


**\$19,975,000**

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK  
MASTER BOCES PROGRAM LEASE REVENUE BONDS  
(GREATER SOUTHERN TIER ISSUE), SERIES 2023**

**Dated: Date of Delivery****Due: As shown on the inside cover**

**Payment and Security:** The Series 2023 Bonds (as defined herein) will be special obligations of the Dormitory Authority of the State of New York ("DASNY") payable solely from and secured by a pledge of certain payments to be made by the Greater Southern Tier Board of Education of the Board of Cooperative Educational Services, Sole Supervisory District, Schuyler, Steuben, Chemung, Tioga, and Allegany Counties, New York ("GST BOCES") pursuant to a Lease and Agreement, dated as of June 21, 2023 (the "Agreement") between DASNY and GST BOCES and all funds and accounts (except the Arbitrage Rebate Fund) authorized under DASNY's Master BOCES Program Lease Revenue Bond Resolution, adopted August 15, 2001, as amended and supplemented (the "Master Resolution"), and established by DASNY's Series Resolution authorizing up to \$20,000,000 Master BOCES Program Lease Revenue Bonds (Greater Southern Tier Issue), Series 2023, adopted June 21, 2023 (the "Series 2023 Resolution" and, together with the Master Resolution, the "Resolutions").

The Agreement, which is a general obligation of GST BOCES, requires GST BOCES to pay, or cause to be paid, amounts sufficient to pay the principal and Redemption Price of and interest on the Series 2023 Bonds as such payments become due (the "Basic Rent"), as well as additional rental fees and expenses of DASNY and the Trustee (collectively with the Basic Rent, the "Rentals"). Payment of GST BOCES's obligations under the Agreement shall be made pursuant to the provisions of the Act (as hereinafter defined) which provides that the Comptroller of the State of New York shall deduct from any State funds payable to GST BOCES an amount equal to the amount payable by GST BOCES to DASNY under the Agreement for the ensuing school year. To secure its payment of all of the Rentals due under the Agreement, including the Basic Rent, GST BOCES will assign and pledge to DASNY a portion of any and all public funds apportioned by the State of New York (the "State") to GST BOCES sufficient to pay such amounts (the "Pledged Revenues"). The Series 2023 Bonds will be secured by the pledge and assignment to the Trustee of the Basic Rent payments to be paid by GST BOCES to DASNY under the Agreement and DASNY's interest in the Pledged Revenues. The apportionment of State aid is based on a statutory formula. Both the determination of the amount of State aid and the apportionment of such State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to GST BOCES. Such amendments could result in the increase, decrease or elimination of the amount of State aid available for the payment of debt service on the Series 2023 Bonds. The financial condition of the State may affect the amount of State aid appropriated by the State Legislature. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS."

GST BOCES does not levy or collect taxes. The component school districts of GST BOCES, however, are required to levy taxes to pay their allocable share of GST BOCES's administrative expenses, including the payment of each component school district's proportionate share of the amount due from GST BOCES to DASNY under the Agreement. See "PART 4 – BOARDS OF COOPERATIVE EDUCATIONAL SERVICES" and "PART 5 – GST BOCES."

**The Series 2023 Bonds will not be a debt of the State of New York, nor will the State be liable thereon. DASNY has no taxing power.**

**Description:** The Series 2023 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest (due February 15, 2024 and each February 15 and August 15 thereafter) on the Series 2023 Bonds will be payable by check mailed to the registered owners thereof and principal will be payable at the corporate trust office of The Bank of New York Mellon, New York, New York, Trustee and Paying Agent. The Series 2023 Bonds will be issued initially under a Book-Entry Only System, registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). Individual purchases of beneficial interests in the Series 2023 Bonds will be made in Book-Entry form (without certificates). So long as DTC or its nominee is the registered owner of the Series 2023 Bonds, payments of the principal and Redemption Price of and interest on the Series 2023 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "PART 3 – THE SERIES 2023 BONDS – Book-Entry Only System" herein.

**Redemption:** The Series 2023 Bonds are subject to redemption prior to maturity as more fully described herein.

**Tax Matters:** In the opinion of Bryant Rabbino LLP, Bond Counsel to DASNY, under existing law and assuming continuing compliance by DASNY and GST BOCES with certain tax covenants described herein, and the accuracy and completeness of certain representations and certifications made by DASNY and GST BOCES described herein, (i) interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Series 2023 Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code, however, for tax years beginning after December 31, 2022, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, Bond Counsel is of the opinion that under the existing law interest on the Series 2023 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York. See "PART 11 – TAX MATTERS" herein regarding certain other tax considerations.

*The Series 2023 Bonds are offered when, as and if issued and received by the Underwriter. The offer of the Series 2023 Bonds may be subject to prior sale or may be withdrawn or modified at any time without notice. The offer is subject to the approval of legality by DASNY'S Bond Counsel, Bryant Rabbino LLP, New York, New York, and to certain other conditions. Certain legal matters will be passed upon for the Underwriter by its counsel, Trespasz & Marquardt, LLP, Syracuse, New York and for GST BOCES by its counsel, Law Offices of Timothy R. McGill, Esq., Fairport, New York. DASNY expects to deliver the Series 2023 Bonds in definitive form in New York, New York, on or about August 15, 2023.*

**Roosevelt & Cross Incorporated**

**\$19,975,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**MASTER BOCES PROGRAM LEASE REVENUE BONDS**  
**(GREATER SOUTHERN TIER ISSUE), SERIES 2023**

<u>Due August 15,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>	<u>Due August 15,</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2025	\$325,000	5.000%	3.290%	65000B G93	2032	\$460,000	5.000%	2.960%*	65000B H84
2026	345,000	5.000	3.170	65000B H27	2033	480,000	5.000	3.050*	65000B H92
2027	360,000	5.000	3.060	65000B H35	2034	505,000	5.000	3.140*	65000B J25
2028	380,000	5.000	3.040	65000B H43	2035	530,000	5.000	3.240*	65000B J33
2029	395,000	5.000	2.980	65000B H50	2036	560,000	5.000	3.370*	65000B J41
2030	415,000	5.000	2.950	65000B H68	2037	585,000	5.000	3.520*	65000B J58
2031	435,000	5.000	2.930	65000B H76	2038	615,000	5.000	3.620*	65000B J66

**\$3,565,000 5.000% Term Bond Due August 15, 2043 Yield 3.980%\* CUSIP Number 65000B J74**

**\$4,490,000 4.250% Term Bond Due August 15, 2048 Yield 4.470% CUSIP Number 65000B J82**

**\$5,530,000 4.250% Term Bond Due August 15, 2053 Yield 4.530% CUSIP Number 65000B J90**

\* Priced at the stated yield to the first optional call date of August 15, 2031

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No dealer, broker, salesperson or other person has been authorized by DASNY, GST BOCES or the Underwriter to give any information or to make any representations with respect to the Series 2023 Bonds, other than the information and representations contained in this Official Statement. If given or made, such information or representations must not be relied upon as having been authorized by DASNY, GST BOCES or the Underwriter.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be a sale of the Series 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth herein relating to DASNY under the heading "DASNY" has been obtained from DASNY. All other information herein has been obtained by the Underwriter or from GST BOCES and other sources deemed to be reliable by the Underwriter and is not to be construed as a representation by DASNY or the Underwriter. In addition, DASNY does not warrant the accuracy of the statements contained herein relating to GST BOCES nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of GST BOCES, (2) the sufficiency of the security for the Bonds or (3) the value or investment quality of the Bonds.

Certain information in this Official Statement has been supplied by GST BOCES and other sources that DASNY believes are reliable. Neither DASNY nor the Underwriter guarantees the accuracy or completeness of such information and such information is not to be construed as a representation of DASNY or of the Underwriter.

GST BOCES has reviewed the information in this Official Statement under the headings "PART 4 – BOARDS OF COOPERATIVE EDUCATIONAL SERVICES," "PART 5 – GST BOCES," "PART 6 – THE PROJECT," and "PART 7 – ESTIMATED SOURCES AND USES OF FUNDS." GST BOCES shall certify as of the dates of sale and delivery of the Series 2023 Bonds that such parts do not contain any untrue statement of a material fact and do not omit any material facts necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. GST BOCES makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

The New York State Department of Education (the "Department") has reviewed the parts of this Official Statement relating to GST BOCES generally and the Department's participation in the transaction contemplated herein. The Department shall certify as of the date of delivery of the Series 2023 Bonds that such parts do not contain any untrue statement of a material fact and do not omit any material facts necessary to make the statements made therein, in the light of the circumstances under which the statements are made, not misleading. The Department makes no representation as to the accuracy or completeness of any other information included in this Official Statement.

References in this Official Statement to the Act, the Resolutions, the Agreement and the Agreement of Lease (as defined herein) do not purport to be complete. Refer to the Act, the Resolutions, the Agreement and the Agreement of Lease for full and complete details of their provisions. Copies of the Resolutions, the Agreement and the Agreement of Lease are on file with DASNY and the Trustee.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance and all material in this Official Statement, including its appendices, must be considered in its entirety.

Under no circumstances shall the delivery of this Official Statement, or any sale made after its delivery, create any implication that the affairs of DASNY or GST BOCES have remained unchanged after the date of this Official Statement.

**IN CONNECTION WITH THE OFFERING OF THE SERIES 2023 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2023 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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**DORMITORY AUTHORITY – STATE OF NEW YORK**  
**REUBEN R. McDANIEL, III – PRESIDENT**

**515 BROADWAY ALBANY, N.Y. 12207**  
**LISA A. GOMEZ – CHAIR**

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**OFFICIAL STATEMENT RELATING TO**  
**\$19,975,000**  
**DORMITORY AUTHORITY OF THE STATE OF NEW YORK**  
**MASTER BOCES PROGRAM LEASE REVENUE BONDS**  
**(GREATER SOUTHERN TIER ISSUE), SERIES 2023**

**PART 1 – INTRODUCTION**

**Purpose of the Official Statement**

The purpose of this Official Statement, including the cover and the inside cover page and appendices, is to provide information about the Dormitory Authority of the State of New York (“DASNY”) and the Greater Southern Tier Board of Education of the Board of Cooperative Educational Services, Sole Supervisory District, Schuyler, Steuben, Chemung, Tioga, and Allegany Counties, New York (the “GST BOCES”) in connection with the offering by DASNY of \$19,975,000 aggregate principal amount of the Master BOCES Program Lease Revenue Bonds (Greater Southern Tier Issue), Series 2023 (the “Series 2023 Bonds”).

The following is a description of certain information concerning GST BOCES, the Series 2023 Bonds, DASNY and the Project (as hereafter described). A more complete description of such information and additional information that may affect decisions to invest in the Series 2023 Bonds is contained throughout this Official Statement, which should be read in its entirety. Certain terms used in this Official Statement are defined in Appendix A hereto.

**Purpose of the Issue**

The Series 2023 Bonds are being issued and proceeds thereof will be used together with other available moneys to (i) pay a portion of the Costs of the Project; (ii) make a deposit to the Debt Service Reserve Fund; and (iii) pay the Costs of Issuance of the Series 2023 Bonds. See “PART 6 – THE PROJECT” and “PART 7 – ESTIMATED SOURCES AND USES OF FUNDS.” The aggregate amount of Series 2023 Bonds that DASNY is authorized to issue in connection with the Project is \$20,000,000.

**Authorization of Issuance**

The Act empowers DASNY, among other things, to issue its bonds for the purpose of financing or refinancing the acquisition, construction or improvement of “board of cooperative educational services school facilities.” The Act further authorizes any board of cooperative educational services in the State (a “BOCES”), when authorized by its voters, to convey a leasehold interest in property owned by such BOCES to DASNY and to lease the property back from DASNY for purposes of financing such BOCES’s school facilities. Consistent with the Act, GST BOCES will lease certain property in connection with the Project to DASNY pursuant to an Agreement of Lease dated as of June 21, 2023 (the “Agreement of Lease”), and DASNY will sublease the Project back to GST BOCES pursuant to a Lease and Agreement dated as of June 21, 2023 (the “Agreement”).

The Series 2023 Bonds will be issued pursuant to the Act, the Master Resolution and the Series 2023 Resolution. The Master Resolution and the Series 2023 Resolution are herein collectively referred to as the “Resolutions.” The

Master Resolution authorizes the issuance of multiple Series of Bonds for BOCES throughout the State. Each Series of Bonds is to be separately secured by (i) the funds and accounts, including a debt service reserve fund, but excluding the Arbitrage Rebate Fund, established pursuant to a Series Resolution, (ii) certain payments to be made under an agreement to be executed by and between DASNY and a BOCES for whose benefit the Series of Bonds is to be issued and (iii) the pledge and assignment by such BOCES in its agreement of a portion of State aid payable to such BOCES sufficient to pay the amounts due under such agreement. Neither the funds and accounts established under any Series Resolution nor any agreement nor the pledge and assignment of State aid for one Series of Bonds shall secure any other Series of Bonds, except that an additional Series of Bonds issued to finance a project for a BOCES for which Bonds have already been issued may be secured on a subordinate basis to the Outstanding Series of Bonds for such BOCES.

## **DASNY**

DASNY is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, governmental and not-for-profit institutions. See “PART 8 – DASNY.”

## **GST BOCES**

GST BOCES was formed July 1, 2006 with the merger of Steuben-Allegany BOCES (established in 1954) and Schuyler-Chemung-Tioga BOCES (established in 1956). GST BOCES provides shared services to 21 school districts in Schuyler, Steuben, Chemung, Tioga, and Allegany Counties, New York that together have approximately 30,000 students. GST BOCES shared services are intended to enhance local district educational programs and to provide educational programs to component school districts which individual school districts could not themselves provide efficiently or economically. Thus, GST BOCES programs generally offer advantages to school districts of specialization and economy of scale. GST BOCES is one of 37 Boards of Cooperative Educational Services in New York State. The financial statements of GST BOCES for the fiscal year ended June 30, 2022 are set forth in Appendix B hereto. See “PART 5 – GST BOCES.”

## **The Series 2023 Bonds**

The Series 2023 Bonds will be dated and bear interest from their delivery date, payable each February 15 and August 15, commencing February 15, 2024. The Series 2023 Bonds will bear interest at the rates and mature at the times set forth on the inside cover page of this Official Statement. See “PART 3 – THE SERIES 2023 BONDS – Description of the Series 2023 Bonds.”

## **Payment of the Series 2023 Bonds**

The Series 2023 Bonds are special obligations of DASNY payable solely from the Basic Rent payments to be made by GST BOCES under the Agreement. Pursuant to the Master Resolution, such payments and DASNY’s right to receive the same have been pledged to the Trustee.

The Act provides that the Comptroller of the State of New York is to deduct from any State funds payable to GST BOCES an amount equal to the amount payable by GST BOCES to DASNY under the Agreement for the ensuing school year. Such amount will be paid directly to the Trustee. The apportionment of State aid is based on a statutory formula. Both the determination of the amount of State aid and the apportionment of such State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to GST BOCES. Such amendments could result in the increase, decrease or elimination of the amount of State aid available for the payment of debt service on the Series 2023 Bonds. The financial condition of the State may affect the amount of State aid appropriated by the State Legislature. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS.”

GST BOCES has no power to levy and collect taxes. The component school districts of GST BOCES, however, are required to levy real property taxes to pay their allocable share of expenses related to the Project. The Act provides that the amount due from GST BOCES to DASNY under the Agreement constitutes either an “administrative expense” or a “capital expense”, as determined by the Commissioner of the State Education Department. See “PART 4 – BOARDS OF COOPERATIVE EDUCATIONAL SERVICES.”

## **Security for the Series 2023 Bonds**

The Series 2023 Bonds will be separately secured by the pledge and assignment to the Trustee of Basic Rent payable under the Agreement, the proceeds from the sale of the Series 2023 Bonds (until disbursed as provided by the Master Resolution) and all funds and accounts authorized by the Master Resolution and established by the Series 2023 Resolution (with the exception of the Arbitrage Rebate Fund), which include a separate Debt Service Reserve Fund for the Series 2023 Bonds. The Agreement requires GST BOCES to pay Basic Rent to DASNY as well as additional rental fees and expenses of DASNY and the Trustee (together with Basic Rent, the “Rentals”). To secure the payment of the Rentals, GST BOCES will assign and pledge to DASNY a portion of any and all public funds apportioned by the State to GST BOCES in an amount sufficient to pay such Rentals. The funds and accounts established by a Series Resolution secure only the Bonds of such Series and do not secure any other Series of Bonds issued under the Master Resolution. The Series 2023 Bonds are the first series of Bonds issued for GST BOCES under the Master Resolution.

## **The Project**

The Project consists of the design, construction, renovation, repair and/or equipping of various facilities of GST BOCES, including the construction of capital improvements consisting of additions to, and reconstruction of, existing GST BOCES buildings and facilities including original equipment, machinery, apparatus, appurtenances, site work and incidental construction, reconstruction, improvements and expenses in connection therewith, all at a maximum estimated aggregate cost of \$20,000,000 (the “Project”). See “PART 6 – THE PROJECT.”

