



MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2023

**BROOME TIOGA BOCES
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Independent Auditor's Report

Board of Education
Broome - Tioga BOCES

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Broome - Tioga BOCES, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Broome - Tioga BOCES's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Broome - Tioga BOCES, as of June 30, 2023, and the respective changes in financial position, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – New Accounting Standard

As discussed in Note 1 to the financial statements, the BOCES changed its accounting policies related to the accounting and reporting of subscription-based software by adopting Governmental Accounting Standards Board's (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The new pronouncement changes the criteria used, and provides guidance on accounting and reporting for subscription-based software contracts. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Broome - Tioga BOCES's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2023, on our consideration of the Broome - Tioga BOCES'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 Broome - Tioga BOCES's 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 Broome - Tioga BOCES's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 9, 2023

Rome, New York

**BROOME TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

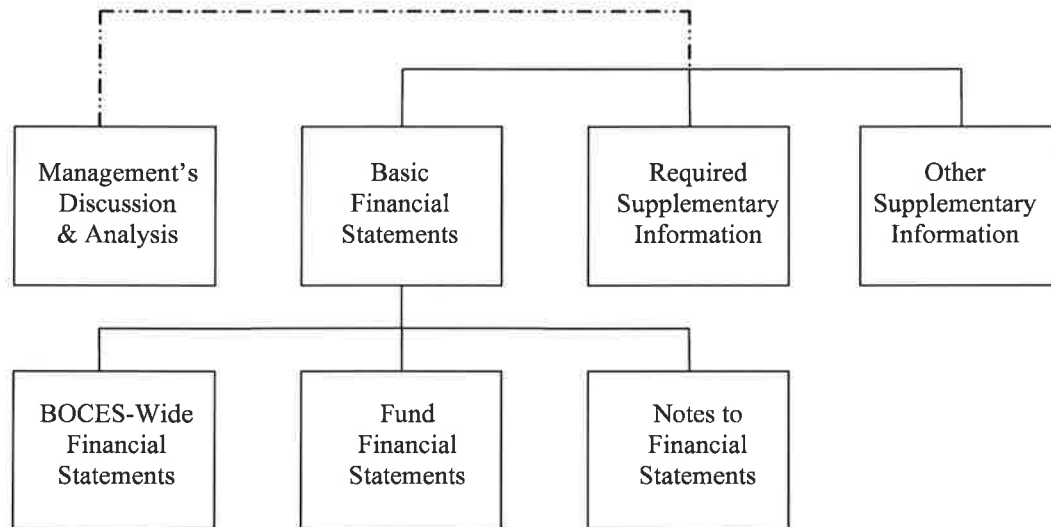
The following is a discussion and analysis of the BOCES' financial performance for the year ended June 30, 2023. This section is a summary of the BOCES' financial activities based on currently known facts, decisions and conditions. It is also based on both the BOCES-wide and fund-based financial statements. This section is only an introduction and should be read in conjunction with the BOCES' financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- The BOCES' total Net Position, as reflected in the BOCES-wide financial statements, increased by \$9,671,949. The primary factor related to the increase was a decrease in other-post employment benefits expense.
- During the year, the BOCES had program revenues in excess of program expenses of \$4,566,400.
- Program revenues included \$142,428,944 in Charges for Services and \$1,372,545 in Operating Grants and Contributions, which together comprise approximately 97% of total revenues.
- BOCES total General Fund revenue for 2023 was \$147,917,752. Approximately 93% of these revenues are from the billings for service programs to components and to other BOCES and Non-Components.
- The BOCES is required to return surplus billings in the subsequent year. During 2023-2024, the surplus of \$5,062,995 from the 2022-2023 year will be returned. During 2022-2023, the surplus of \$5,070,389 from the prior year was returned.
- The BOCES implemented the new accounting standard for subscription-based software. The BOCES has recorded \$881,413 as intangible right-to-use software arrangements on the Statement of Net Position. Due to the implementation of GASB Statement No. 96, these arrangements for software met the criteria of a Subscription-Based Information Technology Arrangements (SBITA); thus, requiring it to be recorded by the BOCES as intangible assets and a SBITA liability. These assets will be amortized over the contract terms of three years and will be replaced at the end of the arrangement term with new upgraded software.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: MD&A (this section), the financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of BOCES-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements is as follows:



See Independent Auditor's Report.

**BROOME TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

(Continued)

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

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

BOCES-Wide Statements

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

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

- Over time, increases or decreases in the BOCES' Net Position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the BOCES' overall health, consider additional nonfinancial factors such as changes in the BOCES' contracts with component school districts and the condition of BOCES' buildings and other facilities.

In the BOCES-wide financial statements, the BOCES' activities are shown as Governmental activities. Most of the BOCES' basic services are included here, such as regular and special education, instructional support, and administration. Charges for Services finance most of these activities.

Fund Financial Statements

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

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

The BOCES has two types of funds:

- **Governmental Funds:** All of the BOCES' basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that allows the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the BOCES' programs. Because this information does not encompass the additional long-term focus of the BOCES-wide statements, additional information can be found on pages 15 and 17, which reconciles the BOCES-wide financial statements to the fund financial statements.

BROOME TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

(Continued)

- **Fiduciary Fund:** The BOCES is the trustee, or fiduciary, for assets that belong to others, such as State Aid due to components and the student activities funds. The BOCES is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The BOCES excludes these activities from the BOCES-wide financial statements because it cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE

A. Net Position

The BOCES total Net Position, increased by \$9,671,949 between fiscal year 2023 and 2022. A summary of the BOCES Statement of Net Position for the June 30, 2023 and 2022, is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 49,121,052	\$ 43,813,961	\$ 5,307,091	12.1%
Net Pension Asset - Proportionate Share		30,793,005	(30,793,005)	(100.0%)
Capital, Software Subscription and Right to Use Assets, Net	<u>60,064,965</u>	<u>55,801,248</u>	<u>4,263,717</u>	7.6%
Total Assets	<u>109,186,017</u>	<u>130,408,214</u>	<u>(21,222,197)</u>	(16.3%)
Deferred Outflow of Resources	<u>38,397,740</u>	<u>40,603,784</u>	<u>(2,206,044)</u>	(5.4%)
Total Assets and Deferred Outflow of Resources	<u>\$ 147,583,757</u>	<u>\$ 171,011,998</u>	<u>\$ (23,428,241)</u>	(13.7%)
Non-Current Liabilities	\$ 166,016,580	\$ 242,029,306	\$ (76,012,726)	(31.4%)
Net Pension Liability - Proportionate Share	23,491,455		23,491,455	100.0%
Other Liabilities	<u>22,843,931</u>	<u>21,305,769</u>	<u>1,538,162</u>	7.2%
Total Liabilities	<u>212,351,966</u>	<u>263,335,075</u>	<u>(50,983,109)</u>	(19.4%)
Deferred Inflow of Resources	<u>138,451,112</u>	<u>120,568,193</u>	<u>17,882,919</u>	14.8%
Total Liabilities and Deferred Inflow of Resources	<u>350,803,078</u>	<u>383,903,268</u>	<u>(33,100,190)</u>	(8.6%)
Net Investment in Capital Assets	41,224,237	36,309,578	4,914,659	13.5%
Restricted	14,597,073	12,246,873	2,350,200	19.2%
Unrestricted (Deficit)	<u>(259,040,631)</u>	<u>(261,447,721)</u>	<u>2,407,090</u>	0.9%
Total Net Position (Deficit)	<u>(203,219,321)</u>	<u>(212,891,270)</u>	<u>9,671,949</u>	4.5%
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 147,583,757</u>	<u>\$ 171,011,998</u>	<u>\$ (23,428,241)</u>	(13.7%)

Current and other assets increased by \$5,307,091 as compared to the prior year. The majority of this increase was due to the increase in cash in the General Fund partially due to the increases in accrued liabilities \$3,031,768.

Accounting standards required the recognition of the BOCES proportionate share of Net Assets/Liabilities and Deferred Outflows/Inflows for the New York State Employees' and Teachers' retirement systems.

Capital, Software Subscription and Right to Use assets increased by \$4,263,717, as compared to the prior year. The majority of this increase was due to the net increase in the BOCES equipment, which increased by \$2,426,191 and a net increase in subscription-based software by \$848,631. The increase is also due to current year capital additions exceeding depreciation. Note 3 to the Financial Statements provides additional information.

As described above, the deferred outflow of resources changed by \$2,206,044 as follows:

Other Postemployment Benefits	\$ (1,971,946)
New York State retirement systems	\$ (234,098)

Non-current liabilities decreased by \$76,012,726, as compared to the prior year. This decrease is primarily the result of the current year decrease of \$77,562,393 in the OPEB liability.

See Independent Auditor's Report.

**BROOME TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

(Continued)

Other liabilities increased by \$1,538,162, as compared to the prior year, due to an increase in the accrued liabilities by \$3,031,768, offset by a decrease in accounts payable by \$1,669,521.

As described above, the deferred inflow of resources increased by \$17,882,919 as follows:

Other Postemployment Benefits	\$ 66,531,669
New York State retirement systems	\$ (50,069,583)
Lease Deferred Revenue	\$ 1,420,833

The net position invested in capital and right-to-use assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions and lease, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings, vehicles, equipment, furniture, and leases to support BOCES' operations.

The restricted net position at June 30, 2023 is \$14,597,073 and represents the amount of the BOCES's restricted funds in the General, Miscellaneous Special Revenue and Debt Service Funds.

The net position at June 30, 2023, is a deficit balance of \$203,219,321, which represents the amount by which the BOCES' liabilities and deferred inflows exceeded BOCES' assets and deferred outflows. This deficit is attributable to the OPEB liability at June 30, 2023 in the amount of \$140,041,513.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities by program in the accompanying financial statements. A summary of this statement for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 142,428,944	\$ 131,599,088	\$ 10,829,856	8.2%
Operating Grants	1,372,545	2,235,905	(863,360)	(38.6%)
General Revenues				
Interest and Earnings	1,212,022	188,177	1,023,845	544.1%
Miscellaneous	4,200,347	4,486,428	(286,081)	(6.4%)
Loss on Sales of Property	(306,820)	(187,264)	(119,556)	(63.8%)
Total Revenues	<u>148,907,038</u>	<u>138,322,334</u>	<u>10,584,704</u>	7.7%
Expenses				
Administration	3,329,466	3,060,876	268,590	8.8%
Administration- Capital	1,664,335	2,682,517	(1,018,182)	(38.0%)
Occupation Instruction	13,633,231	12,801,901	831,330	6.5%
Instruction for Special Needs	44,326,552	39,204,458	5,122,094	13.1%
Itinerant Services	1,358,693	1,335,916	22,777	1.7%
General Instruction	16,310,964	14,019,173	2,291,791	16.3%
Instructional Support	15,485,364	17,455,160	(1,969,796)	(11.3%)
Other Services	43,126,484	38,405,010	4,721,474	12.3%
Total Expenses	<u>139,235,089</u>	<u>128,965,011</u>	<u>10,270,078</u>	8.0%
Total Change in Net Position	<u>\$ 9,671,949</u>	<u>\$ 9,357,323</u>	<u>\$ 314,626</u>	3.4%

The BOCES revenues increased by 7.7% in 2023 or \$10,584,704. The major factors that contributed to the increase were:

- Charges for Services increased \$10,829,856 mainly due to an increased services for special needs instruction and other services from the BOCES' regional information center.

