCES' proportionate share of the net pension liability for ERS in the amount of \$3,490,563.

The BOCES has \$20,813,801 in fixed asset valuation. This is a combination of all land, buildings, machinery and equipment less accumulated depreciation. The BOCES has a practice of systematically updating its facilities through annual capital expenditure charges to component school districts. The BOCES utilizes these funds to finance State approved capital building projects for its three campuses in Sanborn and Medina, New York. The amount of \$1,777,768 will be applied to the ongoing projects of security upgrade and HVAC upgrades at both Orleans centers.

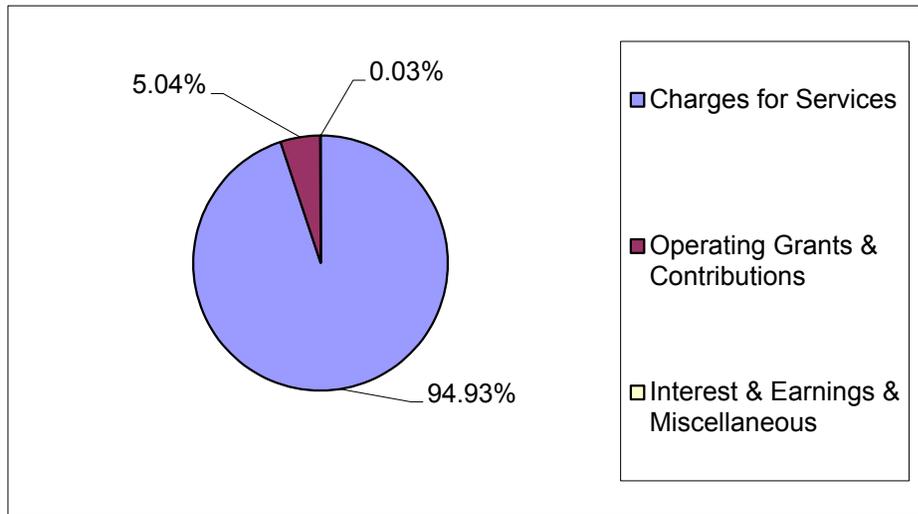
The general fund has created several reserves. The largest is the Employee Benefits Accrued Liability Reserve of \$1,417,961. This reserve is for benefits earned, but not yet used, by employees.

The BOCES has an unemployment reserve of \$638,558 which pays the costs of benefits to former employees. These employees are entitled to coverage under New York State Unemployment Insurance Law. The BOCES has elected to self-fund these benefits and reimburses New York State for all claims. The BOCES has a Career and Technical Education Equipment reserve of \$1,010,394 for the purposes of purchasing technologically advanced career and technical equipment. An Employee Retirement Contribution reserve in the amount of \$1,303,800 is for the purpose of off-setting rising retirement costs for staff in the NYS Employee Retirement System. There is also a Teacher Retirement Contribution reserve in the amount of \$404,519 to off-set retirement costs for staff in the NYS Teacher Retirement System. Additionally, there is a liability reserve of \$124,712 which is available to self-fund minor claims and mitigate insurance premium increases. Finally, the BOCES has encumbered or reserved an amount of \$557,888 from the 2021 budget for year-end purchases which were in process, but not completed, by June 30, 2021.

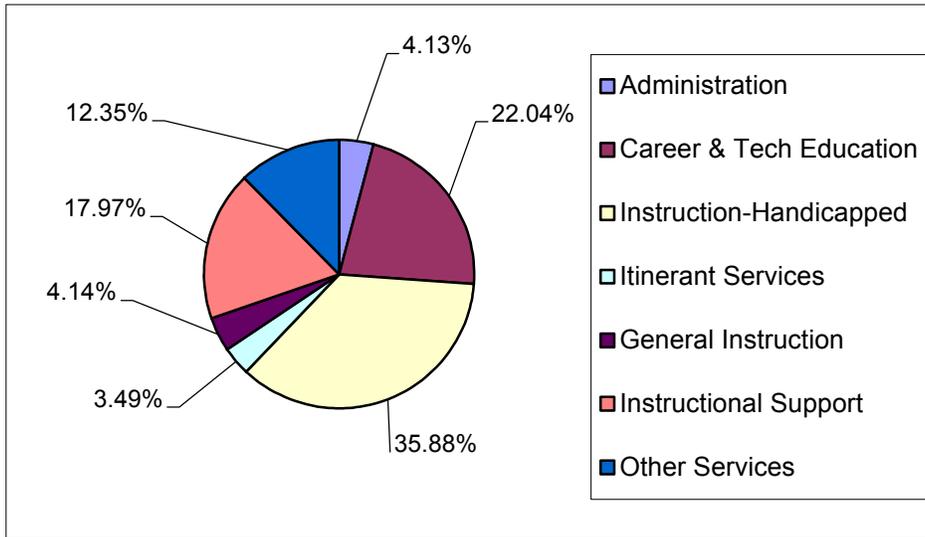
<u>Changes in Net Position:</u>	<u>2021</u>	<u>2020</u>
Revenues:		
Charges for Services	\$ 73,451,126	\$ 72,736,269
Operating & Capital		
Grants & Contributions	<u>3,897,904</u>	<u>4,001,849</u>
 Total Program Revenues	 <u>\$ 77,349,030</u>	 <u>\$ 76,738,118</u>
 General Revenue:		
Interest and Earnings	\$ 22,316	\$ 78,847
Miscellaneous	1,394	3,572
Sale of Property and Comp. for Loss	<u>-</u>	<u>-</u>
Total General Revenue	<u>\$ 23,710</u>	<u>\$ 82,419</u>
 Program Expenses:		
Administration	\$ 3,302,736	\$ 2,387,854
Career & Tech Education	17,646,925	18,049,640
Instruction – Handicapped	28,729,309	30,890,336
Itinerant Services	2,791,100	2,978,433
General Instruction	3,311,183	4,599,624
Instructional Support	14,388,228	13,450,391
Other Services	<u>9,890,306</u>	<u>10,140,388</u>
Total Expenses	<u>\$ 80,059,787</u>	<u>\$ 82,496,666</u>
 Change in Net Position	 <u>\$ (2,687,047)</u>	 <u>\$ (5,676,129)</u>

The BOCES' Net Position decreased by \$2,687,047.

Source of Revenue for Fiscal Year 2021 – Governmental Activities



Program Expenses for Fiscal Year 2021 – Governmental Activities



As illustrated above, the primary source of revenue for the BOCES is charges for services. It provided \$73,451,126, or 94.93%, of the total revenue. BOCES also obtains operating grants from federal, state, and local governments. These revenues totaled \$3,897,904, or 5.04% for the 2021 school year. Lastly, the amount of \$23,710 or .03% was received for interest and earnings and sale of property.

As noted in the graph of Program Expenses for the fiscal year 2021, instruction for the handicapped accounts for 35.88% of total expenses. The special education programs are designed for students with disabilities whose instructional needs cannot be appropriately served by their local school districts. Handicapped services represent the largest portion of our program expenses. These programs are not BOCES aidable, but do generate excess cost aid for the districts.

The second largest program expenditure is for career and technical education at 22.04%. These programs operate in cooperation with the new graduation requirements, approved by the Board of Regents. Most courses are offered with a “Technical Endorsement” on a student’s Regents Diploma. Additionally, several courses are offered with National Certification or State Licensure. The career and technical program is BOCES aidable.

