

**EASTERN SUFFOLK BOARD OF
COOPERATIVE EDUCATIONAL SERVICES
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES

TABLE OF CONTENTS

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

Independent Auditor’s Report

<u>Exhibit Number</u>		<u>Page</u>
1	Management’s Discussion and Analysis (Required Supplementary Information) (MD&A)	4 - 17
2	Statement of Net Position	18
3	Statement of Activities	19
4	Balance Sheet – Governmental Funds	20
5	Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	21
6	Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	22
7	Reconciliation of Governmental Fund Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	23
8	Notes to Financial Statements	24 -59

II. REQUIRED SUPPLEMENTARY INFORMATION

SS1	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	60
SS2	Schedule of BOCES’ Proportionate Share of the Net Pension Asset/(Liability)	61
SS3	Schedule of BOCES’ Pension Contributions	62
SS4	Schedule of Changes in BOCES’ Total Other Post-Employment Benefits Liability and Related Ratios	63

III. OTHER SUPPLEMENTARY INFORMATION

SS5	Analysis of Account A431 and A431-80 School Districts	64
SS6	Schedule of Project Expenditures - Capital Projects Fund	65
SS7	Schedule of Net Investment in Capital Assets	66

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

67 - 68

V. INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

69 - 71

	Schedule of Expenditures of Federal Awards (Other Supplementary Information)	72
	Notes to the Schedule of Expenditures of Federal Awards	73
	Schedule of Findings and Questioned Costs	74 – 75
	Summary Schedule of Prior Audit Findings	76
	Corrective Action Plan	77



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Eastern Suffolk Board of Cooperative Educational Services

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Eastern Suffolk Board of Cooperative Educational Services (the "BOCES") as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the BOCES, as of June 30, 2024, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

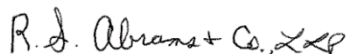
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of BOCES' proportionate share of the net pension asset/(liability), schedule of BOCES' pension contributions, and schedule of changes in the BOCES' total other post-employment benefits liability and related ratios, on pages 4 through 17 and 60 through 63, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BOCES' basic financial statements. The other supplementary information as listed in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2024, on our consideration of the BOCES' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BOCES' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BOCES' internal control over financial reporting and compliance.



R.S. Abrams & Co., LLP
Islandia, New York
October 18, 2024

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The following is a discussion and analysis of the Eastern Suffolk Board of Cooperative Educational Services’ (the “BOCES”) financial performance for the fiscal year ended June 30, 2024. This section is a summary of the BOCES’ financial activities based on currently known facts, decisions, or conditions. It is also based on both the BOCES-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the BOCES’ financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- The BOCES total net deficit as of June 30, 2024 was \$809,947,103, which represents an increase in the overall deficit of \$13,897,892, or 1.75%, from the prior year.
- The BOCES total revenues, as reflected in the BOCES-Wide Financial Statements, totaled \$468,455,575, which represents an increase of \$5,748,508, or 1.24%, from the prior year.
- The BOCES’ expenses for the year, as reflected in the BOCES-Wide Financial Statements, totaled \$482,353,467, an increase of \$5,333,059, or 1.12%. Of this amount, \$445,358,994 was offset by program charges for services and \$18,326,497 was offset by operating grants and contributions. General revenues of \$4,770,084 amounted to 1.02% of total revenues.
- The general fund total fund balance, as reflected in the Fund Financial Statements, decreased by \$4,559,746, or 5.85%. This was due to expenditures and other financing uses exceeding revenues and other financing sources based on the modified accrual basis of accounting.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

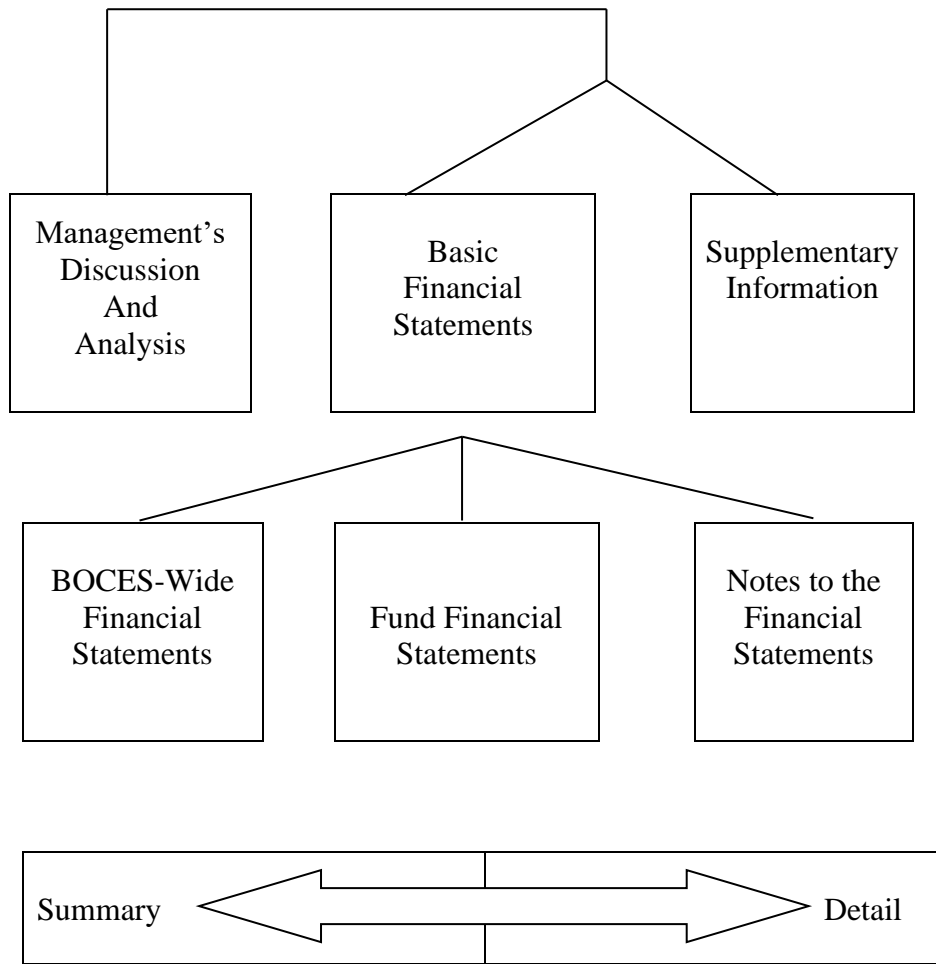
- The first two statements are *BOCES-Wide Financial Statements* that provide both *short-term* and *long-term* information about the BOCES’ *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the BOCES, reporting the operations in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

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

of the BOCES budget for the year. The following Table shows how the various parts of this annual report are arranged and related to one another.

Organization of the BOCES’ Annual Financial Report



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

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

	BOCES-Wide Financial Statements	Fund Financial Statements
		Governmental
Scope	Entire entity	The day-to-day operating activities of the BOCES, such as special education and instruction
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus
Type of asset/deferred outflow of resources and liability/deferred inflow of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Current assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets, intangible lease assets, subscription assets, or long-term liabilities included
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

A) BOCES-Wide Financial Statements:

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

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

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the BOCES, additional non-financial factors such as changes in the BOCES' condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets, intangible lease assets, and subscription assets are reported as

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

expenditures when financial resources (money) are expended to purchase, finance, or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation and amortization is not calculated if it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, subscription assets, and long-term do not affect the fund balances.

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

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

B) Fund Financial Statements:

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

The BOCES has one kind of fund:

- *Governmental funds*: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the BOCES. Because this information does not encompass the additional long-term focus of the BOCES-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

3. FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE

A) Net Position:

The BOCES' net deficit increased by \$13,897,892, or 1.75%, in the fiscal year ended June 30, 2024, as detailed in the table that follows.

Condensed Statement of Net Position

	Fiscal Year 2024	Fiscal Year 2023*	Change	Total Percentage Change
Current assets	\$ 196,792,273	\$ 184,444,420	\$ 12,347,853	6.69%
Non-current assets	106,351,338	99,411,649	6,939,689	6.98%
Total Assets	303,143,611	283,856,069	19,287,542	6.79%
Deferred outflows of resources	160,072,216	193,850,527	(33,778,311)	(17.42%)
Total Assets and Deferred Outflows of Resources	463,215,827	477,706,596	(14,490,769)	(3.03%)
Current liabilities	106,041,827	91,929,529	14,112,298	15.35%
Long-term liabilities	937,599,405	932,121,565	5,477,840	0.59%
Total Liabilities	1,043,641,232	1,024,051,094	19,590,138	1.91%
Deferred inflows of resources	229,521,698	249,704,713	(20,183,015)	(8.08%)
Total Liabilities and Deferred inflows of resources	1,273,162,930	1,273,755,807	(592,877)	(0.05%)
Net Position				
Net investment in capital assets	75,927,317	71,725,357	4,201,960	5.86%
Restricted	71,273,796	73,383,074	(2,109,278)	(2.87%)
Unrestricted (deficit)	(957,148,216)	(941,157,642)	(15,990,574)	(1.70%)
Total Net Position (Deficit)	\$ (809,947,103)	\$ (796,049,211)	\$ (13,897,892)	(1.75%)

*Reclassifications have been made to current assets, non-current assets, current liabilities, and long-term liabilities for 2023 to conform to the 2024 financial statement classification. These reclassifications resulted in no net effect on ending net position.

Current assets increased by \$12,347,853 primarily due to increases in cash and cash equivalents and receivables.

Non-current assets increased \$6,939,689 due to an increase in lease receivable and current year capital asset and intangible lease asset additions exceeding depreciation, loss on disposals, and amortization expense.

The change in deferred outflows of resources represents amortization of the pension related items, changes of actuarial assumptions and the change in the BOCES' contributions subsequent to the

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

measurement date, as discussed in Note 11, as well as changes in deferred outflows for other post-employment benefits obligation, as discussed in Note 13.

Current liabilities increased by \$14,051,959. This is attributable to increases in due to components – refund of surplus, due to components – state aid, amounts due to teachers' and employees' retirement system, and accounts payable.

Long-term liabilities increased by \$5,538,179, which was primarily attributable to increases in lease liabilities, deferred payment plan debt, and total other-postemployment benefits obligation as actuarially determined, partially offset by a decrease in installment purchase debt and net pension liabilities as actuarially determined.

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

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets and subscription assets (at the present value of future lease payments remaining on the lease term) such as land, construction and technology in progress, buildings and improvements, and furniture and equipment, net of depreciation, amortization, and related debt. This number increased from the prior year by \$4,201,960 due to capital asset, intangible lease asset, and subscription asset additions and a reduction in the related outstanding debt, partially offset by depreciation and amortization expense.

The restricted net position at June 30, 2024, relates to the BOCES' reserves, and amounts restricted for scholarships and donations. Restricted net position decreased by \$2,109,278.

The unrestricted net deficit at June 30, 2024 of \$957,148,216 relates to the balance of the BOCES' net position. The unrestricted net deficit increased by \$15,990,574.