The BOCES expenditures for the year increased by \$10,270,078 or 8.0%. The primary reason for this increase was due to an increased demand for services for special needs instruction and other services from the BOCES' regional information center.

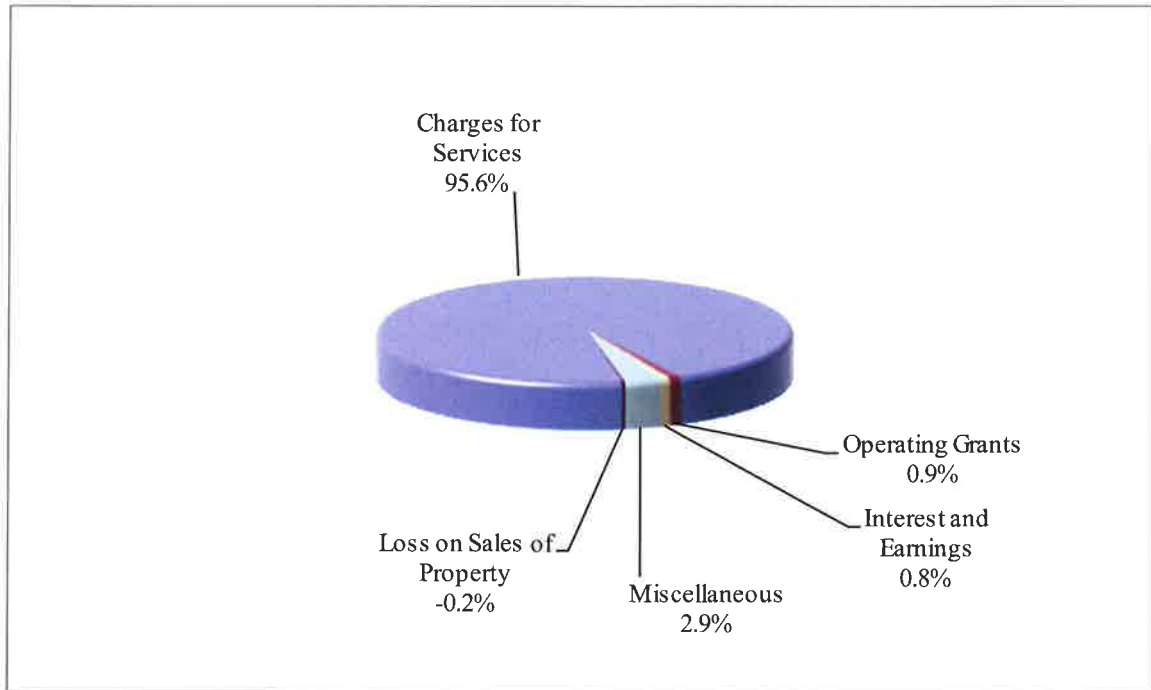
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**BROOME TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

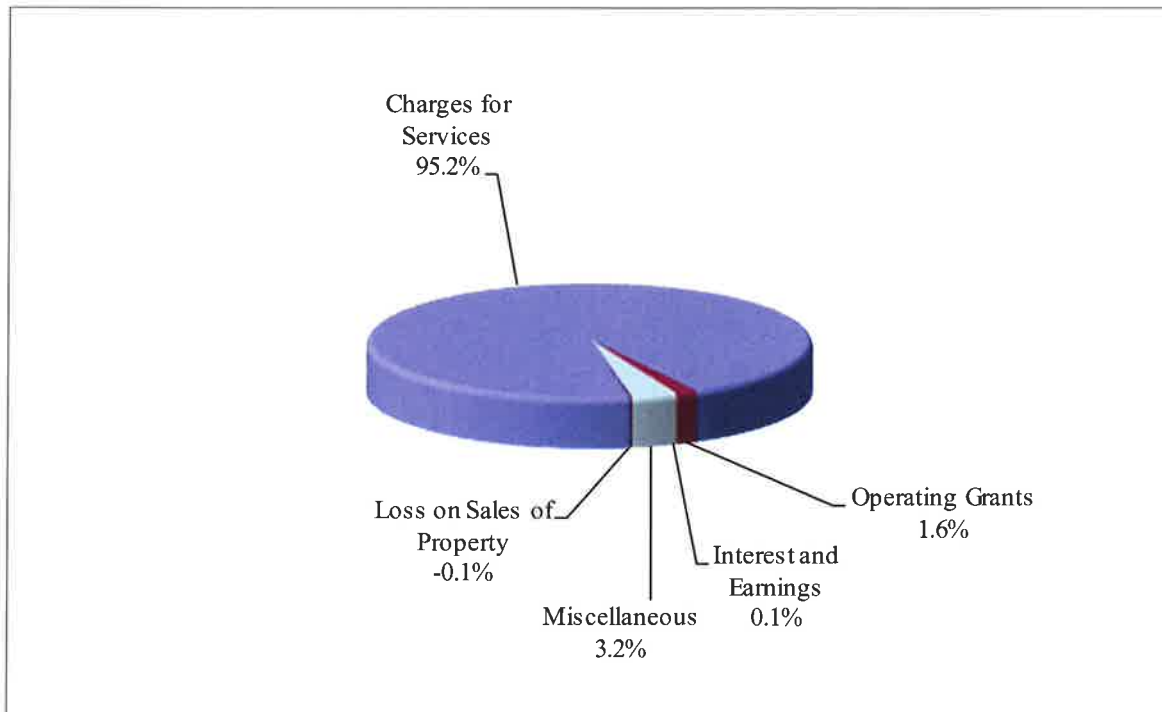
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A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2023



For the Year Ended June 30, 2022



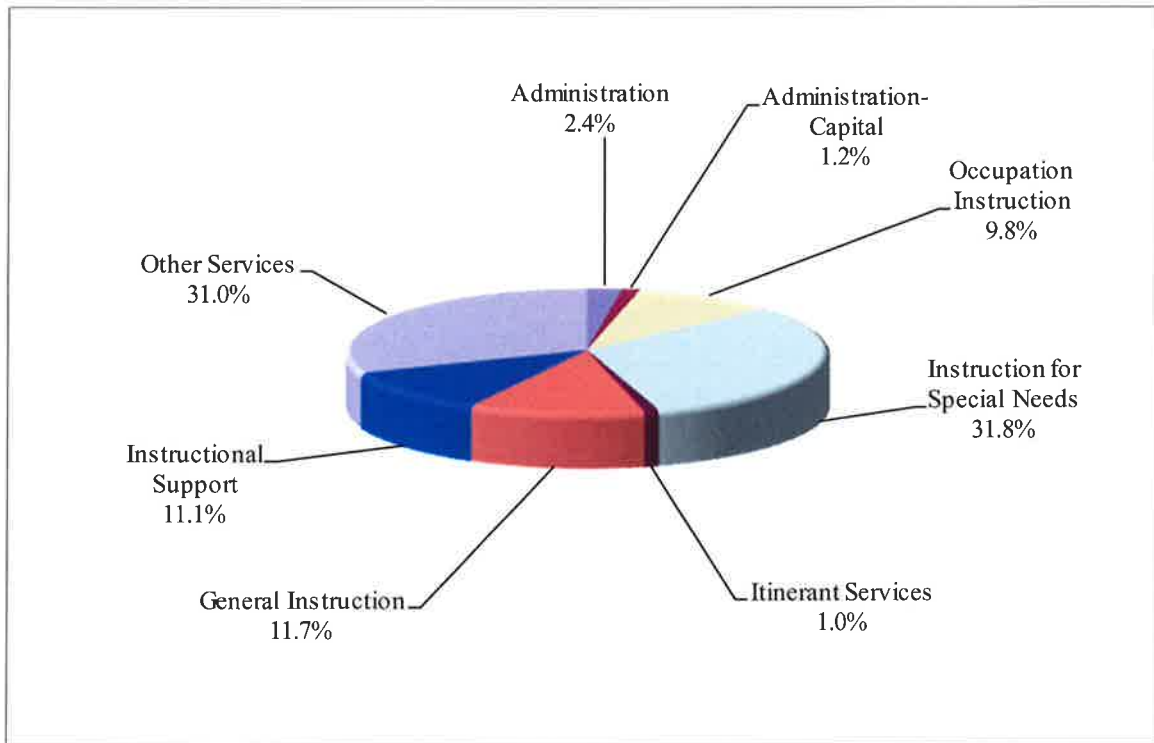
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**BROOME TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

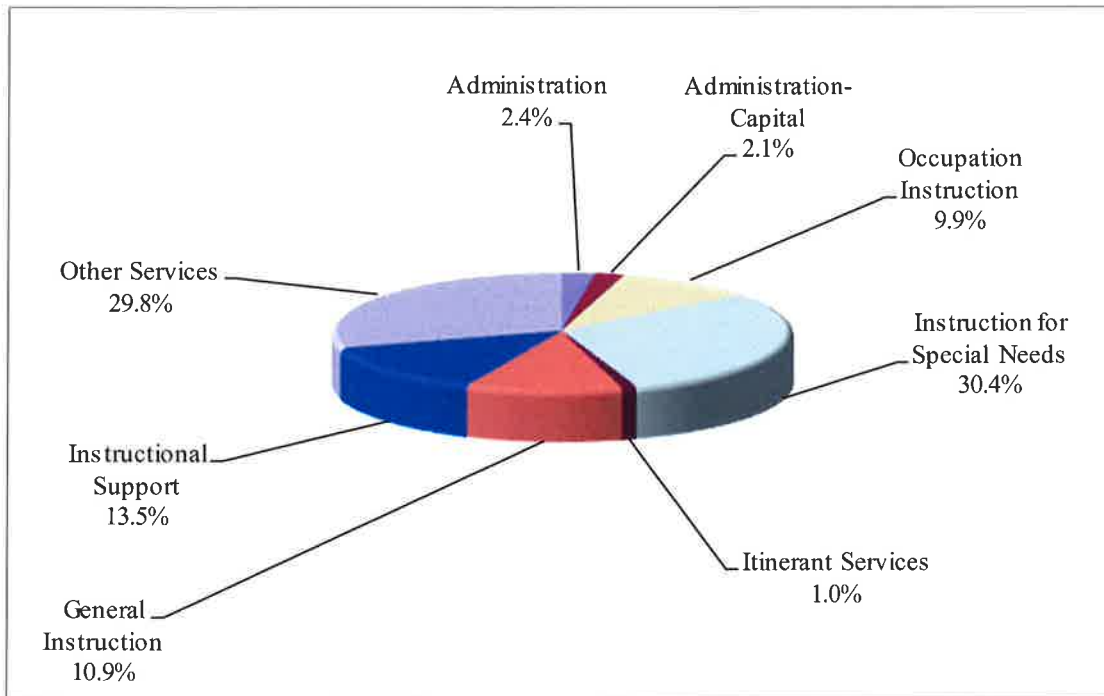
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A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2023



For the Year Ended June 30, 2022



See Independent Auditor's Report.