## **PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS**

*Set forth below is a narrative description of certain contractual and statutory provisions relating to the sources of payment and security for the Bonds, including the Series 2023 Bonds, issued under the Master Resolution. These provisions have been summarized and this description does not purport to be complete. Reference should be made to the Act, the Resolutions, the Agreement and the Agreement of Lease for a more complete description of such provisions. Copies of the Resolutions, the Agreement and the Agreement of Lease are on file with DASNY and the Trustee. See also “Appendix C – Summary of Certain Provisions of the Lease and Agreement” and “Appendix D – Summary of Certain Provisions of the Master Resolution” for a more complete statement of the rights, duties and obligations of the parties thereto.*

## **Payment of the Series 2023 Bonds**

The Series 2023 Bonds are special obligations of DASNY. The principal and Redemption Price of and interest on the Series 2023 Bonds are payable solely from the Revenues. The Revenues applicable to the Series 2023 Bonds consist of the Basic Rent required to be paid by GST BOCES under the Agreement on account of the principal of and Redemption Price of and interest on the Series 2023 Bonds and to maintain the Debt Service Reserve Fund at the Debt Service Reserve Fund Requirement as well as the Pledged Revenues and DASNY’s right to receive same. See “Appendix A – Definitions – Revenues.” The Revenues and the right to receive them have been pledged to the Trustee for the benefit of the owners of the Series 2023 Bonds.

GST BOCES is to assign and pledge to DASNY a portion of any and all public funds payable by the State to GST BOCES in an amount sufficient to pay all Rentals due under the Agreement. State aid is normally paid to GST BOCES by the State on or about February 1, June 1 and September 1 of each year (but such schedule may be changed by the State in its discretion). The Act provides that the Comptroller of the State of New York (the “State Comptroller”) is to deduct from any State funds to become due to GST BOCES an amount equal to the amount payable by GST BOCES to DASNY under the Agreement for the ensuing school year and pay such amount to DASNY. It is expected that the September 1 payment of State aid to GST BOCES will be sufficient to pay the Basic Rent due on such date (i.e., an amount sufficient to pay principal of and interest on the Series 2023 Bonds on the succeeding February 15 and August 15). To the extent that payments from the State Comptroller to the Trustee are less than the Basic Rent due on September 1, GST BOCES would be required to make such payment (with amounts paid later by the State or with other monies of GST BOCES) by January 15 (with respect to the February 15 debt service payment) and July 15 (with respect to the August 15 debt service payment).

The Basic Rent payable in connection with the Series 2023 Bonds is to be paid to the Trustee on or about September 1 of each year commencing on September 1, 2023 in accordance with the provisions of the Act and the terms of the Memorandum of Understanding by and among the New York State Department of Education, the State Comptroller and DASNY. Basic Rent, with respect to the Series 2023 Bonds, is equal to the interest and principal coming due on the next succeeding February 15 and August 15 for the Series 2023 Bonds. In addition, the installment due on or about September 1 of any year includes the amount, if any, required to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement.

### **Direct Payment by State Comptroller**

The Act requires DASNY to certify annually to the Commissioner of Education (the “Commissioner”) the total amount payable to DASNY in each year by GST BOCES. The Commissioner is then required by law to certify to the State Comptroller the amount of State aid payable to GST BOCES and the amount to be paid by GST BOCES to DASNY for the ensuing school year. The State Comptroller is thereafter required by law to deduct the amount so certified as payable to DASNY from any State aid to become due to GST BOCES and pay it to or upon the order of DASNY.

The State is not legally obligated to appropriate any moneys for the purpose of providing State aid or assistance to GST BOCES or any other BOCES. The apportionment of State aid is based on a statutory formula. Both the determination of the amount of State aid and the apportionment of such State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to GST BOCES. Such amendments could result in the increase, decrease or elimination of the amount of State aid available for the payment of debt service on the Series 2023 Bonds. The financial condition of the State may affect the amount of State aid appropriated by the State Legislature.

GST BOCES has no power to levy and collect taxes. The component school districts of GST BOCES, however, are required to levy taxes to pay their allocable share of administrative and capital expenses, including the payment of each component school district’s proportionate share of the amount due from GST BOCES to DASNY under the Agreement. See “PART 4 – BOARDS OF COOPERATIVE EDUCATIONAL SERVICES.” No BOCES, nor the component school districts thereof, are obligated to pay administrative or capital expenses of any other BOCES.

The Series 2023 Bonds will not be a debt of the State nor will the State be liable thereon. DASNY has no taxing power.

### **Tax Levy Limitation Law**

Historically, the amount of state aid provided to GST BOCES exceeded the expected amount due on the Series 2023 Bonds to be issued by DASNY for the benefit of GST BOCES. However, in the event that the amount of state aid due to GST BOCES in a particular calendar year (subject to intercept by the Comptroller) is less than the amount that GST BOCES owes DASNY in that calendar year, the component school districts of GST BOCES will be obligated to levy taxes to pay their allocable share of GST BOCES’s administrative expenses, subject to any restrictions provided in State law.

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (“Chapter 97” or the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers.) While GST BOCES does not have the power to levy property taxes, the Component School Districts upon which it relies for payments do.

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year’s budget or one hundred twenty percent (120%) of the consumer price index (“CPI”).



Chapter 97 requires that a school district submit its proposed tax levy to the voters each year, which requirement commenced with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020; however, recent legislation has made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures" are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and this is an exclusion from the tax levy limitation.

Pursuant to regulations adopted by the New York State Department of Taxation and Finance effective March 17, 2020, beginning in the 2020 - 2021 school year and each school year thereafter, Capital Local Expenditures that may be excluded from the tax levy limitation include a school district's allowable share of BOCES capital expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of, or otherwise providing for school district/BOCES capital facilities, school district/BOCES capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law, subject to certain requirements set forth in the regulations. As a result of the new regulations, Basic Rent payable by GST BOCES under the Agreement, which is to be applied to pay debt service on the Series 2023 Bonds, may be considered a Capital Local Expenditure for GST BOCES's component school districts that is excluded from the school districts' tax levy limitation.

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 ("Chapter 59"), provides a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts became eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government became eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts' budgets were required to comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government were required to have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with

a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved “government efficiency plan” which demonstrates “three year savings and efficiencies of at least one per cent per year from shared services, cooperation Agreement and/or mergers or efficiencies”.

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of Chapter 59 for future tax levies and for operations and services of GST BOCES are uncertain at this time.

### **Security for the Series 2023 Bonds**

The Series 2023 Bonds will be secured by the pledge and assignment to the Trustee of the Basic Rent, the proceeds from the sale of the Series 2023 Bonds (until disbursed as provided by the Master Resolution and the Series 2023 Resolution) and all funds and accounts authorized by the Master Resolution and established by the Series 2023 Resolution (with the exception of the Arbitrage Rebate Fund), which include a separate Debt Service Reserve Fund, and DASNY’s security interest in the Pledged Revenues. Pursuant to the terms of the Resolutions, the funds and accounts established by the Series 2023 Resolution secure only the Series 2023 Bonds and do not secure any other Series of Bonds issued under the Master Resolution. The Series 2023 Bonds are the first series of Bonds issued for GST BOCES under the Master Resolution.

### **Lease Payments**

Consistent with the Act, GST BOCES will, pursuant to its Agreement of Lease, lease certain property on which the Project is located to DASNY and DASNY will in turn sublease such property and the Project back to GST BOCES pursuant to the Agreement. No Series 2023 Bonds are secured by any real estate interest in a Project. The Agreement is a general obligation of GST BOCES. GST BOCES’s obligation to pay Rentals under the Agreement is absolute and unconditional without any right of set-off, recoupment or counterclaim against DASNY.

DASNY has covenanted for the benefit of the Holders of the Series 2023 Bonds that it will not create, or cause to be created, any lien or charge upon the Revenues or its interest in the Pledged Revenues, the proceeds of the Series 2023 Bonds or the funds or accounts established under the Master Resolution.

### **Pledge and Assignment of State Aid**

As additional security for the payment of the Rentals, including Basic Rent, to DASNY, GST BOCES will pledge and assign to DASNY, a portion of any and all public funds payable by the State to GST BOCES in an amount sufficient to pay such Rentals. GST BOCES further agrees that all State and local officials concerned are authorized to apportion and pay to or upon the order of DASNY all such pledged funds. The pledge and assignment will be irrevocable (in accordance with the Act) and will continue until the date on which the liabilities of DASNY incurred as a result of the issuance of the Series 2023 Bonds have been paid or otherwise discharged. None of the public funds pledged by GST BOCES is to be applied to pay Rentals payable by any other BOCES. See “PART 4 – BOARDS OF COOPERATIVE EDUCATIONAL SERVICES – State Aid to BOCES.”

## **Debt Service Reserve Fund**

The Master Resolution requires that the Debt Service Reserve Fund with respect to Series 2023 Bonds be maintained at its applicable requirement, which is an amount, with respect to Series 2023 Bonds, equal to one-half of the amount equal to the greatest amount required in the then current or any future calendar year to pay the sum of the principal and Sinking Fund Installments of and interest on the Outstanding Bonds of such Series payable during such calendar year subject to any limitation imposed by the Internal Revenue Code of 1986, as amended (the “Code”). The Debt Service Reserve Fund Requirement is initially \$626,175. The Series 2023 Debt Service Reserve Fund Requirement will be recalculated not less often than annually and, if necessary, reduced.

In lieu of or in substitution for moneys, DASNY elected to deposit with the Trustee a Reserve Fund Facility for the benefit of the Series 2023 Bonds for all of the Debt Service Reserve Fund Requirement. It is anticipated that upon issuance of the Series 2023 Bonds, DASNY will cause Build America Mutual Assurance Company to issue a Municipal Bond Debt Service Reserve Insurance Policy in order to satisfy the Debt Service Reserve Fund Requirement relating to the Series 2023 Bonds.

Moneys in the Debt Service Reserve Fund are to be withdrawn and deposited in the Debt Service Fund whenever the amount in the Debt Service Fund on the fourth Business Day preceding any interest payment date is less than the amount which is necessary to pay the principal and Sinking Fund Installments, if any, of and interest on Outstanding Series 2023 Bonds payable on such interest payment date. The Master Resolution requires, and the Agreement provides that the amount necessary to restore the Debt Service Reserve Fund to its requirement is to be included in the Basic Rent. Moneys in the Debt Service Reserve Fund in excess of its requirement may be deposited in other funds and accounts for the Series 2023 Bonds and applied by the Trustee in accordance with the Master Resolution. See “Appendix D – Summary of Certain Provisions of the Master Resolution.”

## **Issuance of Additional Bonds**

In addition to the Series 2023 Bonds, the Master Resolution authorizes the issuance of other Series of Bonds for GST BOCES and other BOCES for other specified purposes. The Series 2023 Bonds, issued under the Master Resolution, will be secured by the pledge and assignment of the Revenues, DASNY’s interest in the Pledged Revenues, the proceeds from the sale of such Series of Bonds and all funds and accounts (with the exception of the Arbitrage Rebate Fund) authorized by the Series 2023 Resolution. Any additional Series of Bonds issued to finance or refinance a project for GST BOCES would be paid and secured on a subordinate basis to the Series 2023 Bonds unless otherwise consented to by a majority of the Holders of the Series 2023 Bonds.

The Series 2023 Bonds will not be a debt of the State of New York, nor will the State be liable thereon. DASNY has no taxing power. See “PART 8 – DASNY.”

## **Defaults and Remedies under the Agreement**

Among the events that would constitute an “event of default” under the Agreement are the failure by GST BOCES to pay the Rentals within seven days after they become due or to observe or perform any of the covenants, conditions or agreements contained in the Agreement which continues for the grace period after notice of such failure has been given to GST BOCES. In the event any such event of default will have happened and be continuing, DASNY may exercise such remedies available at law or in equity other than termination of the Agreement. In no event will an “event of default” under the Agreement cause an acceleration of the Rentals due under the Agreement.

## **Defaults and Remedies under the Master Resolution**

“Events of Default” under the Master Resolution and the Series 2023 Resolution include: (i) the failure to pay principal, Sinking Fund Installments, if any, or Redemption Price of, and interest on the Series 2023 Bonds when due; (ii) the failure to comply with the provisions of the Code applicable to the Series 2023 Bonds necessary to maintain the exclusion of interest thereon from gross income under Section 103 of the Code, with the result that interest on the Series 2023 Bonds is no longer excludable from the gross income of the Holders thereof for purposes of federal income taxation; and (iii) a default by DASNY in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Master Resolution, the 2023 Series Resolution or in the Series 2023 Bonds on the part of DASNY to be performed and such default continues for 30 days after written

notice specifying such default and requiring same to be remedied will have been given to DASNY by the Trustee, which may give such notice in its discretion and will give such notice at the written request of the Holders of not less than 25% in principal amount of Outstanding Series 2023 Bonds, unless, if such default is not capable of being cured within 30 days, DASNY has commenced to cure such default within said 30 days and diligently prosecutes the cure thereof.

The Resolutions provide that if an “event of default” occurs and continues, the Trustee may proceed, and upon the written request of the Insurer, if any, or the Facility Provider of a Reserve Fund Facility, if any, or the written request of the Holders of not less than 25% in principal amount of the Outstanding Series 2023 Bonds (in either case, with the consent of the Insurer, if any), or, in the case of a happening and continuance of an “event of default” specified in clause (ii) of the paragraph immediately above, upon the written request of the Holders of not less than 25% in principal amount of the Outstanding Series 2023 Bonds (with the consent of the Insurer, if any), the Trustee will proceed (subject to the provisions of the Master Resolution), to protect and enforce its rights and the rights of the Bondholders or of such Facility Provider under the Resolutions or under the laws of the State by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant contained under the Resolutions or in aid or execution of any power therein granted, or for an accounting against DASNY as if DASNY were the trustee of an express trust, or for the enforcement of any proper legal or equitable remedy as the Trustee deems most effectual to protect and enforce such rights. In no event will an “event of default” cause an acceleration of the Series 2023 Bonds under the Resolutions.

In the enforcement of any remedy under the Resolutions, the Trustee may sue for, enforce payment of, and receive any and all amounts then, or during any default becoming, and at any time remaining, due from DASNY for principal or interest or otherwise under any of the provisions of the Resolutions or of the Series 2023 Bonds, with interest on overdue payments of the principal of or interest on the Series 2023 Bonds at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings under the Resolutions and under such Series 2023 Bonds, without prejudice to any other right or remedy of the Trustee or of the Holders of such Series 2023 Bonds and to recover and enforce a judgment or decree against DASNY but solely as provided in the Resolutions and in such Series 2023 Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect in any manner provided by law, the moneys adjudged or decreed to be payable.

### **PART 3 – THE SERIES 2023 BONDS**

#### **Description of the Series 2023 Bonds**

The Series 2023 Bonds will be issued pursuant to the Master Resolution, will be dated the date of delivery and will bear interest at the rates and mature at the times set forth on the inside cover page of this Official Statement.

The Series 2023 Bonds will be issued as fully registered bonds. The Series 2023 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Series 2023 Bonds will be registered in the name of Cede & Co., as nominee of DTC, pursuant to DTC’s Book-Entry Only System. Purchases of beneficial interests in the Series 2023 Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2023 Bonds, the Series 2023 Bonds will be exchangeable for other fully registered Series 2023 Bonds in any other authorized denominations of the same maturity without charge except the payment of any tax, fee or other governmental charge to be paid with respect to such exchange, subject to the conditions and restrictions set forth in the Master Resolution. See “Book-Entry Only System” herein and “Appendix D – Summary of Certain Provisions of the Master Resolution.”

Interest on the Series 2023 Bonds will be payable by check or draft mailed to the registered owners thereof at the address thereof as it appears on the registry books held by the Trustee, provided however, that interest on the Series 2023 Bonds of a Series may be authorized to be paid at the option of a Holder of at least \$1,000,000 in principal amount of the Series 2023 Bonds of such Series by wire transfer to the Holder of such Series 2023 Bonds, each as of the close of business on February 1 and August 1, as applicable, next preceding an interest payment date. The principal or redemption price of the Series 2023 Bonds will be payable in lawful money of the United States of America at the principal corporate trust office of The Bank of New York Mellon, the Trustee and Paying Agent. As long as the Series

2023 Bonds are registered in the name of Cede & Co., as nominee of DTC, such payments will be made directly to DTC. See “Book-Entry Only System” herein.

For a more complete description of the Series 2023 Bonds, see “Appendix D – Summary of Certain Provisions of the Master Resolution.”

**Redemption Provisions**

*Optional Redemption*

The Series 2023 Bonds maturing on or before August 15, 2031 are not subject to optional redemption prior to maturity. The Series 2023 Bonds maturing after August 15, 2031 are subject to redemption prior to maturity on or after August 15, 2031 in any order (a) from amounts in the Debt Service Fund in excess of moneys required to pay interest, principal and Sinking Fund Installments and in excess of amounts on deposit therein for special redemption, as a whole at any time or in part on any interest payment date, or (b) at the option of DASNY, as a whole or in part at any time, at par plus accrued interest to the redemption date.