B) Changes in Net Position:

The results of operations as a whole are reported in the Statement of Activities. A summary of this Statement for the years ended June 30, 2024 and 2023 is as follows:

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Change in Net Position from Operating Results:

	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$ 445,358,994	\$ 441,294,087	\$ 4,064,907	0.92%
Operating grants and contributions	18,326,497	17,813,635	512,862	2.88%
General Revenues				
Interest and earnings	3,876,194	2,441,439	1,434,755	58.77%
Sale of property and compensation for a loss	545,404	497,920	47,484	9.54%
Miscellaneous	348,486	659,986	(311,500)	(47.20%)
Total Revenues	<u>468,455,575</u>	<u>462,707,067</u>	<u>5,748,508</u>	1.24%
Expenses				
Administration	49,522,746	51,293,727	(1,770,981)	(3.45%)
Occupational instruction	44,401,512	46,978,836	(2,577,324)	(5.49%)
Instruction for special education	239,322,622	227,560,511	11,762,111	5.17%
Itinerant services	7,199,584	7,201,930	(2,346)	(0.03%)
General instruction	15,704,704	16,021,352	(316,648)	(1.98%)
Instructional support	30,734,922	31,140,664	(405,742)	(1.30%)
Other services	88,225,448	93,950,391	(5,724,943)	(6.09%)
Internal services	4,498,663	765,156	3,733,507	487.94%
Food service program	2,143,362	1,750,737	392,625	22.43%
Debt service - interest	599,904	357,104	242,800	67.99%
Total Expenses	<u>482,353,467</u>	<u>477,020,408</u>	<u>5,333,059</u>	1.12%
Total Change in Net Position	<u>\$ (13,897,892)</u>	<u>\$ (14,313,341)</u>	<u>\$ 415,449</u>	(2.90%)

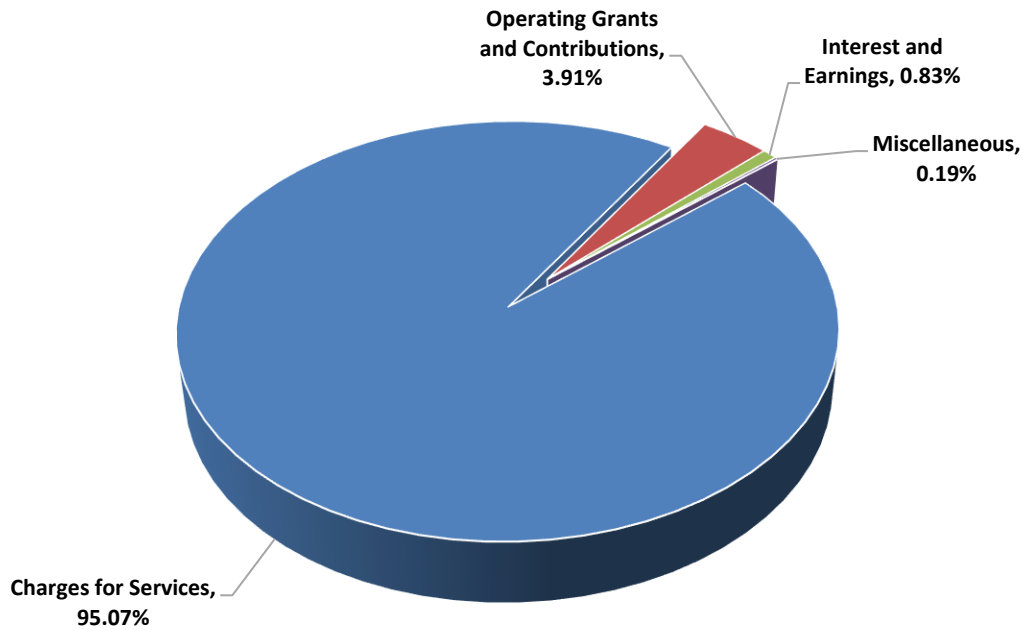
The BOCES' fiscal year 2024 revenues totaled \$468,455,575. Charges for services to both component and non-component districts or other BOCES and operating grants and contributions accounted for most of the BOCES' revenue by contributing 95.07% and 3.91%, respectively of total revenue. The remainder came from interest and earnings, miscellaneous sources, and sale of property and compensation for a loss. Total revenues increased by \$5,748,508 or 1.24%.

The cost of all programs and services totaled \$482,353,467 for fiscal year 2024. These expenses are predominantly related to instruction, which account for 62.09% of BOCES expenses. The BOCES' general support activities (administration, itinerant services, instructional support, and other services) accounted for 37.35% of total costs. Total expenses increased primarily due to an increase in instruction as a result of increases in pension and other post-employment benefit obligation related expenses based on the current year actuarial valuations.

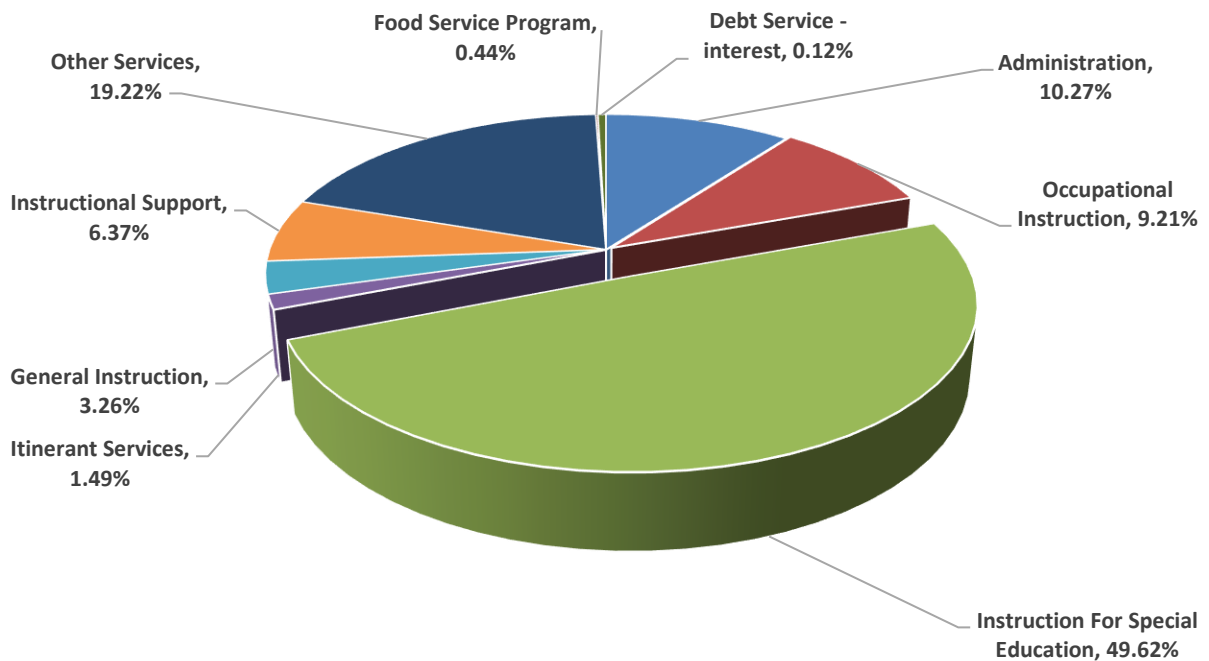
The federal and state governments as well as external donors subsidized certain programs with operating grants and contributions of \$18,326,497, representing a 2.88% increase from the prior year.

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Revenues for Fiscal Year 2024



Expenditures for Fiscal Year 2024



**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

4. FINANCIAL ANALYSIS OF THE BOCES' FUNDS

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

As of June 30, 2024, the BOCES' combined governmental funds reported a total fund balance of \$90,748,988, which is a decrease of \$1,670,681 from the prior year.

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

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Fiscal Year 2024	Fiscal Year 2023	Increase/ (Decrease)	Total Percentage Change
General Fund				
Nonspendable - prepaids	\$ 506,317	\$ 357,065	\$ 149,252	41.80%
Restricted for unemployment insurance	2,114,033	2,225,975	(111,942)	(5.03%)
Restricted for employee benefit accrued liability	34,225,240	37,825,101	(3,599,861)	(9.52%)
Restricted for retirement contribution:				
Employees' retirement system	27,226,366	26,300,000	926,366	3.52%
Teachers' retirement system	6,370,478	5,691,638	678,840	11.93%
Assigned unappropriated	3,426,188	5,879,337	(2,453,149)	(41.72%)
Unassigned	(506,317)	(357,065)	(149,252)	41.80%
Total Fund Balance - General Fund	<u>\$ 73,362,305</u>	<u>\$ 77,922,051</u>	<u>\$ (4,559,746)</u>	(5.85%)
Special Aid Fund				
Nonspendable	\$ 24,108	\$ 73,104	\$ (48,996)	(67.02%)
Assigned unappropriated	5,347,108	4,606,211	740,897	16.08%
Total Fund Balance - Special Aid Fund	<u>\$ 5,371,216</u>	<u>\$ 4,679,315</u>	<u>\$ 691,901</u>	14.79%
School Lunch Fund				
Nonspendable	\$ 2,350	\$ 8,598	\$ (6,248)	(72.67%)
Assigned unappropriated	329,734	264,806	64,928	24.52%
Total Fund Balance - School Lunch Fund	<u>\$ 332,084</u>	<u>\$ 273,404</u>	<u>\$ 58,680</u>	21.46%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations*	\$ 21,515	\$ 23,506	\$ (1,991)	(8.47%)
Assigned unappropriated*	44,822	66,815	(21,993)	(32.92%)
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>\$ 66,337</u>	<u>\$ 90,321</u>	<u>\$ (23,984)</u>	(26.55%)
Capital Projects Fund				
Restricted - CTE reserve	\$ 1,316,164	\$ 1,250,039	\$ 66,125	5.29%
Assigned unappropriated	10,300,882	8,204,539	2,096,343	25.55%
Total Fund Balance - Capital Projects Fund	<u>\$ 11,617,046</u>	<u>\$ 9,454,578</u>	<u>\$ 2,162,468</u>	22.87%
Total Fund Balance - All Funds	<u>\$ 90,748,988</u>	<u>\$ 92,419,669</u>	<u>\$ (1,670,681)</u>	(1.81%)

*Reclassifications have been made to miscellaneous special revenue fund balance 2023 to conform to the 2024 financial statement classification. These reclassifications resulted in no net effect on ending total fund balance.

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

A) General Fund

The net change in fund balance for the general fund was a decrease of \$4,559,746, or 5.85%, as a result of expenditures and other financing uses of \$479,683,435 exceeding revenues and other financing sources of \$475,123,689.