The third largest program expenditure is for Instructional Support at 17.97%. Instructional services are geared toward teacher support in the form of professional development, curriculum development, materials distribution, central printing, and school improvement.

General instruction, or alternative education, provides 4.14% of program expenditures. These programs are provided to students who may not thrive in traditional classroom settings. It also includes the summer school program. Other services which total 12.35% of expenditures include administration, itinerant teaching and many business services such as cooperative bidding, grant writing, health and workers’ compensation consortiums, labor relations, safety risk services, and computer services from the Erie 1 BOCES.

Financial Analysis of the BOCES’ Funds

As noted earlier, the BOCES uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the BOCES governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the BOCES’ financing requirements. In particular, surplus distribution may serve as a useful measure of a government’s consistency in budgeting.

As of the end of the 2021 fiscal year, the BOCES’ governmental funds reported combined fund balances of \$7,724,901. This fund balance is comprised of a restricted balance of \$4,941,717, and an assigned balance of \$2,783,184. The amount classified as restricted includes a reserve for unemployment insurance of \$638,558, a Career and Technical Education Equipment reserve of \$1,010,394, a reserve for Retirement Contributions of \$1,303,800, a Teacher Retirement reserve for \$404,519, a reserve for Employee Benefits Accrued Liability of \$1,417,961, a reserve for liability of \$124,712, and scholarship funds of \$41,773. The assigned fund balance includes a reserve for encumbrances of \$557,888, \$1,777,768 in the Capital Fund and \$447,528 in the Special Aid Fund.

The General Fund is the chief operating fund of the BOCES. At the end of the current fiscal year, the total fund balance of the General Fund was \$5,457,832. As a BOCES, we are not allowed to keep any unrestricted fund balances in the General Fund; therefore, 100% of the fund balance has been reserved to aid in the long-term financial plan of the BOCES. The fund balance of the BOCES’ General Fund increased by \$168,600 mainly due to a decrease in expenses.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$6,685,951. This change is attributable to the increased requests for services from school districts during the year above and beyond their original estimates. By May 1st of each year, the districts are required to have a signed commitment statement with the BOCES for the ensuing school year. After that date, the Orleans/Niagara BOCES components may increase requested services, but not decrease. The exception is in Special Education services. In accordance with New York State Education Law, these services are billed based on actual weekly enrollments. Therefore, the BOCES must adjust the program budget levels up and down to coincide with district service requests on an almost daily basis. Failure to follow this practice could lead the BOCES to a point where the program expenditures exceed revenues in the case of decreasing district enrollments.

Capital Assets

At June 30, 2021, the BOCES had \$20,813,801, net of accumulated depreciation, invested in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The capital assets, net of accumulated depreciation, are reflected below.

CLASS	<u>6/30/21</u>	<u>6/30/20</u>
Land	\$ 708,456	\$ 708,456
Work In Progress	3,469,674	2,959,643
Other Capital Assets	<u>16,635,671</u>	<u>17,956,620</u>
Total Capital Assets, net of Accumulated Depreciation	<u>\$20,813,801</u>	<u>\$21,624,719</u>

This schedule shows a net decrease of \$810,918 in capital assets during the current fiscal year due to the depreciation of current assets.

More detailed information about the BOCES' capital assets is presented in the notes to the financial statements.

Long-Term Debt

At June 30, 2021, the BOCES had outstanding long-term obligations totaling \$29,831,643. This represents contractual obligations for compensated absences and BOCES' annual cost for other postemployment benefits (OPEB) as determined in accordance with GASB Statement #45. It also includes the BOCES share of the Net Pension Liability for ERS. More detailed information about the BOCES long-term liabilities is presented in the notes to the financial statements.

Factors Bearing on the BOCES' Future

Salaries are the largest of the BOCES expenditures. Several collective bargaining agreements are in negotiations at this time. To remain competitive in the market and to gain good qualified employees the starting wages need to be addressed in some contracts. Orleans/Niagara BOCES is finding it difficult to compete with other employers in gaining new hires.

Employee benefits is the second largest expenditure of the BOCES, and therefore, trends in employee benefits has a major impact on the BOCES budget. The Teachers' Retirement contribution rate increased to approximately 9.8% and the Employees' Retirement contribution rate increased to approximately 16.2%. Unfortunately, due to the pandemic we are expecting contribution rates to continue to increase.

The Orleans/Niagara BOCES participates in a health consortium of nine districts. However, the premiums are substantial, exceeding \$10 million per year. Through collective bargaining, the BOCES continues to seek to mitigate the increases by negotiating increased cost share with the employees. We have had success in phasing out participation in the traditional indemnity plan. Several of the Affordable Care Act (ACA) taxes remain in effect. This adds to the cost of providing health insurance to the BOCES staff as taxes and fees are passed on to the health consortium.

The Clerical and Maintenance Worker collective bargaining agreements expired June 30, 2020. The Orleans/Niagara BOCES continues negotiations.

The most significant factor bearing on the BOCES' future continues to be the financial well-being of the component districts. ARP has helped districts at this time. However, this funding source has an expiration date. Even though the Gap Elimination Adjustment (GEA) has been restored, the components have incurred several years of state aid reductions which will not be recouped. In addition the Foundation Formula continues to lag years behind. This has resulted in large reductions in districts' reserves and resources to send students to BOCES programs. Additionally, the tax levy cap of 2% and new unfunded mandates (lead testing, CO detectors, Community Schools Set-Aside, feminine products) continue to burden district resources.

Requests for Information

The financial report is designed to provide a general overview of the BOCES' finances for all those with an interest in the BOCES' finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Orleans/Niagara BOCES
Attn: Mrs. Melanie A. Conley
Director of Business Services
4232 Shelby Basin Road
Medina, NY 14103
(716) 731-6800, Extension 2210

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 15,313,719
Accounts receivable	13,231,156
Capital Assets:	
Land	708,456
Work in progress	3,469,674
Other capital assets (net of depreciation)	16,635,671
TOTAL ASSETS	<u>\$ 49,358,676</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources	<u>\$ 18,420,838</u>
LIABILITIES	
Accounts payable	\$ 790,187
Accrued liabilities	487,112
Unearned revenue	617,616
Due to other governments	3,185
State aid due to districts	11,230,352
Due to school districts	4,226,156
Due to teachers' retirement system	2,255,096
Due to employees' retirement system	427,798
Other liabilities	782,472
Long-Term Obligations:	
Due in one year	284,329
Due in more than one year	29,547,314
TOTAL LIABILITIES	<u>\$ 50,651,617</u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources	<u>\$ 9,688,376</u>
NET POSITION	
Net investment in capital assets	\$ 20,813,801
Restricted For:	
Capital reserve	1,010,394
Unemployment reserve	638,558
Retirement contribution reserve	1,303,800
Teacher retirement contribution reserve	404,519
Liability reserve	124,712
Accrued benefit liability reserve	1,417,961
Scholarships	41,773
Unrestricted	(18,315,997)
TOTAL NET POSITION	<u><u>\$ 7,439,521</u></u>

(See accompanying notes to financial statements)