**BROOME TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

(Continued)

4. FINANCIAL ANALYSIS OF THE BOCES' FUND BALANCES

At June 30, 2023, the BOCES governmental funds reported a combined fund balance of \$9,343,136, which is an increase of \$1,976,040 from the prior year. A summary of the change in fund balance by fund is as follows:

	2023	2022	Increase/ (Decrease)
General Fund			
Restricted			
Unemployment Insurance Reserve	\$ 109,222	\$	\$ 109,222
Career Education and Instructional Equipment Reserve	411,333	403,535	7,798
Employee Benefit Accrued Liability	5,246,645	4,270,347	976,298
Employees' Retirement System Contributions	5,895,819	5,183,382	712,437
Teachers' Retirement System Contributions	1,298,168	804,668	493,500
Total Restricted	<u>12,961,187</u>	<u>10,661,932</u>	<u>2,299,255</u>
Assigned			
Administration	186,912	61,616	125,296
Occupational Instruction	136,545	112,063	24,482
Instruction for Special Needs	111,685	64,371	47,314
Itinerant Services	538	532	6
General Instruction	384,066	188,689	195,377
Instructional Support	809,485	850,932	(41,447)
Other Services and Internal Services	1,331,599	2,106,266	(774,667)
Total Assigned	<u>2,960,830</u>	<u>3,384,469</u>	<u>(423,639)</u>
Unassigned (Deficit)	<u>(10,571,734)</u>	<u>(9,831,197)</u>	<u>(740,537)</u>
Total General Fund	<u>5,350,283</u>	<u>4,215,204</u>	<u>1,135,079</u>
Special Aid			
Assigned	<u>469,273</u>	<u>696,605</u>	<u>(227,332)</u>
Miscellaneous Special Revenue			
Restricted	<u>121,831</u>	<u>124,968</u>	<u>(3,137)</u>
Debt Service Fund			
Restricted	<u>1,514,055</u>	<u>1,459,973</u>	<u>54,082</u>
Capital Fund			
Committed	<u>1,887,694</u>	<u>870,346</u>	<u>1,017,348</u>
Total Fund Balances	<u>\$ 9,343,136</u>	<u>\$ 7,367,096</u>	<u>\$ 1,976,040</u>

5. GENERAL FUND BUDGETARY HIGHLIGHTS

- The difference between the original approved budget and prior year encumbrances of \$136,604,642 and the amended budget of \$153,225,317 is \$16,620,675 or 12.2%. The increase is due to the request for additional services from component school districts. The budgetary comparison information can be found on Page 46 which presents both original and amended budget totals compared with actual results for the General Fund for the year ended June 30, 2023.
- Actual expenditures and encumbrances were under the amended budget by \$8,544,809 or 5.6%, and actual revenues were below the amended budget by \$5,307,565 or 3.5%.

See Independent Auditor's Report.

**BROOME TIOGA BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

(Continued)

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2023 and 2022, the BOCES had \$60,064,965 and \$45,690,830, respectively, in a broad range of owned and leased capital assets including buildings, transportation equipment, computer equipment, and furniture and fixtures.

A summary of the BOCES capital assets and right to use leased assets, net, at June 30, 2023 and 2022, is as follows:

	2023	2022	Increase (Decrease)
Land	\$ 211,080	\$ 211,080	\$
Construction in Progress	606,477	3,784,985	(3,178,508)
Buildings and Improvements	19,706,255	16,376,674	3,329,581
Furniture, Equipment, and Vehicles	25,191,918	22,765,727	2,426,191
Intangibles	1,208,402	586,994	621,408
Subtotal	<u>46,924,132</u>	<u>43,725,460</u>	<u>3,198,672</u>
Software Subscription Assets	848,631		848,631
Right To Use Leased Assets	<u>12,292,202</u>	<u>1,965,370</u>	<u>10,326,832</u>
Capital Assets, Net	<u>\$ 60,064,965</u>	<u>\$ 45,690,830</u>	<u>\$ 14,374,135</u>

The BOCES' capital and right-to-use leased assets, net of accumulated depreciation and amortization is, for the purpose of this report, the assets owned, purchased or leased by the BOCES less the depreciated or amortized value over the useful life of the item. Depreciation and amortization expense for the BOCES totaled \$10,462,680 and \$9,672,783 for June 30, 2023 and 2022, respectively.

B. Long-Term Liabilities

The summary of the long-term liabilities at June 30, 2023 and 2022, is as follows:

	2023	2022	Increase (Decrease)
Revenue Bonds	\$ 1,450,000	\$ 2,170,000	\$ (720,000)
Premium on Bonds		78,350	(78,350)
Installment Purchase Agreements	6,384,198	5,731,997	652,201
Compensated Absences	5,246,645	4,270,348	976,297
Software Subscription Liability	174,121		174,121
Lease Liability	12,720,103	12,174,705	545,398
OPEB liability	<u>140,041,513</u>	<u>217,603,906</u>	<u>(77,562,393)</u>
Total Long Term Liabilities	<u>\$ 166,016,580</u>	<u>\$ 242,029,306</u>	<u>\$ (76,012,726)</u>

7. FACTORS BEARING ON THE BOCES FUTURE

BOCES budgets continue to be impacted by the rising cost of health insurance. Although we have taken steps to mitigate these increases through restructuring prescription drug copays, health insurance will continue to outpace increases in our service charges to school districts.

Our instructional facilities have some significant infrastructure issues. Additionally, we are out of space to accommodate growth (enrollment in BOCES programs is projected to grow 17% between 2023-2033). As a result, we will be seeking voter approval this year to upgrade our infrastructure, reconfigure existing space, and add new classrooms. If voters don't approve our capital project plans through public referendum, student programs will be in jeopardy, and our facility will be at risk.

Current local, state, and national economic and employment conditions continue to present challenges for our BOCES. Recruiting, hiring, and retaining employees is an organization-wide priority that is critical to the viability of our programs and services.

8. CONTACTING THE BOCES' FINANCIAL MANAGEMENT

This financial report is designed to provide the BOCES citizens, customers, investors, and creditors with a general overview of the BOCES' finances and to demonstrate the BOCES' accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Broome Tioga BOCES, 435 Glenwood Road, Binghamton, NY 13905-1699.

See Independent Auditor's Report.

BROOME TIOGA BOCES
STATEMENT OF NET POSITION
June 30, 2023

Assets	
Cash and Cash Equivalents	\$ 14,635,488
Restricted Cash and Cash Equivalents	14,533,194
Cash with Fiscal Agent	428,736
Investments	1,514,055
Receivables	
State and Federal Aid	2,072,510
Due from Components	8,976,240
Accounts Receivables	576,631
Lease Receivables	6,384,198
Software Subscription Assets, Net of Amortization	848,631
Right to Use Leased Assets, Net of Amortization	12,292,202
Capital Assets, Net of Accumulated Depreciation	<u>46,924,132</u>
Total Assets	<u>109,186,017</u>
Deferred Outflow of Resources	
Deferred Outflow - Pensions	27,584,737
Deferred Outflow - OPEB	<u>10,813,003</u>
Total Deferred Outflow of Resources	<u>38,397,740</u>
Total Assets and Deferred Outflow of Resources	\$ <u>147,583,757</u>
Liabilities	
Due to Components - Refund of Surplus	\$ 5,062,995
Due to	
Other Governments	777,520
Teachers' Retirement System	2,883,269
Employees' Retirement System	989,307
Accounts Payable	6,259,445
Accrued Liabilities	3,956,766
Accrued Interest	27,187
Retainage Payable	5,047
Overpayments and Collections in Advance	2,882,395
Net Pension Liability - Proportionate Share	23,491,455
Noncurrent Liabilities	
Due Within One Year	5,537,941
Due in More Than One Year	<u>160,478,639</u>
Total Liabilities	<u>212,351,966</u>
Deferred Inflow of Resources	
Deferred Inflow - Pensions	2,536,580
Deferred Inflow - Leases	16,966,219
Deferred Inflow - OPEB	<u>118,948,313</u>
Total Deferred Inflow of Resources	<u>138,451,112</u>
Total Liabilities and Deferred Inflow of Resources	<u>350,803,078</u>
Net Position (Deficit)	
Net Investment in Capital Assets	41,224,237
Restricted	14,597,073
Unrestricted (Deficit)	<u>(259,040,631)</u>
Total Net Position (Deficit)	<u>(203,219,321)</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position (Deficit)	\$ <u>147,583,757</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

BROOME TIOGA BOCES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Administration	\$ 3,329,466	\$ 2,540,146	\$	\$ (789,320)
Administration - Capital	1,664,335	2,068,219		403,884
Occupational Instruction	13,633,231	12,860,925	32,880	(739,426)
Instruction for Special Needs	44,326,552	43,407,903		(918,649)
Itinerant Services	1,358,693	1,334,938		(23,755)
General Instruction	16,310,964	14,908,293	209,187	(1,193,484)
Instruction Support	15,485,364	17,246,310	1,130,478	2,891,424
Other Services	43,126,484	48,062,210		4,935,726
Total Functions/Programs	<u>\$ 139,235,089</u>	<u>\$ 142,428,944</u>	<u>\$ 1,372,545</u>	<u>4,566,400</u>
General Revenues				
Interest and Earnings				1,212,022
(Loss) on Sales of Property				(306,820)
Other Revenues				2,763,569
Miscellaneous				<u>1,436,778</u>
Total General Revenues				<u>5,105,549</u>
Change in Net Position				9,671,949
Net Position (Deficit), Beginning of Year				<u>(212,891,270)</u>
Net Position (Deficit), End of Year				<u>\$ (203,219,321)</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

BROOME TIOGA BOCES
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	Miscellaneous					
	General	Special Aid	Special Revenue	Debt Service	Capital	Total
Assets						
Unrestricted Cash and Cash Equivalents	\$ 12,457,234	\$ 2,178,254	\$	\$	\$	\$ 14,635,488
Restricted Cash and Cash Equivalents	12,961,187		121,831		1,450,176	14,533,194
Cash with Fiscal Agent					428,736	428,736
Investments				1,514,055		1,514,055
Receivables						
State and Federal Aid		2,072,510				2,072,510
Due from Components	8,976,240					8,976,240
Due from Other Funds	256,027	3,115			15,100	274,242
Accounts Receivables	256,611	320,020				576,631
Leases	6,384,198					6,384,198
Total Assets	<u>\$ 41,291,497</u>	<u>\$ 4,573,899</u>	<u>\$ 121,831</u>	<u>\$ 1,514,055</u>	<u>\$ 1,894,012</u>	<u>\$ 49,395,294</u>
Liabilities						
Due to Components - Refund of Surplus	\$ 5,062,995	\$	\$	\$	\$	\$ 5,062,995
Due To						
Other Governments	3,381	774,139				777,520
Other Funds	18,215	250,127			5,900	274,242
Teachers' Retirement System	2,883,269					2,883,269
Employees' Retirement System	989,307					989,307
Accounts Payable	6,054,873	204,154			418	6,259,445
Accrued Liabilities	3,425,097	28,986				3,454,083
Insurance Liabilities	486,902					486,902
Payroll liabilities	15,781					15,781
Overpayments and Collections in Advance	35,175	2,847,220				2,882,395
Total Liabilities	<u>18,974,995</u>	<u>4,104,626</u>			<u>6,318</u>	<u>23,085,939</u>
Deferred Inflow of Resources - Leases	<u>16,966,219</u>					<u>16,966,219</u>
Fund Balance						
Restricted	12,961,187		121,831	1,514,055		14,597,073
Committed					1,887,694	1,887,694
Assigned	2,960,830	469,273				3,430,103
Unassigned (Deficit)	<u>(10,571,734)</u>					<u>(10,571,734)</u>
Total Fund Balance	<u>5,350,283</u>	<u>469,273</u>	<u>121,831</u>	<u>1,514,055</u>	<u>1,887,694</u>	<u>9,343,136</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 41,291,497</u>	<u>\$ 4,573,899</u>	<u>\$ 121,831</u>	<u>\$ 1,514,055</u>	<u>\$ 1,894,012</u>	<u>\$ 49,395,294</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

BROOME TIOGA BOCES
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE BOCES-WIDE NET POSITION
June 30, 2023

Total Governmental Fund Balances	\$ <u>9,343,136</u>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building, acquiring, and leasing capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital and right to use assets among the assets of the BOCES as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Right-to-Use Assets	15,376,188
Accumulated Amortization	(3,083,986)
Original Cost of Software Subscription Assets	881,413
Accumulated Amortization	(32,782)
Original Cost of Capital Assets	115,205,604
Accumulated Depreciation	<u>(68,281,472)</u>
	<u>60,064,965</u>

Proportionate share of long-term asset and liability associated with participation in state retirement system are not current financial resources or obligations and are not reported in the funds.