A summary of changes in revenues, other financing sources, expenditures, and other financing uses for the general fund for the fiscal years ended June 30, 2024 and 2023 is as follows:

	Fiscal Year 2024	Fiscal Year 2023	Increase/ (Decrease)	Total Percentage Change
Revenues				
Charges for services	\$ 108,384	\$ 92,012	\$ 16,372	17.79%
Charges to components - administration	21,159,503	20,503,212	656,291	3.20%
Charges to components - service programs	358,862,070	326,898,096	31,963,974	9.78%
Charges to non-components and other BOCES	41,175,084	37,956,796	3,218,288	8.48%
Interest and earnings	3,809,158	2,399,485	1,409,673	58.75%
Sale of property and compensation for loss	544,955	494,080	50,875	10.30%
Miscellaneous	46,427,586	41,767,448	4,660,138	11.16%
Refund of prior year's expenditures	453,763	582,984	(129,221)	(22.17%)
State and local sources	1,672,401	1,628,341	44,060	2.71%
Federal sources	566,362	265,653	300,709	113.20%
Total Revenues	<u>474,779,266</u>	<u>432,588,107</u>	<u>42,191,159</u>	9.75%
Other Financing Sources				
Proceeds from subscriptions		204,921	(204,921)	(100.00%)
Transfer from other funds	344,423	338,830	5,593	1.65%
Total Other Financing Sources	<u>344,423</u>	<u>543,751</u>	<u>(199,328)</u>	(36.66%)
Expenditures				
Administration	47,732,080	44,656,407	3,075,673	6.89%
Occupational instruction	43,995,233	43,138,265	856,968	1.99%
Instruction for special education	195,648,207	171,417,382	24,230,825	14.14%
Itinerant services	6,706,167	6,521,020	185,147	2.84%
General instruction	14,907,629	14,710,120	197,509	1.34%
Instruction support	30,837,402	33,376,709	(2,539,307)	(7.61%)
Other services*	90,537,473	85,867,368	4,670,105	5.44%
Internal services	348,781	547,127	(198,346)	(36.25%)
Debt service - principal*	7,657,712	7,178,752	478,960	6.67%
Debt service - interest	591,112	352,415	238,697	67.73%
Total Expenditures	<u>438,961,796</u>	<u>407,765,565</u>	<u>31,196,231</u>	7.65%
Other Financing Uses				
Return of surplus	35,815,633	30,645,545	5,170,088	16.87%
Transfer to other funds	2,799,409	2,432,150	367,259	15.10%
Net use/funding of reserves offset*	2,106,597	1,533,493	573,104	37.37%
Total Other Financing Uses	<u>40,721,639</u>	<u>34,611,188</u>	<u>6,110,451</u>	17.65%
Net Change in Fund Balances	<u>\$ (4,559,746)</u>	<u>\$ (9,244,895)</u>	<u>\$ 4,685,149</u>	(50.68%)

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

*Reclassifications have been made to expenditures and other financing uses for 2023 to conform to the 2024 financial statement classification. These reclassifications resulted in no net effect on fund balance.

Revenues increased when compared to the prior year, primarily due to the following:

- Charges to components and non-components and other BOCES increased as a result of rising program costs.
- Interest and earnings increased due to an increase in interest rates.

Expenditures increased when compared to the prior year, primarily due to the following:

- Administration increased due to an increase in salary and employee benefit expenditures.
- Instruction for special education increased due to additional special education students serviced from component and non-components and other BOCES.

The following is a summary of the general fund restricted fund balance activity for the fiscal year ended June 30, 2024:

	Beginning Balance	Funding	Interest	Use	Ending Balance
Unemployment insurance	\$ 2,225,975	\$ -	\$ -	\$ (111,942)	\$ 2,114,033
Employee benefit accrued liability	37,825,101	2,821,476		(6,421,337)	34,225,240
Employees' retirement contribution	26,300,000	5,114,318		(4,187,952)	27,226,366
Teachers' retirement contribution	5,691,638	1,912,226		(1,233,386)	6,370,478
Total Restricted Fund Balance	<u>\$ 72,042,714</u>	<u>\$ 9,848,020</u>	<u>\$ -</u>	<u>\$ (11,954,617)</u>	<u>\$ 69,936,117</u>

B) Special Aid Fund

Fund balance in the special aid fund increased by \$691,901 as a result of expenditures and other financing uses exceeding revenues for grant funded programs.

C) School Lunch Fund

Fund balance in the school lunch fund increased by \$58,680 as a result of revenues and general fund subsidies exceeding expenditures.

D) Miscellaneous Special Revenue Fund

Fund balance in the miscellaneous special revenue decreased by \$23,984. This decrease is due to current year extraclassroom expenditures and scholarship awards disbursed exceeding extraclassroom revenues and scholarship donations received.

E) Capital Projects Fund

Fund balance in the capital projects fund increased by \$2,162,468. This increase was due to revenues and other financing sources exceeding current year capital outlay.

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2023-2024 Budget:

The BOCES' general fund adopted budget for the fiscal year ended June 30, 2024 was \$437,143,844. This amount was increased by encumbrances carried forward from the prior year in the amount of \$5,879,337 and budget revisions of \$45,986,881 bringing the final budget to \$489,010,062. Budgetary comparison information can be found in the required supplementary information supplemental schedule #1.

6. CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS

A) Capital Assets and Intangible Lease Assets:

The BOCES paid for equipment and various building additions and renovations during the fiscal year 2024. A summary of the BOCES' capital assets and intangible lease assets net of depreciation and amortization are as follows:

Category	Fiscal Year 2024	Fiscal Year 2023	Net Increase/ (Decrease)	Percentage Change
Land	\$ 6,306,650	\$ 6,306,650	\$ -	0.00%
Construction in progress	124,707	1,959	122,748	6265.85%
Technology in progress	-	890,356	(890,356)	(100.00%)
Buildings and improvements	99,243,013	93,536,952	5,706,061	6.10%
Furniture and equipment	83,865,165	86,649,143	(2,783,978)	(3.21%)
Subtotal	189,539,535	187,385,060	2,154,475	1.15%
Less: Accumulated Depreciation	107,213,619	108,382,216	(1,168,597)	(1.08%)
Total Capital Assets, Net	<u>\$ 82,325,916</u>	<u>\$ 79,002,844</u>	<u>\$ 3,323,072</u>	4.21%
Intangible Lease Assets, Net	<u>\$ 17,492,324</u>	<u>\$ 13,234,783</u>	<u>\$ 4,257,541</u>	32.17%
Subscription Assets, Net	<u>\$ 578,741</u>	<u>\$ 506,985</u>	<u>\$ 71,756</u>	14.15%

Depreciation expense and loss on disposals was \$12,640,667 and amortization expense was \$4,435,133 for fiscal year ended June 30, 2024. See Note 7 to the financial statements for additional detail.

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

7. FACTORS BEARING ON THE BOCES' FUTURE

- A) The general fund budget for the 2025 school year in the amount of \$483,493,047 was approved by the BOCES' component districts. This is an increase of \$46,349,203 or 10.60% over the previous year's budget. This increase was primarily due to an increase in payroll and benefit costs.

8. CONTACTING THE BOCES' FINANCIAL MANAGEMENT

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

Eastern Suffolk Board of Cooperative Educational Services
Mr. James Stucchio
Associate Superintendent of Management Services
201 Sunrise Highway
Patchogue, NY 11772
(631)-289-2200

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Current Assets

Cash and cash equivalents:

Unrestricted	\$ 50,410
Restricted	62,353,624

Receivables:

Due from components	93,390,335
Due from state and federal	36,811,003
Accounts receivable	3,654,125

Prepays

530,425

Inventory

2,350

Noncurrent Assets

Receivable within one year

Lease receivable	2,556,917
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Receivable after one year

Lease receivable	3,397,440
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Capital assets

Nondepreciable capital assets	6,431,357
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Depreciable capital assets, net of accumulated depreciation	75,894,559
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Intangible lease assets, net of accumulated amortization

17,492,324

Subscription assets, net of accumulated amortization

578,741

TOTAL ASSETS303,143,610**DEFERRED OUTFLOWS OF RESOURCES**

Pensions

62,004,506

Other post-employment benefits obligation

98,067,710**TOTAL DEFERRED OUTFLOWS OF RESOURCES**160,072,216**LIABILITIES**

Current Liabilities

Due to components - refund of surplus

35,815,633

Due to components - state aid

31,944,534

Due to:

Other governments	376
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Teachers' retirement system	11,969,961
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Employees' retirement system	2,007,793
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Accounts payable

12,114,405

Accrued liabilities

5,367,455

Compensated absences payable

2,206,660

Other liabilities

4,399,578

Collections in advance

215,432

Noncurrent Liabilities

Due and payable within one year:

Lease liabilities	3,867,066
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Installment purchase debt	1,758,817
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Deferred payment plan debt	937,710
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Compensated absences payable	2,758,489
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Total other post-employment benefits obligation	30,572,029
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Due and payable after one year:

Lease liabilities	14,230,335
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Installment purchase debt	1,904,564
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Deferred payment plan debt	1,648,524
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Compensated absences payable	31,466,750
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Net pension liability-proportionate share-employees' retirement system	23,942,570
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Net pension liability-proportionate share-teachers' retirement system	5,920,129
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Total other post-employment benefits obligation	818,592,422
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TOTAL LIABILITIES1,043,641,232**DEFERRED INFLOWS OF RESOURCES**

Leases

5,955,815

Pensions

16,518,303

Other post-employment benefits obligation

207,047,580**TOTAL DEFERRED INFLOWS OF RESOURCES**229,521,698**NET POSITION**

Net investment in capital assets

75,927,317

Restricted

71,273,796

Unrestricted (deficit)

(957,148,217)**TOTAL NET POSITION (DEFICIT)**\$ (809,947,104)

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
FUNCTIONS / PROGRAMS				
Administration	\$ (49,522,746)	\$ 47,068,658	\$ -	\$ (2,454,088)
Occupational instruction	(44,401,512)	43,638,511	234,871	(528,130)
Instruction for special education	(239,322,622)	211,315,257	14,704,673	(13,302,692)
Itinerant services	(7,199,584)	6,428,056		(771,528)
General instruction	(15,704,704)	14,130,096		(1,574,608)
Instruction support	(30,734,922)	27,929,763	1,437,531	(1,367,628)
Other services	(88,225,448)	94,646,225		6,420,777
Internal services	(4,498,663)	197,863		(4,300,800)
Food service program	(2,143,362)	4,565	1,949,422	(189,375)
Debt service - interest	(599,904)			(599,904)
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (482,353,467)</u>	<u>\$ 445,358,994</u>	<u>\$ 18,326,497</u>	<u>(18,667,976)</u>
GENERAL REVENUES				
Interest and earnings				3,876,194
Sale of property and compensation for loss				545,404
Miscellaneous				348,486
TOTAL GENERAL REVENUES				<u>4,770,084</u>
CHANGE IN NET POSITION				(13,897,892)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				<u>(796,049,211)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR				<u>\$ (809,947,103)</u>

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
ASSETS						
Cash and cash equivalents:						
Unrestricted	\$ -	\$ 1,984	\$ 404	\$ 48,022	\$ -	\$ 50,410
Restricted	62,332,109			21,515		62,353,624
Receivables						
Due from components	88,931,933	4,458,402				93,390,335
Due from state and federal	31,944,534	4,738,134	128,335			36,811,003
Accounts receivable	3,654,125					3,654,125
Due from other funds	2,996,111		360,545		11,739,694	15,096,350
Lease receivable	5,954,357					5,954,357
Prepays	506,317	24,108				530,425
Inventory			2,350			2,350
TOTAL ASSETS	\$ 196,319,486	\$ 9,222,628	\$ 491,634	\$ 69,537	\$ 11,739,694	\$ 217,842,979
LIABILITIES						
Due to components - refund of surplus	\$ 35,815,633	\$ -	\$ -	\$ -	\$ -	\$ 35,815,633
Due to components - state aid	31,944,534					31,944,534
Due to:						
Other governments	372		4			376
Other funds	12,399,806	2,693,344		3,200		15,096,350
Teachers' retirement system	11,969,961					11,969,961
Employees' retirement system	2,007,793					2,007,793
Accounts payable	11,685,464	151,556	154,737		122,648	12,114,405
Accrued liabilities	4,559,616	804,744	3,095			5,367,455
Compensated absences payable	2,206,660					2,206,660
Other liabilities	4,399,578					4,399,578
Collections in advance	11,950	201,768	1,714			215,432
TOTAL LIABILITIES	117,001,367	3,851,412	159,550	3,200	122,648	121,138,177
DEFERRED INFLOWS OF RESOURCES						
Leases	5,955,815					5,955,815
TOTAL DEFERRED INFLOWS OF RESOURCES	5,955,815	-	-	-	-	5,955,815
FUND BALANCES						
Nonspendable:						
Inventory			2,350			2,350
Prepays	506,317	24,108				530,425
Restricted:						
Unemployment insurance reserve	2,114,033					2,114,033
Employee benefit accrued liability reserve	34,225,240					34,225,240
Retirement contribution reserve	27,226,366					27,226,366
Teacher retirement contribution reserve	6,370,478					6,370,478
Career and technical education (CTE) reserve					1,316,164	1,316,164
Scholarships and donations				21,515		21,515
Assigned	3,426,188	5,347,108	329,734	44,822	10,300,882	19,448,734
Unassigned	(506,317)					(506,317)
TOTAL FUND BALANCES	73,362,305	5,371,216	332,084	66,337	11,617,046	90,748,988
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 196,319,487	\$ 9,222,628	\$ 491,634	\$ 69,537	\$ 11,739,694	\$ 217,842,980

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2024

Total Governmental Fund Balances	\$	90,748,988
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Original cost of capital assets	\$ 189,539,535	
Accumulated depreciation	<u>(107,213,619)</u>	82,325,916

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

Original present value cost of intangible lease assets	\$ 25,438,986	
Accumulated amortization	<u>(7,946,662)</u>	17,492,324

The present value cost of subscription based information technology arrangements are reported as expenditures in the year they are incurred for governmental funds and the assets do not appear on the balance sheet. However, the Statement of Net Position capitalizes these assets at the original present value. These assets are amortized over the useful lives or the length of the agreements.