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Activities and Changes in Net Position
For Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
<u>Primary Government -</u>					
Administration	\$ 3,302,736	\$ 4,687,961	\$ -	\$ -	\$ 1,385,225
Career & tech education	17,646,925	13,397,437	1,358,631	-	(2,890,857)
Instruction for the handicapped	28,729,309	28,208,803	-	-	(520,506)
Itinerant services	2,791,100	2,700,517	-	-	(90,583)
General instruction	3,311,183	3,039,166	-	-	(272,017)
Instructional support	14,388,228	11,534,263	2,534,273	-	(319,692)
Other services	9,890,306	9,882,979	-	5,000	(2,327)
Total Primary Government	\$ 80,059,787	\$ 73,451,126	\$ 3,892,904	\$ 5,000	\$ (2,710,757)
General Revenues:					
					\$ 22,316
					1,394
					\$ 23,710
					\$ (2,687,047)
					10,126,568
					\$ 7,439,521

(See accompanying notes to financial statements)

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Balance Sheet

Governmental Funds

June 30, 2021

	General	Nonmajor	Total
	Fund	Governmental	Governmental
ASSETS	Fund	Funds	Funds
Cash and cash equivalents	\$ 13,059,470	\$ 2,254,249	\$ 15,313,719
Due from other funds	835,934	31,609	867,543
Receivables	11,569,294	1,661,862	13,231,156
TOTAL ASSETS	<u>\$ 25,464,698</u>	<u>\$ 3,947,720</u>	<u>\$ 29,412,418</u>
LIABILITIES AND FUND BALANCE			
<u>Liabilities -</u>			
Accounts payable	\$ 725,444	\$ 64,743	\$ 790,187
Accrued liabilities	354,713	132,399	487,112
Due to other funds	164,379	703,164	867,543
Due to other governments	3,185	-	3,185
State aid due to districts	11,230,352	-	11,230,352
Due to districts	4,226,156	-	4,226,156
Due to TRS	2,120,506	134,590	2,255,096
Due to ERS	399,659	28,139	427,798
Other liabilities	782,472	-	782,472
Unearned revenues	-	617,616	617,616
TOTAL LIABILITIES	<u>\$ 20,006,866</u>	<u>\$ 1,680,651</u>	<u>\$ 21,687,517</u>
<u>Fund Balances -</u>			
Restricted	\$ 4,899,944	\$ 41,773	\$ 4,941,717
Assigned	557,888	2,225,296	2,783,184
TOTAL FUND BALANCE	<u>\$ 5,457,832</u>	<u>\$ 2,267,069</u>	<u>\$ 7,724,901</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,464,698</u>	<u>\$ 3,947,720</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 20,813,801

The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:

OPEB	(25,203,766)
Compensated absences	(1,137,314)
Deferred Outflow of Resources - pension	16,942,304
Deferred Outflow of Resources - OPEB	1,478,534
Net Pension Liability	(3,490,563)
Deferred Inflow of Resources - pension	(8,555,300)
Deferred Inflow of Resources - OPEB	(1,133,076)
Net Position of Governmental Activities	<u>\$ 7,439,521</u>

(See accompanying notes to financial statements)

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2021

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Charges for services	\$ 95,022	\$ 306,632	\$ 401,654
Charges to components	75,205,824	-	75,205,824
Chargest to non-components and other BOCES	932,472	-	932,472
Interest and earnings	18,638	50	18,688
Sale of property and compensation for loss	7,685	18,821	26,506
Miscellaneous	1,197,976	1,331,280	2,529,256
Interfund revenues	-	1,650,000	1,650,000
State sources	-	2,030,872	2,030,872
Federal sources	-	1,862,032	1,862,032
TOTAL REVENUES	\$ 77,457,617	\$ 7,199,687	\$ 84,657,304
EXPENDITURES			
Administration	\$ 4,677,860	\$ -	\$ 4,677,860
Career and tech education	12,846,344	2,160,120	15,006,464
Instruction for the handicapped	27,198,552	909,377	28,107,929
Itinerant services	2,700,249	-	2,700,249
General instruction	3,034,452	-	3,034,452
Instructional support	11,327,304	2,719,968	14,047,272
Other services	9,866,822	80,704	9,947,526
Capital outlay	-	510,031	510,031
TOTAL EXPENDITURES	\$ 71,651,583	\$ 6,380,200	\$ 78,031,783
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 5,806,034	\$ 819,487	\$ 6,625,521
OTHER CHANGES IN FUND BALANCE			
Surplus to be distributed	(4,533,687)	-	(4,533,687)
E-rate distribution/other BOCES refunds	(1,105,949)	-	(1,105,949)
Net unemployment reserve transactions	(1,253)	-	(1,253)
Net capital reserve transactions	424	-	424
Net retirement contribution reserve transactions	2,000	-	2,000
Net teacher's retirement reserve transactions	631	-	631
Net liability reserve transactions	61	-	61
Net change in employee accrued benefit liability reserve	339	-	339
FUND BALANCE, BEGINNING OF YEAR (restated)	5,289,232	\$ 1,447,582	6,736,814
FUND BALANCE, END OF YEAR	\$ 5,457,832	\$ 2,267,069	\$ 7,724,901

(See accompanying notes to financial statements)

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For Year Ended June 30, 2021

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS \$ 988,087

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess of depreciation in the current period:

Capital Outlay	\$ 510,031	
Additions to Assets, Net	127,718	
Depreciation	<u>(1,448,667)</u>	(810,918)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (541,774)

(Increase) decrease 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		(2,687,372)
Employees' Retirement System		397,740

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences		<u>(32,810)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (2,687,047)**

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 73,769</u>
TOTAL ASSETS	<u><u>\$ 73,769</u></u>
 NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u>\$ 73,769</u>
TOTAL NET POSITION	<u><u>\$ 73,769</u></u>

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For Year Ended June 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Extracurricular Activities	<u>\$ 41,556</u>
TOTAL ADDITIONS	<u>\$ 41,556</u>
 DEDUCTIONS	
Extracurricular Activities	<u>\$ 58,337</u>
TOTAL DEDUCTIONS	<u>\$ 58,337</u>
Change in net position	\$ (16,781)
NET POSITION - BEGINNING (restated)	<u>90,550</u>
NET POSITION - ENDING	<u><u>\$ 73,769</u></u>

ORLEANS - NIAGARA

BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Notes To The Basic Financial Statements

June 30, 2021

I. Summary of Significant Accounting Policies:

The financial statements of the Orleans-Niagara Board of Cooperative Educational Services, New York (the BOCES) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the BOCES' accounting policies are described below.

A. Reporting Entity

The Orleans-Niagara Board of Cooperative Educational Services is governed by the laws of New York State. The BOCES is an independent entity governed by an elected Board consisting of thirteen 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 have primary accountability for all fiscal matters.

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

Boards of Cooperative Educational Services were established by New York State legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, Legislation was passed allowing BOCES to provide career and technical and special education. A BOCES is a voluntary, cooperative association 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. BOCES provides instructional and support programs and services to the following thirteen school districts:

Albion	Barker	Lewiston Porter
Lockport	Lyndonville	Medina
Newfane	Niagara Falls City School	Niagara Wheatfield
North Tonawanda	Royalton Hartland	Starpoint
Wilson		

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

(I.) (Continued)

The decision to include a potential component unit in the BOCES' reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the BOCES' reporting entity:

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the BOCES represent funds of the students of the BOCES. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of the BOCES with respect to its financial transactions, and the 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.

B. Basic Financial Statements

1. BOCES-wide Financial Statements

The Statement of Net Assets 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 component tuition, sale of property and equipment, investment revenues and miscellaneous revenues which consist primarily of refunds from other BOCES. 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 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

2. Fund Financial Statements

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

Non-major funds are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

(I.) (Continued)

The BOCES reports the following funds:

a. **Major Governmental Funds**

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

b. **Non-Major Governmental Funds**

Capital Projects Fund - This fund is used to account for and report financial resources to be used for acquisition, construction, or renovation of major capital facilities or equipment.