*Special Redemption*

The Series 2023 Bonds are subject to redemption, in whole or in part, at 100% of the principal amount thereof, at the option of DASNY on any interest payment date, from proceeds of a condemnation or insurance award, which proceeds are not used to repair, restore or replace the Project or upon the abandonment of the Project due to a legal or regulatory impediment.

*Mandatory Redemption*

The Series 2023 Bonds of certain maturities are subject to redemption, in part, through application of Sinking Fund Installments at a Redemption Price equal to 100% of the principal amount of Series 2023 Bonds to be redeemed, plus accrued interest to the date of redemption. Unless none of the Series 2023 Bonds of a maturity to be so redeemed are then Outstanding and, subject to the provisions of the Series 2023 Resolution permitting amounts to be credited to part or all of any one or more Sinking Fund Installments, there shall be due and DASNY shall be required to pay for the retirement of the Series 2023 Bonds maturing on August 15 of each of the years set forth in the following tables, the amount set forth opposite such year:

**Series 2023 Bonds  
Maturing August 15, 2043<sup>†</sup>**

<u>Year</u>	<u>Sinking Fund Installment</u>
2039	\$645,000
2040	680,000
2041	710,000
2042	745,000
2043	785,000

<sup>†</sup> Final maturity.

**Series 2023 Bonds  
Maturing August 15, 2048<sup>†</sup>**

<u>Year</u>	<u>Sinking Fund Installment</u>
2044	\$825,000
2045	860,000
2046	895,000
2047	935,000
2048	975,000

<sup>†</sup> Final maturity.

**Series 2023 Bonds**  
**Maturing August 15, 2053<sup>†</sup>**

<u>Year</u>	<u>Sinking Fund Installment</u>
2049	\$1,015,000
2050	1,060,000
2051	1,105,000
2052	1,150,000
2053	1,200,000

<sup>†</sup> Final maturity.

There will be credited against and in satisfaction of the Sinking Fund Installment payable on any date, the principal amount of Series 2023 Bonds entitled to such Sinking Fund Installment (A) purchased with moneys in the Debt Service Fund pursuant to the Resolutions, (B) redeemed at the option of DASNY, (C) purchased by GST BOCES or DASNY and delivered to the Trustee for cancellation or (D) deemed to have been paid in accordance with the Resolutions. Series 2023 Bonds purchased with moneys in the Debt Service Fund will be applied against and in fulfillment of the Sinking Fund Installment of the Series 2023 Bonds so purchased payable on the next succeeding August 15. Series 2023 Bonds redeemed at the option of DASNY, purchased by DASNY or GST BOCES (other than from amounts on deposit in the Debt Service Fund) and delivered to the Trustee for cancellation or deemed to have been paid in accordance with the Resolutions will be applied in satisfaction, in whole or in part, of one or more Sinking Fund Installments as DASNY may direct in its discretion. To the extent DASNY's obligation to make Sinking Fund Installments in a particular year is so satisfied, the likelihood of redemption through mandatory Sinking Fund Installments of a Bondholder's Series 2023 Bonds of the maturity so purchased will be reduced for such year.

***Selection of Bonds to be Redeemed***

In the case of redemptions of less than all of the Series 2023 Bonds other than through mandatory Sinking Fund Installments, DASNY will select the maturities to be redeemed. If less than all Series 2023 Bonds within a maturity are to be redeemed, as long as the Series 2023 Bonds are in book-entry form registered in the name of Cede & Co., as nominee of DTC, DTC will determine by lot the amount of the interest of each DTC Direct Participant in such maturity to be redeemed. If the Series 2023 Bonds are no longer in book-entry form registered in the name of Cede & Co., as nominee of DTC, the Bonds or portions thereof to be redeemed shall be selected for redemption by the Trustee, by lot, using such method of selection as the Trustee shall consider proper in its discretion.

***Notice of Redemption***

Generally, the Trustee is to give notice of the redemption of the Series 2023 Bonds in the name of DASNY, by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the redemption date to the registered owners of any Series 2023 Bonds which are to be redeemed, at their last known addresses appearing on the registration books of DASNY not more than 10 Business Days prior to the date such notice is given.

If on the redemption date moneys for the redemption of the Series 2023 Bonds of like maturity to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the redemption price, and if notice of redemption has been mailed, then interest on the Series 2023 Bonds of such maturity will cease to accrue from and after the redemption date and such Series 2023 Bonds will no longer be considered to be Outstanding.

***Purchase in Lieu of Optional Redemption***

The Series 2023 Bonds maturing on or before August 15, 2031 are not subject to purchase in lieu of optional redemption prior to maturity. The Series 2023 Bonds maturing after August 15, 2031, are subject to purchase in lieu of optional redemption prior to maturity on or after August 15, 2031, at the option of GST BOCES with the prior written consent of DASNY, as a whole or in part at any time, at a purchase price of 100% of the principal amount to be purchased (the "Purchase Price") plus accrued interest to the date set for purchase (the "Purchase Date"). Notice of

Purchase in Lieu of Optional Redemption of the Series 2023 Bonds will be given in the name of GST BOCES to the registered owners of the Series 2023 Bonds to be purchased by first-class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the Purchase Date specified in such notice. The Series 2023 Bonds to be purchased are required to be tendered on the Purchase Date to the Trustee. Series 2023 Bonds to be purchased that are not so tendered will be deemed to have been properly tendered for purchase. If the Series 2023 Bonds are called for purchase in lieu of an optional redemption, such purchase will not extinguish the indebtedness of DASNY evidenced thereby or modify the terms of the Series 2023 Bonds. Such Series 2023 Bonds need not be cancelled and will remain Outstanding under the Resolutions and continue to bear interest. GST BOCES's obligation to purchase a Series 2023 Bond to be purchased or cause it to be purchased is conditioned upon the availability of sufficient money to pay the Purchase Price for all of the Series 2023 Bonds to be purchased on the Purchase Date. If sufficient money is available on the Purchase Date to pay the Purchase Price of the Series 2023 Bonds to be purchased, the former registered owners of such Series 2023 Bonds will have no claim thereunder or under the Resolutions or otherwise for payment of any amount other than the Purchase Price. If sufficient money is not available on the Purchase Date for payment of the Purchase Price, the Series 2023 Bonds tendered or deemed tendered for purchase will continue to be registered in the name of the registered owners on the Purchase Date, who will be entitled to the payment of the principal of and interest on such Series 2023 Bonds in accordance with their respective terms. If not all of the Outstanding Series 2023 Bonds are to be purchased, the Series 2023 Bonds to be purchased will be selected by lot in the same manner as Series 2023 Bonds to be redeemed in part are to be selected.

For a more complete description of the redemption and other provisions relating to the Series 2023 Bonds, see "Appendix D – Summary of Certain Provisions of the Master Resolution." Also see "Book-Entry Only System" below for a description of the notices of redemption to be given to Beneficial Owners of the Series 2023 Bonds when the Book-Entry Only System is in effect.

### **Book-Entry Only System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2023 Bond certificate will be issued for each maturity of the Series 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2023 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into

the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to DASNY as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from DASNY or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or DASNY, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of DASNY or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DASNY and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2023 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, and interest on, the Series 2023 Bonds, giving any notice permitted or required to be given to registered owners under the Resolutions, registering the transfer of the Series 2023 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. DASNY and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2023 Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of DASNY (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2023 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by DASNY; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.



DTC may discontinue providing its service as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to DASNY and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2023 Bond certificates are required to be printed and delivered.

DASNY may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2023 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that DASNY believes to be reliable, but DASNY takes no responsibility for the accuracy thereof.

Each person for whom a Participant acquires an interest in the Series 2023 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. **NEITHER DASNY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2023 BONDS.**

So long as Cede & Co. is the registered owner of the Series 2023 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2023 Bonds (other than under the caption "PART 11—TAX MATTERS" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2023 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference only relates to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they will be sent by the Trustee to DTC only.

For every transfer and exchange of Series 2023 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DASNY, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2023 Bonds if DASNY determines that (i) DTC is unable to discharge its responsibilities with respect to the Series 2023 Bonds or (ii) a continuation of the requirement that all of the Outstanding Series 2023 Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interests of the Beneficial Owners. In the event that no substitute securities depository is found by DASNY or restricted registration is no longer in effect, Series 2023 Bond certificates will be delivered as described in the Resolutions and the Bond Series Certificate.

**NEITHER DASNY, GST BOCES NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE SERIES 2023 BONDS UNDER THE RESOLUTIONS; (III) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF A SERIES OF THE SERIES 2023 BONDS; (IV) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE SERIES 2023 BONDS; (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE SERIES 2023 BONDS; OR (VI) ANY OTHER MATTER.**

## Debt Service Requirements

The following table sets forth the amounts required to be paid by GST BOCES during each twelve-month period ending August 15 of the Bond Years shown for the payment of debt service on the Series 2023 Bonds. GST BOCES is required to pay on September 1 of each year an amount equal to the debt service on the Series 2023 Bonds on the succeeding February 15 and August 15. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS.”

Period Ending	Principal	Interest	Debt Service
8/15/2024		\$923,600.00	\$923,600.00
8/15/2025	\$325,000	923,600.00	1,248,600.00
8/15/2026	345,000	907,350.00	1,252,350.00
8/15/2027	360,000	890,100.00	1,250,100.00
8/15/2028	380,000	872,100.00	1,252,100.00
8/15/2029	395,000	853,100.00	1,248,100.00
8/15/2030	415,000	833,350.00	1,248,350.00
8/15/2031	435,000	812,600.00	1,247,600.00
8/15/2032	460,000	790,850.00	1,250,850.00
8/15/2033	480,000	767,850.00	1,247,850.00
8/15/2034	505,000	743,850.00	1,248,850.00
8/15/2035	530,000	718,600.00	1,248,600.00
8/15/2036	560,000	692,100.00	1,252,100.00
8/15/2037	585,000	664,100.00	1,249,100.00
8/15/2038	615,000	634,850.00	1,249,850.00
8/15/2039	645,000	604,100.00	1,249,100.00
8/15/2040	680,000	571,850.00	1,251,850.00
8/15/2041	710,000	537,850.00	1,247,850.00
8/15/2042	745,000	502,350.00	1,247,350.00
8/15/2043	785,000	465,100.00	1,250,100.00
8/15/2044	825,000	425,850.00	1,250,850.00
8/15/2045	860,000	390,787.50	1,250,787.50
8/15/2046	895,000	354,237.50	1,249,237.50
8/15/2047	935,000	316,200.00	1,251,200.00
8/15/2048	975,000	276,462.50	1,251,462.50
8/15/2049	1,015,000	235,025.00	1,250,025.00
8/15/2050	1,060,000	191,887.50	1,251,887.50
8/15/2051	1,105,000	146,837.50	1,251,837.50
8/15/2052	1,150,000	99,875.00	1,249,875.00
8/15/2053	1,200,000	51,000.00	1,251,000.00

## **PART 4 – BOARDS OF COOPERATIVE EDUCATIONAL SERVICES**

A general description of BOCES, State Aid to BOCES and obligations of component school districts which are generally applicable to all BOCES in the State is included in this PART 4. Certain financial and economic information for GST BOCES is included in PART 5. The financial statements of GST BOCES for the fiscal year ended June 30, 2022 are set forth in Appendix B hereto.

### **General Description of BOCES**

The ability to create a Board of Cooperative Educational Services was first established in 1948 and is found in section 1950 of the State Education Law. Initially, the legislation was aimed at enabling small rural school districts to combine their resources to provide services that otherwise would have been uneconomical, inefficient or unavailable. Under the legislation, BOCES are formed regionally (usually by a county or adjoining counties) as a consortium of the public school districts within the region. At present there are 37 BOCES, serving 687 of the 696 school districts in the State. BOCES membership is not available to the five large city school districts in the State: New York City, Buffalo, Rochester, Syracuse and Yonkers.

A BOCES is formed under the State Education Law by the school districts of a supervisory district for the purpose of providing various educational services for such school districts on a cooperative or shared basis, which services may either be too expensive or duplicative for each school district to provide for itself. A BOCES is usually formed by an order of the Commissioner of Education (the “Commissioner”) after a petition has been made requesting the establishment of a BOCES by the respective Boards of Education of the various school districts to be included in the proposed BOCES. The decision to establish a BOCES is not subject to voter approval.

The number of school districts comprising an individual BOCES varies. In each case, the territory within which the BOCES operates encompasses the territory of its component school districts. A school district may decide to join an established BOCES by vote of its board of education without voter approval. Once it has joined, however, a school district may not withdraw and is thereafter obligated for its share of BOCES administrative and capital expenses (including the Rentals due to DASNY under an applicable agreement).

Once formed by the Commissioner, a BOCES is governed by a Board, whose members are elected by the boards of education of the component school districts. A Board consists of five to fifteen members. Members of a BOCES Board are elected at its annual meeting and serve for terms of three years.

BOCES operate under the Education Law and the Rules and Regulations of the Commissioner of Education. The powers of a BOCES are set forth in the Education Law, which provides for their relationship with the local school districts and specifies their duties and responsibilities. A BOCES is not authorized to enter into an agreement with DASNY unless a proposition authorizing the acquisition, construction, reconstruction or financing of a board of cooperative education services school facility and specifying the costs is approved by a majority vote of the voters throughout a BOCES’s component school districts. In addition, a BOCES may not begin construction on any Project unless and until it has been approved by the Commissioner.

Each BOCES is authorized to provide such program services as the Commissioner may approve and must provide any educational service that is (a) requested by the component school districts and (b) approved by the Commissioner, who first determines that the proposed program service meets an educational need and can most effectively be provided on a regional, rather than local, level. Except for BOCES administrative and capital expenses, which are allocated to and are a responsibility of the component school districts to the extent provided by the Education Law, each school district is responsible for the costs of only those educational programs or services in which it decides to participate.

The legislation permits BOCES to provide a wide variety of programs and services, which include:

*General Education*, including summer school.

*Career Education* – Vocational training in agriculture, distributive education, health, home economics, business and office programs, technical education and trade, industrial and service education.

*Special Education* – Educational services for children with special needs.

*Management and Instructional Support Services* – A wide variety of administrative, educational and extracurricular activities.

*Education in the Arts*

*Environmental Education*

### **State Aid to BOCES**

A BOCES has no taxing authority and except for certain Federal grants and payments for services rendered under certain contracts with public agencies, colleges and other entities, derives all of its financial support for operations from its component school districts and the State. State law provides that State aid is paid to a BOCES, and then is to be paid by the BOCES to the component school districts to partially reimburse them for payments made to the BOCES, based upon the amount paid by the component school districts for program services and administrative and capital expenses. The component school districts pay for these expenses through real property tax levies. See “PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS - Tax Levy Limitation Law.”

Program services are funded by component school districts based on the district’s participation in a specific program. Administrative and capital expenses of a BOCES (including the Rentals due to DASNY under an applicable agreement) are shared on a pro rata apportioned basis (based on attendance or enrollment formulas or property values) by the component school districts. Though the Commissioner may designate Rentals due to DASNY as either administrative or capital expenses, for purposes of apportionment of public monies to the BOCES, such payments shall be aided in the same manner as administrative expenses (subject to certain exceptions outlined below). All State aid payable to a BOCES, including services aid and facilities aid, as well as administrative aid, is available to be applied to pay Rentals.

BOCES costs are paid, and aided by the State, in the following manner:

#### *BOCES Services Aid*

When a school district decides to subscribe to one of the BOCES programs, it agrees to pay a tuition or service fee. The aggregate amount of fees equals the BOCES’s costs of providing the service. Each participating school district pays its pro-rata share of the program’s costs.

The participating school district pays its fee in installments during the school year in which the BOCES provides the service, enabling the BOCES to meet payroll and other expenses. These payments are made on an estimated basis during the year. At the end of the school year, the exact cost is determined by audit.

The audited cost then becomes the basis on which State aid is calculated. These moneys are then paid to the BOCES in the school year following the school year in which the service was provided. The BOCES, in turn, allocates and pays this money to the component school districts as a reimbursement in the same school year that the BOCES receives it from the State. Therefore, in any given year, a school district will be paying to the BOCES its share of the estimated cost of the program it is currently participating in and will also be receiving moneys from the BOCES from State aid intended to partially reimburse such school districts for its share of audited educational costs paid by it to the BOCES in the prior year.

The amount of State aid paid to each BOCES is the sum of the amounts determined for each component school district by applying a State aid formula, which is prescribed by statute. Since this formula includes in its calculation the tax rate and actual valuation of taxable property of the various component school districts, the amount of the aid actually paid to each BOCES varies depending upon these tax rates and property valuations. In all cases, the amount of State aid is less than the total costs of each BOCES program services. Each school district is therefore directly responsible to its BOCES for its share of the cost of educational programs in which it participates, with State aid reimbursing a portion of the school district’s share.