Original present value cost of subscription based	\$ 1,131,095	
Accumulated amortization	<u>(552,354)</u>	578,741

Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to	62,004,506
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Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to other post-employment benefits obligations that will be recognized as expenditures in future periods amounted to	98,067,710
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Lease liabilities	\$ (18,097,401)	
Installment purchase debt	(3,663,381)	
Deferred payment plan debt	(2,586,234)	
Compensated absences payable	(34,225,239)	
Net pension liability-proportionate share-employees' retirement system	(23,942,570)	
Net pension liability-proportionate share-teachers' retirement system	(5,920,129)	
Total other post-employment benefits obligation	<u>(849,164,451)</u>	(937,599,405)

Deferred inflows of resources - The Statement of Net Position recognized revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows related to pensions that will be recognized as a reduction in pension expense in future periods	(16,518,303)
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Deferred inflows of resources - The Statement of Net Position recognized revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows related to other post-employment benefit obligations that will be recognized as a reduction in expense in future periods amounted to	<u>(207,047,580)</u>
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Total Net Position	\$	<u>(809,947,103)</u>
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EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
REVENUES						
Charges for services	\$ 108,384	\$ 13,258,179	\$ -	\$ -	\$ -	\$ 13,366,563
Charges to components - administration	21,159,503					21,159,503
Charges to components - service programs	358,862,070					358,862,070
Charges to non-components and other BOCES	41,175,084					41,175,084
Interest and earnings	3,809,158		7	903	66,126	3,876,194
Sale of property and compensation for loss	544,955	449				545,404
Miscellaneous	46,427,586	1,487,240	326	125,968		48,041,120
Refund of prior year's expenditures	453,763	682				454,445
State and local sources	1,672,401	6,675,528	40,884			8,388,813
Federal sources	566,362	8,029,145	1,908,538			10,504,045
Sales - School Lunch			4,565			4,565
TOTAL REVENUES	<u>474,779,266</u>	<u>29,451,223</u>	<u>1,954,320</u>	<u>126,871</u>	<u>66,126</u>	<u>506,377,806</u>
EXPENDITURES						
Administration	47,732,080					47,732,080
Occupational instruction	43,995,233					43,995,233
Instruction for special education	195,648,207	28,414,899				224,063,106
Itinerant services	6,706,167					6,706,167
General instruction	14,907,629					14,907,629
Instruction support	30,837,402					30,837,402
Other services	90,537,473					90,537,473
Internal services	348,781			150,855		499,636
School lunch program			2,165,824			2,165,824
Debt service - principal	7,657,712					7,657,712
Debt service - interest	591,112					591,112
Capital outlay					11,418,356	11,418,356
TOTAL EXPENDITURES	<u>438,961,796</u>	<u>28,414,899</u>	<u>2,165,824</u>	<u>150,855</u>	<u>11,418,356</u>	<u>481,111,730</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>35,817,470</u>	<u>1,036,324</u>	<u>(211,504)</u>	<u>(23,984)</u>	<u>(11,352,230)</u>	<u>25,266,076</u>
OTHER FINANCING SOURCES AND (USES)						
Proceeds from lease issuance					8,268,816	8,268,816
Proceeds from subscription issuance					495,614	495,614
Proceeds from debt issuances					2,221,043	2,221,043
Return of surplus	(35,815,633)					(35,815,633)
Operating transfers in	344,423		270,184		2,529,225	3,143,832
Operating transfers (out)	(2,799,409)	(344,423)				(3,143,832)
Net use/funding of reserves offset	(2,106,597)					(2,106,597)
TOTAL OTHER FINANCING SOURCES AND	<u>(40,377,216)</u>	<u>(344,423)</u>	<u>270,184</u>	<u>-</u>	<u>13,514,698</u>	<u>(26,936,757)</u>
NET CHANGE IN FUND BALANCES	<u>(4,559,746)</u>	<u>691,901</u>	<u>58,680</u>	<u>(23,984)</u>	<u>2,162,468</u>	<u>(1,670,681)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>77,922,051</u>	<u>4,679,315</u>	<u>273,404</u>	<u>90,321</u>	<u>9,454,578</u>	<u>92,419,669</u>
FUND BALANCES - END OF YEAR	<u>\$ 73,362,305</u>	<u>\$ 5,371,216</u>	<u>\$ 332,084</u>	<u>\$ 66,337</u>	<u>\$ 11,617,046</u>	<u>\$ 90,748,988</u>

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances \$ (1,670,681)

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used.

Increase in accrued interest payable	\$ (8,792)	
Decrease in compensated absences payable	3,599,862	3,591,070

Changes in the proportionate share of net pension asset/liability, and total other post employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Employees' retirement system	\$ (4,248,460)	
Teachers' retirement system	(6,873,548)	
Other post-employment benefits	(9,020,881)	(20,142,889)

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and reported on the Statement of Net Position and allocated to the governmental functions. Depreciation is based on the useful lives of the asset and are expensed as incurred on the

Capital outlays	\$ 15,963,739	
Depreciation expense and loss on disposals	(12,640,667)	3,323,072

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

Intangible lease outlays	\$ 8,268,816	
Amortization expense on intangible leases	(4,011,275)	
Subscription asset outlays	495,614	
Amortization expense on subscription assets	(423,858)	4,329,297

Long-Term Debt Differences

Proceeds from long-term liabilities are recorded as an other financing source in the governmental funds, but increases long-term liabilities on the Statement of Net Position and does not affect the Statement of Activities. Proceeds from long-term liabilities were as follows:

Proceeds from leases	\$ (8,268,816)	
Proceeds from subscription based information technology arrangements	(495,614)	
Proceeds from installment purchase debt	(358,360)	
Proceeds from deferred payment plan debt	(1,862,683)	(10,985,473)

Repayment of long-term liabilities is reported as an expenditure in the governmental funds, but reduces long-term liabilities on the Statement of Net Position and does not affect the Statement of Activities. Repayment of long-term liabilities were as follows:

Repayment of lease liabilities	\$ 3,823,842	
Repayment of subscription liabilities	555,953	
Repayment of installment purchase debt	2,336,376	
Repayment of deferred payment plan debt	941,541	7,657,712

Change in Net Position \$ (13,897,892)

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

A) Reporting Entity:

The BOCES is governed by section §1950 of the New York State Education Law and other laws of the State of New York. The BOCES is an independent entity governed by an elected Board of Education appointed by its component school districts. The Board is responsible for, and controls all activities related to public school education services within the BOCES. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters. The Board is comprised of 15 representatives elected by the 51 component school boards.

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

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

The accompanying financial statements present the activities of the BOCES. The BOCES is not a component unit of another reporting entity. The decision to include a potential component unit in the BOCES reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the BOCES’ reporting entity.

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

B) Basis of Presentation:

BOCES-Wide Financial Statements:

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the BOCES governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements:

The Fund Financial Statements provide information about the BOCES funds. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The BOCES reports the following major governmental funds:

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

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

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

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

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

C) Measurement Focus and Basis of Accounting:

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

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, including lease liabilities, installment purchase debt, and deferred payment plan debt, compensated absences, net pension liabilities, other post-employment benefits, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset, intangible lease asset, and subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term obligations and acquisitions of leases with terms greater than one year are reported as other financing sources.

D) Revenue from Component School Districts:

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

E) State Aid – Component School Districts:

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

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

\$65,145,775. Of the total aid, \$27,222,317 was received and distributed to the school districts prior to June 30, 2024. The remaining aid of \$31,944,534 was received in after year end and will be fully distributed. As provided by state law, the receipt and distribution of component school district's state aid is not reflected in the statement of revenues, expenditures and changes in fund balance of the general fund.

F) Restricted Resources:

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

G) Interfund Transactions:

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

In the BOCES-Wide Financial Statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities fund). Eliminations have been made for all interfund receivables and payables between the funds.

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

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

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent items at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including lease receivable, useful lives of capital assets, intangible lease assets, and subscription assets, lease liabilities, compensated absences, pension liabilities, other post-employment benefits, and potential contingent liabilities.

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

I) Cash and Cash Equivalents:

The BOCES cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

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

K) Prepays:

Prepaid items represent payments made by the BOCES for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the BOCES-Wide Financial Statements and the Governmental Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. At June 30, 2024 the BOCES had \$506,317 of prepaid expenditures in the general fund related to prepaid insurance and \$24,108 of prepaid expenditures in the special aid fund.

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

L) Capital Assets:

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on appraisals conducted by independent third-party professionals are used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building and improvements	\$ 500	Straight-line	7-50 years
Furniture and equipment	\$ 500	Straight-line	5-30 years
Computer equipment and books	\$ 500	Straight-line	5 years

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The BOCES evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The BOCES' policy is to record an impairment loss in the period when the BOCES determines that the carrying amount of the asset will not be recoverable. At June 30, 2024, the BOCES has not recorded any such impairment losses.

M) Intangible Lease Assets:

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

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

N) Subscription Assets:

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

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

O) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 the following items that qualify for reporting in this category at June 30, 2024, which are amounts related to pensions and other post-employment benefits obligation (OPEB), which are reported in the BOCES-Wide Statement of Net Position, and are detailed further in Notes 11 and 13, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

be recognized as an inflow of resources (revenue) until that time. The BOCES reported deferred inflows of resources related to lease receivable, which is reported in the BOCES-Wide Statement of Net Position as well as in the general fund in the Balance Sheet – Governmental Funds and is detailed further in Note 6. The BOCES also reported deferred inflows related to pensions and OPEB reported in the BOCES-Wide Statement of Net Position, and are detailed further in Notes 11 and 13.

P) Short-Term Debt:

The BOCES may issue Revenue Anticipation Notes (RAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN represents a liability that will be extinguished by the use of expendable, available resources of the fund.

Q) Collections in Advance:

Collections in advance arise when the BOCES receives resources before it has legal claim to them, as when monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the BOCES has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance at June 30, 2024 consist of tuition collected in the general fund, grants and tuition received in the special aid fund, and prepaid deposits in the school lunch fund.