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

Miscellaneous Special Revenue Fund – Used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

c. **Fiduciary** - Fiduciary activities are those in which the BOCES acts as trustee or agent for resources that belong to others. These activities are not included in the BOCES-wide financial statements, because their resources do not belong to the BOCES, and are not available to be used.

Custodial Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the BOCES as agent for various student groups or extraclassroom activity funds.

C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

The BOCES-Wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the BOCES gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. Component tuitions together with state and federal aid for grants are susceptible to accrual and have been recognized as revenues of the current fiscal period.

(I.) (Continued)

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

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

D. Restricted Resources

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

E. Interfund Transactions

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

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 VIII for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

G. Cash and Cash Equivalents / Investments

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

(I.) (Continued)

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

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

H. Receivables

Receivables are shown net of an allowance for uncollectible accounts, when applicable.

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

I. Prepaid Items

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

J. Capital Assets - Property, Plant and Equipment

In the BOCES-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

(I.) (Continued)

K. Unearned Revenue

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

L. Vested Employee Benefits

1. Compensated Absences

It is BOCES' policy to pay employees for unused vacation and compensatory time when there is a separation from service. For governmental activities the unfunded compensated absences are not considered current financial resources and are not reported in the governmental funds. On the BOCES-wide Statement of Net Assets these amounts are reported as long-term obligations with the current amount reported as due in one year and the long term portion is reported as due in more than one year.

M. Other Benefits

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

In addition to providing pension benefits, the BOCES provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the BOCES' employees may become eligible for these benefits if they reach normal retirement age while working for the BOCES. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the BOCES and the retired employee. The BOCES recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

N. Accrued Liabilities and Long-Term Obligations

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

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

(I.) (Continued)

O. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

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 so will not be recognized as an inflow of resources (revenue) until that time.

P. Equity Classifications

1. BOCES-Wide Statements

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

a. Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

c. Unrestricted Net Position - reports the balance of net position that does not meet the definition of the above two classifications. The reported deficit of \$18,315,997 at year end is the result of full implantation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

2. Fund Statements

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

a. Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The BOCES had no nonspendable fund balance at June 30, 2021.

b. Restricted Fund Balances – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the general fund are classified as restricted fund balance. The BOCES has established the following restricted fund balances:

Career & Technical Education Equipment Reserve - established to fund the purchase of equipment in accordance with New York State guidelines.

(I.) (Continued)

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

Retirement Contribution Reserve - as allowed by General Municipal Law Section 6-r, is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board.

Reserve for Liability - is established to pay for unanticipated liability claims incurred against the BOCES.

Employee Benefit Accrued Liability Reserve - as allowed by General Municipal Law Section 6-p, is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

Teachers' Retirement Reserve – General Municipal Law §6r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous years' TRS salary.

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Capital Reserves	\$ 1,010,394
Employee Benefit Accrued Liability	1,417,961
Liability	124,712
Employees' Retirement Contribution	1,303,800
Teachers' Retirement Contribution	404,519
Unemployment Insurance	638,558
<u>Miscellaneous Special Revenue Fund -</u>	
Other restricted fund balance	41,773
Total Restricted Fund Balance	<u>\$ 4,941,717</u>

b. **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, 2021.

(I.) (Continued)

c. **Assigned Fund Balance** – Includes amounts that are constrained by the BOCES’ intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the BOCES’ purchasing agent through their authorization of a purchase order prior to year end. The BOCES assignment is based on the functional level of expenditures.

Management has determined significant encumbrances for the General Fund to be \$102,000. The BOCES reports the following significant encumbrances: Career and Tech Education \$281,491, and Instruction for the Handicapped \$114,797. There were no significant encumbrances in the Capital Fund or the Special Aid Fund.

Assigned fund balances include the following:

	<u>Total</u>
Assigned for Encumbrances	\$ 557,888
Capital Projects	1,777,768
Special Aid Fund	447,528
Total Assigned Fund Balance	<u><u>\$ 2,783,184</u></u>

3. **Order of Use of Fund Balance**

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

Q. **New Accounting Standards**

The BOCES has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021, the BOCES implemented the following new standards issued by GASB:

GASB has issued Statement 84, *Fiduciary Activities*.

GASB has issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, which will be effective for reporting periods beginning after December 15, 2019.

R. **Future Changes in Accounting Standards**

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after June 15, 2021.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2020.

(I.) (Continued)

GASB has issued Statement No. 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 92, *Omnibus 2020, Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 1-11a, and 12*, which will be effective for reporting periods beginning after June 15, 2020.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 13 and 14*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 11b*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 96, *Subscription Based Information Technology*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for reporting periods beginning after June 15, 2021.

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

II. Restatement of Net Position

For the year ended June 30, 2021, the BOCES implemented GASB Statement No. 84, *Fiduciary Activities*. The District's net position has been restated as follows:

	Government-Wide <u>Statements</u>	Governmental <u>Funds</u>	Fiduciary <u>Funds</u>
Net position beginning of year, as previously stated	\$ 10,081,285	\$ 6,691,531	\$ 49,189
Adjustments for activities previously recorded in Agency Fund:			
Student Activity Balance	-	-	90,550
Adjustments for activities previously recorded in Private Purpose Trust:			
Scholarships	45,283	45,283	(49,189)
Net position beginning of year, as restated	<u>\$ 10,126,568</u>	<u>\$ 6,736,814</u>	<u>\$ 90,550</u>

III. Changes in Accounting Principles

For the year ended June 30, 2021, the BOCES implemented GASB Statement No. 84, Fiduciary Activity. The implementation of the statement changes the reporting for certain activity previously reported in the Fiduciary Fund. The BOCES is now required to report some or all of that activity in the Governmental funds. See Note II for the financial statement impact of implementation of the Statement.

IV. Stewardship, Compliance and Accountability:

By its nature as a local government unit, the BOCES is subject to various federal, state and local laws and contractual regulations. An analysis of the BOCES' compliance with significant laws and regulations and demonstration of its stewardship over BOCES resources follows.

A. Budgetary Information

Section 1950 §4(b) of the Education Law required adoption of a final budget by no later than May 15, of the ensuing year.

BOCES administration prepares a proposed administrative, capital and program budget, as applicable, for approval by members of the BOCES board for the general fund.

Appropriations for educational services are adopted at the program level and lapse at the end of each fiscal year.

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.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The Special Revenue Funds have not been included in the budget and actual comparison because they do not have legally authorized (appropriated) budgets.

The BOCES Board can approve budget revisions based upon requests for additional services and surplus revenues.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

V. Cash and Cash Equivalents

Credit risk: In compliance with the State Law, BOCES investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

Concentration of Credit risk: To promote competition in rates and service cost, and to limit the risk of institutional failure, BOCES deposits and investments are placed with multiple institutions. The BOCES’s investment policy limits the amounts that may be deposited with any one financial institution.

Interest rate risk: The BOCES has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

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

Uncollateralized	\$	-
Collateralized with Securities held by the Pledging Financial Institution		7,418,958
Collateralized within Trust Department or Agent		649,132
Total	\$	8,068,090

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end included \$4,611,204 within the governmental funds and \$73,769 in the fiduciary funds.