### *BOCES Administrative Aid*

BOCES administrative and capital expenses, including the Rentals due to DASNY under an applicable agreement, are charged against all component school districts based upon attendance or enrollment formulas or property values and regardless of their participation in any BOCES educational program.

Rentals due to DASNY are aided by the State in the same manner as administrative expenses with two exceptions. First, certain BOCES administrative expenses cannot exceed in the aggregate, for purposes of State aid payments, 10% of the total BOCES expenses, including the program operating expenses. However, the entire amount of BOCES payments to DASNY, as well as certain other BOCES expenses, is not subject to the 10% limit in calculating State aid. Second, unlike State aid for BOCES program operating expenses, which is received by each BOCES (and therefore by its component school districts) in the school year following the school year of expenditure, State aid for BOCES payments to DASNY may be received by each BOCES in the current school year in which such payment is made. The State appropriations for this aid are made on an estimated basis and are paid to each BOCES. In all cases, the amount of State aid for administrative expenses is less than the actual amount of these administrative expenses. Each school district is therefore directly responsible to its BOCES for its share of administrative expenses, with State aid reimbursing a portion of the school district's share.

### *BOCES Facilities Aid*

BOCES's facilities expenses are capital expenses and are charged against all component school districts based upon attendance or enrollment formulas or property values and regardless of their participation in any BOCES educational program.

BOCES facilities aid may be claimed for approved expenditures for facility construction, purchase or lease incurred for approved projects. The amount of aid payable on account of approved expenses is determined by multiplying the approved expenses by the aid ratio established by the State Education Law. Approved expenses are those incurred by the component school districts during the current school year for approved debt service payments on debt instruments used to finance BOCES construction, for expenditures in support of BOCES construction and for expenditures for lease of BOCES facilities. In all cases, the amount of State aid for facilities expenses is less than the actual amount of these facilities expenses. Each school district is therefore directly responsible to its BOCES for its share of facilities expenses, with State aid reimbursing a portion of the school district's share of the costs of approved projects.

### **State Appropriations**

The State has made appropriations to the BOCES program in each year since 1949 when the program was initiated. The amount of State aid payable to each BOCES has varied in accordance with a statutory formula set forth in the Education Law, except that payments in lieu of BOCES aid were made for the school year ending June 30, 2002 in an amount specified by the Legislature. The amount apportioned by the State for payment to a BOCES during a BOCES school year, which ends June 30th, is payable in installments, approximately 25% of which is payable in February, approximately 30% of which is payable in June, and the remaining balance is payable in September. During each BOCES fiscal year, the State aid payment made in February is made in one State fiscal year, and the State aid payments made in June and September occur in the subsequent State fiscal year.

All of the State aid payable to a BOCES is subject to intercept by the State Comptroller under the Act up to the amount of the Rentals payable by such BOCES under its Agreement with DASNY. *While the BOCES program has received State aid in each year since its inception, both the determination of the amount of State aid and the apportionment of such State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to each BOCES. Such amendments could result in the increase, decrease or elimination of the amount of State aid available for the payment of debt service on the Series 2023 Bonds. The financial condition of the State may affect the amount of State aid appropriated by the State Legislature.*

## **Obligations of Component School Districts**

All component school districts are required to pay their allocable share of BOCES administrative and capital expenses notwithstanding that they may elect not to participate in any of BOCES educational programs. Each component school district pays a proportional share of the BOCES's administrative and capital expenses (based on attendance or enrollment formulas or property values) through tax levies and local school boards vote on BOCES administrative and capital budgets each spring. See "PART 2 -SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Tax Levy Limitation Law." The portion of the budget allocated to payments to DASNY, however, is not subject to such vote of the local school boards. The Education Law requires that each component school district add the amount of its share of BOCES administrative expenses to its budget and pay such amount to the BOCES. The moneys collected for and on behalf of a BOCES by each component school district are required by law to be paid by the school district to such BOCES treasurer. Under other provisions of New York law, component school districts of a BOCES are political subdivisions of the State of New York and (with certain exceptions) have the power to levy and collect ad valorem taxes on real property.

Under New York law, if the budget of a school district is not approved by the voters, provision is made for the board of education of the school district to adopt, without voter approval, a contingent budget to pay for the basic or minimal needs of the school district subject to statutory caps which will include its allocable share of BOCES administrative and capital expenses.

All the taxable property of each such school district is subject to levy of ad valorem taxes, without limitation as to rate or amount, to pay the school district's allocable share of the BOCES's administrative and capital expenses. See "PART 2 – SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2023 BONDS – Tax Levy Limitation Law." In addition, each county or other political subdivision having responsibility for the enforcement of delinquent school taxes is required to pay to the school districts the full amount of school taxes which remain uncollected before the end of the school year.

## **Pension Payments**

Eligible BOCES employees participate in the New York State Employee Retirement System ("ERS") or the Teachers Retirement System ("TRS"). See "PART 5 - GST BOCES – Pension Payments."

## **Other Post-Employment Benefits**

Healthcare Benefits. It should also be noted that BOCES provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as BOCES, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2018, GST BOCES implemented GASB 75. The implementation of this statement requires GST BOCES to report OPEB liabilities, OPEB expenses, deferred outflow

of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required GST BOCES to calculate and report a net OPEB obligation. However, under GASB 45, GST BOCES could amortize the OPEB liability over a period of years, whereas GASB 75 requires GST BOCES to report the entire OPEB liability on the statement of net position.

See "PART 5 GST BOCES - GASB 75 and OPEB."

## **PART 5 – GST BOCES**

There follows in this PART 5 a brief description of GST BOCES, together with certain information concerning its history, operations, component school districts, governance, enrollment, facilities, employees, financial information, state aid, future capital plans, contractual obligations, and litigation.

### **History**

GST BOCES was formed July 1, 2006 with the merger of Steuben-Allegany BOCES (established in 1954) and Schuyler-Chemung-Tioga BOCES (established in 1956).

GST BOCES makes available to the various Component School Districts such programs and services as computer services, career and technical education, management services, education for students with disabilities and professional development.

GST BOCES furnishes educational and administrative services to twenty-one school districts located in Schuyler, Steuben, Chemung, Tioga, and Allegany Counties.

The major purpose and function of GST BOCES is to permit area schools to share and cooperate in educational programs and activities that would not be efficient to conduct on an individual district basis.

### **Operations**

Career and technical education students, representing the twenty-one component districts, attend the Bush Education Center located in Elmira, Coopers Education Center located in Coopers Plains or the Wildwood Education Center in Hornell for part of their school day in their junior and senior years. They are transported to and from their home schools by bus, attending half-day sessions as part of their regular high school program. Also under operation are alternative education programs providing at-risk students the opportunity to overcome personal and academic problems in preparation for earning a high school diploma.

For pupils with moderate to severe disabilities who cannot be adequately served through the regular instructional programs, GST BOCES offers quality educational experiences in classrooms located in several districts, as well as at the Bush and Wildwood Centers.

GST BOCES also provides management services including computer services, business office support, printing, food service management, labor relations, safety/risk management and public information services.

Adult Education is provided both during the day and evening. Adults may receive career and technical training in a variety of programs or may complete their high school equivalency program. Counseling, assessment services and job placement are available to assist in career planning for career changes or upgrading.

Many of the residents within GST BOCES service area are employed in industries and educational facilities located throughout the counties. Major firms include Alstom, The Gunlocke Company, Arnot Ogden Medical Center, Corning, Inc., Dresser-Rand, Hardinge Brothers, Inc., Veterans Administration Hospital, and St. Joseph's Hospital. A substantial employment sector within GST BOCES service area is education, including local school districts, Elmira College and Corning Community College.

## Component School Districts

Addison	Canaseraga	Horseheads
Alfred-Almond	Canisteo-Greenwood	Jasper-Troupsburg
Arkport	Corning City	Odessa-Montour
Avoca	Elmira City	Prattsburgh
Bath	Elmira Heights	Spencer-Van Etten
Bradford	Hammondsport	Watkins Glen
Campbell-Savona	Hornell City	Waverly

## Governance

GST BOCES, is governed by a board (the "Board") of eleven members with overlapping three-year terms so that, as nearly as possible, an equal number are elected to the Board each year. The members are elected by a plurality vote of the Boards of Education of the Component School Districts, with each board having one vote. The President and Vice President of GST BOCES are selected by the Board members.

The 2023-24 current members of the Board are as follows:

Donald Keddell, President – Term: July 1, 2023 – June 30, 2026  
Alice Learn, Vice President – Term: July 1, 2021 – June 30, 2024  
Neil Bulkley – Term: July 1, 2022 – June 30, 2025  
Kathleen Hagenbuch – Term: July 1, 2021 – June 30, 2024  
Pamela Strollo – Term: July 1, 2023 – June 30, 2026  
Colleen Talada – Term: July 1, 2023 – June 30, 2026  
Robert Wheeler – Term: July 1, 2023 – June 30, 2026

The administrative officers and professional advisors of GST BOCES consist of:

Stacy Saglibene, District Superintendent  
Tracy Loukopoulous, Assistant Superintendent for Finance  
Sarah M. Vakkas, Deputy Superintendent  
Kathleen E. Taylor, Board Clerk  
Tina M. Watson, Deputy Board Clerk  
Merlyn B. Tiwari, Treasurer  
Thomas Sheehan, Deputy Treasurer  
Hogan, Sarzynski, Lynch, Dewind, & Gregory, LLP, Attorney  
Insero & Co. CPAs, LLP, Certified Public Accountants  
Timothy R. McGill, Esq., Bond Counsel  
Bernard P. Donegan, Inc., Municipal Advisor

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## Enrollment

<b>Fiscal Year</b>	<b><u>Enrollment</u></b>
2019-20	2,345
2020-21	2,314
2021-22	2,325
2022-23	2,325
2023-24	2,526
2024-25 (Projected)	2,500
2025-26 (Projected)	2,500
2026-27 (Projected)	2,500
2027-28 (Projected)	2,500
2028-29 (Projected)	2,500

## Employees

GST BOCES currently employs 896 full-time and 8 part-time employees. The number of employees covered under contract, the collective bargaining agents, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

<b><u>Number of Employees</u></b>	<b><u>Bargaining Unit</u></b>	<b><u>Contract Expiration Date</u></b>
452	Educational Association	June 30, 2027
145	Support Staff Association	June 30, 2027
38	Teacher's Aide Association	June 30, 2027

Source: GST BOCES records.

## Facilities

GST BOCES is comprised of three campuses: Bush Education Center located in Elmira, Coopers Education Center located in Coopers Plains and the Wildwood Education Center in Hornell. The total square footage of each campus is 206,408 at Bush Education Center, 83,993 at Coopers Education Center, and 77,328 at Wildwood Education Center.

## Investment Policy

Pursuant to the statutes of the State of New York, the BOCES is permitted to invest only in the following investments: (1) special time deposit accounts in, certificates of deposit issued by or a deposit placement program (as provided by statute) with a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district or district corporation other than the BOCES; and (6) in the case of the BOCES moneys held in certain reserve funds established pursuant to law, obligations issued by the BOCES. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible letter of credit or an eligible surety bond, as each such term is defined in the law, or satisfy the statutory requirements of the deposit placement program.

Consistent with the above statutory limitations, it is the BOCES' current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the BOCES may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities

to be delivered to a third party custodian. The BOCES is not authorized by State Law to invest in reverse repurchase agreements or similar derivative-type investments.

### **Budgetary Procedures**

Pursuant to Education Law, GST BOCES annually prepares, prior to the annual meeting of the Boards of Education of the Component School Districts, a tentative budget of expenditures for the GST BOCES program. A meeting of the Boards of Education of the Component School Districts is held in the month of April, at which time the tentative budget is available for inspection by said Boards of Education. The Component Boards of Education also vote on the administrative portion of the budget. After such annual meeting, GST BOCES adopts the budget for the ensuing year.

Such budget, when so adopted and after deducting applicable State aid grants and revenues, is charged against all of the Component School Districts in accordance with the Education Law. The School authorities of each Component School District levy and collect such monies at the same time and in the same manner as such district collects taxes for its own use, and pay such amounts to the Treasurer of GST BOCES. In the event the tentative budget of a Component School District is not approved by a majority of the voters, such charge from GST BOCES may be raised by such Component School Districts as an ordinary contingent expense in a like manner as if the same had been voted by the voters.

### **Contractual Agreement**

Upon adoption of the budget for the ensuing fiscal year, contracts are drafted and executed by GST BOCES and the respective Component School Districts. Said contracts are based on the budget estimates. All contracts for the 2022-23 fiscal year of GST BOCES required approval by the Component School Districts by July 31, 2022. The 2022-23 Annual Budget, comprised of Administrative, Capital, and Program budgets, was submitted to the State Education Department in June, 2022 via the SBM-4. All contracts for the 2023-24 fiscal year of GST BOCES require approval by the Component School District by July 31, 2023. The 2023-24 Annual Budget, comprised of Administrative, Capital and Program budgets, was submitted to the State Education Department in June, 2023 via SBM-4.

Each Component School District is billed pursuant to its contract, and makes payments to the Treasurer of GST BOCES for 1/10 of the billing beginning January, 2023 through May, 2023, with the balance due in June, 2023, with modifications as necessary to reflect changes in actual service levels.

The following chart shows, for the school year ending June 30, 2023, for each component school district, (a) the total amount payable from the school district to GST BOCES and the percentage such amount represents of GST BOCES's overall receipts from component school districts, and (b) the proportionate share of GST BOCES administrative expenses paid by such component school district and the percentage such amount represents of GST BOCES's overall administrative expenses.

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**Component School Districts' Share of GST BOCES Expenses (Through 6/30/23)**

<u>Component School District</u>	<u>Total Amount Paid to BOCES</u>	<u>Percentage Share of Total BOCES Receipts<sup>(1)</sup></u>	<u>Amount Allocated to Administrative Expenses</u>	<u>Percentage Share of Administrative Expenses<sup>(1)</sup></u>
Addison	\$6,612,819	5.83%	\$332,497	3.82%
Alfred-Almond	3,230,639	2.85	174,766	2.01
Arkport	2,223,327	1.96	126,500	1.45
Avoca	1,967,934	1.74	129,970	1.49
Bath	4,606,103	4.06	442,278	5.09
Bradford	1,636,018	1.44	75,395	0.87
Campbell-Savona	4,117,366	3.63	244,483	2.81
Canaseraga	1,656,077	1.46	65,301	0.75
Canisteo-Greenwood	3,940,629	3.47	332,181	3.82
Corning City	10,974,072	9.68	1,428,411	16.43
Elmira City	24,685,415	21.76	1,741,982	20.03
Elmira Heights	6,199,638	5.47	308,206	3.54
Hammondsport	1,284,730	1.13	127,762	1.47
Hornell City	5,843,766	5.15	437,861	5.04
Horseheads	13,998,164	12.34	1,254,592	14.43
Jasper-Troupsburg	2,103,420	1.85	111,989	1.29
Odessa-Montour	3,102,644	2.74	229,025	2.63
Prattsburgh	1,421,872	1.25	107,572	1.24
Spencer-Van Etten	4,272,562	3.77	253,316	2.91
Watkins Glen	4,440,610	3.92	309,468	3.56
Waverly	<u>5,102,801</u>	4.50	<u>462,467</u>	5.32
<b>Total</b>	<b>\$113,420,606</b>		<b>\$8,696,022</b>	

<sup>(1)</sup> Totals may not add due to rounding.

Source: GST BOCES records.

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**GST BOCES Statement of Revenues, Expenditures, and Changes in Fund Balance**

The following chart presents, for the preceding five school years, GST BOCES’s General Fund revenues, expenditures, and changes in Fund Balance.

	School Year Ending <u>June 30, 2018</u>	School Year Ending <u>June 30, 2019</u>	School Year Ending <u>June 30, 2020</u>	School Year Ending <u>June 30, 2021</u>	School Year Ending <u>June 30, 2022</u>
General Fund Revenues	\$100,385,784	\$102,865,325	\$104,466,488	\$105,938,099	\$111,419,292
General Fund Expenditures	\$102,326,930	\$104,780,803	\$106,266,488	\$107,838,099	\$114,957,958
Adjustments	\$2,270,646 <sup>(1)</sup>	\$2,395,930 <sup>(2)</sup>	\$2,665,627 <sup>(3)</sup>	\$2,605,021 <sup>(4)</sup>	\$3,167,711 <sup>(5)</sup>
Fund Balance Beg. of Year	\$4,715,860	\$5,045,360	\$5,525,812	\$6,391,439	\$4,398,101 <sup>(6)</sup>
Fund Balance End of Year	\$5,045,360	\$5,525,812	\$6,391,439	\$7,096,460	\$4,027,146

(1) Premium on Obligations \$341,146, Net Change in Reserves \$329,500, charges to components \$1,600,000.

(2) Premium on Obligations \$215,478, Net Change in Reserves \$480,452, charges to components \$1,700,000.

(3) Net Change in Reserves \$865,627, charges to components \$1,800,000.