Deferred Outflows - Pensions	27,584,737
Net Pension Liability - Proportionate Share	(23,491,455)
Deferred Inflows - Pensions	<u>(2,536,580)</u>
	<u>1,556,702</u>

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

Revenue Bonds	(1,450,000)
Installment Purchase Debt	(6,384,198)
Lease Liability	(12,720,103)
Software Subscription Liability	(174,121)
Deferred Outflows - OPEB	10,813,003
Deferred Inflows - OPEB	(118,948,313)
Other Post Employment Liabilities	(140,041,513)
Interest Accrual	(27,187)
Retainage Payable	(5,047)
Compensated Absences Payable	<u>(5,246,645)</u>
	<u>(274,184,124)</u>

Total Net Position (Deficit)	\$ <u>(203,219,321)</u>
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The Accompanying Notes are an Integral Part of These Financial Statements.

BROOME TIOGA BOCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues						
Charges for Services	\$ 121,563	\$ 1,579,298	\$	\$	\$	\$ 1,700,861
Charges to Components - Administration	4,668,545					4,668,545
Charges to Components - Service Programs	121,180,470					121,180,470
Charges to Non-Components and Other BOCES	12,065,466					12,065,466
Interest and Earnings	493,160		1,311	717,551		1,212,022
Sale of Property and Compensation for Loss	29,259					29,259
Lease Revenue	7,876,597					7,876,597
Miscellaneous/Other Revenue	45,914	2,698,407	19,248			2,763,569
Refund of Prior Year's Expenditures	960,536					960,536
Interfund Revenues	476,242			1,522,500	1,425,947	3,424,689
State and Local Sources		672,837				672,837
Federal Sources		699,708				699,708
Total Revenues	<u>147,917,752</u>	<u>5,650,250</u>	<u>20,559</u>	<u>2,240,051</u>	<u>1,425,947</u>	<u>157,254,559</u>
Expenditures						
Administration	3,235,824					3,235,824
Administration - Capital	2,068,219					2,068,219
Occupational Instruction	11,908,675	1,606,520				13,515,195
Instruction for Special Needs	42,536,410	1,304,398				43,840,808
Itinerant Services	1,348,653					1,348,653
General Instruction	15,078,420	778,678	23,696			15,880,794
Instruction Support	17,252,084	1,694,347				18,946,431
Other Services	48,291,393	493,639		2,185,969	4,385,987	55,356,988
Capital Outlay					1,511,784	1,511,784
Total Expenditures	<u>141,719,678</u>	<u>5,877,582</u>	<u>23,696</u>	<u>2,185,969</u>	<u>5,897,771</u>	<u>155,704,696</u>
Excess (Deficit) Revenues Over Expenditures	<u>6,198,074</u>	<u>(227,332)</u>	<u>(3,137)</u>	<u>54,082</u>	<u>(4,471,824)</u>	<u>1,549,863</u>
Other Financing Sources (Uses)						
Return of Surplus	(5,062,995)					(5,062,995)
Proceeds of Debt					3,272,729	3,272,729
Proceeds of SBITAs					881,413	881,413
Proceeds of Leases					1,335,030	1,335,030
Total Other Financing Sources (Uses)	<u>(5,062,995)</u>				<u>5,489,172</u>	<u>426,177</u>
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources	<u>1,135,079</u>	<u>(227,332)</u>	<u>(3,137)</u>	<u>54,082</u>	<u>1,017,348</u>	<u>1,976,040</u>
Fund Balances, Beginning of Year	<u>4,215,204</u>	<u>696,605</u>	<u>124,968</u>	<u>1,459,973</u>	<u>870,346</u>	<u>7,367,096</u>
Fund Balances, End of Year	<u>\$ 5,350,283</u>	<u>\$ 469,273</u>	<u>\$ 121,831</u>	<u>\$ 1,514,055</u>	<u>\$ 1,887,694</u>	<u>\$ 9,343,136</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

BROOME TIOGA BOCES
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net Changes in Fund Balance - Total Governmental Funds	\$	1,976,040
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Capital Related Differences

Capital Outlays to purchase, build, or lease capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation or amortization expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation, amortization, and loss on disposal in the period.

Depreciation and Amortization Expense	(10,462,680)	
Loss on Disposal	(336,079)	
Right to Use Asset Acquisition	1,335,030	
Capital Outlays	<u>14,060,316</u>	4,596,587

Long-Term Liability Transaction Differences

Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Long term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of long term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Changes in long-term debt are as follows:

Payments on Revenue Bonds	720,000	
Proceeds of Installment Purchase Debt	(3,272,729)	
Payment on Installment Purchase Debt	2,620,528	
Change in Lease Liability	(545,398)	
Changes in Software Subscription Liability	(174,121)	
Amortization of Premium on Issuance of Revenue Bonds	78,350	
Change in Other Post Employment Liabilities and Deferred Inflows/Outflows	9,058,778	
Change in Interest Accrual	39,186	
Change in Compensated Absences	<u>(976,297)</u>	<u>7,548,297</u>

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

Teachers' Retirement System	(524,586)	
Employees' Retirement System	<u>(3,924,389)</u>	<u>(4,448,975)</u>

Change in Net Position Governmental Activities	\$	<u>9,671,949</u>
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The Accompanying Notes are an Integral Part of These Financial Statements.

BROOME TIOGA BOCES
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	<u>Custodial Fund</u>
Assets	
Cash and Cash Equivalents - Restricted	\$ 11,209
Liabilities	
Due to Other Governments-Sales Tax	\$ 1,024
Net Position	
Restricted For Other Purposes	10,185
Total Net Position	
Total Liabilities and Net Position	<u>\$ 11,209</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

BROOME TIOGA BOCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FIDUCIARY
NET POSITION
June 30, 2023

	Custodial Fund
Additions	
Extraclassroom Fundraising	\$ 26,766
Due from Other Governments-State Aid	<u>39,800,792</u>
Total Additions	<u>39,827,558</u>
Deductions	
Extraclassroom Expenditures	25,946
Due to Other Governments-State Aid to Components	<u>39,800,792</u>
Total Deductions	<u>39,826,738</u>
Change in Net Position	820
Net Position, Beginning of the Year	<u>9,365</u>
Net Position, End of the Year	<u>\$ 10,185</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

BROOME TIOGA BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Broome Tioga BOCES have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) that apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Financial Reporting Entity

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

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

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

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

(a) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of BOCES represent funds of the students of BOCES. These funds are included in the combined basic financial statements in the Fiduciary Funds as custodial funds because the Board of Cooperative Educational Services exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of BOCES with respect to its financial transactions and designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the BOCES' Business Office at 435 Glenwood Road, Binghamton, New York 13905.

Joint Ventures

(a) Insurance Consortium

The BOCES is the sponsoring agency for the Broome Tioga BOCES Health Consortium. The Consortium is a municipal corporation operating in Broome and Tioga counties to provide cooperative programs for health benefits to municipal employees by entering into intermunicipal agreements pursuant to Article 5-G of the General Municipal Law.

Separate audited financial statements of the Broome Tioga BOCES Health Consortium can be found at the BOCES' Business Office at 435 Glenwood Road, Binghamton, New York 13905.

BROOME TIOGA BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Basis of Presentation

(a) BOCES-Wide Statements

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

(b) 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. All funds of the BOCES are displayed as major funds. The BOCES reports the following major governmental funds.

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

Special Revenue Funds:

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

Miscellaneous Special Revenue Fund: These funds are used to account and report for scholarships funds donated to the BOCES for students. Established criteria govern the use of the funds and members of the BOCES or representatives of the donors may serve on committees to determine who benefits.

Debt Service Fund: This fund accounts for and reports the accumulation of resources and the payment of principal and interest on long-term general obligation of debt of governmental activities.

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

(c) Fiduciary Fund

This fund is used to account for and report custodial activities. Custodial 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. There is one class of fiduciary funds:

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.

Measurement Focus and Basis of Accounting

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 grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

BROOME TIOGA BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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. Pension and Postretirement health insurance costs are recognized as an expenditure when funded.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the BOCES-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and compensated absences, that will be paid from governmental funds, are reported as a liability in the fund 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.

Estimates

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

Budgetary Procedures and Budgetary Accounting

(a) Budget Policies

The BOCES' administration prepares a proposed budget for approval by the Board of Education for the General Fund for which legal (appropriated) budgets are adopted.

The BOCES' administration submits a tentative budget to the Board of Cooperative Educational Services for the fiscal year commencing the following July 1. The BOCES' administrative budget must be approved by the school boards of each component district in May. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

Appropriations established by adoption of the budget constitute a limitation on expenditures that may be incurred. Appropriations lapse at the fiscal year end.

The Board of Cooperative Educational Services must approve all modifications of the budget. However, the BOCES Superintendent is authorized to transfer certain budgeted amounts within departments.

The following supplemental appropriation occurred during the year:

Adopted Budget	\$	133,220,173
Prior Year's Encumbrances		<u>3,384,469</u>
Original Budget	\$	136,604,642
Budget Revisions		
Administration		100,536
Occupational Instruction		35,629
Instruction for Special Needs		2,814,867
Itinerant Services		127,924
General Instruction		5,080,956
Instruction Support		3,571,165
Other Services and Internal Services		<u>4,889,598</u>
		<u>16,620,675</u>
Revised Budget	\$	<u>153,225,317</u>

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(b) Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

Cash and Cash Equivalents/Investments

The BOCES' cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the BOCES' investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

Investments

Investments held by the BOCES are stated at fair value. Changes in the fair value of the investments and interest in dividends are reported as investment income.

Receivables

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

Insurance

BOCES insures against liability for most risks including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Interfund Transactions

The operations of the BOCES include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The BOCES typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 7 to the financial statements.

Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The BOCES uses capitalization thresholds of \$1,000 (the dollar value above which assets acquisitions are added to the capital assets accounts for grouped-like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the BOCES-wide statements are as follows:

	<u>Lives</u>	<u>Depreciation Method</u>
Furniture, Equipment, and Vehicles	5-10 Years	Straight Line
Buildings and Improvements	15-40 Years	Straight Line
Intangibles	5 Years	Straight Line

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Software Subscription Assets

The BOCES has recorded intangible software subscription assets as a result of implementing GASB 96, *Subscription-Based Information Technology Arrangements*. The subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any payments made to the vendor at commencement of the term and any capitalizable implementation costs, less any vendor incentives received at the commencement of the term. The software subscription assets are amortized on a straight-line basis over the term of the subscription.