VI. Investment Pool

The BOCES participated 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. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year-end are \$109, 115, which consisted of \$37,099 in repurchase agreements, \$40,373 in U.S. Treasury Securities, and \$31,643 in collateralized bank deposits, with various rates ad due dates.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Amount</u>	<u>Carrying Amount</u>	<u>Description</u>
General Fund	\$ 4	\$ 4	NYLAF
Federal Fund	\$ 109,110	\$ 109,110	NYLAF
T&A Fund	\$ 1	\$ 1	NYLAF

VII. Receivables

Receivables at June 30, 2021 for individual major funds and non-major funds, are as follows:

<u>Description</u>	<u>Governmental Activities</u>		
	<u>General</u>	<u>Special Aid</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
Accounts Receivable	\$ 338,942	\$ 251,219	\$ 590,161
Due From State and Federal	11,230,352	1,410,643	12,640,995
Total Receivables	\$ 11,569,294	\$ 1,661,862	\$ 13,231,156

VIII. Interfund Receivables and Payables

Interfund Receivables and Payables at June 30, 2021 were as follows:

	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 835,934	\$ 164,379
Nonmajor Funds	31,609	703,164
Total	\$ 867,543	\$ 867,543

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The BOCES typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs and support capital project expenditures.

IX. Changes In Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/21</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 708,456	\$ -	\$ -	\$ 708,456
Work in progress	2,959,643	510,031	-	3,469,674
Total Nondepreciable	\$ 3,668,099	\$ 510,031	\$ -	\$ 4,178,130
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 38,502,972	\$ -	\$ -	\$ 38,502,972
Machinery and equipment	3,642,164	250,032	326,578	3,565,618
Total Depreciated Assets	\$ 42,145,136	\$ 250,032	\$ 326,578	\$ 42,068,590
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 22,077,791	\$ 1,212,108	\$ -	\$ 23,289,899
Machinery and equipment	2,110,725	236,559	204,264	2,143,020
Total Accumulated Depreciation	\$ 24,188,516	\$ 1,448,667	\$ 204,264	\$ 25,432,919
Total Capital Assets Depreciated, Net of Accumulated Depreciation	\$ 17,956,620	\$ (1,198,635)	\$ 122,314	\$ 16,635,671
Total Capital Assets	\$ 21,624,719	\$ (688,604)	\$ 122,314	\$ 20,813,801

(IX.) (Continued)

Depreciation expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	
Administration	\$ 150,227
Career and Tech Education	971,766
Instruction for the Handicapped	238,740
General Instruction	45,923
Instructional Support	35,637
Other Services	6,374
Total Depreciation Expense	<u>\$ 1,448,667</u>

X **Long-Term Debt**

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

<u>Governmental Activities:</u>	<u>Balance</u>		<u>Deletions</u>	<u>Balance</u>	<u>Due Within</u>
<u>Other Liabilities -</u>	<u>7/1/20</u>	<u>Additions</u>		<u>6/30/21</u>	<u>One Year</u>
Net Pension Liability	\$ 5,924,724	\$ -	\$ 2,434,161	\$ 3,490,563	\$ -
OPEB	23,448,410	1,755,356	-	25,203,766	-
Compensated Absences	1,104,504	32,810	-	1,137,314	284,329
Total Other Liabilities	<u>\$ 30,477,638</u>	<u>\$ 1,788,166</u>	<u>\$ 2,434,161</u>	<u>\$ 29,831,643</u>	<u>\$ 284,329</u>
Total Long-Term Obligations	<u>\$ 30,477,638</u>	<u>\$ 1,788,166</u>	<u>\$ 2,434,161</u>	<u>\$ 29,831,643</u>	<u>\$ 284,329</u>

The General fund has typically been used to liquidate long-term liabilities such as compensated absences.

XI. **Deferred Inflows/Outflows of Resources**

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>
Pension	\$ 16,942,304	\$ 8,555,300
OPEB	1,478,534	1,133,076
Total	<u>\$ 18,420,838</u>	<u>\$ 9,688,376</u>

XII. **Pension Plans**

A. **General Information**

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

(XII.) (Continued)

B. Provisions and Administration

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

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

C. Funding Policies

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

The BOCES' share of the required contributions, based on covered payroll paid for the BOCES' year ended June 30, 2021:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ 1,032,194	\$ 2,255,096

(XII.) (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2021, 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, 2021 for ERS and June 30, 2020 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The BOCES' proportion of the net pension asset/(liability) was based on a projection of the BOCES' long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the BOCES.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Net pension assets/(liability)	\$ (22,626)	\$ (3,467,937)
District's portion of the Plan's total net pension asset/(liability)	0.0227225%	0.125501%

For the year ended June 30, 2021, the BOCES recognized pension expenses of \$677,276 for ERS and \$4,651,084 for TRS. At June 30, 2021, the BOCES' reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 276,321	\$ 3,038,607	\$ -	\$ 177,725
Changes of assumptions	4,160,136	4,386,134	78,461	1,563,428
Net difference between projected and actual earnings on pension plan investments	-	2,264,867	6,499,433	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	327,669	98,084	2,219	234,034
Subtotal	<u>\$ 4,764,126</u>	<u>\$ 9,787,692</u>	<u>\$ 6,580,113</u>	<u>\$ 1,975,187</u>
District's contributions subsequent to the measurement date	427,798	1,962,688	-	-
Grand Total	<u>\$ 5,191,924</u>	<u>\$ 11,750,380</u>	<u>\$ 6,580,113</u>	<u>\$ 1,975,187</u>

(XII.) (Continued)

BOCES contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in 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:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ -	\$ 1,332,973
2022	(257,478)	2,709,136
2023	(44,781)	2,209,526
2024	(289,076)	1,368,677
2025	(1,224,652)	37,296
Thereafter	-	154,897
Total	\$ (1,815,987)	\$ 7,812,505

E. Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.50%	4.72%-1.90%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%
COLA's	1.40%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021 are summarized as follows:

(XII.) (Continued)

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
<u>Asset Type -</u>		
Domestic equity	4.05%	7.10%
International equity	6.30%	7.70%
Global equity	0.00%	7.40%
Private equity	6.75%	10.40%
Real estate	4.95%	6.80%
Absolute return strategies *	4.50%	0.00%
Opportunistic portfolios	4.50%	0.00%
Real assets	5.95%	0.00%
Bonds and mortgages	0.00%	0.00%
Cash	0.50%	0.00%
Inflation-indexed bonds	0.50%	0.00%
Private debt	0.00%	5.20%
Real estate debt	0.00%	3.60%
High-yield fixed income securities	0.00%	3.90%
Domestic fixed income securities	0.00%	1.80%
Global fixed income securities	0.00%	1.00%
Short-term	0.00%	0.70%
Credit	3.63%	0.00%

The real rate of return is net of the long-term inflation assumption of 2.0% for ERS and 2.2% for TRS.

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% 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.

G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90% for ERS and 6.90% for TRS) or 1-percentage-point higher (6.10% for ERS and 8.10% for TRS) than the current assumption :

(XII.) (Continued)

	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
<u>ERS</u> Employer's proportionate share of the net pension asset (liability)	\$ (6,280,018)	\$ (22,626)	\$ 5,748,155
	1% Decrease <u>(6.10%)</u>	Current Assumption <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
<u>TRS</u> Employer's proportionate share of the net pension asset (liability)	\$ (21,905,766)	\$ (3,467,937)	\$ 12,006,073

H. 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:

	(In Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2019
Employers' total pension liability	\$ 220,680,157	\$ 123,242,776
Plan net position	220,580,583	120,479,505
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	97.80%

I. 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, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$427,798.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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, 2021 amounted to \$2,255,096.