R) Employee Benefits – Compensated Absences:

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

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

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the BOCES-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

S) Other Benefits:

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

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

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

T) Accrued Liabilities and Long-Term Obligations:

Payables, accrued liabilities, and long-term obligations are reported in the BOCES-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Lease liabilities, installment purchase debt, deferred payment plan debt, subscription liabilities, compensated absences, net pension liabilities, and other post-employment benefits obligation 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. 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.

U) Equity Classifications:

BOCES-Wide Financial Statements:

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

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

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

Fund Financial Statements:

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the inventories in the school lunch fund and prepaid expenses.

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

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

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

Retirement Contribution Reserve (GML §6-r) must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Reserve for Career Education Instructional Equipment (EL §1950(4)(ee)) must be used for the purpose of the replacement and purchase of advanced technology equipment used in instructional programs. This reserve may be established upon approval of a majority of the component districts of the BOCES and the BOCES itself. Fund are determine by including depreciation expenses for the career education instructional equipment used in providing instructional services pursuant to a formula prescribed by the Commissioner of Education and from revenues from the sale of such equipment. This reserve is accounted for in the capital projects fund.

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the BOCES' highest level of decision-making authority (i.e., Board of Education). The BOCES has no committed fund balance as of June 30, 2024.

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

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

Order of Use of Fund Balance

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

V) Future Accounting Pronouncements:

GASB issued Statement No. 101, *Compensated Absences*, which updated the recognition and measurement guidance for compensated absences by implementing a unified model and amended previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023.

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The Statement above is not an all-inclusive list of all future GASB statements impacting the BOCES. The BOCES will evaluate the impact and materiality of the Statement above and implement the provisions as applicable.

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

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

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

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

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

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

Long-term revenue and expense differences:

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

Capital related differences:

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

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Long-term debt differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

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

A) Budgets:

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

The following supplemental appropriations occurred during the year:

Adopted Budget		\$ 437,143,844
Encumbrances from Prior Year		<u>5,879,337</u>
Original Budget		443,023,181
Shared Services Budget Revisions:		
Administration	(476,470)	
Occupational Instruction	1,820,671	
Instruction for Special Needs	20,884,282	
Itinerant Services	270,423	
General Instruction	1,313,951	
Instructional Support	4,493,466	
Other Services	13,206,690	
Internal Services	<u>4,473,868</u>	<u>45,986,881</u>
Revised Budget		<u>\$ 489,010,062</u>

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

B) Encumbrances:

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

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

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

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

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

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

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2024 included \$62,353,624 within the governmental funds for general reserve purposes, cash restricted for scholarships and donations in the miscellaneous special revenue fund, and for capital projects in the capital projects fund.

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

B) Investments:

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

C) Investment Pool:

The BOCES participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and considered to be cash equivalents. At June 30, 2024 the BOCES held \$39,186,425 in investments in the general fund consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative at June 30, 2024, are \$11,722,084,338, which consisted of \$1,924,275,851 in repurchase agreements, and \$8,032,431,761 in U.S. Treasury Securities in U.S. Government Guaranteed Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2024 are \$1,765,376,726.

The above amounts represent the cost of the investment pool shares and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. CLASS is rated AAAM by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website **www.newyorkclass.org** or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver, CO 80202.

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 5 – DUE FROM STATE AND FEDERAL

Due from state and federal for the BOCES individual major funds at June 30, 2024 consisted of the following:

	General Fund	Special Aid Fund	School Lunch Fund	Total
BOCES aid - due to component districts	\$31,944,534	\$ -	\$ -	\$31,944,534
NYS Education Department		4,201,289		4,201,289
ACCES		137,047		137,047
NYS Department of Labor		81,009		81,009
NYS OPWDD		91,964		91,964
U.S. Department of Education		112,045		112,045
U.S. Department of Justice		114,780		114,780
State reimbursements			2,912	2,912
Federal reimbursements			125,423	125,423
	<u>\$31,944,534</u>	<u>\$ 4,738,134</u>	<u>\$ 128,335</u>	<u>\$36,811,003</u>

BOCES management has deemed these receivables as fully collectible.

NOTE 6 – LEASE RECEIVABLE:

The BOCES recognized a lease receivable and deferred inflow of resources – leases, for an agreements whereby the BOCES leases equipment to component units at a rate between 1.40% to 4.82% for a term of 3 to 60 months. The lease receivable and associated deferred inflow of resources will be reduced as the lease revenue is earned in future periods.

Principal and interest income received for the BOCES' lease receivable amounted to \$3,261,018 and \$234,312, respectively, for the fiscal year ended June 30, 2024.

Activity of lease inflows for the year ended June 30, 2024 is summarized as follows:

Lease revenue:	
Equipment	\$ 2,643,510
Copy machines	617,508
Total lease revenue	<u>3,261,018</u>
Interest revenue	<u>234,311</u>
Total revenue	<u>\$ 3,495,329</u>

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	\$ 2,556,917	\$ 184,571	\$ 2,741,488
2026	1,691,942	111,387	1,803,329
2027	1,266,577	51,514	1,318,091
2028	437,169	7,956	445,125
2029	1,752	12	1,764
Total	<u>\$ 5,954,357</u>	<u>\$ 355,440</u>	<u>\$ 6,309,797</u>

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

Capital asset balances and activity for the fiscal year ended June 30, 2024 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 6,306,650	\$ -	\$ -	\$ 6,306,650
Construction in progress	1,959	124,707	(1,959)	124,707
Technology in progress	890,356		(890,356)	-
Total nondepreciable capital assets	<u>7,198,965</u>	<u>124,707</u>	<u>(892,315)</u>	<u>6,431,357</u>
Depreciable capital assets:				
Building and building improvements	93,536,952	4,813,746	892,315	99,243,013
Furniture and equipment	86,649,143	11,025,286	(13,809,264)	83,865,165
Total depreciable capital assets	<u>180,186,095</u>	<u>15,839,032</u>	<u>(12,916,949)</u>	<u>183,108,178</u>
Less accumulated depreciation:				
Building and building improvements	51,812,991	3,013,564		54,826,555
Furniture and equipment	56,569,225	9,169,372	(13,351,533)	52,387,064
Total accumulated depreciation	<u>108,382,216</u>	<u>12,182,936</u>	<u>(13,351,533)</u>	<u>107,213,619</u>
Total depreciable capital assets, net	<u>71,803,879</u>	<u>3,656,096</u>	<u>434,584</u>	<u>75,894,559</u>
Total capital assets, net	<u>\$ 79,002,844</u>	<u>\$ 3,780,803</u>	<u>\$ (457,731)</u>	<u>\$ 82,325,916</u>

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

Administration	\$ 1,301,989
Occupational instruction	1,251,426
Instruction for special education	5,852,629
Itinerant services	189,610
General instruction	429,783
Instruction support	960,691
Other services	2,601,449
Food services	53,091
	<u>\$ 12,640,667</u>

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

B) Intangible Lease Assets

The following schedule summarizes the BOCES' intangible lease asset activity for the fiscal year ended June 30, 2024:

Governmental activities:	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Intangible lease assets				
Building	\$ 15,752,287	\$ 7,375,830	\$ (1,728,845)	\$ 21,399,272
Land	2,502,358			2,502,358
Classroom and facilities	1,123,549	892,986	(479,179)	1,537,356
Total intangible lease assets	19,378,194	8,268,816	(2,208,024)	25,438,986
Less accumulated amortization:				
Building	4,841,566	3,149,856	(1,728,845)	6,262,577
Land	834,120	417,059		1,251,179
Classroom and facilities	467,725	444,360	(479,179)	432,906
Total accumulated amortization	6,143,411	4,011,275	(2,208,024)	7,946,662
Total intangible lease assets, net	\$ 13,234,783	\$ 4,257,541	\$ -	\$ 17,492,324

Amortization expense of \$4,011,275 was charged to the governmental functions as instruction for special education.

C) Subscription Assets

The following schedule summarizes the BOCES' subscription assets activity for the fiscal year ended June 30, 2024:

Governmental activities:	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Subscription assets	\$ 740,913	\$ 495,614	\$ (105,432)	\$ 1,131,095
Less accumulated amortization:				
Subscription assets	233,928	423,858	(105,432)	552,354
Total subscription assets, net	\$ 506,985	\$ 71,756	\$ -	\$ 578,741

Amortization expense of \$423,858 was charged to the governmental functions as instruction for special education.

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

Interfund balances and activities for the fiscal year ended June 30, 2024, were as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 2,996,111	\$ 12,399,806	\$ 344,423	\$ 2,799,409
Special aid fund		2,693,344		344,423
School lunch fund	360,545		270,184	
Miscellaneous special revenue fund		3,200		
Capital projects fund	11,739,694		2,529,225	
Total government activities	<u>\$ 15,096,350</u>	<u>\$ 15,096,350</u>	<u>\$ 3,143,832</u>	<u>\$ 3,143,832</u>

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

The BOCES typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

NOTE 9 - SHORT-TERM DEBT:

The BOCES had no transactions in short-term debt for the year ended June 30, 2024.

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 10 – LONG-TERM LIABILITIES:

Long-term liability balances and activity for the year ended June 30, 2024 are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long-term obligations:					
Lease liabilities	\$ 13,652,427	\$ 8,268,816	\$ 3,823,842	\$ 18,097,401	\$ 3,867,066
Installment purchase debt	5,641,397	358,360	2,336,376	3,663,381	1,758,817
Deferred payment plan debt	1,665,092	1,862,683	941,541	2,586,234	937,710
Subscription liability	60,339	495,614	555,953	-	-
Compensated absences payable	37,825,101		3,599,862	34,225,239	2,758,489
Net pension liability - ERS	31,602,677	3,367,721	11,027,828	23,942,570	
Net pension liability - TRS	9,631,885	13,210,546	16,922,302	5,920,129	
Total other post-employment benefits obligation	832,042,647	83,454,349	66,332,545	849,164,451	30,572,029
Total long-term obligations	<u>\$ 932,121,565</u>	<u>\$ 111,018,089</u>	<u>\$ 105,540,249</u>	<u>\$ 937,599,405</u>	<u>\$39,894,111</u>

The general fund has typically been used to liquidate long-term liabilities such as lease liabilities, installment purchase debt, deferred payment plan debt, subscription liability, compensated absences payable, net pension liabilities, and total other post-employment benefits obligation.

A) Lease Liabilities

The BOCES recognizes a lease obligation and an intangible lease asset for agreements whereby the BOCES obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The BOCES has entered into such lease agreements for classroom space, vehicles, and other equipment items with interest rates ranging from 2.16% to 3.93%.

Principal and interest expense paid on the BOCES' lease liabilities amounted to \$3,823,842 and \$419,589, respectively, for the fiscal year ended June 30, 2024.

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	\$ 3,867,066	\$ 480,723	\$ 4,347,789
2026	3,349,438	375,167	3,724,605
2027	3,212,701	283,658	3,496,359
2028	1,968,382	207,699	2,176,081
2029	2,061,963	146,632	2,208,595
2030-2035	3,637,851	213,919	3,851,770
	<u>\$ 18,097,401</u>	<u>\$ 1,707,798</u>	<u>\$ 19,805,199</u>

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

B) Installment Purchase Debt

The BOCES has entered into various debt agreements for the purpose of acquiring computer equipment necessary to provide instructional computer services. The BOCES is obligated under certain installment purchase agreements at various incremental interest rates as listed below.

Principal and interest expense paid on the BOCES' installment purchase debt amounted to \$2,336,376 and \$167,088, respectively, for the fiscal year ended June 30, 2024.