(4) Net Change in Reserves \$705,021, charges to components \$1,900,000.

(5) Net Change in Reserves \$217,652, encumbrances \$45,106, charges to components \$3,537,984, leases to components \$197,727.

(6) Beginning balance as restated.

Source: GST BOCES records.

**State Aid**

GST BOCES receives very little financial assistance directly from the state. The majority of the funds for GST BOCES are a result of direct charges to its Component School Districts for educational services rendered. In its budgets for the 2022-23 and 2023-24 fiscal years, the Component School Districts will receive approximately 73.8% and 75.0% respectively, of their GST BOCES expenditures back in the form of BOCES aid.

The following chart presents the amount of State aid accrued by GST BOCES during the past five school years ended June 30 of the years shown, although a portion of such amount may have been received by GST BOCES in the next school year. State aid for administrative services expenses is based on the preceding year's expenditures, while capital and facilities rental aid is based on GST BOCES's budget for the year in which it is received.

**State Aid Appropriations to GST BOCES**

<u>School Year</u> <u>Ending June 30,</u>	<u>State Aid</u>
2018	\$18,199,024
2019	\$19,107,731
2020	\$19,075,582
2021	\$18,979,947
2022	\$19,057,025

If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including GST BOCES, in any year, GST BOCES may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner in this year, or future years, municipalities and school districts in the State, including GST BOCES, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to GST BOCES. No assurance can be given that present State aid levels will be maintained in the future. In view of the State’s continuing budget problems, future State aid reductions are likely. State budgetary restrictions, which eliminate or substantially reduce State aid could

have a material adverse effect upon GST BOCES requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

### **Fiscal Stress Monitoring**

The New York State Office of the State Comptroller (“OSC”) has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent information to School District officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s diverse school districts are operating.

The fiscal stress scores are based on financial information submitted as part of each school district’s ST-3 report filed yearly with the State Education Department. Using financial indicators that include June 30, 2022 year-end fund balance, cash position and patterns of operating deficits, the OSC system creates an overall fiscal stress score which classifies whether a district is in “significant fiscal stress”, in “moderate fiscal stress”, as “susceptible to fiscal stress” or “no designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation". This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The report of the State Comptroller using financial indicators through June 30, 2022 designated 1 of the 21 Districts as “Moderate Fiscal Stress”, the remaining 20 component Districts of GST BOCES were classified as “No Designation”.

Note: See the official website of the New York State Comptroller for more information on FSMS. Reference to websites implies no warranty of accuracy of information therein nor inclusion herein by reference.

### **Future Capital Projects**

GST BOCES has no plans for any other major capital projects; however, GST BOCES continues to perform annual maintenance, repairs and improvement projects through Capital Outlay projects which are funded by state aid the following year.

Any additional Series of Bonds issued to finance or refinance a project for GST BOCES would be paid and secured on a subordinate basis to the Series 2023 Bonds unless otherwise consented to by a majority of the Bondholders.

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## Contractual Obligations and Indebtedness

GST BOCES has entered into five-year leases, until August 2024, for the use of classrooms with Corning-Painted Post City School District, Hornell City School District, Bath Central School District, Elmira City School District, Elmira Heights Central School District, Campbell-Savona Central School District, Horseheads Central School District, and Jasper Troupsburg Central School District. The annual payments are \$18,400 to the Corning-Painted Post City School District, \$46,000 to Hornell City School District, \$112,700 to Bath Central School District, \$78,200 to Elmira City School District, \$133,032 to Elmira Heights Central School District, \$41,400 to Campbell-Savona Central School District, \$71,300 to Horseheads Central School, and \$9,200 to Jasper Troupsburg Central School District.

GST BOCES has entered into five-year leases, until August 2029, for the use of classrooms with Corning-Painted Post City School District, Hornell City School District, Bath Central School District, Elmira City School District, Elmira Heights Central School District, Horseheads Central School District and Jasper Troupsburg Central School District. The annual payments are \$18,800 to the Corning-Painted Post City School District, \$44,650 to Hornell City School District, \$149,100 to Bath Central School District, \$68,150 to Elmira City School District, \$158,124 to Elmira Heights Central School District, \$72,850 to Horseheads Central School, and \$28,200 to Jasper Troupsburg Central School District.

GST BOCES has a ten year lease, until June 2025, for 3153 Lake Road LLC for which the annual payment is \$212,700.

GST BOCES has a three-year lease, until June 30, 2025, with Corning Community College for which the annual payment is \$25,569.

GST BOCES has a ten-year lease, until June 30, 2028, with Elmira Real Properties, Inc., for which the annual payment is \$121,250.25. In the 2022-23 fiscal year, the annual payment will be reimbursed by GST BOCES Adult Education.

GST BOCES has a five-year lease, until June 30, 2027, with New York Beauty & Barber Academy, for which the annual payment is \$174,000. In the 2023-24 fiscal year, the annual payment will be reimbursed by GST BOCES Adult Education.

GST BOCES currently had an outstanding Revenue Anticipation Note in the amount of \$37,000,000. This Note was paid in full June 30, 2023. GST BOCES is planning to issue a Revenue Anticipation Note in September, 2023. As of this date, a dollar amount has not yet been determined.

## Pension Payments

GST BOCES payments to the New York State Employee Retirement System (“ERS”) and the Teachers Retirement System (“TRS”) since the 2018-2019 fiscal year, the budgeted payments for the current fiscal year and the proposed payments for the 2023-2024 fiscal year are as follows:

<b><u>Fiscal Year</u></b>	<b><u>ERS</u></b>	<b><u>TRS</u></b>
2018-2019	\$2,338,466	\$2,666,213
2019-2020	2,321,015	2,950,206
2020-2021	2,340,077	2,545,274
2021-2022	2,549,289	2,675,898
2022-2023 (Budgeted)	2,214,241	3,160,076
2023-2024 (Budgeted)	2,437,348	3,493,176

See also “PART 4 – BOARDS OF COOPERATIVE EDUCATIONAL SERVICES – *Pension Payments.*”

## GASB 75 and OPEB

GST BOCES contracted with BPAS to calculate its “other post-employment benefits” (“OPEB”) plan (the “Plan”) in accordance with GASB 75. The first actuarial valuation under GASB 75 was completed for the fiscal year ending June 30, 2018. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits. The last full valuation was done for the fiscal year ending June 30, 2022 under GASB 75 guidelines. The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

Balance at June 30, 2021:	<u>\$143,866,821</u>
<u>Changes for the Year:</u>	
Service cost	\$7,060,918
Interest	3,630,916
Differences between expected and actual experience	(5,745,684)
Changes in assumptions or other inputs	10,903,992
<u>Benefit payments</u>	<u>(5,454,196)</u>
Net changes	<u>\$10,395,946</u>
<b>Balance at June 30, 2022:</b>	<b><u><u>\$154,262,767</u></u></b>

See also “PART 4 – BOARDS OF COOPERATIVE EDUCATIONAL SERVICES – *Other Post-Employment Benefits.*”

Note: This information has been developed pursuant to the most recent audit and information from GST BOCES and has not been audited.

## Litigation

GST BOCES is subject to a number of lawsuits in the ordinary conduct of its affairs, most of which are covered by various insurance policies. GST BOCES does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on its financial condition.

## PART 6 – THE PROJECT

The Project consists of the construction of capital improvements consisting of additions to, and reconstruction of, existing GST BOCES buildings and facilities including original equipment, machinery, apparatus, appurtenances, site work and incidental construction, reconstruction, improvements and expenses in connection therewith, including but not limited to (i) the construction and equipping of gymnasium/auditorium additions at the Coopers Campus located at 9579 Vocational Drive, Painted Post, New York and the Wildwood Campus located at 1126 Bald Hill Road, Hornell, New York and (ii) organizational-wide infrastructure improvements, including the replacement of sewer lines natural gas, electric, water and network fiber infrastructure at the Coopers Campus, and the Wildwood Campus. GST BOCES expects the aggregate costs of the Project to be approximately \$20,000,000.

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## PART 7 – ESTIMATED SOURCES AND USES OF FUNDS

Estimated sources and uses of funds are as follows:

### Sources of Funds

Principal Amount of the Series 2023 Bonds	\$19,975,000.00
Net Original Issue Premium	<u>542,001.65</u>
Total Sources	\$20,517,001.65

### Uses of Funds

Costs of the Project	\$20,000,000.00
Debt Service Reserve Fund Surety Premium	18,785.25
Costs of Issuance <sup>1</sup>	365,189.22
Underwriter's Discount	<u>133,027.18</u>
Total Uses	\$20,517,001.65

<sup>1</sup> Includes certain legal fees, issuer fees, rating agency fees and other expenses.

## PART 8 – DASNY

### Background, Purposes and Powers

DASNY is a body corporate and politic constituting a public benefit corporation. DASNY was created in 1944 to finance and build dormitories at State teachers' colleges to provide housing for the large influx of students returning to college on the G.I. Bill following World War II. Over the years, the State Legislature has expanded DASNY's scope of responsibilities. Today, pursuant to the Dormitory Authority Act, DASNY is authorized to finance, design, construct or rehabilitate facilities for use by a variety of public and private not-for-profit entities.

DASNY provides financing services to its clients in three major areas: public facilities; not-for-profit healthcare; and independent higher education and other not-for-profit institutions. DASNY issues State-supported debt, including State Personal Income Tax Revenue Bonds and State Sales Tax Revenue Bonds, on behalf of public clients such as the State University of New York, the City University of New York, the Department of Health, the New York State Education Department, the Office of Mental Health, the Office of People with Developmental Disabilities, the Office of Addiction Services and Supports, the Office of General Services, and the Office of General Services of the State on behalf of the Department of Audit and Control. Other public clients for whom DASNY issues debt include Boards of Cooperative Educational Services ("BOCES"), State University of New York, the Workers' Compensation Board, school districts across the State and certain cities and counties that have accessed DASNY for the purpose of providing court facilities. DASNY's private clients include independent colleges and universities, private hospitals, certain private secondary schools, special education schools, facilities for the aged, primary care facilities, libraries, museums, research centers and government-supported voluntary agencies, among others.

To carry out its programs, DASNY is authorized to issue and sell negotiable bonds and notes to finance the construction of facilities for such institutions, to issue bonds or notes to refund outstanding bonds or notes, and to lend funds to such institutions. As of June 30, 2023, DASNY had approximately \$55.6 billion aggregate principal amount of bonds and notes outstanding.

DASNY also is authorized to make tax-exempt leases, with its Tax-Exempt Leasing Program (TELP). As part of its operating activities, DASNY also administers a wide variety of grants authorized by the State for economic development, education, and community improvement, which are payable to both public and private grantees from proceeds of State Personal Income Tax Revenue Bonds issued by DASNY.

DASNY is a conduit debt issuer. Under existing law, and assuming continuing compliance with tax law, interest on most bonds and notes issued by DASNY has been determined to be excludable from gross income for federal tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. All DASNY's outstanding bonds and notes, both fixed and variable rate, are special limited obligations of DASNY payable solely from payments required to be made by or for the account of the client institution for which the particular special



limited obligations were issued. DASNY has no obligation to pay its special limited obligations other than from such payments. DASNY has always paid the principal of and interest on all of its obligations on time and in full; however, as a conduit debt issuer, payments on DASNY's special limited obligations are solely dependent upon payments made by the DASNY client for which the particular special limited obligations were issued and the security provisions relating thereto.

DASNY also offers a variety of construction services to certain educational, governmental, and not-for-profit institutions in the areas of project planning, design, and construction, monitoring project construction, purchasing of furnishings and equipment for projects, interior design of projects, and designing and managing projects to rehabilitate older facilities.

In connection with the powers described above, DASNY has the general power to acquire real and personal property, give mortgages, make contracts, operate certain facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, borrow money, and adopt a program of self-insurance.

DASNY has a staff of approximately 475 employees located in four main offices (Albany, New York City, Buffalo and Rochester) and at approximately 39 field sites across the State.

### **Governance**

DASNY is governed by an eleven-member board. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly, and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State, and the Director of the Budget of the State each may appoint a representative to attend and vote at DASNY meetings. The members of DASNY serve without compensation but are entitled to reimbursement of expenses incurred in the performance of their duties.

The Governor appoints a Chair from the members appointed by him or her and the members of DASNY annually choose the following officers, of which the first two must be members of DASNY: Vice-Chair, Secretary, Treasurer, Assistant Secretaries, and Assistant Treasurers.

The current members of DASNY are as follows:

LISA A. GOMEZ, *Chair*, Pelham.

Lisa A. Gomez was appointed as a Member of DASNY by the Governor on June 2, 2022. Ms. Gomez is CEO of L+M Development Partners, LLC (L+M). She previously served as Chief Operating Officer. L+M develops, builds and manages affordable housing with local agencies such as the New York City Department of Housing Preservation and Development and the New York City Housing Authority. Prior to joining L+M, Ms. Gomez held positions in the Bloomberg and Dinkins Administrations as well as with JP Morgan Chase & Co. and Silverstein Properties. Ms. Gomez has a B.A. from Louisiana State University.

GERARD ROMSKI, ESQ., *Vice-Chair*, Mount Kisco.

Gerard Ronski was reappointed as a Member of DASNY by the Temporary President of the State Senate on May 9, 2016. He is Counsel and Project Executive for "Arverne by the Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, New York. Mr. Ronski is also of counsel to the New York City law firm of Rich, Intelisano & Katz, LLP. Mr. Ronski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

BERYL L. SNYDER, J.D., *Secretary*, New York.

Beryl L. Snyder was reappointed as a member of DASNY by the Governor on June 19, 2013. Ms. Snyder is a principal in HBJ Investments, LLC, an investment company where her duties include evaluation and analysis of a wide variety of investments in, among other areas: fixed income, equities, alternative investments and early stage companies. She holds a Bachelor of Arts degree in History from Vassar College and a Juris Doctor degree from Rutgers University. Her current term expired on August 31, 2016 and by law she continues to serve until a successor shall be chosen and qualified.

ROBERT J. RODRIGUEZ, Sleepy Hollow.

Robert J. Rodriguez was appointed as a Member of DASNY by the Governor on June 10, 2023. Mr. Rodriguez serves as New York's Secretary of State. He previously served as a member of the New York State Assembly for 11 years representing Assembly District 68. He was Co-Chair of the Legislative Task Force on Demographic Research and Reapportionment, founding Chair of the Assembly Sub-committee on Infrastructure and Member of Committees on Ways and Means, Housing, Labor, Banking, Corporations and Authorities, and Mental Health. Mr. Rodriguez also held positions at Public Financial Management, A.C. Advisory, Inc and Bloomberg L.P. Mr. Rodriguez has Bachelor of Arts in History and Political Science from Yale University and received his MBA in Finance from New York University Stern Business School.

ALFONSO L. CARNEY, JR., New York.

Alfonso L. Carney, Jr. was reappointed as a Member of DASNY by the Governor on June 19, 2013. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical consulting services in New York City. He has served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York. Mr. Carney has held senior level legal positions with Altria Group Inc., Philip Morris Companies Inc., Philip Morris Management Corporation, Kraft Foods, Inc., and General Foods Corporation. Mr. Carney holds a Bachelor's degree in philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His term expired on March 31, 2016 and by law he continues to serve until a successor shall be chosen and qualified.

WELLINGTON Z. CHEN, Queens.

Wellington Z. Chen was appointed as a Member of DASNY by the Governor on June 20, 2018. Mr. Chen is the Executive Director of the Chinatown Partnership Development Corporation. In this capacity, he leads the Chinatown Partnership in implementing initiatives in infrastructure, post 9/11 rebuilding and public space improvements in a comprehensive effort to improve the environmental and the business conditions. He is a graduate of the School of Architecture and Environmental Studies at The City College of New York. Mr. Chen's term expired on March 31, 2020 and by law he continues to serve until a successor shall be chosen and qualified.

JOAN M. SULLIVAN, Slingerlands.

Joan M. Sullivan was appointed as a Member of DASNY by the New York State Comptroller on March 26, 2019. Ms. Sullivan is President of On Wavelength Consulting LLC, a firm that assists governmental entities with development of public procurements and private companies with the preparation of effective responses to government solicitations. She possesses over 40 years of experience working in and for the government of New York State, including an expansive career at the NYS Office of State Comptroller where she last served as Executive Deputy Comptroller before accepting an appointment as Executive Director of The NYS Forum, Inc. Ms. Sullivan holds a Bachelor of Arts degree in Business Administration (Accounting) from Siena College.

JANICE McKINNIE, Buffalo.

Janice McKinnie was appointed as a Member of DASNY by the Speaker of the Assembly on June 12, 2020. Ms. McKinnie is the Executive Director of True Community Development Corporation where she has led various housing rehabilitation and development projects and has formed strategic alliances with local and regional community groups to promote affordable housing and economic growth within the area of Buffalo. She is also the owner of Developments By JEM, LLC, a construction and project development consulting firm and a NYS certified M/WBE business. Ms. McKinnie is a graduate of the State University College of Buffalo and holds a Master's degree in organizational leadership from Medaille College.