XIII. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The BOCES’ defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety 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 and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the BOCES offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	73
Active Employees	468
Total	541

B. Total OPEB Liability

The BOCES’ total OPEB liability of \$25,203,766 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	2.50%
Discount Rate	1.92%
Healthcare Cost Trend Rates	Initial rate of 6.75% for pre-65 medical and 4.40% for post-65 medical, decreasing to an ultimate rate of 3.784% for 2075 and later years
Retirees' Share of Benefit-Related Costs	BOCES pays 82-99% for a varying number of years based on contract, after which the retiree pays

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond index.

Mortality rates were based on the sex distinct and job category-specific headcount-weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees adjusted for mortality improvements with Scale MP-2019 mortality improvement scale on a generational basis.

(XIII.) (Continued)

C. **Changes in the Total OPEB Liability**

Balance at June 30, 2020	\$ 23,448,410
<u>Changes for the Year -</u>	
Service cost	\$ 1,411,897
Interest	591,503
Changes of benefit terms	(53,954)
Changes in assumptions or other inputs	1,240,565
Benefit payments	(1,434,655)
Net Changes	<u>\$ 1,755,356</u>
Balance at June 30, 2021	<u>\$ 25,203,766</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.45 percent in 2020 to 1.92% percent in 2021.

Changes in benefit terms: As of June 30th, 2021, changes in retiree contribution percentages for Administrators, Staff Specialists, and Teacher Aides were values as plan changes

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 (0.92 percent) or 1-percentage-point higher (2.92 percent) than the current discount rate:

	1% Decrease	Discount	1% Increase
	<u>(0.92%)</u>	Rate	<u>(2.92%)</u>
		<u>(1.92%)</u>	
Total OPEB Liability	\$ 27,061,721	\$ 25,203,766	\$ 23,458,962

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:

	1% Decrease	Healthcare	1% Increase
		Cost Trend Rates	
Total OPEB Liability	\$ 22,640,409	\$ 25,203,766	\$ 28,246,515

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

For the year ended June 30, 2021, the BOCES recognized OPEB expense of \$1,976,429. At June 30, 2021, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(XIII.) (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,075,207
Changes of assumptions	1,478,534	57,869
Total	<u>\$ 1,478,534</u>	<u>\$ 1,133,076</u>

XIV. Risk Management

A. General Information

The BOCES is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Health Plan

The BOCES incurs costs related to the Orleans-Niagara Experience Rated Health Insurance Group Plan (Plan) sponsored by the Orleans-Niagara Board of Cooperative Educational Services 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. Membership in the Plan may be offered to only public school districts and BOCES served by Blue Cross/Blue Shield of Western New York or by any other health or medical insurance organizations as determined by the Board of Governors. There is a required waiting period of one year from request of enrollment to actual enrollment date. Also, during the year prior to requested membership acceptance the new members experience rating should equal or better the experience rating of the group as then constituted.

Voluntary withdrawal from the Plan is subject to the following constraints:

1. Irrevocable notice of withdrawal must be given in writing to the Chairperson of the Board of Directors and the Treasurer prior to January 1st.
2. Any withdrawing Participant shall be responsible for payment of its pro-rata share of any Plan deficit or entitled to receive any pro-rata share of surplus existing as of the last day of the Plan year.

Plan members include Orleans-Niagara BOCES and eight districts bearing an equal and proportionate share of the Plan's assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement as signed by the participants, the Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessment shall be charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

The Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any fiscal year.

(XIV) (Continued)

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2021, the BOCES incurred premiums or contribution expenditures totaling \$10,869,317.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2020, revealed that the Plan was fully funded.

C. Workers' Compensation

The BOCES incurs costs related to the Orleans-Niagara Workers' Compensation Consortium sponsored by the Orleans-Niagara Board of Cooperative Educational Services and its component districts. The Consortium's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Consortium may be offered to any component district of the Orleans-Niagara BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Consortium may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of BOCES and five districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2021, the BOCES incurred premiums or contribution expenditures totaling \$304,300.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2020, revealed that the Plan is fully funded.

(XIV) (Continued)

D. Unemployment

BOCES employees are entitled to coverage under the New York State Unemployment Insurance Law. The BOCES has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The BOCES has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2020-21 fiscal year totaled \$2,870. The balance of the fund at June 30, 2021 was \$638,558 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2021, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XV. Commitments and Contingencies

A. Litigation

There were two claims against BOCES as of the balance sheet date which are expected to be covered by insurance.

B. Lease Agreements

1. Operating Leases

The BOCES leases buildings and equipment under several leases extending to 2028.

Total rent expense under the noncancelable operating leases was \$851,020 during the year ended June 30, 2021. Minimum rental commitments as of June 30, 2021 for these leases are as follows:

	<u>2022</u>	<u>2023-27</u>	<u>2028</u>	<u>Total</u>
7170 Group LLC - 606 6th Street	\$ 214,454	\$ 1,072,270	\$ 214,454	\$ 1,501,178
Royalton Hartland - ES	117,000	117,000	-	234,000
North Tonawanda-MS	164,250	164,250	-	328,500
Newfane	144,000	144,000	-	288,000
Niagara Falls-JHS	126,000	252,000	-	378,000
Total Long-Term Obligations	\$ 765,704	\$ 1,749,520	\$ 214,454	\$ 2,729,678

C. Grants and reimbursements

The BOCES has received grants and reimbursements, which are subject to audit by agencies of the State and Federal Governments. Such audits may result in disallowances and a request for a return of funds. Based upon prior years' experience, the BOCES' administration believes disallowances, if any, will be immaterial.

XVI. Leased Assets:

The BOCES also leased out land for \$1,200 annually, and classrooms for \$5,000 annually at Saunders Settlement Road.

XVII. Budget Revisions:

<u>Program</u>	<u>Original 2020-21 Budget</u>	<u>Purpose</u>	<u>Amount</u>	<u>Revised Budget</u>
Administration	\$ 3,709,497	Carryover encumbrances	\$ (21,007)	\$ 3,688,490
Career & Tech Education	14,007,396	Increase in service requests	88,969	14,096,365
Handicapped Instruction	28,327,391	Increase in enrollment	2,594,224	30,921,615
Itinerant Service	2,810,304	Increase in service requests	210,589	3,020,893
General Instruction	4,479,034	Decrease in enrollment	(1,142,457)	3,336,577
Instructional Support	7,608,805	Increase in cross contract	3,775,155	11,383,960
Other Services	9,033,418	Increase in cross contract	1,180,478	10,213,896
Totals	\$ 69,975,845		\$ 6,685,951	\$ 76,661,796

XVIII. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School’s financial condition, liquidity, voter approved budgets, and future results of operations. Management is actively monitoring the global situation on its financial condition, budgets, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The School BOCES was awarded three different stimulus packages known as Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPA). New York State Required the CARES funds to be reported in the General fund, as an offset to state aid reductions, referred to as the Pandemic Adjustment, while the CRRSA and ARPA funds are required to be reported in the special aid fund.

The BOCES reported \$118,424 in CARES revenues and expenditures during the 2021 fiscal year and has submitted the CRRSA and ARPA funding applications to the New York State Education Department for approval. All three stimulus funds may be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared.