The BOCES' installment purchase debt agreements are payable in 60 monthly installments or less and bear interest as stated below:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2024
Sayville UFSD	12/2019	11/2024	2.460%	\$ 24,465
William Floyd UFSD	01/2020	11/2024	2.500%	76,191
William Floyd UFSD	05/2020	05/2025	1.740%	514,534
Bayport-Blue Point UFSD	08/2020	05/2025	1.410%	32,773
Sayville UFSD	01/2021	11/2025	1.410%	123,030
Eastport-South Manor CSD	04/2021	11/2025	1.620%	82,534
Bayport-Blue Point UFSD	08/2021	05/2026	1.540%	106,908
Center Moriches UFSD	08/2021	05/2026	1.540%	79,771
William Floyd UFSD	11/2021	05/2026	1.880%	165,355
Sayville UFSD	01/2022	11/2026	1.920%	164,833
Shoreham-Wading River CSI	04/2022	12/2026	2.940%	97,131
William Floyd UFSD	06/2022	12/2026	3.410%	233,050
Center Moriches UFSD	07/2022	05/2026	3.600%	83,116
Eastport-South Manor CSD	03/2023	11/2027	4.464%	171,059
Sayville UFSD	03/2023	11/2027	4.608%	578,572
Riverhead CSD	04/2023	11/2027	4.816%	323,573
Bayport-Blue Point UFSD	04/2023	11/2027	4.816%	141,544
Shoreham-Wading River CSI	05/2023	05/2027	4.472%	180,925
Center Moriches UFSD	06/2023	05/2027	4.400%	211,198
William Floyd UFSD	07/2023	05/2027	4.670%	272,819
				<u>\$ 3,663,381</u>

The following is a summary of debt service requirements of installment purchase debt:

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	\$ 1,758,817	\$ 112,574	\$ 1,871,391
2026	1,046,141	66,061	1,112,202
2027	672,530	30,575	703,105
2028	185,893	4,381	190,274
	<u>\$ 3,663,381</u>	<u>\$ 213,591</u>	<u>\$ 3,876,972</u>

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

C) Deferred Payment Plan

The BOCES' deferred payment plan debt agreements are payable in 60 monthly installments or less and bear no interest as stated below:

Description	Issue Date	Final Maturity	Outstanding at 6/30/2024
Central Islip UFSD	12/2019	12/2024	\$ 20,220
Connetquot CSD	07/2020	08/2024	528
Shoreham-Wading River CSD	08/2020	08/2025	38,442
East Islip UFSD	11/2020	11/2024	13,820
Connetquot CSD	02/2021	02/2025	1,071
Sayville UFSD	02/2021	02/2025	1,756
West Islip UFSD	02/2021	02/2025	47,398
Bayport-Blue Point UFSD	04/2021	04/2025	12,272
Bayport-Blue Point UFSD	05/2021	05/2025	4,878
Brentwood UFSD	07/2021	07/2025	17,276
Connetquot CSD	07/2022	07/2026	10,685
Sachem CSD	07/2022	07/2026	206,606
East Quogue UFSD	07/2022	07/2026	6,606
Springs UFSD	07/2022	06/2025	10,722
Connetquot CSD	07/2022	06/2026	13,098
Miller Place UFSD	12/2022	11/2026	123,268
South Country CSD	01/2023	01/2027	6,249
East Islip UFSD	02/2023	01/2027	4,233
Connetquot CSD	02/2023	01/2027	31,159
East Quogue UFSD	03/2023	03/2027	19,188
Eastport-South Manor CSD	04/2023	04/2028	262,608
South Country CSD	07/2023	07/2027	14,435
Bayport-Blue Point UFSD	07/2023	07/2027	134,616
East Islip UFSD	08/2023	08/2027	4,373
Patchogue-Medford UFSD	09/2023	09/2027	186,924
Comsewogue UFSD	09/2023	09/2027	22,344
West Islip UFSD	12/2023	12/2027	38,751
Connetquot CSD	01/2024	01/2028	79,995
William Floyd UFSD	02/2024	02/2028	339,442
Three Village CSD	03/2024	03/2028	348,149
Port Jefferson UFSD	04/2024	04/2028	123,971
Brentwood UFSD	05/2024	05/2028	127,992
Comsewogue UFSD	06/2024	06/2028	15,087
South Country CSD	06/2024	06/2028	51,667
Total BOCES copiers			246,405
			<u>\$ 2,586,234</u>

Principal paid on the deferred payment plan debt agreements during the current year was \$941,541.

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The following is a summary of debt service requirements of deferred payment plan debt:
 Fiscal Year Ended

June 30,	Principal
2025	\$ 937,710
2026	760,679
2027	590,494
2028	297,351
	\$ 2,586,234

D) Long-Term Interest

Interest on long-term debt for the year was composed of:

Interest paid	\$ 591,112
Less interest accrued in the prior year	8,792
Plus interest accrued in the current year	-
Total expense	\$ 599,904

NOTE 11 – PENSION PLANS:

A) Plan Description and Benefits Provided:

Teachers' Retirement System

The BOCES participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report which can be found on the System's website at www.nysttrs.org.

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Employees' Retirement System

The BOCES participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The BOCES also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire.

B) Funding policies:

The Systems are noncontributory, except as follows:

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

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The BOCES contribution rates for ERS' fiscal year ended March 31, 2024, ranged from 9.50% to 19.70% of covered payroll.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2024, was 9.76% of covered payroll.

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2024	\$ 10,024,649	\$ 6,771,052
2023	\$ 9,789,683	\$ 5,322,186
2022	\$ 8,627,588	\$ 7,587,466

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

At June 30, 2024, the BOCES reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The BOCES proportion of the net pension asset/(liability) was based on a projection of the BOCES long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the BOCES.

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Net pension asset/(liability)	\$ (23,942,570)	\$ (5,920,129)
BOCES' portion of the Plan's total net pension asset/(liability)	0.1626086%	0.517682%
Change in proportionate since the prior measurement date	0.0152813%	0.0157320%

For the fiscal year ended June 30, 2024, the BOCES' recognized pension expense of \$11,027,828 and \$16,922,302 for ERS and TRS, respectively. At June 30, 2024 the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 7,711,883	\$ 14,354,739	\$ 652,851	\$ 35,476
Changes of assumptions	9,052,148	12,745,863		2,777,891
Net difference between projected and actual earnings on pension plan investments		3,026,253	11,695,818	
Changes in proportion and difference between the BOCES' contributions and proportionate share of contributions	2,161,850	940,895	460,470	895,797
BOCES' contributions subsequent to the measurement date	2,007,793	10,003,082		
	<u>\$ 20,933,674</u>	<u>\$ 41,070,832</u>	<u>\$ 12,809,139</u>	<u>\$ 3,709,164</u>

BOCES contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Plan Year ended:		
2024	\$ -	\$ 2,491,761
2025	(3,859,311)	(3,003,649)
2026	5,088,746	23,935,131
2027	7,174,671	1,804,836
2028	(2,287,364)	1,335,814
Thereafter	-	794,693
	<u>\$ 6,116,742</u>	<u>\$ 27,358,586</u>

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.40%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrements	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2019 - June 30, 2023 System's Experience
Inflation	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2023, valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2023.

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

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return.

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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.

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

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	March 31, 2024		June 30, 2023	
<u>Asset type</u>	<u>Target</u>	<u>Long-term</u>	<u>Target</u>	<u>Long-term</u>
	<u>Allocation</u>	<u>expected real rate</u>	<u>Allocation</u>	<u>expected real rate of return</u>
Domestic equity	32%	4.00%	33%	6.8%
International equity	15%	6.65%	15%	7.6%
Global equity			4%	7.2%
Private equity	10%	7.25%	9%	10.1%
Real estate	9%	4.60%	11%	6.3%
Opportunistic/ absolute return strategy	3%	5.25%		
Real assets	3%	5.79%		
Credit	4%	5.40%		
Cash	1%	0.25%		
Fixed income	23%	1.50%	16%	2.2%
Global bonds			2%	1.6%
High-yield bonds			1%	4.4%
Private debt			2%	6.0%
Real estate debt			6%	3.2%
Cash equivalents			1%	0.3%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.90% for ERS, and 2.40% for TRS.

Discount Rate

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

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

The following presents the BOCES' proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the BOCES' proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
<u>ERS</u>			
Employer's proportionate share of the net pension asset/(liability)	<u>\$ (75,277,886)</u>	<u>\$ (23,942,570)</u>	<u>\$ 18,933,069</u>
<u>TRS</u>			
Employer's proportionate share of the net pension asset/(liability)	<u>\$ (90,166,573)</u>	<u>\$ (5,920,129)</u>	<u>\$ 64,934,773</u>

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Employers' total pension asset/(liability)	\$ (240,696,851)	\$ (138,365,122)
Plan Fiduciary Net Position	<u>225,972,801</u>	<u>137,221,537</u>
Employers' net pension asset/(liability)	<u>\$ (14,724,050)</u>	<u>\$ (1,143,585)</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	93.88%	99.17%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$2,007,793.

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept, with a balance to be paid by the BOCES, if necessary. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$11,969,961.

NOTE 12 – OTHER RETIREMENT PLANS:

A) Tax Sheltered Annuities:

The BOCES has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The BOCES is also required to make non-elective contributions of certain termination payments based on collectively bargained agreements, and payments based on certain non-aligned contract agreements. Contributions made by the BOCES and the employees for the fiscal year ended June 30, 2024 totaled \$3,407,213 and \$5,347,000, respectively.

B) Deferred Compensation Plan:

The BOCES has established a deferred compensation plan in accordance with Internal Revenue Code Section 457 for all eligible employees. The BOCES makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2024 totaled \$838,039.

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

A) General Information about the OPEB Plan:

Plan Description:

The BOCES' defined benefit other post-employment benefits plan (the "Plan") provides postemployment health insurance coverage to retired employees in accordance with the provisions of various employment contracts. The BOCES provides medical, medigap, and Medicare part B reimbursement (the healthcare plan) coverage to retired employees in accordance with employment contracts. No assets are accumulated in a trust that meets the criteria of GASB 75, paragraph 4.

Benefits Provided

The Plan provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the BOCES' offices and are available upon request. Benefit terms provide for the BOCES to contribute between 75% and 100% of

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

the premiums for individual and family coverage, and 0% of the premiums for surviving spouses. The BOCES recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments as accrued. For fiscal year 2024, the BOCES contributed an estimated \$32,375,032 the Plan, including \$32,375,032 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the BOCES to fund OPEB by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2,761
Active employees	2,137
Total Members	<u>4,898</u>

Total OPEB Liability:

The BOCES’ total OPEB liability of \$849,164,451 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases including inflation	2.40%
Discount rate	3.93%
Healthcare cost trend rate	6.8% for 2024, decreasing to an ultimate rate of 3.8% over 55 years

This discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. Mortality rates were based on Pub-2010 Mortality Table generationally projected using Scale MP-2021 Ultimate, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement.

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

B) Changes in the Total OPEB Liability:

Balance as of June 30, 2023	\$ 832,042,647
Changes for the fiscal year:	
Service cost	30,012,312
Interest	30,879,457
Change in benefit terms	-
Difference between expected and actual experience	22,562,580
Changes of assumptions or other inputs	(33,957,513)
Benefit payments	(32,375,032)
Net Changes	17,121,804
Balance as of June 30, 2024	<u>\$ 849,164,451</u>

There were no significant plan changes since the last valuation.