BETTY A. ROSA, *Commissioner of Education of the State of New York, Bronx; ex-officio.*

Dr. Betty A. Rosa was appointed by the Board of Regents to serve as Commissioner of Education and President of the University of the State of New York effective February 8, 2021. Previously, Dr. Rosa assumed the role of Interim Commissioner of Education and President of the University of the State of New York from August 14, 2020 through February 7, 2021. Dr. Rosa had served as a member of the Board of Regents and as Chancellor thereof from March 2016 through August 2020. She started her career with the NYC Department of Education as a paraprofessional and later served as a teacher, assistant principal, principal in the Bronx and, upon appointment, assumed the responsibilities of Superintendent of Community School District 8 then Senior Superintendent of the Bronx. Dr. Rosa is a nationally recognized education leader who has over 30 years of instructional and administrative experience with an expertise in inclusive education, cooperative teaching models, student achievement and policy implementation. She received a B.A. in psychology from the City College of New York and an Ed. M. and Ed. D. in Administration, Planning and Social Policy from Harvard University as well as two other Master of Science in

Education degrees, one in Administration and Supervision and the other in Bilingual Education from the City College of New York and Lehman College respectively.

ROBERT MEGNA, *Budget Director of the State of New York, Albany; ex-officio.*

Robert Megna was appointed Budget Director by the Governor on February 28, 2023. Prior to his appointment, Mr. Megna served as President of the Rockefeller Institute of Government and Senior Advisor to the Chancellor of the State University of New York (SUNY). Prior to that, Mr. Megna served as Senior Vice Chancellor and Chief Operating Officer of SUNY. He joined SUNY from Stony Brook University, where he served as Senior Vice President for Finance and Administration. Mr. Megna also served as Executive Director of the New York State Thruway Authority and New York State Canal Corporation and Commissioner of the Department of Taxation and Finance as well as numerous other governmental positions in New York State and Virginia. In addition, Mr. Megna served as Budget Director previously from 2009 to 2015. Mr. Megna received an M.S. in Economics from the London School of Economics and Political Science at the University of London and received both his B.A. in Economics and M.P.A. from Fordham University.

JAMES MCDONALD, M.D., *Commissioner of Health of the State of New York, Albany; ex-officio.*

James McDonald, M.D., was named Acting Commissioner starting January 1, 2023 and confirmed as Commissioner by the State Senate on June 10, 2023. Prior to that, Dr. McDonald served as the Medical Director of the State Department of Health's Office of Public Health and Interim Director of the Center for Community Health, part of the Office of Public Health. Before joining the State Department of Health, Dr. McDonald worked for 10 years at the Rhode Island Department of Health, most recently as Interim Director/Commissioner. Dr. McDonald earned his medical degree from Loyola Stritch School of Medicine in Chicago. He earned his MPH from the University of North Carolina in Chapel Hill. Dr. McDonald is board certified in pediatrics as well as preventive medicine.

The principal staff of DASNY are as follows:

REUBEN R. McDANIEL, III is the President and chief executive officer of DASNY, responsible for the overall management of DASNY's administration and operations. Mr. McDaniel possesses more than 30 years of experience in financial services, including public finance, personal wealth management, corporate finance and private equity. During his career in public finance, he participated in more than \$75 billion in tax-exempt bond issuances throughout the country. He has also managed investment portfolios and business assets for a variety of professionals. He previously served as Chair of the Atlanta Board of Education for Public Schools. Mr. McDaniel holds an undergraduate degree in Economics and Mathematics from the University of North Carolina at Charlotte and a Master of Business Administration from the University of Texas at Austin.

CHARLIE WILLIAMS is the Vice President of DASNY and assists the President in the administration and operation of DASNY. Mr. Williams coordinates policy and operations across all DASNY business lines and serves as chief advisor on all DASNY operational matters. Mr. Williams most recently served as Managing Director for Executive Direction at DASNY. Prior to that, he served as Deputy Budget Director for the NYS Division of Budget where he oversaw the budgets of approximately 125 state agencies and authorities in the areas of economic development, human services, housing, energy, environment, education, arts, agriculture, parks, mental hygiene, developmental disabilities, addiction services and public protection. He holds a Bachelor of Arts degree from State University of New York at Plattsburgh and a Master's degree in Public Administration from the Rockefeller College of the University at Albany.

KIMBERLY A. ELLIS is the Chief Financial Officer and Treasurer of DASNY. As Chief Financial Officer and Treasurer, Ms. Ellis is responsible for supervising DASNY's investment program, general accounting, accounts payable, accounts receivable, financial reporting functions, payroll and information services, as well as the development and implementation of financial policies, financial management systems and internal controls for financial reporting. Prior to her appointment to Chief Financial Officer and Treasurer, Ms. Ellis served in numerous senior positions within the Finance Division of DASNY, including as Deputy Financial Officer and Assistant Director of Investments, where she had direct involvement with the management of DASNY's financial operations, including DASNY's overall investment portfolio and the coordination and development of DASNY's annual operating budget and capital plans. Ms. Ellis holds a Bachelor of Science degree in Accounting from the State University of New York at Buffalo.

R. NADINE FONTAINE is General Counsel to DASNY. Ms. Fontaine is responsible for all legal services including legislation, litigation, contract matters, and the legal aspects of all DASNY financings. Ms. Fontaine is licensed to practice law in the States of New York and Connecticut, as well as the United States District Courts for the Southern District of New York, the Eastern District of New York, and the District of Connecticut. She has over

twenty-seven years of combined legal experience in the private and public sector. Ms. Fontaine most recently served as First Assistant Counsel to the Governor and, prior thereto, served as Assistant Counsel to the Governor for Economic Development, Public Finance & Procurement and Assistant Counsel for Human Services. She holds a Bachelor of Arts degree from the State University of New York at Stony Brook University and a Juris Doctor degree from Pace University School of Law.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing DASNY bond issuance in the capital markets, implementing and overseeing financing programs, overseeing DASNY's compliance with continuing disclosure requirements and monitoring the financial condition of existing DASNY clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. Prior to that, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. She holds a Bachelor of Arts degree from the State University of New York at Albany.

STEPHEN D. CURRO is the Managing Director of Construction. Mr. Curro is responsible for DASNY's construction groups, including design, project management, resource acquisition, contract administration, interior design, real property, sustainability and engineering, as well as other technical services. Mr. Curro joined DASNY in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and has worked in the construction industry for more than 30 years. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

SARA POTTER RICHARDS, is the Managing Director for Executive Direction. Ms. Richards works with all Members of the Executive Management team to coordinate policy and operations across DASNY business lines. She is responsible for coordinating the work of the DASNY Board of Directors and overseeing the Grants Administration Unit and the Office of Environmental Affairs. Ms. Richards began her DASNY career in the Office of General Counsel and has held a variety of positions of increasing responsibility, most recently serving as Chief of Staff. She holds a Bachelor of Science degree from Ithaca College and a Juris Doctor degree from Albany Law School.

### **Claims and Litigation**

Although certain claims and litigation have been asserted or commenced against DASNY, DASNY believes that such claims and litigation either are covered by insurance or by bonds filed with DASNY, or that DASNY has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such matters.

There is not now pending any litigation against DASNY (i) restraining or enjoining the issuance or delivery of the Series 2023 Bonds nor (ii) challenging the validity of the Series 2023 Bonds or the proceedings and authority under which DASNY will issue the Series 2023 Bonds.

### **Other Matters**

#### *New York State Public Authorities Control Board*

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by DASNY and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. DASNY obtains the approval of the PACB for the issuance of all its bonds and notes.

#### *Legislation*

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect DASNY and its operations. DASNY is not able to represent whether such bills will be introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including DASNY) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect DASNY and its operations.

### *Environmental Quality Review*

DASNY complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder to the extent such acts and regulations are applicable.

### *Independent Auditors*

The accounting firm of KPMG LLP audited the financial statements of DASNY for the fiscal year ended March 31, 2023. Copies of the most recent audited financial statements are available upon request at the offices of DASNY.

## **PART 9 – LEGALITY OF THE SERIES 2023 BONDS FOR INVESTMENT AND DEPOSIT**

Under New York State law, the Series 2023 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries of the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual public benefit corporations and authorities of the State may limit the investment of funds of such authorities in the Series 2023 Bonds.

The Series 2023 Bonds may be deposited with the State Comptroller to secure deposits of State moneys in banks, trust companies and industrial banks.

## **PART 10 – NEGOTIABLE INSTRUMENTS**

The Series 2023 Bonds shall be negotiable instruments as provided in the Act, subject to the provisions for registration and transfer contained in the Master Resolution and in the Series 2023 Bonds.

## **PART 11 – TAX MATTERS**

### **General**

In the opinion of Bond Counsel, under existing law and assuming continuing compliance by DASNY and GST BOCES with certain tax covenants described herein, and the accuracy and completeness of certain representations and certifications made by DASNY and GST BOCES described herein, (i) interest on the Series 2023 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code, and (ii) interest on the Series 2023 Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Series 2023 Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

In addition, Bond Counsel is of the opinion that under existing law interest on the Series 2023 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including The City of New York.

The Code establishes certain requirements that must be met as of and subsequent to the issuance and delivery of the Series 2023 Bonds for interest thereon to be and remain excludable from gross income for federal income tax purposes. Included among these requirements are requirements regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2023 Bonds, the use of the facilities financed with the proceeds of the Series 2023 Bonds, the yield and other restrictions on investment of gross proceeds of the Series 2023 Bonds, and the arbitrage rebate requirement that certain earnings on gross proceeds of the Series 2023 Bonds be rebated to the United States Treasury. Failure to comply with the requirements of the Code applicable to the Series 2023 Bonds may cause interest on the Series 2023 Bonds to be included in gross income for purposes of federal income tax retroactive to the

date of original execution and delivery of the Series 2023 Bonds, regardless of the date on which the event causing such inclusion occurs.

DASNY shall covenant in the Tax Certificate and Agreement to be executed and delivered by DASNY and GST BOCES in connection with the issuance of the Series 2023 Bonds (the “Tax Certificate”) to comply with the requirements of the Code applicable to the Series 2023 Bonds in order to maintain the exclusion of the interest on the Series 2023 Bonds from gross income for federal income tax purposes under Section 103 of the Code. GST BOCES has covenanted in the Agreement and shall further covenant in the Tax Certificate, that it will not take any action, permit any action to be taken, or omit to take any action, which action or omission will adversely affect the exclusion of interest on the Series 2023 Bonds from gross income for federal income tax purposes under Section 103 of the Code.

The Code contains other provisions (some of which are noted below) that could result in tax consequences, upon which Bond Counsel renders no opinion, as a result of ownership of the Series 2023 Bonds or the inclusion in certain computations of interest that is excluded from gross income.

In rendering its opinion with respect to the Series 2023 Bonds, Bond Counsel has relied on certain representations, undertakings, certifications of fact and statements of reasonable expectations made by DASNY and GST BOCES, and Bond Counsel has assumed compliance by DASNY and GST BOCES with certain ongoing covenants to carry out such undertakings and comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2023 Bonds from gross income under Section 103 of the Code. Bond Counsel will not independently verify the accuracy of those representations, undertakings, certifications of fact and statements of reasonable expectations.

Certain requirements and procedures contained or referred to in the Resolutions, the Agreement, the Tax Certificate and other relevant documents may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of Bond Counsel. The opinion of Bond Counsel states that Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest on the Series 2023 Bonds if any such change occurs or action is taken or not taken after the date of delivery of the Series 2023 Bonds in reliance on the opinion or advice of counsel other than Bond Counsel.

### **Certain Collateral Federal Tax Consequences**

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty and life insurance companies, certain foreign corporations doing business in the United States, certain S-corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Prospective purchasers should consult their tax advisers as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Series 2023 Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

### **Original Issue Discount**

The excess, if any, of the amount payable at maturity of any maturity of the Series 2023 Bonds purchased as part of the initial public offering over the issue price thereof constitutes original issue discount. The amount of original issue discount that has accrued and is properly allocable to an owner of any maturity of the Series 2023 Bonds with original issue discount (the “Discount Bonds”) will be excluded from gross income for purposes of federal income taxation to the same extent as interest on such Series 2023 Bonds. In general, the issue price of a maturity of the Series 2023 Bonds is the first price at which a substantial amount of such maturity was sold to the public (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and the amount of original issue discount accrues in accordance with a constant yield method based on the compounding of interest. A purchaser’s adjusted basis in a Discount Bond is increased by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bond for purposes of federal income taxation. Owner of a Discount Bond should be aware that the accrual of original

issue discount in each taxable year may affect some of the collateral federal income tax consequences described herein although such owner has not received cash attributable to such original issue discount in such taxable year.

Prospective purchasers of Discount Bonds should consult their tax advisors with respect to the tax consequences of acquiring, owning and disposing of Discount Bonds.

### **Bond Premium**

The excess, if any, of the tax adjusted basis of a maturity of any Series 2023 Bonds purchased as part of the initial public offering by a purchaser (other than a purchaser who holds such Series 2023 Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity constitutes “bond premium.” Owners of a maturity of the Series 2023 Bonds with bond premium (a “Premium Bond”) will be subject to requirements under the Code relating to tax cost reduction associated with the amortization of bond premium and, under certain circumstances, the initial owner of a Premium Bond may realize taxable gain upon disposition of Premium Bonds even though sold or redeemed for an amount less than or equal to such owner’s original cost of acquiring such Premium Bonds. In general, bond premium is amortized over the term of a Premium Bond for Federal income tax purposes in accordance with constant yield principles based on the owner’s yield over the remaining term of such Premium Bond (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). The owner of a Premium Bond is required to decrease such owner’s adjusted basis in such Premium Bond by the amount of amortizable bond premium attributable to each taxable year such Premium Bond is held. The amortizable bond premium on such Premium Bond attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium attributable to a taxable year is treated as an offset to qualified stated interest received on such Premium Bond during such taxable year.

Prospective purchasers of Premium Bonds should consult their tax advisors with respect to the tax consequences of acquiring, owning and disposing of Premium Bonds.

### **Information Reporting and Backup Withholding**

Interest paid on the Series 2023 Bonds will be subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Series 2023 Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not “exempt recipients”, and (b) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or credit against such beneficial owner’s federal income tax liability provided the required information is furnished to the IRS.

### **Miscellaneous**

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents Bond Counsel’s judgment as to the proper treatment of the Series 2023 Bonds for federal income tax purposes. Such opinion is not binding on the IRS or the courts. Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Series 2023 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to State or local income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2023 Bonds for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Series 2023 Bonds. Prospective purchasers of the Series 2023 Bonds should consult their own advisers regarding the foregoing matters.

The engagement of Bond Counsel with respect to the Series 2023 Bonds ends with the issuance of the Series 2023 Bonds and, unless separately engaged, Bond Counsel is not obligated to defend DASNY, GST BOCES or the bondholders regarding the tax-exempt status of the Series 2023 Bonds in the event of an audit examination by the IRS. Under current procedures, parties, including the bondholders, other than DASNY, GST BOCES and their appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which DASNY legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2023 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2023 Bonds, and may cause DASNY, GST BOCES or the bondholders to incur significant expense.

The proposed form of the opinion of Bond Counsel relating to the Series 2023 Bonds is set forth in Appendix F hereto.

#### **PART 12 – STATE NOT LIABLE ON THE SERIES 2023 BONDS**

The Act provides that notes and bonds of DASNY shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of DASNY. The Master Resolution specifically provides that the Series 2023 Bonds shall not be a debt of the State nor shall the State be liable thereon.

#### **PART 13 – COVENANT BY THE STATE**

The Act states that the State pledges and agrees with the holders of DASNY's notes and bonds that the State will not limit or alter the rights vested in DASNY to fulfill the terms of any agreement made with the holders of DASNY's notes and bonds or in any way impair the rights and remedies of the holders of such notes or bonds until such notes or bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes or bonds are fully met and discharged. Notwithstanding the State's pledges and agreement contained in the Act, the State may, in the exercise of its sovereign power, enact or amend its laws which, if determined to be both reasonable and necessary to serve an important public purpose, could have the effect of impairing these pledges and agreement with DASNY and with the holders of DASNY's notes or bonds. The Act specifically provides that the State covenants with holders of the Bonds not to repeal, revoke, rescind or modify the provisions of the Act so as to limit, impair or impede the security afforded by that portion of the Act requiring the Comptroller of the State of New York to deduct from any State funds appropriated to a BOCES an amount equal to the amount payable by such BOCES to DASNY under the Agreement for the ensuing school year and further provides that no lien or charge which is prior in time or superior in right to such deduction shall be created; provided however, that nothing in the Act shall require the State to continue the payment of State aid to boards of cooperative educational services or prevent the State repealing or amending any law providing for the apportionment of such aid.