Required Supplementary Information
ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Changes in BOCES' Total OPEB Liability and Related Ratio
For Year Ended June 30, 2021

TOTAL OPEB LIABILITY				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,411,897	\$ 1,321,277	\$ 1,178,418	\$ 1,162,762
Interest	591,503	742,687	863,592	840,256
Changes in benefit terms	(53,954)	-	(112,354)	(3,993)
Differences between expected and actual experiences	-	(1,341,017)	-	-
Changes of assumptions or other inputs	1,240,565	301,125	174,249	(100,577)
Benefit payments	<u>(1,434,655)</u>	<u>(1,539,494)</u>	<u>(1,635,550)</u>	<u>(1,685,828)</u>
Net Change in Total OPEB Liability	\$ 1,755,356	\$ (515,422)	\$ 468,355	\$ 212,620
Total OPEB Liability - Beginning	\$ 23,448,410	\$ 23,963,832	\$ 23,495,477	\$ 23,282,857
Total OPEB Liability - Ending	<u>\$ 25,203,766</u>	<u>\$ 23,448,410</u>	<u>\$ 23,963,832</u>	<u>\$ 23,495,477</u>
 Covered Employee Payroll	 \$ 25,758,113	 \$ 25,758,113	 \$ 25,758,113	 \$ 28,380,000
 Total OPEB Liability as a Percentage of Covered Employee Payroll	 97.85%	 91.03%	 93.03%	 82.79%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of the BOCES' Proportionate Share of the Net Pension Liability
For Year Ended June 30, 2021

NYSERS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0227%	0.0224%	0.0215%	0.0216%	0.0216%	0.0023%	0.0224%
Proportionate share of the net pension liability (assets)	\$ 22,626	\$ 5,924,724	\$ 1,521,789	\$ 696,206	\$ 2,028,469	\$ 3,668,219	\$ 755,396
Covered-employee payroll	\$ 7,368,573	\$ 7,150,708	\$ 6,686,486	\$ 6,687,782	\$ 6,465,922	\$ 6,463,474	\$ 6,215,543
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	0.307%	82.855%	22.759%	10.410%	31.372%	56.753%	12.153%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.1255%	0.1251%	0.12319%	0.1234%	0.1199%	0.1206%	0.1250%
Proportionate share of the net pension liability (assets)	\$ 3,467,937	\$ (3,249,618)	\$ (2,226,265)	\$ (938,252)	\$ 1,283,639	\$ (12,522,757)	\$ (13,918,900)
Covered-employee payroll	\$ 20,594,837	\$ 21,341,738	\$ 20,884,410	\$ 20,100,935	\$ 19,556,814	\$ 18,456,325	\$ 18,623,108
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	16.839%	-15.227%	-10.660%	-4.668%	6.564%	-67.851%	-74.740%
Plan fiduciary net position as a percentage of the total pension liability	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of BOCES Contributions
For Year Ended June 30, 2021

NYSERS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,032,194	\$ 1,013,893	\$ 983,233	\$ 1,023,273	\$ 1,009,625	\$ 1,250,800	\$ 1,194,821
Contributions in relation to the contractually required contribution	<u>(1,032,194)</u>	<u>(1,013,893)</u>	<u>(983,233)</u>	<u>(1,023,273)</u>	<u>(1,009,625)</u>	<u>(1,250,800)</u>	<u>(1,194,821)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,368,573	\$ 7,150,708	\$ 6,686,486	\$ 6,687,782	\$ 6,465,922	\$ 6,463,474	\$ 6,215,543
Contributions as a percentage of covered-employee payroll	14.01%	14.18%	14.70%	15.30%	15.61%	19.35%	19.22%

NYSTRS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,255,096	\$ 2,158,691	\$ 2,415,855	\$ 1,917,453	\$ 2,504,094	\$ 2,627,791	\$ 3,174,752
Contributions in relation to the contractually required contribution	<u>(2,255,096)</u>	<u>(2,158,691)</u>	<u>(2,415,855)</u>	<u>(1,917,453)</u>	<u>(2,504,094)</u>	<u>(2,627,791)</u>	<u>(3,174,752)</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered-employee payroll	\$ 20,594,837	\$ 21,341,738	\$ 20,884,410	\$ 20,100,935	\$ 19,556,814	\$ 18,456,325	\$ 18,623,108
Contributions as a percentage of covered-employee payroll	10.95%	10.11%	11.57%	9.54%	12.80%	14.24%	17.05%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For Year Ended June 30, 2021

<u>REVENUES</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Revenues</u>	<u>Variance Favorable (Unfavorable)</u>
Administration 001-002	\$ 3,709,497	\$ 3,688,490	\$ 4,135,080	\$ 446,590
Career and Tech Education 100-199	14,007,396	14,096,365	14,025,011	(71,354)
Instruction for Handicapped 200-299	28,327,391	30,921,615	30,979,832	58,217
Itinerant 300-399	2,810,304	3,020,893	3,039,286	18,393
General Instruction 400-499	4,479,034	3,336,577	3,349,225	12,648
Instructional Support 500-599	7,608,805	11,383,960	11,561,094	177,134
Other Services 600-699	<u>9,033,418</u>	<u>10,213,896</u>	<u>10,368,089</u>	<u>154,193</u>
TOTAL REVENUES	<u>\$ 69,975,845</u>	<u>\$ 76,661,796</u>	<u>\$ 77,457,617</u>	<u>\$ 795,821</u>

Required Supplementary Information
ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For Year Ended June 30, 2021

<u>EXPENDITURES</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Administration 001-002	\$ 3,709,497	\$ 3,688,490	\$ 4,677,860	\$ 62,811	\$ (1,052,181)
Career and Tech Education 100-199	14,007,396	14,096,365	12,846,344	281,491	968,530
Instruction for Handicapped 200-299	28,327,391	30,921,615	27,198,552	114,797	3,608,266
Itinerant 300-399	2,810,304	3,020,893	2,700,249	768	319,876
General Instruction 400-499	4,479,034	3,336,577	3,034,452	22,699	279,426
Instructional Support 500-599	7,608,805	11,383,960	11,327,304	57,166	(510)
Other Services 600-699	<u>9,033,418</u>	<u>10,213,896</u>	<u>9,866,822</u>	<u>18,156</u>	<u>328,918</u>
TOTAL EXPENDITURES	<u>\$ 69,975,845</u>	<u>\$ 76,661,796</u>	<u>\$ 71,651,583</u>	<u>\$ 557,888</u>	<u>\$ 4,452,325</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,806,034</u>		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

ASSETS	Capital Projects Fund	Special Revenue Funds		Total Nonmajor Governmental Funds
		Special Aid Fund	Miscellaneous Special Revenue Fund	
Cash and cash equivalents	\$ 1,778,301	\$ 434,175	\$ 41,773	\$ 2,254,249
Due from other funds	-	31,609	-	31,609
Receivables	-	1,661,862	-	1,661,862
TOTAL ASSETS	\$ 1,778,301	\$ 2,127,646	\$ 41,773	\$ 3,947,720
LIABILITIES AND FUND BALANCE				
<u>Liabilities -</u>				
Accounts payable	\$ -	\$ 64,743	\$ -	\$ 64,743
Accrued liabilities	-	132,399	-	132,399
Due to other funds	533	702,631	-	703,164
Due to TRS	-	134,590	-	134,590
Due to ERS	-	28,139	-	28,139
Unearned revenues	-	617,616	-	617,616
TOTAL LIABILITIES	\$ 533	\$ 1,680,118	\$ -	\$ 1,680,651
<u>Fund Balances -</u>				
Restricted	\$ -	\$ -	\$ 41,773	\$ 41,773
Assigned	1,777,768	447,528	-	2,225,296
TOTAL FUND BALANCE	\$ 1,777,768	\$ 447,528	\$ 41,773	\$ 2,267,069
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,778,301	\$ 2,127,646	\$ 41,773	\$ 3,947,720