Right-to-Use Leased Assets

The BOCES has recorded right-to-use leased assets as a result of implementing GASB 87, *Leases*. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right-to-use assets are amortized on a straight-line basis over the life of the related lease that range from 5 to 21 years.

Deferred Outflow of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The BOCES has two items that qualify for reporting in this category. The first item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension asset or liability and difference during the measurement period between the BOCES' contributions and its proportionate share of total contributions not included in pension expense and differences between expected and actual experience, differences between projected and actual earnings on investments. The second item is related to other postemployment benefits (OPEB) reported on the BOCES-wide Statement of Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

Compensated Absences

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

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

Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

Other Benefits

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

In addition to providing pension benefits, the BOCES provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if BOCES employees are 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 postemployment benefits is shared between the BOCES and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 4).

Unearned Revenues

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues recorded in governmental funds and government-wide financial statements arise when revenues are received prior to the BOCES having legal claim to them. For example, when grant monies are received prior to incurring qualified expenditures, then those monies are considered to be unearned revenue. In subsequent periods, when both

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recognition criteria are met, or when the BOCES has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

Deferred Inflows of Resources

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. The BOCES has three items that qualify for reporting in this category. The first item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the BOCES' contributions and its proportionate share of total contributions to the pension systems not included in pension expense and effects of changes in assumptions, projected and actual earnings on investments. The second item is related to other postemployment benefits (OPEB) reported on the BOCES-wide Statement of Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years. The third item is related to agreements in which the BOCES acts as a lessor and is deferring any lease receivable and initial payments received over the term of the lease.

Equity Classifications

(a) BOCES-Wide Financial Statements

In the BOCES-wide statements there are three classes of Net Position:

Net Investment in Capital Assets— consists of net capital, subscription-based software, and right-to-use leased assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

(b) Statements

The following classifications describe the relative strength of the spending constraints:

Non-spendable

This category 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 has no non-spendable funds at June 30, 2023.

Restricted Resources

This category 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. Generally, the BOCES' policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure 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. The BOCES has established the following restricted fund balances:

• ***Reserve for Unemployment***

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

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- ***Career Education Instructional Equipment Reserve***

The Career Education Instructional Equipment Reserve (Education Law Section 1950 [4][ee]) is used to finance all or part of the cost of the replacement and purchase of advanced technology equipment used in instructional programs conducted by the BOCES. This reserve may be created by resolution of the BOCES governing board and approved by the boards of education of a majority of the BOCES' participating in the instructional program of the BOCES. The reserve is accounted for in the General Fund.

- ***Reserve for Employee Benefit Accrued Liability***

Reserve for Employee Benefit Accrued Liability (GML §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.

- ***Reserve for Employees' Retirement System Contributions***

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

- ***Reserve for Endowments and Scholarships*** – This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

- ***Reserve for Debt Service***

This fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction, or major repair of capital facilities.

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the BOCES considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless BOCES has provided otherwise in its commitment or assignment actions.

- ***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. At June 30, 2023, the BOCES had committed funds for capital projects.
- ***Assigned*** – Includes amounts that are constrained by the BOCES' intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the BOCES' Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. The General Fund's encumbrances and the equity in the Special Aid funds are classified as assigned.
- ***Unassigned*** – Includes all other fund net position that do not meet the definition of the above four classifications and are deemed to be available for general use by the BOCES. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

New Accounting Standard

Effective July 1, 2022, the BOCES implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. GASB Statement No. 96 established accounting and financial reporting guidance for governments that enter into subscription-based contracts to use vendor-provided information technology, with the intent to enhance the accountability, consistency and comparability of SBITA activities reported by governments. Under GASB 96, at the commencement of a subscription term (that is greater than 12 months) a government

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should recognize a subscription liability and intangible right-to-use asset, known as a subscription asset, which is amortized over the term of the subscription. There were no applicable SBITA activity prior to July 1, 2022.

Future Changes in Accounting Standards

- GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the year ending June 30, 2024.
- GASB Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025.

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

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND BOCES-WIDE STATEMENTS

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

Total Fund Balances of Governmental Funds Compared To Net Position of Governmental Activities

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

Statement of Revenues, Expenditures, and Changes in Fund Balance Versus Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of six broad categories.

(a) Long-Term Revenue/Expenditure Differences

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

(b) Capital Related Differences

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

(c) Long-Term Debt Transaction Differences

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

(d) Pension Differences

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

(e) OPEB Differences

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

(f) Employee Benefits Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Equity based on the requirements of New York State. These costs have been allocated based on total salary for each function in the Statement of Activities.

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NOTES TO BASIC FINANCIAL STATEMENTS
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3. DETAIL NOTES ON ALL FUNDS

Assets

(a) *Custodial Credit Risk*

The BOCES' investment policies are governed by state statutes and BOCES policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. 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 New York State and its municipalities. Investments are stated at fair value.

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

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

The BOCES' had aggregate bank balances of \$31,193,072, of which, \$1,000,000 was covered by depository insurance and the remaining \$30,193,072 was covered with collateral as described in C above.

(b) *Restricted Cash and Cash Equivalents*

Restricted cash and cash equivalents of \$12,961,187 in the General Fund represent funds held for the Reserve for Unemployment, Reserve for Retirement Contributions, the Career Education Instructional Equipment Reserve, and Employee Benefit Accrued Liability Reserve.

Restricted cash and cash equivalents of \$121,831 in the Miscellaneous Special Revenue fund represents various scholarships and award funds held by the BOCES.

Restricted cash and cash equivalents of \$1,450,176 in the Capital Fund represent funds held by the BOCES for future capital project expenditures.

Restricted cash and cash equivalents of \$11,209 in the Custodial Fund represent funds held for the BOCES Extraclassroom Activity Funds.

(c) *Investments*

Investments are stated at fair value. The BOCES categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs.
- Level 3 inputs are significant unobservable inputs.

The investments are from the intercepted BOCES' State Aid to pay the debt service on revenue bonds issued in the amount of \$6,065,000 during the fiscal year ended June 30, 2014. The investments consist of only United States Treasury Bills. These securities are considered Level 1 because the valuation is based on quoted market prices. The investments are held in the BOCES' name but are not insured or collateralized.

	Unrealized		
	Cost	Fair Value	Gain
U.S. Treasury Bills	\$ 1,509,387	\$ 1,514,055	\$ 4,668

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(d) Capital Assets & Right-to-use Leased Assets

Capital asset activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 211,080	\$	\$	\$ 211,080
Construction in Progress	<u>3,784,985</u>	<u>630,371</u>	<u>3,808,879</u>	<u>606,477</u>
Total	<u>3,996,065</u>	<u>630,371</u>	<u>3,808,879</u>	<u>817,557</u>
Capital Assets Being Depreciated				
Buildings and Improvements	37,569,165	4,476,214		42,045,379
Furniture, Equipment and Vehicles	62,550,947	10,637,114	2,419,192	70,768,869
Intangibles	<u>1,068,405</u>	<u>911,213</u>	<u>405,819</u>	<u>1,573,799</u>
Total	<u>101,188,517</u>	<u>16,024,541</u>	<u>2,825,011</u>	<u>114,388,047</u>
Accumulated Depreciation				
Buildings and Improvements	21,192,491	1,146,633		22,339,124
Furniture, Equipment and Vehicles	39,785,220	7,941,010	2,149,279	45,576,951
Intangibles	<u>481,411</u>	<u>223,639</u>	<u>339,653</u>	<u>365,397</u>
Total	<u>61,459,122</u>	<u>9,311,282</u>	<u>2,488,932</u>	<u>68,281,472</u>
Net Capital Assets Being Depreciated	<u>39,729,395</u>	<u>6,713,259</u>	<u>336,079</u>	<u>46,106,575</u>
Net Capital Assets	<u>\$ 43,725,460</u>	<u>\$ 7,343,630</u>	<u>\$ 4,144,958</u>	<u>\$ 46,924,132</u>

Depreciation expense is allocated to the following functions:

<u>Function/Program</u>	
Administration	\$ 343,033
Occupational Instruction	770,179
Instruction-Students with Special Needs	2,752,601
Itinerant Services	87,223
General Instruction	973,571
Instructional Support	1,115,758
Other Services	<u>3,268,917</u>
Total Depreciation	<u>\$ 9,311,282</u>

Right-to-use leased asset activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Buildings	\$ 14,041,158	\$ 1,335,030	\$	\$ 15,376,188
Accumulated Amortization				
Leased Buildings	<u>1,965,370</u>	<u>1,118,616</u>		<u>3,083,986</u>
Net Right to Use Leased Assets	<u>\$ 12,075,788</u>	<u>\$ 216,414</u>	<u>\$</u>	<u>\$ 12,292,202</u>

Amortization expense of \$1,118,616 was charged to Administration – Capital.

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For the Year Ended June 30, 2023

(e) Software Subscription Assets

As of June 30, 2023, the District has entered into subscription-based information technology arrangements (SBITA) with two vendors for subscription-based software. The BOCES made lump sum payments at the beginning of each of the subscription arrangements and thus the BOCES has recorded software subscription assets with a net book value of \$848,631 at June 30, 2023. One software has a remaining liability of \$174,121 to be paid at the end of the contract term. The following is a summary of the BOCES' software subscription arrangements as of June 30, 2023:

<u>Description</u>	<u>Commencement Date</u>	<u>Term (Years)</u>	<u>Net Asset Value</u>
Service Now	6/1/2023	3	\$ 566,477
DDoS protection/Cloudflare	5/1/2023	3	282,154
			<u>\$ 848,631</u>

Software subscription activity for the year ended June 30, 2023, is as follows:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Software Subscription Assets	\$	\$ 881,413	\$	\$ 881,413
Accumulated Amortization		<u>32,782</u>		<u>32,782</u>
Net Software Subscription Assets	<u>\$</u>	<u>\$ 848,631</u>	<u>\$</u>	<u>\$ 848,631</u>

Amortization expense of \$32,782 was charged to Other Services.