The following assumptions were updated since the last full valuation:

The discount rate was changed from 3.65% at June 30, 2023 to 3.93% at June 30, 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the BOCES, as well as what the BOCES' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.93%) or 1-percentage point higher (4.93%) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB liability	<u>\$ 980,415,032</u>	<u>\$ 849,164,451</u>	<u>\$ 742,829,200</u>

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

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$727,764,316</u>	<u>\$849,164,451</u>	<u>\$1,003,964,224</u>

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

For the fiscal year ended June 30 2024, the BOCES recognized OPEB expense of \$41,395,913. At June 30, 2024, 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	\$ 19,292,641	\$ 101,996,338
Changes of assumptions or other inputs	78,775,069	105,051,242
	<u>\$ 98,067,710</u>	<u>\$ 207,047,580</u>

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

Fiscal Year ended June 30:

2025	\$ (16,276,489)
2026	(26,715,713)
2027	(38,269,186)
2028	(25,770,178)
2029	(462,011)
Thereafter	(1,486,293)
	<u>\$(108,979,870)</u>

NOTE 14 – RISK MANAGEMENT:

A) General Information:

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

B) Consortiums and Self-Insured Plans:

The BOCES participates in a health benefit program for selected employees through the East End Health Plan, a consortium of school districts from the east end of Long Island. The benefit program's administrator is responsible for the approval, processing, and payment of claims. This is billed to the BOCES at an established rate based on the number of participants. The BOCES is responsible for contributions to cover their share of the benefits and administrative costs. The trust for the plan reports on a calendar year end. In the event the plan experiences a shortfall, a special assessment against

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

participating districts may be imposed. The BOCES is not aware of any additional assessments related to claims incurred through June 30, 2024.

NOTE 15 – FUND BALANCES – ASSIGNED AND RESTRICTED:

Assigned Unappropriated or Restricted- Encumbered:

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2024, the BOCES encumbered the following amounts:

General Fund

Administration	\$ 87,622
Occupational instruction	578,873
Instruction for special education	2,260,554
Itinerant services	3
General instruction	28,967
Instructional support	15,707
Other services	454,462
	<u>\$ 3,426,188</u>

Special Aid Fund

Instruction for special education	<u>\$ 33,792</u>
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School Lunch Fund

School lunch program	<u>\$ 18,538</u>
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Capital projects fund

Capital projects	<u>\$ 204,445</u>
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NOTE 16 – COMMITMENTS AND CONTINGENCIES:

A) Litigation:

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

B) Grants:

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

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

C) Construction Commitments:

The BOCES has authorized various capital projects for a total of \$16,167,188. Through June 30, 2024 the BOCES has outstanding construction commitments of \$204,445.

NOTE 17 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the BOCES through October 18, 2024 and concluded that there were no events which took place that would have a material impact on the financial statements.

SUPPLEMENTARY INFORMATION

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES					
Administration	\$ 53,171,292	\$ 52,694,821	\$ 54,390,783	\$ -	\$ 1,695,962
Occupational Instruction	45,610,506	47,431,178	47,304,633		(126,545)
Instruction for special education	193,928,225	214,812,508	214,363,389		(449,119)
Itinerant services	8,299,898	8,570,321	6,951,658		(1,618,663)
General instruction	16,086,603	17,400,553	15,301,449		(2,099,104)
Instruction support	30,467,663	34,961,129	31,807,702		(3,153,427)
Other services	95,453,894	108,660,584	104,050,211		(4,610,373)
Internal services	5,100	4,478,968	609,441		(3,869,527)
TOTAL REVENUES	<u>443,023,181</u>	<u>489,010,062</u>	<u>474,779,266</u>		<u>(14,230,796)</u>
OTHER FINANCING SOURCES					
Transfers from other funds	-	-	344,423		344,423
Net use/funding of reserves offset	-	-	(2,106,597)		(2,106,597)
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 443,023,181</u>	<u>\$ 489,010,062</u>	<u>473,017,092</u>	<u>-</u>	<u>\$ (15,992,970)</u>
EXPENDITURES					
Administration	\$ 50,368,892	\$ 50,165,597	\$ 47,732,080	\$ 87,622	\$ 2,345,895
Occupational instruction	45,610,506	47,431,178	43,995,233	578,873	2,857,072
Instruction for special education	193,928,225	214,812,507	195,648,207	2,260,554	16,903,746
Itinerant services	8,299,898	8,570,321	6,706,167	3	1,864,151
General instruction	16,086,603	17,400,553	14,907,629	28,967	2,463,957
Instructional support	30,467,663	34,961,129	30,837,402	15,707	4,108,020
Other services	87,205,070	100,411,760	90,537,473	454,462	9,419,825
Internal service	5,100	4,208,784	348,781		3,860,003
Debt service principal	7,657,712	7,657,712	7,657,712		-
Debt service interest	591,112	591,112	591,112		-
TOTAL EXPENDITURES	<u>440,220,781</u>	<u>486,210,653</u>	<u>438,961,796</u>	<u>3,426,188</u>	<u>43,822,669</u>
OTHER FINANCING USES					
Return of Surplus	-	-	35,815,633		(35,815,633)
Transfers to other funds	2,802,400	2,799,409	2,799,409		-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 443,023,181</u>	<u>\$ 489,010,062</u>	<u>477,576,838</u>	<u>\$ 3,426,188</u>	<u>\$ 8,007,036</u>
Net Change in Fund Balance			(4,559,746)		
Fund Balance - Beginning of Year			77,922,051		
Fund Balance - End of Year			<u>\$ 73,362,305</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOCES' PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,**

NYSERS Pension Plan* (Dollar amounts displayed in thousands)										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension asset/(liability)	0.1626086%	0.1473728%	0.1581562%	0.1477983%	0.1523899%	0.1542738%	0.1575942%	0.1570195%	0.1605447%	0.1537894%
Proportionate share of the net pension asset/(liability)	\$ (23,942.6)	\$ (31,602.7)	\$ 12,928.6	\$ (147.2)	\$ (40,353.7)	\$ (10,930.8)	\$ (5,086.3)	\$ (14,753.9)	\$ (25,767.9)	\$ (5,195.4)
Covered-employee payroll	\$ 62,608.4	\$ 52,349.4	\$ 48,851.4	\$ 49,481.6	\$ 48,349.8	\$ 48,243.2	\$ 47,446.6	\$ 45,568.5	\$ 43,977.1	\$ 42,128.9
Proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	38.24%	60.37%	26.47%	0.30%	83.46%	22.66%	10.72%	32.38%	58.59%	12.33%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.60%	97.90%
Discount rate	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
NYSTRS Pension Plan* (Dollar amounts displayed in thousands)										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension asset/(liability)	0.5176820%	0.5019500%	0.5106980%	0.5191830%	0.5336770%	0.5260950%	0.5263820%	0.5280410%	0.5167190%	0.5324080%
Proportionate share of the net pension asset/(liability)	\$ (5,920.1)	\$ (9,631.9)	\$ 88,499.1	\$ (14,346.4)	\$ 13,865.0	\$ 9,513.2	\$ 4,001.0	\$ (5,655.5)	\$ 53,670.7	\$ 59,306.9
Covered-employee payroll	\$ 105,378.7	\$ 105,378.7	\$ 88,036.4	\$ 86,672.0	\$ 88,130.5	\$ 85,694.9	\$ 83,424.1	\$ 81,481.1	\$ 77,618.2	\$ 78,639.1
Proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	5.62%	9.14%	100.53%	16.55%	15.73%	11.10%	4.80%	6.94%	69.15%	75.42%
Plan fiduciary net position as a percentage of the total pension liability	99.17%	98.60%	113.20%	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

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

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF BOCES' PENSION CONTRIBUTIONS
FOR THE FISCAL YEARS ENDED JUNE 30,**

NYSERS Pension Plan * (Dollar amounts displayed in thousands)										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 6,771.0	\$ 6,376.3	\$ 7,587.5	\$ 6,663.5	\$ 6,722.8	\$ 6,832.4	\$ 6,935.0	\$ 6,793.1	\$ 8,181.8	\$ 7,391.3
Contributions in relation to the contractually required contribution	<u>6,771.0</u>	<u>6,376.3</u>	<u>7,587.5</u>	<u>6,663.5</u>	<u>6,722.8</u>	<u>6,832.4</u>	<u>6,935.0</u>	<u>6,793.1</u>	<u>8,181.8</u>	<u>7,391.3</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES covered-employee payroll	\$ 62,972.3	\$ 52,349.4	\$ 48,851.4	\$ 49,841.6	\$ 48,349.9	\$ 48,243.2	\$ 47,446.6	\$ 45,568.5	\$ 43,977.1	\$ 42,128.9
Contributions as a percentage of covered payroll	10.75%	12.18%	15.53%	13.37%	13.90%	14.16%	14.62%	14.91%	18.60%	17.54%

NYSTRS Pension Plan * (Dollar amounts displayed in thousands)										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,024.6	\$ 9,789.7	\$ 8,627.6	\$ 8,259.8	\$ 7,808.4	\$ 8,398.1	\$ 9,777.3	\$ 10,804.4	\$ 13,606.5	\$ 12,778.9
Contributions in relation to the contractually required contribution	<u>10,024.6</u>	<u>9,789.7</u>	<u>8,627.6</u>	<u>8,259.8</u>	<u>7,808.4</u>	<u>8,398.1</u>	<u>9,777.3</u>	<u>10,804.4</u>	<u>13,606.5</u>	<u>12,778.9</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES covered-employee payroll	\$ 102,490.5	\$ 105,378.7	\$ 88,036.4	\$ 88,672.0	\$ 86,672.0	\$ 85,694.9	\$ 83,424.1	\$ 81,481.2	\$ 77,618.2	\$ 78,639.1
Contributions as a percentage of covered payroll	9.78%	9.29%	9.80%	9.32%	9.01%	9.80%	11.72%	13.26%	17.53%	16.25%

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

TOTAL OPEB LIABILITY						
* (Dollar amounts displayed in thousands)	2024	2023	2022	2021	2020	2019
Service cost	\$ 30,012	\$ 26,234	\$ 33,573	\$ 41,573	\$ 28,345	\$ 21,870
Interest	30,879	27,683	22,626	22,718	30,874	30,953
Changes of demographic gains and losses	22,562	-	(150,124)	-	(75,244)	-
Changes of benefit terms	-	-	1,561	(16,571)	-	-
Differences between expected and actual experience		-	-	-	-	-
Changes of assumptions or other inputs	(33,957)	36,872	(137,649)	8,113	177,199	48,732
Benefit payments	(32,375)	(28,769)	(27,665)	(28,855)	(28,205)	(23,298)
NET CHANGE IN TOTAL OPEB LIABILITY	17,121	62,020	(257,678)	26,978	132,969	78,257
TOTAL OPEB LIABILITY - BEGINNING	832,043	770,023	1,027,701	1,000,722	867,753	789,496
TOTAL OPEB LIABILITY - ENDING	\$ 849,164	\$ 832,043	\$ 770,023	\$ 1,027,700	\$ 1,000,722	\$ 867,753
COVERED-EMPLOYEE PAYROLL	\$ 142,144	\$ 128,001	\$ 128,001	\$ 126,614	\$ 126,614	\$ 127,416
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	597.40%	650.03%	601.58%	811.68%	790.37%	681.04%

NOTES TO SCHEDULE:*Changes of Assumptions*

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

The following are the discount rates used in each period: 3.93% 3.65% 3.54% 2.16% 2.21% 3.50%

The BOCES' net OPEB liability is not funded. Therefore, the liability is the net position of the plan. The BOCES currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

The healthcare trend costs rates have been reset to an initial rate of 5.1% decreasing annually to an ultimate rate of 4.1% by 2076.