#### **PART 14 – LEGAL MATTERS**

Certain legal matters incidental to the authorization and issuance of the Series 2023 Bonds by DASNY are subject to the approval of Bryant Rabbino LLP, Bond Counsel to DASNY, whose approving opinion will be delivered with the Series 2023 Bonds. The proposed form of opinion to be delivered by Bryant Rabbino LLP, Bond Counsel, is set forth in Appendix F hereto. Certain legal matters will be passed upon for the Underwriter by its counsel, Trespasz & Marquardt, LLP, Syracuse, New York and for GST BOCES by its counsel, Law Offices of Timothy R. McGill, Esq., Fairport, New York.

#### **PART 15 – UNDERWRITING**

Roosevelt & Cross Incorporated (the "Underwriter") has agreed, subject to certain conditions, to purchase the Series 2023 Bonds from DASNY at an aggregate purchase price of \$20,383,974.47 and to make a public offering



of the Series 2023 Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement. The Underwriter will be obligated to purchase all Series 2023 Bonds if any are purchased.

The Series 2023 Bonds may be offered and sold to certain dealers (including the Underwriter) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

## **PART 16 – CONTINUING DISCLOSURE**

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), GST BOCES will enter into a written agreement (the “Continuing Disclosure Agreement”) with Digital Assurance Certification LLC (“DAC”), as disclosure dissemination agent, and the Trustee. The proposed form of the Continuing Disclosure Agreement is attached hereto as Appendix E.

### **Historical Compliance**

GST BOCES has complied in the previous five years, in all material respects, with any previous limited disclosure undertakings pursuant to Rule 15c2-12.

## **PART 17 – RATINGS**

Moody’s Investors Service (“Moody’s”) assigned a rating of “Aa2” on the Series 2023 Bonds.

The rating reflects only the rating agency issuing such rating and is not a recommendation by such rating agency to purchase, sell or hold the obligations rated or as to the market price or suitability of such obligations for a particular investor. Generally, a rating agency bases its rating and outlook, if any, on the information and material furnished to it and on investigations, studies and assumptions of its own. An explanation of the significance of any rating may be obtained only from the rating agency furnishing such rating. There is no assurance that such ratings will be in effect for any given period of time or that they will not be revised upward or downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of any or all of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price or marketability of the Series 2023 Bonds.

On April 13, 2022 Moody’s upgraded to Aa2 from Aa3 its programmatic rating and revised the outlook to stable from positive on most intercept programs of the State of New York, including DASNY Master BOCES Intercept Program Bonds authorized under the Master Resolution.

## **PART 18 – SOURCES OF INFORMATION AND CERTIFICATIONS**

Certain information concerning GST BOCES included in this Official Statement has been furnished or reviewed and authorized for use by DASNY by such sources as described below. While DASNY believes that these sources are reliable, DASNY has not independently verified this information and does not guarantee the accuracy or completeness of the information furnished by the respective sources. DASNY is relying on certificates from each source, to be delivered at or prior to the time of delivery of the Series 2023 Bonds, as to the accuracy of such information provided or authorized by it.

The information set forth herein relating to DASNY under the heading “DASNY” has been obtained from DASNY. All other information herein has been obtained by the Underwriter or from GST BOCES and other sources deemed to be reliable by the Underwriter and is not to be construed as a representation by DASNY or the Underwriter. In addition, DASNY does not warrant the accuracy of the statements contained herein relating to GST BOCES nor does it directly or indirectly guarantee, endorse or warrant (1) the creditworthiness or credit standing of GST BOCES,

(2) the sufficiency of the security for the Series 2023 Bonds or (3) the value or investment quality of the Series 2023 Bonds.

*GST BOCES.* The information in “PART 4 – BOARDS OF COOPERATIVE EDUCATIONAL SERVICES,” “PART 5 – GST BOCES,” “PART 6 – THE PROJECT,” and “PART 7 – ESTIMATED SOURCES AND USES OF FUNDS” was supplied by GST BOCES. DASNY believes that this information is reliable, but DASNY makes no representations or warranties whatsoever to the accuracy or completeness of this information.

*The New York State Department of Education* (the “Department”). The information contained herein relating to BOCES generally and to the Department’s participation in the transactions contemplated herein has been reviewed for accuracy by the Department. DASNY believes that this information is reliable, but DASNY makes no representations or warranties whatsoever to the accuracy or completeness of this information.

*DTC.* The information regarding DTC and DTC’s book-entry only system has been furnished by DTC. DASNY believes that this information is reliable but makes no representations or warranties whatsoever to the accuracy or completeness of this information.

*Bond Counsel.* “Appendix A – Definitions”, “Appendix C – Summary of Certain Provisions of the Lease and Agreement,” “Appendix D – Summary of Certain Provisions of the Master Resolution” and “Appendix F – Form of Approving Opinion of Bond Counsel” have been prepared by Bryant Rabbino LLP.

DASNY will certify that, both as of the date of this Official Statement and on the date of delivery of the Series 2023 Bonds, the information contained under the heading “DASNY” in this Official Statement is and will be fairly presented in all material respects, and that such information does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

The references herein to the Act, other laws of the State, the Resolutions, the Agreement and the Agreement of Lease are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference should be made to each for a full and complete statement of its provisions. The agreement of DASNY with the registered owners of the Series 2023 Bonds are fully set forth in the Resolutions, and neither any advertisement of the Series 2023 Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2023 Bonds. So far as any statements are made in this Official Statement involving matters of opinion or an estimate, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the documents mentioned in this paragraph are on file at the offices of DASNY and the Trustee.

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The execution and delivery of this Official Statement by an Authorized Officer have been duly authorized by DASNY.

**DORMITORY AUTHORITY OF  
THE STATE OF NEW YORK**

By: /s/ REUBEN R. McDANIEL, III  
Authorized Officer

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**DEFINITIONS**

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## DEFINITIONS

The following are definitions of certain of the terms defined herein, or in the Master Resolution or the Agreement and used in this Official Statement.

*Accreted Value* means with respect to any Capital Appreciation Bond (i) as of any Valuation Date, the amount set forth for such date in the Series Resolution authorizing such Capital Appreciation Bond or the Bond Series Certificate relating to such Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Accreted Values for such Valuation Dates.

*Act* means the Dormitory Authority Act, being and constituting Title 4 of Article 8 of the Public Authorities Law of the State, as amended.

*Administrative Expenses* means expenses incurred by the Authority in carrying out its duties under the Agreement and under the Resolution, the BOCES Lease, and any other document, instrument, agreement, law, rule or regulation related to any Leased Property including, without limitation, accounting, administrative, financial advisory and legal expenses incurred in connection with the financing and construction of the Project, the fees and expenses of the Trustee, any Paying Agents or any other fiduciaries acting under the Resolution, the fees and expenses of any Facility Provider, the costs and expenses incurred in connection with the determination of the rate at which a Variable Interest Rate Bond is to bear interest and the remarketing of such Bond, the cost of providing insurance with respect to the Leased Property and the Project, judgments or claims payable by the Authority for the payment of which the Authority has been indemnified or held harmless pursuant to the Agreement, but only to the extent that moneys in the Construction Fund are not available therefor, and expenditures to compel full and punctual performance of the BOCES Lease, the Agreement, or any document, instrument or agreement related thereto in accordance with its terms.

*Agreement* means the Lease and Agreement, dated as of June 21, 2023, between the Authority and the BOCES, from time to time amended or supplemented in accordance with the terms and provisions of the Resolution.

*Annual Administrative Fee* means when used with respect to any Bond Year, a share of the general overhead and administrative expenditures of the Authority reasonably allocated to the Project for such Bond Year by the Authority in accordance with a formula approved by the Comptroller of the State of New York.

*Applicable* means (i) with respect to any Construction Fund, Arbitrage Rebate Fund, Building and Equipment Reserve Fund, Debt Service Fund, Debt Service Reserve Fund, the fund so designated and established by an Applicable Series Resolution authorizing an Applicable Series of Bonds relating to a particular Project, (ii) with respect to any Debt Service Reserve Fund Requirement, the said Requirement established in connection with a Series of Bonds by the Master Resolution or the Applicable Series Resolution, (iii) with respect to any Series Resolution, the Series Resolution relating to a particular Series of Bonds, (iv) with respect to any Series of Bonds, the Series of Bonds issued under a Series Resolution for a particular Project for a particular BOCES, (v) with respect to any Agreement or Lease Agreement, the Applicable Agreement or Applicable Lease Agreement, as the case may be, entered into by and between a BOCES and the Authority, relating to all Projects for a particular BOCES, (vi) with respect to a Credit Facility or Liquidity Facility, the Credit Facility or Liquidity Facility identified in the Applicable Series Resolution, (viii) with respect to a Bond Series Certificate, such certificate authorized pursuant to an Applicable Series Resolution, (ix) with respect to a Reserve Fund Facility and a Facility Provider, a Reserve Fund Facility which constitutes all or any part of the Debt Service Reserve Fund Requirement in connection with an Applicable Series of Bonds or the Facility Provider thereof, and (x) with respect to Revenues and Pledged Revenues, the amounts payable to the Authority on account of a Series of Bonds.

*Appreciated Value* means with respect to any Deferred Income Bond (i) as of any Valuation Date, the amount set forth for such date in the Applicable Series Resolution authorizing such Deferred Income Bond or in the Bond Series Certificate relating to such Bond and (ii) as of any date other than a Valuation Date, the sum of (a) the

Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Appreciated Value accrues during any semi-annual period in equal daily amounts on the basis of a year of twelve (12) thirty-day months, and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

*Arbitrage Rebate Fund* means each such fund so designated, created and established by the Applicable Series Resolution.

*Authority* means the Dormitory Authority of the State of New York, formed pursuant to the Act.

*Authority Fee* means the fee payable to the Authority in the amount of \$125,000 as compensation for all of the Authority's internal costs and overhead expenses attributable to an issuance of the Bonds, excluding Administrative Expenses and the Annual Administrative Fee.

*Authorized Officer* means (i) in the case of the Authority, the Chairman, the Vice-Chairman, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the General Counsel, the Chief Information Officer, and a Managing Director, and when used with reference to any act or document also means any other person authorized by a resolution or the by-laws of the Authority to perform such act or execute such document; (ii) in the case of a BOCES, when used with reference to any act or document, means the person identified in the Master Resolution or in the Applicable Agreement or Applicable Lease Agreement, as authorized to perform such act or execute such document, and in all other cases means the Superintendent or an officer or employee of a BOCES authorized in a written instrument signed by the Superintendent; and (iii) in the case of the Trustee, the President, a Vice President, a Corporate Trust Officer, an Assistant Corporate Trust Officer, a Trust Officer or an Assistant Trust Officer of the Trustee, and when used with reference to any act or document also means any other person authorized to perform any act or sign any document by or pursuant to a resolution of the Board of Directors of the Trustee or the by-laws of the Trustee.

*Basic Rent* means that portion of the Rentals payable pursuant to the Applicable Agreement.

*BOCES* means the Greater Southern Tier Board of Education of the Board of Cooperative Educational Services, Sole Supervisory District, Schuyler, Steuben, Chemung, Tioga, and Allegany Counties, New York, a corporation established pursuant to section 2201 and operating pursuant to sections 1950 and 1951 of the Education Law of the State of New York.

*BOCES Lease* or *Lease* means the Agreement of Lease, dated as of June 21, 2023, between the BOCES, as lessor, and the Authority, as lessee, as it may be from time to time amended, modified and supplemented, and that, unless stated otherwise, relates to the Series 2023 Bonds.

*Bond* or *Bonds* means any of the bonds of the Authority, including the Series 2023 Bonds, authorized and issued pursuant to the Master Resolution and to an Applicable Series Resolution.

*Bond Counsel* means an attorney or a law firm, appointed by the Authority with respect to a particular Series of Bonds, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

*Bond Series Certificate* means the certificate of an Authorized Officer of the Authority, including the Series 2023 Bond Series Certificate, fixing terms, conditions and other details of Bonds of an Applicable Series in accordance with the delegation of power to do so under the Master Resolution or under the Applicable Series Resolution authorizing the issuance of such Bonds.

*Bond Year* means unless otherwise stated in the Applicable Series Resolution, a period of twelve (12) consecutive months beginning August 15 in any calendar year and ending on August 14 of the succeeding calendar year.



*Bondholder, Holder of Bonds or Holder or any similar term, when used with reference to a Bond or Bonds,* means the registered owner of any Bond.

*Building and Equipment Reserve Fund* means each such fund so designated and established by the Applicable Series Resolution.

*Business Day* means any day which is not a Saturday, Sunday or a day on which banking institutions chartered by the State or the United States of America are legally authorized to close in The City of New York; provided, however, that, with respect to Option Bonds or Variable Interest Rate Bonds of a Series, such term means any day which is not a Saturday, Sunday or a day on which the New York Stock Exchange, banking institutions chartered by the State or the United States of America, the Trustee or the issuer of a Credit Facility or Liquidity Facility for such Bonds are legally authorized to close in The City of New York.

*Capital Appreciation Bond* means any Bond as to which interest is compounded on each Valuation Date therefor and is payable only at the maturity or prior redemption thereof.

*Code* means the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

*Construction Fund* means each such fund so designated, created and established by the Applicable Series Resolution pursuant to the Master Resolution.

*Cost or Costs of Issuance* means the items of expense incurred in connection with the authorization, sale and issuance of an Applicable Series of Bonds, which items of expense will include, but not be limited to, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Depository, legal fees and charges, professional consultants' fees, fees and charges for execution, transportation and safekeeping of such Bonds, premiums, fees and charges for insurance on Bonds, commitment fees or similar charges of a Remarketing Agent or relating to a Credit Facility or a Liquidity Facility, costs and expenses of refunding such Bonds and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

*Cost or Costs of the Project* means with respect to an Applicable Project costs and expenses or the refinancing of costs and expenses determined by the Authority to be necessary in connection with the Project, including, but not limited to, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses incurred for labor and materials and payments to contractors, builders and materialmen, for the acquisition, construction, reconstruction, rehabilitation, repair and improvement of such Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of such Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising such Project, (v) costs and expenses required for the acquisition and installation of furnishings, equipment, machinery and apparatus, (vi) all other costs which the Applicable BOCES or the Authority will be required to pay or cause to be paid for the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of such Project, (vii) any sums required to reimburse the BOCES or the Authority for advances made by them for any of the above items or for other costs incurred and for work done by them in connection with such Project (including interest on borrowed money), (viii) interest on the Bonds prior to, during and for a reasonable period after completion of the acquisition, construction, reconstruction, rehabilitation, repair, improvement or equipping of such Project, and (ix) fees, expenses and liabilities of the Authority incurred in connection with such Project or pursuant hereto or to the Applicable Agreement or Applicable Lease Agreement, a Credit Facility, a Liquidity Facility or a Remarketing Agreement.

*Credit Facility* means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, municipal bond insurance policy or other agreement, facility or insurance or guaranty arrangement issued or extended by a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United

States of America, the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority, pursuant to which the Authority is entitled to obtain moneys to pay the principal, purchase price or Redemption Price of Bonds due in accordance with their terms, plus accrued interest thereon to the date of payment, purchase or redemption thereof, in accordance with the Master Resolution and with the Series Resolution authorizing such Bonds or a Bond Series Certificate, whether or not the Authority is in default under the Master Resolution.

*Debt Service Fund* means the fund so designated, created and established by the Applicable Series Resolution.

*Debt Service Reserve Fund* means the fund so designated, created and established by the Applicable Series Resolution.

*Debt Service Reserve Fund Requirement* means, as of any particular date of computation, with respect to Bonds of a Series, one-half of the amount equal to the greatest amount required in the then current or any future calendar year to pay the sum of the principal and Sinking Fund Installments of and interest on such Series of Outstanding Bonds payable during such year, excluding interest accrued thereon prior to August 15 of the next preceding year, except that if, upon the issuance of a Series of Bonds, such amount would require moneys, in an amount in excess of the maximum amount permitted under the Code to be deposited therein from the proceeds of such Bonds, to be deposited therein, the Debt Service Reserve Fund Requirement will mean an amount equal to the maximum amount permitted under the Code to be deposited therein from the proceeds of such Bonds, as certified by an Authorized Officer of the Authority; provided, however, that for purposes of this definition (a) the principal and interest portions of the Accreted Value of a Capital Appreciation Bond and the Appreciated Value of a Deferred Income Bond becoming due at maturity or by virtue of a Sinking Fund Installment will be included in the calculations of interest and principal payable on August 15 of the year in which such Capital Appreciation Bond or Deferred Income Bond matures or in which such Sinking Fund Installment is due, (b) an Option Bond Outstanding during any Bond Year will be assumed to mature on the stated maturity date thereof, and (c) it will be assumed that a Variable Interest Rate Bond, prior to its conversion to bear interest at a fixed rate to its maturity, bears interest during any year at the higher of (1) a fixed rate of interest equal to that rate, as estimated by an Authorized Officer of the Authority, after consultation with the remarketing agent, if any, for such Variable Interest Rate Bond if it is also an Option Bond or, if it is not, with an investment banking firm which is regularly engaged in the underwriting of or dealing in bonds of substantially similar character, on a day not more than twenty (20) days prior to the date of initial issuance of such Variable Interest Rate Bond, which such Variable Interest Rate Bond would have had to bear to be marketed at par on such date as a fixed rate obligation maturing on the maturity date of such Variable Interest Rate Bond, and (2) a rate, not less than the initial rate of interest on such Variable Interest Rate Bond, set forth in or determined pursuant to a formula set forth in the Applicable Series Resolution authorizing such Variable Interest Rate Bond or in the Applicable Bond Series Certificate relating to such Bond, and (d) if a Variable Interest Rate Bond will be converted to a fixed rate Bond for the remainder of the term thereof and as a result of such conversion a deficiency will be created in the Debt Service Reserve Fund, the Debt Service Reserve Fund Requirement will be calculated so as to exclude the amount of such deficiency and the Debt Service Reserve Fund Requirement will be increased in each of the five (5) years after the date of such conversion by an amount which will be equal to twenty per centum (20%) of the aforesaid deficiency.