(f) Lease Receivable and Lessor Agreements

The BOCES has entered into agreements with Districts to lease technology and distance learning equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded as a receivable at the present value of the future minimum lease payments as of the date of the inception of the agreements. The agreements were executed on various dates from 2019-2023 and are for a term of 3-5 years. For some of the agreements, the BOCES has recorded a lease receivable and a deferred inflow of resources at June 30, 2023. For the year ended June 30, 2023, the BOCES recognized \$4,889,018 in lease revenue and \$182,360 in lease interest revenue. Also, during the year ended June 30, 2023, the BOCES issued loans in the amount of \$4,330,854 and received principal payments of \$3,614,887. Future payments due to the BOCES and deferred inflow recognition under these agreements are as follows for the year ended June 30, 2023:

<u>For the Year Ending</u>	<u>Lease Receivables</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
2024	\$ 2,719,658	\$ 226,921	\$ 2,946,579
2025	1,922,565	141,090	2,063,655
2026	1,087,401	73,397	1,160,798
2027	<u>654,574</u>	<u>30,041</u>	<u>684,615</u>
Total	<u>\$ 6,384,198</u>	<u>\$ 471,449</u>	<u>\$ 6,855,647</u>

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NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Deferred inflows for leases will be recognized as follows:

For the Year Ending June 30,	Deferred Inflow
2024	\$ 6,666,176
2025	5,002,402
2026	3,409,688
2027	1,887,953
2028	
Total	<u>\$ 16,966,219</u>

Liabilities

(a) Noncurrent Liabilities

Long-term liability balances and activity for the year ended June 30, 2023 are as follows:

Description	Beginning Balance	Issued	Paid	Ending Balance	Due Within One Year
Governmental Activities					
Revenue Bonds	\$ 2,170,000	\$	\$ 720,000	\$ 1,450,000	\$ 1,450,000
Premium on Bonds	78,350		78,350		
Installment Purchase Agreements	5,731,997	3,272,729	2,620,528	6,384,198	2,719,658
Other Liabilities					
OPEB Liability	217,603,906	17,207,699	94,770,092	140,041,513	
Software Subscription Liability		881,413	707,292	174,121	
Lease Liability	12,174,705	1,335,030	789,632	12,720,103	1,368,283
Compensated Absences	4,270,348	1,390,693	414,396	5,246,645	
Total Governmental Activities	<u>\$ 242,029,306</u>	<u>\$ 24,087,564</u>	<u>\$ 100,100,290</u>	<u>\$ 166,016,580</u>	<u>\$ 5,537,941</u>

Principal and interest payments due on the installment obligation debt and revenue bonds are as follows:

For the Year Ending June 30,	Revenue Bonds			Installment Purchase Debt		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,450,000	\$ 36,250	\$ 1,486,250	\$ 2,719,658	\$ 226,921	\$ 2,946,579
2025				1,922,565	141,090	2,063,655
2026				1,087,401	73,397	1,160,798
2027				654,574	30,041	684,615
Total	<u>\$ 1,450,000</u>	<u>\$ 36,250</u>	<u>\$ 1,486,250</u>	<u>\$ 6,384,198</u>	<u>\$ 471,449</u>	<u>\$ 6,855,647</u>

The final payment shown above represents the gross payments due. Of this amount, \$1,514,055 is held in the Debt Service Reserve and will cover the amount due.

Revenue Bonds

The BOCES entered into a financing agreement with the Dormitory Authority of the State of New York (DASNY) consisting of program lease revenue bonds in which the BOCES guarantees the payment of principal and interest on bonds issued by the DASNY. The revenue bonds will be paid by the component districts of the BOCES through rental charges which are a part of the BOCES administrative budget. The financing agreement is part of a building expansion and alteration project approved by a majority vote of the residents of the component districts.

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NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

The terms of the revenue bonds are as follows:

<u>Payable From/Description</u>	<u>Date of Original Issue</u>	<u>Original Amount</u>	<u>Date of Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding Amount</u>
General Fund - Refunded	03/20/14	\$ <u>6,065,000</u>	08/15/23	3.0% to 5.0%	\$ <u>1,450,000</u>

Interest expense on the Revenue Bond for the year ended June 30, 2023 is reported in the administrative expenditures. The amount is calculated as follows:

Interest Paid	\$ 90,500
Plus: Interest Accrued in the Current Year	27,187
Less: Interest Accrued in the Prior Year	<u>(66,375)</u>
Total Interest Expense	\$ <u>51,312</u>

The Dormitory Authority Act provides that bond payments, including principal and interest, are required to be withheld by the State Comptroller from any State Aid payable to the BOCES, the form of a lease payment to DASNY.

Software Subscription Liability

The BOCES has recorded \$881,413 as intangible right-to-use software arrangements in the capital assets. Due to the implementation of GASB Statement No. 96, these arrangements for software met the criteria of a SBITA; thus, requiring it to be recorded by the BOCES as intangible assets and a SBITA liability. These assets will be amortized over the lease terms of three years will be replaced at the end of the arrangement term with new upgraded software. There are no residual value guarantees in the arrangement provisions. The accounting software arrangements will end in 2025. The BOCES calculated the amortization of the debt using an interest rate of 3.54%

For the Year Ending	<u>Software Subscription Liability</u>		
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$	\$	\$
2025	<u>174,121</u>	<u>12,267</u>	<u>186,388</u>
Total	\$ <u>174,121</u>	\$ <u>12,267</u>	\$ <u>186,388</u>

Lease Liability

The BOCES has entered into agreements with vendors to lease certain buildings. The lease agreements qualify as other than short-term leases under GASB 87, *Leases* and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception of the agreements. The agreements were executed on various dates ranging from 2016 through 2023 and are for a term of 5 to 21 years. Annual lease payments for these agreements range from \$23,232 to \$374,349. The lease liability is measured at a discount rate of 4% to 5%. As a result of these leases, the BOCES has recorded a right-to-use asset with a net book value of \$12,292,202 at June 30, 2023.

BROOME TIOGA BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Future lease payments are as follows:

For the Year Ending June 30,	Leases		
	Principal	Interest	Total
2024	\$ 1,368,283	\$ 346,500	\$ 1,714,783
2025	879,008	345,101	1,224,109
2026	904,736	319,375	1,224,111
2027	833,775	289,643	1,123,418
2028	581,479	261,940	843,419
2029-2033	3,137,603	1,037,963	4,175,566
2034-2038	2,998,566	561,631	3,560,197
2039-2042	2,016,653	138,166	2,154,819
Total	<u>\$ 12,720,103</u>	<u>\$ 3,300,319</u>	<u>\$ 16,020,422</u>

Compensated Absences

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

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

Installment Purchase Agreements

The BOCES is obligated under certain installment purchase agreements at various incremental interest rates ranging from 2% to 6% with a term of 3 to 5 years. Assets purchased under the agreements totaled \$13,601,825 at June 30, 2023. The accumulated depreciation for these assets was \$6,340,321 at June 30, 2023.

Interest expense on the Installment Purchase Agreements for the year ended June 30, 2023, was \$161,589 and is reported in the Instructional Support and Other Service expenditures.

(b) *Pension Plans*

New York State and Local Employees' Retirement System (ERS)

Plan Description

The BOCES participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2022, he was elected for a new term commencing January 1, 2023. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The BOCES also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010, but prior to April 1, 2012 are required to contribute 3% of their annual salary for their entire working career. Employees who joined after April 1, 2012 must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2023, were paid.

The required contributions for the current year and two preceding years were:

	Amount
2021	\$ 4,042,053
2022	\$ 4,405,613
2023	\$ 3,957,228

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

At June 30, 2023, the BOCES reported a liability of \$20,903,821 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The BOCES' proportion of the net pension liability was based on a projection of the BOCES' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023 and 2022, the BOCES' proportion was 0.097481% and 0.094515%, respectively.

For the year ended June 30, 2023, the BOCES recognized pension expense of \$7,516,418. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,226,420	\$ 587,058
Change of assumptions	10,152,244	112,201
Net difference between projected and actual earnings on Pensions plan investments		122,809
Changes in proportion and differences between contributions and proportionate share of contributions	556,033	114,390
Contributions subsequent to the measurement date	989,307	
Total	<u>\$ 13,924,004</u>	<u>\$ 936,458</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions resulting from BOCES contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2024	\$ 2,898,822
2025	\$ (982,938)
2026	\$ 4,324,979
2027	\$ 5,757,376

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Actuarial Assumptions

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023.

Significant actuarial assumptions used in the April 1, 2022 valuation were as follows:

Investment rate of return (net of investment expense, including inflation)	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience
Cost of Living Adjustments	1.50%
Inflation rate	2.90%

Annuitant mortality rates were based on April 1, 2015 – March 31, 2020, System's experience with adjustments for mortality based on MP-2021.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected 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 arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic equity	32.00%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Opportunistic/Absolute return strategies	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed Income	23.00%	1.50%
Cash	1.00%	0.00%
	<u>100%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.5%.

Discount Rate

The discount rate used to calculate the total pension asset/liability was 5.9%. 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

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NOTES TO BASIC FINANCIAL STATEMENTS
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Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to the Discount Rate Assumption

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Proportionate share of the net pension liability (assets)	\$ 50,515,569	\$ 20,903,821	\$ (3,840,240)

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

Payables to the Pension Plan

The BOCES has recorded an amount due to ERS in amount of \$989,307 at June 30, 2023. This amount represents the three months of the BOCES' fiscal year that will be covered in the ERS 2023-2024 billing cycle and has been accrued as an expenditure in the current year.

New York State Teachers' Retirement System (TRS)

Plan Description

The BOCES participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten-member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org.

Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

BROOME TIOGA BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
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The required employer contributions for the current year and two preceding years were:

	Amount
2021	\$ 2,153,013
2022	\$ 2,339,975
2023	\$ 2,586,178

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

At June 30, 2023, the BOCES reported a liability of \$2,587,634 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The BOCES' proportion of the net pension liability was based on a projection of the BOCES' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, the BOCES' proportion was 0.134850%, which was an increase of 0.001739% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the BOCES recognized pension expense of \$3,109,629. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,711,513	\$ 51,852
Changes of assumptions	5,019,573	1,042,372
Net difference between projected and actual earnings on Pensions plan investments	3,343,469	
Changes in proportion and differences between contributions and proportionate share of contributions		505,898
Contributions subsequent to the measurement date	2,586,178	
Total	<u>\$ 13,660,733</u>	<u>\$ 1,600,122</u>

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from BOCES contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension asset.

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 ended June 30:</u>	
2023	\$ 1,779,402
2024	\$ 886,138
2025	\$ (523,731)
2026	\$ 6,499,446
2027	\$ 803,523
Thereafter	\$ 29,655

Actuarial Assumptions

The total pension liability at June 30, 2022 measurement date was determined by using an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The actuarial valuation used the following actuarial assumptions.

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Significant actuarial assumptions used in the June 30, 2021 valuation were as follows:

Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.
Salary scale	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.3% compounded annually.
Inflation rate	2.40%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP 2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

Most of the demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. NYSTRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions and has updated the investment rate of return, inflation, projected COLA, and mortality improvement actuarial assumptions as of June 30, 2021 and updated the mortality improvement assumption as of June 30, 2022.

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

The Long-Term Expected Real Rates of Return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic equity	33.0%	6.5%
International equity	16.0%	7.2%
Global equities	4.0%	6.9%
Real estate equities	11.0%	6.2%
Private equities	8.0%	9.9%
Domestic fixed income	16.0%	1.1%
Global bonds	2.0%	0.6%
High-yield bonds	1.0%	3.3%
Private debt	2.0%	5.3%
Real estate debt	6.0%	2.4%
Cash equivalents	1.0%	-0.3%
	<u>100.0%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.4% for 2022.

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Discount Rate

The discount rate used to measure the pension asset/liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from BOCES will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents BOCES' proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the BOCES' proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate share of the net pension liability (assets)	\$ 23,859,203	\$ 2,587,634	\$ (15,301,615)

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

Payables to the Pension Plan

The BOCES has recorded an amount due to TRS in amount of \$2,883,269 in the General Fund which includes \$297,091 for employee contribution amount at June 30, 2023. This amount represents contribution for the 2022-2023 fiscal year that will be made in 2023-2024 and has been accrued as an expenditure in the current year.