Plan Assets - No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits.

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OTHER SUPPLEMENTARY INFORMATION
ANALYSIS OF ACCOUNT A431 AND A431-80 SCHOOL DISTRICTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

July 1, 2023 - Debit (Credit) Balance \$ 59,483,523

Debits

Billings to School Districts	421,227,067
Refund of Balances Due to School Districts	30,731,979
Adjustment - Credit to School Districts	
Expenditures in Excess of Revenues	2,453,149
Encumbrances - End of Year	<u>3,426,188</u>
Total Debits	<u><u>457,838,383</u></u>

Credits

Collections from School Districts	422,424,202
Revenues in Excess of Expenditures	35,815,633
Encumbrances - Beginning of Year	5,879,337
Other Adjustments - Beginning of Year	<u>86,434</u>
Total Credits	<u><u>464,205,606</u></u>

June 30, 2024 - Debit (Credit) Balance \$ 53,116,300

Breakdown of A431 and A380 Debit Balance

Receivables from Districts-A431	\$ 88,931,933
Surplus Payable to Districts-Credit	<u>(35,815,633)</u>
Net Receivable from Districts - Debit	<u><u>\$ 53,116,300</u></u>

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Project Name	Authorized Budget June 30, 2023	Authorized Budget June 30, 2024	Expenditures and Transfers to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2024
			Prior Years Expenses	Current Year Expenses	Total		Proceeds of Obligations	Local Sources	Total	
MTC Doors and Hardware upgrades	\$ -	\$ 220,000	\$ -	\$ -	\$ -	\$ 220,000	\$ -	\$ 220,000	\$ 220,000	\$ 220,000
BTC Doors and Hardware upgrades	-	220,000	-	-	-	220,000	-	220,000	220,000	220,000
HB Ward Bldg #2 Electric Service Exterior	-	96,000	-	-	-	96,000	-	96,000	96,000	96,000
Security Camera Upgrades Agency Wide	-	311,868	-	257,698	257,698	54,170	-	311,868	311,868	54,170
Capital Projects- Greenhouse	232,898	232,898	137,258	-	137,258	95,640	-	232,899	232,899	95,641
Armory Improvements (NEW)	1,650,000	1,490,700	1,490,700	-	1,490,700	-	-	1,490,700	1,490,700	-
James Hines HVAC	2,288,195	2,288,195	1,075,611	6,321	1,081,932	1,206,263	-	2,288,195	2,288,195	1,206,263
James Hines Roof	815,545	815,545	31,102	4,443	35,545	780,000	-	815,545	815,545	780,000
BTC Flooring Project	1,110,000	1,110,000	286,773	40,989	327,762	782,238	-	1,110,000	1,110,000	782,238
MTC Flooring Project	890,000	890,000	403,468	-	403,468	486,532	-	890,000	890,000	486,532
HBW Roof Shingles	93,000	93,000	-	2,416	2,416	90,584	-	93,000	93,000	90,584
MTC Welding Shop HVAC	37,421	1,294,020	-	49,382	49,382	1,244,638	-	1,294,020	1,294,020	1,244,638
MTC Building Management Systems	75,000	75,000	-	30,126	30,126	44,874	-	75,000	75,000	44,874
BTC Building Management Systems	150,000	150,000	72,788	41,508	114,296	35,704	-	150,000	150,000	35,704
Capital Projects- Unallocated	4,360,181	4,944,238	-	-	-	4,944,238	-	4,944,238	4,944,238	4,944,238
Career Education	1,869,597	1,935,723	619,559	-	619,559	1,316,164	-	1,935,723	1,935,723	1,316,164
Proceeds of debt and leases	-	10,985,473	-	10,985,473	10,985,473	-	10,985,473	-	10,985,473	-
	<u>\$ 13,571,837</u>	<u>\$ 27,152,660</u>	<u>\$ 4,117,259</u>	<u>\$ 11,418,356</u>	<u>\$ 15,535,615</u>	<u>\$ 11,617,045</u>	<u>\$ 10,985,473</u>	<u>\$ 16,167,188</u>	<u>\$ 27,152,661</u>	<u>\$ 11,617,046</u>

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Capital assets, net		\$ 82,325,916
Intangible lease assets, net		17,492,324
Subscription assets, net		578,741
Deduct:		
Accounts payable	\$ 122,648	
Short-term portion of lease liabilities	3,867,066	
Long-term portion of lease liabilities	14,230,335	
Short-term portion of installment purchase debt	1,758,817	
Long-term portion of installment purchase debt	1,904,564	
Short-term portion of deferred payment plan debt	937,710	
Long-term portion of deferred payment plan debt	<u>1,648,524</u>	<u>24,469,664</u>
Net investment in capital assets		<u><u>\$ 75,927,317</u></u>

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

To the Board of Education
Eastern Suffolk Board of Cooperative Educational Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Eastern Suffolk Board of Cooperative Educational Services (the "BOCES"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements, and have issued our report thereon dated October 18, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

A handwritten signature in dark ink that reads "R.S. Abrams & Co., LLP". The signature is written in a cursive, flowing style.

R.S. Abrams & Co., LLP
Islandia, New York
October 18, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Education
Eastern Suffolk Board of Cooperative Educational Services

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Eastern Suffolk Board of Cooperative Educational Services' (the "BOCES") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the BOCES' major federal programs for the year ended June 30, 2024. The BOCES' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the BOCES complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the BOCES and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the BOCES' compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the BOCES' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the BOCES' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the BOCES' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 BOCES' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the BOCES' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the BOCES' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 18, 2024

EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number (ALN)	Agency or Pass-through Number	Program Expenditures
<u>U.S. Department of Education</u>			
Student Financial Assistance Cluster			
Direct:			
Federal Direct Student Loans	84.268	N/A	\$ 1,327,675
Federal Pell Grant Program	84.063	N/A	951,279
<i>Total Student Financial Assistance Cluster</i>			<u>2,278,954</u>
COVID-19 - Higher Education Emergency Relief Fund - Student Aid	84.425E	N/A	113,236
<i>Total COVID-19 Education Stabilization Fund</i>			<u>113,236</u>
Pass-Through New York State Education Department			
Adult Education - Basic Grants to States	84.002	2396-24-1403	147,036
Adult Education - Basic Grants to States	84.002	2396-24-1404	147,348
Adult Education - Basic Grants to States	84.002	2338-24-1106	650,000
Adult Education - Basic Grants to States	84.002	0138-24-1300	250,000
Adult Education - Basic Grants to States	84.002	0040-24-1204	300,000
<i>Total Adult Education - Basic Grants to States</i>			<u>1,494,384</u>
Migrant Education - State Grant Program	84.011	0035-23-0009	103,493
Migrant Education - State Grant Program	84.011	0035-24-0009	618,315
<i>Total Migrant Education - State Grant Program</i>			<u>721,808</u>
Vocational Education - Basic Grants to States	84.048	8000-23-0012	153,784
Vocational Education - Basic Grants to States	84.048	8000-24-0012	1,092,580
Vocational Education - Basic Grants to States	84.048	8000-24-9025	282,365
<i>Total Vocational Education - Basic Grants to States</i>			<u>1,528,729</u>
Twenty-First Century Community Learning Centers	84.287	0187-24-8084	1,150,876
Twenty-First Century Community Learning Centers	84.287	0187-23-8084	1,783
<i>Total Twenty-First Century Community Learning Centers</i>			<u>1,152,659</u>
English Language Acquisition State Grant	84.365	0293-23-3285	58,654
English Language Acquisition State Grant	84.365	0293-24-3285	267,995
<i>Total English Language Acquisition State Grant</i>			<u>326,649</u>
COVID-19 - Education for Homeless Children and Youth	84.425W	5218-21-8230	17,299
COVID-19 - Education for Homeless Children and Youth	84.425W	5212-21-3093	23,159
COVID-19 - Education for Homeless Children and Youth	84.425W	5212-21-3095	15,350
COVID-19 - Education for Homeless Children and Youth	84.425W	5212-21-3090	27,770
COVID-19 - Education for Homeless Children and Youth	84.425W	5212-21-3091	13,700
COVID-19 - Education for Homeless Children and Youth	84.425W	5212-21-3094	27,107
COVID-19 - Education for Homeless Children and Youth	84.425W	5212-21-3092	22,596
<i>Total COVID-19 Education Stabilization Fund</i>			<u>146,981</u>
Total U.S. Department of Education			<u>7,763,400</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-Through New York State Education Department			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	CFA0143-1	8,800
Total Department of Health and Human Services			<u>8,800</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
Direct			
National School Lunch Program (Non-Cash Food Distribution)	10.555	N/A	105,854
Pass-Through New York State Education Department			
School Breakfast Program (Cash Assistance)	10.553	N/A	716,436
National School Lunch Program (Cash Assistance)	10.555	N/A	1,038,509
Supply Chain Assistance	10.555	N/A	46,996
<i>Total Child Nutrition Cluster</i>			<u>1,907,795</u>
Total U.S. Department of Agriculture			<u>1,907,795</u>
<u>U.S. Department of Justice</u>			
Direct			
Department of Justice Grant	16.812	N/A	201,100
Total U.S. Department of Justice			<u>201,100</u>
<u>U.S. Department of Homeland Security</u>			
Direct			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4480DRNY	567,974
Total U.S. Department of Homeland Security			<u>567,974</u>
Total Expenditures of Federal Awards			<u>\$ 10,449,069</u>

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Eastern Suffolk Board of Cooperative Educational Services (the “BOCES”) under programs of the federal government for the fiscal year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the BOCES, it is not intended to and does not present the financial position, changes in net position, or cash flows of the BOCES.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The value of food commodities was calculated using the U.S. Department of Agriculture’s Food and Nutrition Service commodity price lists. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. Pass-through entity identifying numbers are presented where available.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Matching costs (the BOCES’ share of certain program costs) are not included in the reported expenditures.

3. INDIRECT COST RATE

The BOCES has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS

No amounts were provided to subrecipients.

5. OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds is covered by the BOCES’ casualty insurance policies. There were no loans or loan guarantees outstanding at year end.

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

PART I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion(s) issued: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? _____yes x no

Significant deficiencies identified that are not
considered to be material weakness(es)? _____yes x none reported

Noncompliance material to financial statements noted? _____yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____yes x no

Significant deficiencies identified that are not
considered to be material weakness(es)? _____yes x none reported

Type of auditor's opinion(s) issued on compliance for
major programs: *Unmodified*

Any audit findings disclosed that are required to be reported
in accordance with the 2 CFR 200.516(a)? _____yes x no

Identification of major programs:

<u>Name of federal program</u>	<u>Assistance Listing Number(s)</u>
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Twenty-First Century Community Learning Centers	84.287
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Vocational Education - Basic Grants to States	84.048
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Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
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Auditee qualified as low risk?	_____x yes _____no
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**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

PART II FINANCIAL STATEMENT FINDINGS

There are no financial statements findings to be reported.

PART III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings and questioned costs to be reported.

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FINDING # 2023-001: The BOCES is required to, per the Gramm-Leach-Bliley Act (GLBA), develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts and that addresses the seven elements required within the act. The predecessor auditor noted the BOCES did not implement all seven of the required elements.

STATUS: **Implemented.**

**EASTERN SUFFOLK BOARD OF COOPERATIVE EDUCATIONAL SERVICES
CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

A corrective action plan for the fiscal year ended June 30, 2024 is not required.