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For Year Ended June 30, 2021

	Capital Projects <u>Fund</u>	Special Revenue Funds		Total Governmental <u>Funds</u>
		Special Aid <u>Fund</u>	Miscellaneous Special Revenue <u>Fund</u>	
REVENUES				
Charges for services	\$ -	\$ 306,632	\$ -	\$ 306,632
Interest and earnings	-	-	50	50
Sale of property and compensation for loss	-	18,821	-	18,821
Miscellaneous	-	1,326,280	5,000	1,331,280
Interfund revenues	1,650,000	-	-	1,650,000
State sources	-	2,030,872	-	2,030,872
Federal sources	-	1,862,032	-	1,862,032
TOTAL REVENUES	\$ 1,650,000	\$ 5,544,637	\$ 5,050	\$ 83,477,902
EXPENDITURES				
Career and tech education	\$ -	\$ 2,160,120	\$ -	\$ 2,160,120
Instruction for the handicapped	-	909,377	-	909,377
Instructional support	-	2,719,968	-	2,719,968
Other services	-	72,144	8,560	80,704
Capital outlay	510,031	-	-	510,031
TOTAL EXPENDITURES	\$ 510,031	\$ 5,861,609	\$ 8,560	\$ 6,380,200
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	\$ 1,139,969	\$ (316,972)	\$ (3,510)	\$ 819,487
FUND BALANCE, BEGINNING				
OF YEAR (restated)	637,799	764,500	45,283	1,447,582
FUND BALANCE, END OF YEAR	\$ 1,777,768	\$ 447,528	\$ 41,773	\$ 10,248,607

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Analysis of Account A431 - School Districts
For Year Ended June 30, 2021

	2021
July 1, 2020 - DEBIT (CREDIT) BALANCE	\$ (4,103,551)
 DEBITS:	
Billings to school districts	\$ 76,138,296
Refund of balances made to school districts	5,243,224
Refund of balances made to other BOCES	1,105,949
Encumbrances - June 30, 2021	557,888
Total Debits	\$ 83,045,357
TOTAL	\$ 78,941,806
 CREDITS:	
Collections from school districts	\$ 76,970,438
Adjustment - credits to school districts - revenues in excess of expenditures	5,806,034
Encumbrances - June 30, 2020	391,490
Total Credits	\$ 83,167,962
June 30, 2021 - DEBIT (CREDIT) BALANCE	\$ (4,226,156)

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF CAPITAL PROJECTS FUND
PROJECT EXPENDITURES AND FINANCING RESOURCES
For Year Ended June 30, 2021

Project Title	Expenditures					Unexpended Balance	Methods of Financing			Fund Balance
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total		Local Sources	Transfers	Total	
Unallocated project balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 347,442	\$ (347,442)	\$ -	\$ -
Niagara Academy	1,406,200	1,230,907	1,183,984	46,923	1,230,907	-	1,406,200	(175,293)	1,230,907	-
Niagara Center	1,593,800	1,937,868	1,768,659	169,208	1,937,867	1	1,593,800	344,067	1,937,867	-
Lockport Roof Project	300,000	300,900	7,000	293,900	300,900	-	250,000	50,900	300,900	-
New Orleans Center	1,500,000	1,500,000	-	-	-	1,500,000	1,500,000	-	1,500,000	1,500,000
New Orleans Learning Center	<u>277,768</u>	<u>277,768</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,768</u>	<u>150,000</u>	<u>127,768</u>	<u>277,768</u>	<u>277,768</u>
TOTAL	<u>\$ 5,077,768</u>	<u>\$ 5,247,443</u>	<u>\$ 2,959,643</u>	<u>\$ 510,031</u>	<u>\$ 3,469,674</u>	<u>\$ 1,777,769</u>	<u>\$ 5,247,442</u>	<u>\$ -</u>	<u>\$ 5,247,442</u>	<u>\$ 1,777,768</u>

(See Independent Auditors' Report)

ORLEANS - NIAGARA
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2021

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Assistance Listing Number</u>	<u>Grantor Number</u>	<u>Pass-Through Agency Number</u>	<u>Total Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Direct Programs:</u>				
LPN Cares - Student Funding	84.425E	P425E204273	N/A	\$ 56,760
LPN Cares - Institutional Funding	84.425F	P425F202507	N/A	61,664
<i>Total CARES act funding</i>				<u>\$ 118,424</u>
<u>Student Financial Assistance Program Cluster -</u>				
Federal Pell Grant Program	84.063	N/A	N/A	\$ 61,919
<u>Indirect Program:</u>				
<u>Passed Through Higher Education Service Corporation -</u>				
<u>Student Financial Assistance Program Cluster -</u>				
Federal Direct Student Loans	84.268	N/A	N/A	98,040
<i>Total Student Financial Assistance Program Cluster</i>				<u>\$ 159,959</u>
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
Perkins IV	84.048	N/A	8000-21-0131	\$ 305,104
WIOA, Title II - ABE - Orleans	84.002	N/A	2338-21-3134	100,088
WIOA, Title II - ABE - Niagara	84.002	N/A	2338-21-3133	98,766
Literacy Zone - Medina	84.002	N/A	2338-21-3240	122,352
Literacy Zone - Lockport	84.002	N/A	2338-21-3222	123,346
Literacy Zone - Niagara Falls	84.002	N/A	2338-21-3239	121,768
WIA, Title II - Corr. Ed. - Niagara	84.002	N/A	0138-21-2043	151,626
WIA, Title II - Corr. Ed - Niagara	84.002	N/A	0040-21-2095	293,302
Total Indirect Programs				<u>\$ 1,316,352</u>
Total U.S. Department of Education				<u>\$ 1,594,735</u>
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed through NYS Office of Temporary and Disability Insurance -</u>				
<u>SNAP Cluster -</u>				
Supplemental Nutrition Assistance Venture	10.561	N/A	C00258GG	\$ 135,935
<i>Total SNAP Cluster</i>				<u>\$ 135,935</u>
Total U.S. Department of Agriculture				<u>\$ 135,935</u>
<u>U.S. Department of Labor:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through Niagara County Workforce Development Board -</u>				
Workforce Innovation and Opportunity Act	17.259	N/A	PY2019-Y-03	\$ 131,362
Total U.S. Department of Labor				<u>\$ 131,362</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 1,862,032</u></u>

**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***

Independent Auditors' Report

To the Board Members
Orleans - Niagara
Board of Cooperative Educational Services, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orleans-Niagara Board of Cooperative Educational Services, New York, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Orleans-Niagara Board of Cooperative Educational Services, New York's basic financial statements, and have issued our report thereon dated October 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Orleans-Niagara Board of Cooperative Educational Services, New York's internal control over financial reporting 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 Orleans-Niagara Board of Cooperative Educational Services, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Orleans-Niagara Board of Cooperative Educational Services, New York's 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 BOCES' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of 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 BOCES' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BOCES' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rochester, New York
October 13, 2021

Mengel, Metzger, Barw & Co. LLP