4. POSTRETIREMENT HEALTH CARE BENEFITS

(a) Plan Description

The BOCES administers the Broome BOCES' retiree medical plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB). The Plan provides for continuation of medical insurance, reimbursement of Medicare Part B premiums, and dental and vision benefits for certain retirees and their spouses and can be amended by action of the BOCES subject to applicable collective bargaining and employment agreements. Generally, to be eligible an employee must be eligible to retire under the New York State Employees' Retirement System or Teachers' Retirement System. The differing provisions of the applicable contracts are as follows:

- **Management** - The BOCES provides reimbursement to employees retiring at a minimum age of fifty-five (55) and with a minimum of 10 years of service to the BOCES. Employees are required to contribute 25% for an individual plan, and 25% of individual plan and 75% for another individual plan for the spouse in a two-person plan, and 50% for a family plan. Surviving spouses contribute 25% of the individual plan premium. Current and future retirees contribute 25% of the dental premium for individual coverage plus an additional 50% of the difference between the individual and two-person or family dental premium. Surviving spouse contributes 25% of the individual dental premium.
- **Information Technology** - The BOCES provides reimbursement to employees retiring at a minimum age of fifty-five (55) and with a minimum of 10 years of service to the BOCES. Employees are required to contribute 35% for an individual plan, and 35% of individual plan plus 65% for another individual plan for the spouse in a two-person plan, and 50% for a family plan. Surviving spouses contribute 35% of the individual and family plan premium. Current and future retirees contribute 100% of the dental insurance premium, surviving spouses contribute 100% of the dental premium.
- **BOCES Teachers Association** - Members hired prior to July 1, 2009 must attain a minimum age of fifty-five (55) and be eligible to retire into TRS in order to receive postemployment benefits. It has been assumed for this valuation that these members will provide a minimum of five years of service. Members hired after July 1, 2009 must attain a minimum age

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of fifty-five (55) and with a minimum of 10 years of service to the BOCES to be eligible for postemployment benefits. Retirees are required to contribute 35% for individual and 65% for another individual plan for the spouse for two-person coverage. Retiree pays 50% of the family plan premium. Surviving spouses contribute 35% of the individual plan premium. Current and future retirees contribute 100% of the dental insurance premium, surviving spouses contribute 100% of the dental premium.

- **Support Services Association** - The BOCES provides reimbursement to employees retiring at a minimum age of fifty-five (55) and provide a minimum of 10 years of service to the BOCES. Employees are required to contribute 35% for an individual plan, and 35% of individual plan plus 65% for another individual plan for the spouse in a two-person plan, and 50% for a family plan. Surviving spouses contribute 35% of the individual plan premium. Current and future retirees contribute 100% of the dental insurance premium, surviving spouses contribute 100% of the dental premium
- **Association of Unified Paraprofessionals** - The BOCES provides reimbursement to employees retiring at a minimum age of fifty-five (55) and with a minimum of 10 years of service to the BOCES. Employees are required to contribute 35% for an individual plan, and 35% of individual plan plus 65% for another individual plan for the spouse in a two-person plan, and 50% for a family plan. Surviving spouses contribute 35% of the individual plan premium. Current and future retirees contribute 100% of the dental insurance premium, surviving spouses contribute 100% of the dental premium.

(b) Funding Policy

The obligations of the Plan members, employers, and other entities are established by action of the BOCES pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement, as stated above. The employer currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you go basis. The costs of administering the Plan are paid by the BOCES.

(c) Employees Covered by Benefit Terms

	Total
Retirees and Survivors	257
Active employees	1,013
Total	1,270

(d) Total OPEB Liability

The BOCES' total OPEB liability of \$140,041,513 was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2022.

(e) Changes in the Total OPEB Liability

Changes in the BOCES' total OPEB liability were as follows:

	Total OPEB Liability
Balance, June 30, 2022	\$ 217,603,906
Changes recognized for the year:	
Service cost	12,321,911
Interest on Total OPEB Liability	4,885,788
Differences between expected and actual experience	(45,118,295)
Changes of Assumptions or Other Inputs	(46,415,848)
Benefit payments	(3,235,949)
Net changes	(77,562,393)
Balance, June 30, 2023	\$ 140,041,513

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(f) Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the BOCES, as well as what the BOCES' total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease (2.54%)	Current Assumption (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 165,647,678	\$ 140,041,513	\$ 119,579,291

(g) 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	Current Assumption	1% Increase
Total OPEB liability	\$ 116,633,695	\$ 140,041,513	\$ 170,535,731

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

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

For the year ended June 30, 2023, the BOCES recognized OPEB a negative expense of \$6,232,676. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 60,462,861
Changes of assumptions or other inputs	7,986,901	58,485,452
Contributions subsequent to the measurement date	2,826,102	
Total	\$ 10,813,003	\$ 118,948,313

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

Year ended June 30:	Amount
2024	(23,440,375)
2025	(23,440,375)
2026	(18,679,076)
2027	(10,942,183)
2028	(10,293,173)
2029 and Thereafter	(24,166,230)

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NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

(i) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Valuation Date	July 1, 2022
Measurement Date	July 1, 2022
Reporting Date	June 30, 2023
Plan Type	Single Employer Defined Benefit Plan
Inflation rate	2.50%
Healthcare Cost Trend Rates	7.8 to 3.94%
Discount Rate	3.54%
Mortality - Actives	The Pub-2010 Mortality Table for employees: sex distinct, job category-specific, headcount weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.
Mortality - Retirees	The Pub-2010 Mortality Table for healthy retirees: sex distinct, job category-specific, headcount weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

The selected discount rate of 3.54% was based on the 20-year high quality tax exempt municipal bond index as of each measurement date.

Changes to Assumptions and Other Inputs:

- Changed the discount rate from 2.14% to 3.54%. The discount rates are inputs taken from the rate for a 20-year high-quality tax-exempt municipal bond index as of each measurement date.
- Updated the mortality tables to 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-2021 mortality improvement scale on a generational basis. This assumption was based on review of published mortality tables and the demographics of the plan.
- Updated the TRS turnover/retirement rates with the tables from the NYSTRS Office of the Actuary dated October 19, 2021 and the ERS turnover/retirement rates with the NYSERS Office of Actuary rates from their report dated August 2020.
- Revised the Pre-65 participation rate for future AUP retirees.

BROOME TIOGA BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

5. BUDGET REVISIONS

The budget was amended to provide for changes in program services by the component BOCES and carryover encumbrances. The increases were approved by the Board during the year.

Change from Adopted Budget to Revised Budget

Adopted Budget		\$ 133,220,173
Prior Year's Encumbrances		<u>3,384,469</u>
Original Budget		\$ 136,604,642
Budget Revisions		
Administration	100,536	
Occupational Instruction	35,629	
Instruction for Special Needs	2,814,867	
Itinerant Services	127,924	
General Instruction	5,080,956	
Instruction Support	3,571,165	
Other Services and Internal Services	<u>4,889,598</u>	<u>16,620,675</u>
Revised Budget		\$ <u>153,225,317</u>

6. CONTINGENCIES

Litigation - Child Victims Act

The BOCES has been named as a defendant in a lawsuit under the Child Victims Act, including claims for compensatory and punitive damages. The BOCES is party to one lawsuit dating from the 1970's to 1980's. The BOCES has determined its general liability insurance program or its reserves are insufficient to resolve the claim. The range of liability to the BOCES is not available due to being in the discovery stages of the litigation.

Potential Grantor Liability

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. June 30, 2023, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. The General Fund encumbrances are reflected as part of the assigned fund balance. The other encumbrances are not reflected on the fund financial statements because the assignment would result in a negative unassigned fund balance.

BROOME TIOGA BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Significant encumbrances included in governmental fund balances are as follows:

	<u>General</u>
Administration	\$ 186,912
Occupational Instruction	136,545
Instruction for Special Needs	111,685
Itinerant Services	538
General Instruction	384,066
Instructional Support	809,485
Other Services and Internal Services	<u>1,331,599</u>
Total Encumbrances	<u>\$ 2,960,830</u>

7. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

<u>Fund Type</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General	\$ 256,027	\$ 18,215
Special Aid	3,115	250,127
Capital Fund	<u>15,100</u>	<u>5,900</u>
Total	<u>\$ 274,242</u>	<u>\$ 274,242</u>

- Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.
- The BOCES typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.
- All interfund payables are expected to be repaid within one year.

8. FUND BALANCE

(a) The following is a summary of the change in General Fund restricted reserve funds during the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Restricted				
General Fund				
Unemployment Insurance Reserve	\$	\$ 150,317	\$ 41,095	\$ 109,222
Career Education and Equipment Reserve	403,535	7,798		411,333
Employee Benefit Accrued Liability	4,270,347	1,449,299	473,001	5,246,645
Employees' Retirement System Contributions	5,183,382	712,437		5,895,819
Teachers' Retirement System Contributions	<u>804,668</u>	<u>493,500</u>		<u>1,298,168</u>
Total General Fund Restricted	<u>\$ 10,661,932</u>	<u>\$ 2,813,351</u>	<u>\$ 514,096</u>	<u>\$ 12,961,187</u>

BROOME TIOGA BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2023:

	General	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Restricted						
Unemployment Insurance Reserve	\$ 109,222	\$	\$	\$	\$	\$ 109,222
Career Education and Equipment Reserve	411,333					411,333
Employee Benefit Accrued Liability	5,246,645					5,246,645
Employees' Retirement System Contributions	5,895,819					5,895,819
Teachers' Retirement System Contributions	1,298,168					1,298,168
Debt Service				1,514,055		1,514,055
Restricted for Endowments and Scholarships			121,831			121,831
Total Restricted	<u>12,961,187</u>		<u>121,831</u>	<u>1,514,055</u>		<u>14,597,073</u>
Committed						
Capital Project					1,887,694	1,887,694
Assigned						
Administration	186,912					186,912
Occupational Instruction	136,545					136,545
Instruction for Special Needs	111,685					111,685
Itinerant Services	538					538
General Instruction	384,066					384,066
Instructional Support	809,485					809,485
Other Services and Internal Services	1,331,599	469,273				1,800,872
Total Assigned	<u>2,960,830</u>	<u>469,273</u>				<u>3,430,103</u>
Unassigned (Deficit)	<u>(10,571,734)</u>					<u>(10,571,734)</u>
Total Fund Balance	<u>\$ 5,350,283</u>	<u>\$ 469,273</u>	<u>\$ 121,831</u>	<u>\$ 1,514,055</u>	<u>\$ 1,887,694</u>	<u>\$ 9,343,136</u>

9. NET POSITION DEFICIT

Net Position Deficit – BOCES-Wide

The BOCES-wide net position had a deficit at June 30, 2023 of \$203,219,321. The deficit is mainly the result of GASB Statement 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which requires the recognition of an unfunded liability of \$140,041,513 at June 30, 2023. Since New York State Law provides no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

BROOME TIOGA BOCES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
Revenues					
Administration	\$ 3,307,477	\$ 3,408,013	\$ 3,543,387	\$	135,374
Administration - Capital	2,109,845	2,109,845	2,109,845		
Occupational Instruction	12,332,964	12,368,593	12,008,698		(359,895)
Instruction for Special Needs	40,719,874	43,534,741	43,026,251		(508,490)
Itinerant Services	1,340,600	1,468,524	1,460,034		(8,490)
General Instruction	11,014,277	16,095,233	15,840,556		(254,677)
Instruction Support	15,657,724	19,228,889	18,286,731		(942,158)
Other Services and Internal Services	50,121,881	55,011,479	51,642,250		(3,369,229)
Total Revenues	<u>\$ 136,604,642</u>	<u>\$ 153,225,317</u>	<u>147,917,752</u>	\$	<u>(5,307,565)</u>
Expenditures					
Administration	\$ 3,307,477	\$ 3,408,013	3,235,824	\$ 186,912	\$ (14,723)
Administration - Capital	2,109,845	2,109,845	2,068,219		41,626
Occupational Instruction	12,332,964	12,368,593	11,908,675	136,545	323,373
Instruction for Special Needs	40,719,874	43,534,741	42,536,410	111,685	886,646
Itinerant Services	1,340,600	1,468,524	1,348,653	538	119,333
General Instruction	11,014,277	16,095,233	15,078,420	384,066	632,747
Instruction Support	15,657,724	19,228,889	17,252,084	809,485	1,167,320
Other Services and Internal Services	50,121,881	55,011,479	48,291,393	1,331,599	5,388,487
Total Expenditures	<u>\$ 136,604,642</u>	<u>\$ 153,225,317</u>	<u>141,719,678</u>	<u>\$ 2,960,830</u>	<u>\$ 8,544,809</u>
Excess Revenues Over Expenditures			6,198,074		
Other Financing Sources and (Uses)					
Return of Surplus			(5,062,995)		
Net Change in Fund Balance			1,135,079		
Fund Balance - Beginning of Year			<u>4,215,204</u>		
Fund Balance, End of Year			<u>\$ 5,350,283</u>		

Notes to Required Supplementary Information:

The BOCES administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

See Independent Auditor's Report.

BROOME TIOGA BOCES
SCHEDULES OF FUNDING PROGRESS OF OTHER POSTEMPLOYMENT BENEFITS
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018 *
Measurement Date	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017
Total OPEB Liability						
Service cost	\$ 12,321,911	\$ 12,672,852	\$ 9,267,568	\$ 9,980,864	\$ 12,455,127	\$ 16,434,962
Interest on Total OPEB Liability	4,885,788	4,676,202	6,664,175	7,099,645	8,243,553	7,088,144
Changes in Benefit Terms					395,251	
Change in assumptions and other inputs	(46,415,848)	2,747,634	9,577,321	(6,674,493)	(12,426,809)	(36,902,227)
Differences between expected and actual experience	(45,118,295)		(4,835,190)		(49,294,835)	
Benefit payments	(3,235,949)	(2,825,590)	(2,956,942)	(2,525,283)	(2,339,170)	(2,381,429)
Net change in total OPEB Liability	(77,562,393)	17,271,098	17,716,932	7,880,733	(42,966,883)	(15,760,550)
Total OPEB Liability - Beginning	217,603,906	200,332,808	182,615,876	174,735,143	217,702,026	233,462,576
Total OPEB Liability - Ending	\$ 140,041,513	\$ 217,603,906	\$ 200,332,808	\$ 182,615,876	\$ 174,735,143	\$ 217,702,026
Covered payroll	\$ 55,711,152	\$ 53,634,963	\$ 53,739,557	\$ 50,445,600	\$ 48,126,379	\$ 48,238,840
Total OPEB Liability as a percentage of covered payroll	251%	406%	373%	362%	363%	451%

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

Notes to Required Supplementary Information:

The Net OPEB Liability is equal to the Total OPEB Liability minus the Net Position. The BOCES operates the OPEB Plan on a pay-as-you-go basis.

Changes in Assumptions and Other Inputs

Changes of assumptions and other inputs reflects a change in the discount rate from 2.14% on July 1, 2021 to 3.54% on July 1, 2022.

BROOME TIOGA BOCES
SCHEDULE OF BOCES' CONTRIBUTIONS
For the Year Ended June 30, 2023

ERS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 3,957,228	\$ 4,405,613	\$ 4,042,053	\$ 3,732,960	\$ 3,766,830	\$ 3,689,976	\$ 3,604,373	\$ 3,522,601	\$ 4,360,837	\$ 4,462,705
Contributions in Relation to the Contractually Required Contribution	<u>3,957,228</u>	<u>4,405,613</u>	<u>4,042,053</u>	<u>3,732,960</u>	<u>3,766,830</u>	<u>3,689,976</u>	<u>3,604,373</u>	<u>3,522,601</u>	<u>4,360,837</u>	<u>4,462,705</u>
Contribution Deficiency (Excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
BOCES Covered-ERS Employee Payroll	\$ 31,088,626	\$ 28,057,521	\$ 28,463,366	\$ 26,144,154	\$ 27,025,540	\$ 24,780,672	\$ 24,014,922	\$ 23,484,769	\$ 22,382,380	\$ 21,647,925
Contributions as a Percentage of Covered-Employee Payroll	12.73%	15.70%	14.20%	14.28%	13.94%	14.89%	15.01%	15.00%	19.48%	20.61%

TRS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 2,586,178	\$ 2,339,975	\$ 2,153,013	\$ 1,927,219	\$ 2,192,637	\$ 1,934,570	\$ 2,240,885	\$ 2,419,276	\$ 3,030,575	\$ 2,706,940
Contributions in Relation to the Contractually Required Contribution	<u>2,586,178</u>	<u>2,339,975</u>	<u>2,153,013</u>	<u>1,927,219</u>	<u>2,192,637</u>	<u>1,934,570</u>	<u>2,240,885</u>	<u>2,419,276</u>	<u>3,030,575</u>	<u>2,706,940</u>
Contribution Deficiency (Excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
BOCES Covered-TRS Employee Payroll	\$ 25,132,925	\$ 23,877,296	\$ 22,591,952	\$ 21,751,907	\$ 20,646,299	\$ 19,740,510	\$ 19,120,175	\$ 18,246,418	\$ 17,287,935	\$ 16,658,092
Contributions as a Percentage of Covered-Employee Payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

BROOME TIOGA BOCES
SCHEDULE OF THE BOCES' PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET
For the Year Ended June 30, 2023

ERS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
BOCES's proportion of the net pension asset/liability	0.097481%	0.094515%	0.096517%	0.094342%	0.094220%	0.092363%	0.092346%	0.092996%	0.092682%	0.092682%
BOCES's proportionate share of the net pension (asset) liability	\$ 20,903,821	\$ (7,726,214)	\$ 96,106	\$ 24,982,349	\$ 6,675,749	\$ 2,980,958	\$ 8,677,053	\$ 14,926,152	\$ 3,131,035	\$ 4,188,184
BOCES's covered-employee payroll	\$ 31,088,626	\$ 28,057,521	\$ 28,463,366	\$ 26,144,154	\$ 27,025,540	\$ 24,780,672	\$ 24,014,922	\$ 23,484,769	\$ 22,382,380	\$ 21,647,925
BOCES's proportionate share of the net pension liability as a percentage of its covered-employee payroll	67.24%	-24.85%	0.34%	95.56%	24.70%	12.03%	36.13%	63.56%	13.99%	19.35%
Plan fiduciary net position as a percentage of total pension liability	90.78%	103.65%	99.80%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	97.20%

TRS Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
BOCES's Proportion of the net pension asset/liability	0.134850%	0.133111%	0.128191%	0.123693%	0.121190%	0.120172%	0.118245%	0.115089%	0.112771%	0.110800%
BOCES's proportionate share of the net pension (asset) liability	\$ 2,587,634	\$ (23,066,791)	\$ 3,542,254	\$ (3,213,541)	\$ (2,191,436)	\$ (913,426)	\$ 1,266,455	\$ (11,954,086)	\$ (12,562,030)	\$ (729,344)
BOCES's covered-employee payroll	\$ 23,877,296	\$ 22,591,952	\$ 21,751,907	\$ 20,646,299	\$ 19,740,510	\$ 19,120,175	\$ 18,246,418	\$ 17,287,935	\$ 16,658,092	\$ 16,229,780
BOCES's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	10.84%	-102.10%	16.28%	-15.56%	-11.10%	-04.78%	06.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of total pension asset/liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

BROOME TIOGA BOCES
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2023

Project Title	Original Authorization	Revised Authorization	Expenditures		Unexpended Balance	Methods of Financing			Fund Balance June 30, 2023
			Prior Years	Current Year		Proceeds of Obligations	Local Sources	Total	
Auto Body HVAC	\$ 24,000	\$ 525,000	\$ 584,403	\$ 16,143	\$ 600,546	\$ (75,546)	\$ 609,150	\$ 609,150	\$ 8,604
ED Center Partial Roof Replacement	892,230	892,230	770,120		770,120	122,110	803,772	803,772	33,652
ED Center Roof Replacement - Emergency	3,954,720	3,954,720	3,202,942	608,328	3,811,270	143,450	3,808,881	3,808,881	(2,389)
Electrical upgrades	887,000	887,000				887,000	818,500	818,500	818,500
Building Trades Complex	1,445,600	1,445,600		5,900	5,900	1,439,700	490,391	490,391	484,491
Master Plan	116,100	116,100				116,100	116,100	116,100	116,100
Subscription-Based IT Arrangements	881,813	881,813		881,413	881,413	400	881,413	881,413	
Installment Purchases- 2022	1,896,427	1,896,427	1,689,463	206,964	1,896,427	1,896,427		1,896,427	
Installment Purchases- 2023	3,272,729	3,272,729		2,843,993	2,843,993	428,736	3,272,729	3,272,729	428,736
Leases-2023	1,335,030	1,335,030		1,335,030	1,335,030		1,335,030	1,335,030	
Total	\$ 14,705,649	\$ 15,206,649	\$ 6,246,928	\$ 5,897,771	\$ 12,144,699	\$ 3,061,950	\$ 6,646,794	\$ 14,032,393	\$ 1,887,694

BROOME TIOGA BOCES
SCHEDULE OF A431 SCHOOL DISTRICT ACCOUNT
For the Year Ended June 30, 2023

Debit Balance, Beginning of Year	\$ 3,737,540
Debits	
Billings to Components	146,655,533
Encumbrances - June 30, 2022	3,384,469
Refund Balances Due School Districts - June 30, 2022	<u>5,070,389</u>
Total Debits	<u>155,110,391</u>
Subtotal	<u>158,847,931</u>
Credits	
Collections from Components	146,655,533
Encumbrances - June 30, 2023	2,960,830
Adjustments - Credits to School Districts - Revenue in Excess of Expenditures	<u>5,318,323</u>
Total Credits	<u>154,934,686</u>
Balance, End of Year	<u>\$ 3,913,245</u>
<u>Summary:</u>	
A380 Accounts Receivable Components	\$ 8,976,240
A431 School District Accounts	<u>(5,062,995)</u>
Balance, End of Year	<u>\$ 3,913,245</u>

See Independent Auditor's Report.

BROOME TIOGA BOCES
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2023

Capital, Software Subscription Assets, Right to Use Assets, Net	\$ 60,064,965
Add:	
Fund Balance Capital Fund	<u>1,887,694</u>
Deduct:	
Long-Term Debt, Software Subscription Assets, and Lease Payable	<u>(20,728,422)</u>
Net Investment in Capital Assets	<u><u>\$ 41,224,237</u></u>

See Independent Auditor's Report.

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 East Garden Street, P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
Broome - Tioga BOCES

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Broome - Tioga BOCES, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Broome - Tioga BOCES's basic financial statements, and have issued our report thereon dated October 9, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Broome - Tioga BOCES's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Broome - Tioga BOCES's internal control. Accordingly, we do not express an opinion on the effectiveness of Broome - Tioga BOCES'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 school district's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Broome - Tioga BOCES'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 financial statements. 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.

D'Arcangelo + Co., LLP

October 9, 2023

Rome, New York



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