*Defeasance Security* means (a) a direct obligation of the United States of America, an obligation the principal of and interest on which are guaranteed by the United States of America (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment), an obligation to which the full faith and credit of the United States of America are pledged (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment) and a certificate or other instrument which evidences the ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, direct obligations of the United States of America, which, in each case, is not subject to redemption prior to maturity other than at the option of the holder thereof or which has been irrevocably called for redemption on a stated future date or (b) an Exempt Obligation (i) which is not subject to redemption prior to maturity other than at the option of the holder thereof or as to which irrevocable instructions have been given to the trustee of such Exempt Obligation by the obligor thereof to give due notice of redemption and to call such Exempt Obligation for redemption on the date or dates specified in such

instructions and such Exempt Obligation is not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof, (ii) which is secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or direct obligations of the United States of America which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date thereof or the redemption date specified in the irrevocable instructions referred to in clause (i) above, (iii) as to which the principal of and interest on the direct obligations of the United States of America which have been deposited in such fund, along with any cash on deposit in such fund, are sufficient to pay the principal of and interest and redemption premium, if any, on such Exempt Obligation on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, and (iv) which are rated by a Rating Agency in the highest rating category of each such rating service for such Exempt Obligation; provided, however, that such term will not mean any interest in a unit investment trust or mutual fund.

*Deferred Income Bond* means any Bond as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is compounded on each Valuation Date for such Deferred Income Bond, and as to which interest accruing after the Interest Commencement Date is payable semi-annually on February 15 and August 15 of each Bond Year.

*Depository* means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State, or its nominee, or any other person, firm, association or corporation designated in the Series Resolution authorizing a Series of Bonds or a Bond Series Certificate relating to a Series of Bonds to serve as securities depository for the Bonds of such Series.

*Exempt Obligation* means (i) an obligation of any state or territory of the United States of America, any political subdivision of any state or territory of the United States of America, or any agency, authority, public benefit corporation or instrumentality of such state, territory or political subdivision, the interest on which is excludable from gross income under Section 103 of the Code, which is not a “specified private activity bond” within the meaning of Section 57(a)(5) of the Code, and which, at the time an investment therein is made or such obligation is deposited in any fund or account under the Master Resolution, is rated, without regard to qualification of such rating by symbols such as “+” or “-” and numerical notation, in not less than the second highest rating category of each Rating Agency rating such obligation, or, if such obligation is not rated by a Rating Agency, has been assigned a comparable rating by another nationally recognized rating service or (ii) United States Treasury Demand Deposit Certificates of Indebtedness - State and Local Government Series, to the extent treated as a tax exempt obligation for purposes of Section 148 of the Code.

*Facility Provider* means the issuer of a Credit Facility, a Liquidity Facility or a Reserve Fund Facility delivered to the Applicable Trustee pursuant to the Master Resolution.

*Fitch* means Fitch, Inc., a corporation organized and created under the laws of the State of Delaware and its successors and assigns.

*Government Obligation* means a direct obligation of the United States of America, an obligation the principal of and interest on which are guaranteed by the United States of America, an obligation (other than an obligation the payment of the principal of which is not fixed as to amount or time of payment) to which the full faith and credit of the United States of America are pledged, an obligation of any federal agency approved by the Authority, a certificate or other instrument which evidences the ownership of, or the right to receive all or a portion of the payment of the principal of or interest on, direct obligations of the United States of America or a share or interest in a mutual fund, partnership or other fund wholly comprised of such obligations.

*Interest Commencement Date* means, with respect to any particular Deferred Income Bond, the date prior to the maturity date thereof specified in the Applicable Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond, after which interest accruing on such Bond will be payable on the interest payment date immediately succeeding such Interest Commencement Date and semi-annually thereafter on February 15 and August 15 of each Bond Year.

*Investment Agreement* means an agreement for the investment of moneys with a Qualified Financial Institution.

*Leased Property* means the real property described in Exhibit A to the Agreement, the buildings and improvements situated thereon or from time to time erected thereon and the Personal Property now or hereafter situated on or used in connection therewith (but only to the extent such Personal Property is financed or refinanced with the proceeds of Bonds) constituting “board of cooperative educational services school facilities” as defined in the Act.

*Liquidity Facility* means an irrevocable letter of credit, surety bond, loan agreement, Standby Purchase Agreement, line of credit or other agreement or arrangement issued or extended by a bank, a trust company, a national banking association, an organization subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a savings bank, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority, pursuant to which moneys are to be obtained upon the terms and conditions contained therein for the purchase or redemption of Option Bonds tendered for purchase or redemption in accordance with the terms hereof and of the Applicable Series Resolution authorizing such Bonds or the Applicable Bond Series Certificate relating to such Bonds.

*Master Resolution* means the Authority’s Master BOCES Program Lease Revenue Bond Resolution, adopted on August 15, 2001, as amended and supplemented.

*Maximum Interest Rate* means, with respect to any particular Variable Interest Rate Bond, the numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond, that will be the maximum rate at which such Bond may bear interest at any time.

*Memorandum of Understanding* means the Memorandum of Understanding, among the Authority, the New York State Department of Education and the Office of State Comptroller with respect to the Series 2023 Bonds.

*Minimum Interest Rate* means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, if any, set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond, that will be the minimum rate at which such Bonds may bear interest at any time.

*Moody’s* means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, or its successors and assigns.

*Option Bond* means any Bond which by its terms may be tendered by and at the option of the Holder thereof for redemption by the Authority prior to the stated maturity thereof or for purchase thereof, or the maturity of which may be extended by and at the option of the Holder thereof in accordance with the Series Resolution authorizing such Bonds or the Bond Series Certificate related to such Bonds.

*Outstanding, when used in reference to Bonds*, means, as of a particular date, all Bonds authenticated and delivered under the Master Resolution and under any Applicable Series Resolution except: (i) any Bond canceled by the Applicable Trustee at or before such date; (ii) any Bond deemed to have been paid in accordance with the Master Resolution; (iii) any Bond in lieu of or in substitution for which another Bond will have been authenticated and delivered pursuant to the Master Resolution; and (iv) Option Bonds tendered or deemed tendered in accordance with the provisions of the Series Resolution authorizing such Bonds or the Bond Series Certificate related to such Bonds on the applicable adjustment or conversion date, if interest thereon will have been paid through such applicable date and the purchase price thereof will have been paid or amounts are available for such payment as provided in the Agreement and in the Series Resolution authorizing such Bonds.

*Paying Agent* means, with respect to the Bonds of any Series, the Trustee and any other bank or trust company and its successor or successors, appointed pursuant to the provisions of the Master Resolution or of a Series Resolution, a Bond Series Certificate or any other resolution of the Authority adopted prior to authentication and delivery of the Series of Bonds for which such Paying Agent or Paying Agents will be so appointed.

*Permitted Encumbrances* means and includes:

1. the lien of taxes and assessments and water and sewer rents and charges which are not yet due and payable;
2. rights reserved to or vested in any municipality or governmental or other public authority to control or regulate or use in any manner any portion of the Leased Property which do not materially impair the use of the Leased Property for the purposes for which it is or may reasonably be expected to be held;
3. minor defects and irregularities in the title to the Leased Property which do not in the aggregate materially impair the use of the Leased Property for the purposes for which it is or may reasonably be expected to be held;
4. easements, exceptions or reservations for the purpose of pipelines, telephone lines, telegraph lines, power lines and substations, roads, streets, alleys, highways, railroad purposes, drainage and sewerage purposes, dikes, canals, laterals, ditches, the removal of oil, gas, coal or other minerals, and other like purposes, or for the joint or common use of real property, facilities and equipment, which do not materially impair the use of such property for the purposes for which it is or may reasonably be expected to be held;
5. present or future valid zoning laws and ordinances;
6. any purchase money security interests in any Personal Property, other than with respect to Personal Property financed with the proceeds of the Bonds and any replacements thereof;
7. all other matters of record and state of title at the commencement date of the Agreement, rights of parties in possession and any state of facts which an accurate survey or physical inspection would show;
8. the BOCES Lease;
9. those matters referred to in any title insurance policy with respect to the Leased Property and accepted by the Authority; and
10. such other encumbrances or items to which the BOCES will have consented in writing signed by an Authorized Officer.

*Personal Property* means all articles of tangible personal property of every kind and description presently located or hereafter placed on or used in connection with the management or operation of the Leased Property other than those which, by the nature of their attachment to the Leased Property become real property pursuant to applicable law, including all escalators and elevators; all heating, ventilating, and air-conditioning equipment; all appliances, apparatus, machinery, motors and electrical equipment; all interior and exterior lighting equipment; all telephone, intercom, audio, music and other sound reproduction and communication equipment; all floor coverings, carpeting, wall coverings, drapes, furniture, trash containers, carts, decorative plants, planters, sculptures, fountains, artwork and other mall, common area, auditorium and office furnishings; all plumbing fixtures, facilities and equipment; all cleaning, janitorial, lawn, landscaping, disposal, firefighting, sprinkler and maintenance equipment and supplies; all books, records, files, financial and accounting records relating to the ownership, operation or management of the Project; all drawings, plans and specifications relating to the improvements; and all other personal property whether similar or dissimilar to the foregoing which is now or in the future used in the ownership, operation or management of the Project, including all additions thereto, proceeds received upon voluntary or involuntary disposition thereof, and all renewals or replacements thereof or articles in substitution therefor.

*Plans and Specifications* means the final design for the Project, including a complete set of architectural, structural, HVAC, plumbing, electrical, landscape and furniture and equipment drawings, specifications and a shop drawings list which comply with all applicable laws, as well as all required regulatory approvals and utility acceptances, together with any amendments thereto including increasing, decreasing or otherwise modifying the scope of the Project provided that such amendments are approved in writing by the State Education Department and filed with the Authority.

*Pledged Revenues* means the State funds that are pledged and assigned by a BOCES to the Authority pursuant to an Applicable Agreement to secure the BOCES obligations under such Agreement and that are required by the Act and the Education Law to be paid directly to the Authority or the Applicable Trustee.

*Prior Pledges* means the liens, pledges, charges, encumbrances and security interests made and given by a BOCES to secure prior obligations incurred by said BOCES, the maintenance of which has been approved by the Authority.

*Project* (as defined in the Master Resolution) means the acquisition, design, construction, reconstruction, rehabilitation, improvement and equipping of “board of cooperative educational services school facilities” as defined in the Act.

*Qualified Financial Institution* means (i) a securities dealer, the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation, (ii) a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provisions of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provisions of law, a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, a savings bank, a savings and loan association, an insurance company or association chartered or organized under the laws of any state of the United States of America, (iii) a corporation affiliated with or which is a subsidiary of any entity described in (i) or (ii) above or which is affiliated with or a subsidiary of a corporation which controls or wholly owns any such entity or (iv) the Government National Mortgage Association or any successor thereto, the Federal National Mortgage Association or any successor thereto, or any other federal agency or instrumentality approved by the Authority; provided, however, that in the case of any entity described in (ii) or (iii) above, the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by any such organization, at the time an Investment Agreement is entered into by the Authority are rated, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, “A” or better by at least two Rating Agencies, or, if such obligations are not rated by at least two Rating Agencies, have been assigned a comparable rating by at least one Rating Agency, but in no event will such obligations be rated lower than the lowest rating assigned by a Rating Agency to any Outstanding Bonds.

*Rating Agency* means on any date each of Fitch, Moody’s or S&P that then has, at the request of the Authority, assigned a rating to the Applicable Series of Bonds, and any nationally recognized rating service that has been designated as a rating service by the Authority for purposes of the Master Resolution.

*Redemption Price, when used with respect to a Bond*, means the principal amount of such Bond plus the applicable premium, if any, payable upon redemption prior to maturity thereof pursuant to the Master Resolution or to the Applicable Series Resolution or Bond Series Certificate.

*Remarketing Agent* means the person appointed by or pursuant to a Series Resolution authorizing the issuance of Option Bonds to remarket such Option Bonds tendered or deemed to have been tendered for purchase in accordance with such Series Resolution or the Bond Series Certificate relating to such Option Bonds.

*Rentals* means the rent payable under the Agreement.

*Reserve Fund Facility* means a surety bond, insurance policy or letter of credit which constitutes any part of the Debt Service Reserve Fund Requirement authorized to be delivered to the Trustee pursuant to the Master Resolution.

*Resolution* means the Master Resolution, as supplemented by the Series 2023 Resolution and the Series 2020B Resolution.

*Revenues* means (i) the Basic Rent paid by a BOCES pursuant to the Agreement, (ii) the Applicable Pledged Revenues and (iii) the right to receive the same and the proceeds thereof and of such right.

*S&P* means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Corporation, or its successors and assigns.

*Series* means all of the Bonds authenticated and delivered on original issuance and pursuant to the Master Resolution and to the Applicable Series Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Master Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

*Series Resolution* means a resolution of the Authority, including the Series 2023 Resolution, authorizing the issuance of a Series of Bonds adopted by the Authority pursuant to the Master Resolution.

“*Series 2023 Bonds*” means the Authority’s Master BOCES Program Lease Revenue Bonds (Greater Southern Tier Issue), Series 2023, for the BOCES.

*Series 2023 Bond Series Certificate* means the Certificate of an authorized officer of the Authority, fixing terms, conditions and other details of the Series 2023 Bonds.

*Series 2023 Resolution* means the Series 2023 Resolution authorizing up to \$20,000,000 Master BOCES Program Lease Revenue Bonds (Greater Southern Tier Issue), Series 20223, adopted by the Authority on June 21, 2023.

*Sinking Fund Installment* means, as of any date of calculation, when used with respect to any Bonds of a Series, other than Option Bonds or Variable Interest Rate Bonds, so long as any such Bonds are Outstanding, the amount of money required hereby or by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto, to be paid on a single future August 15 for the retirement of any Outstanding Bonds of said Series which mature after said future August 15, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future August 15 is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Bonds are deemed to be Bonds entitled to such Sinking Fund Installment, and when used with respect to Option Bonds or Variable Interest Rate Bonds of a Series, so long as such Bonds are Outstanding, the amount of money required by the Series Resolution pursuant to which such Bonds were issued or by the Bond Series Certificate relating thereto, to be paid on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of a Bond, and said future date is deemed to be the date when a Sinking Fund Installment is payable and the date of such Sinking Fund Installment and said Outstanding Option Bonds or Variable Rate Interest Bonds of such Series are deemed to be Bonds entitled to such Sinking Fund Installment.

*State* means the State of New York.

*Supplemental Resolution* means any resolution of the Authority amending or supplementing the Master Resolution, any Applicable Series Resolution or any Supplemental Resolution adopted and becoming effective in accordance with the terms and provisions of the Master Resolution.

*Term Bonds* means the Bonds so designated in an Applicable Series Resolution or an Applicable Bond Series Certificate and payable from Sinking Fund Installments.

*Trustee* means the bank or trust company appointed as Trustee for the Bonds pursuant to the Applicable Series Resolution or Applicable Bond Series Certificate and having the duties, responsibilities and rights provided for in the Master Resolution with respect to such Series, and its successor or successors and any other bank or trust company which may at any time be substituted in its place pursuant to the Master Resolution.

*Valuation Date* means (i) with respect to any Capital Appreciation Bond, the date or dates set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond on which specific Accreted Values are assigned to such Capital Appreciation Bond, and (ii) with respect to any Deferred Income Bond, the date or dates prior to the Interest Commencement Date and the Interest Commencement Date set forth in the Series Resolution authorizing such Bond or in the Bond Series Certificate relating to such Bond on which specific Appreciated Values are assigned to such Deferred Income Bond.

*Variable Interest Rate* means the rate or rates of interest to be borne by a Series of Bonds or any one or more maturities within a Series of Bonds which is or may be varied from time to time in accordance with the method of

computing such interest rate or rates specified in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bonds, which will be based on (i) a percentage or percentages or other function of an objectively determinable interest rate or rates (e.g., a prime lending rate) which may be in effect from time to time or at a particular time or times or (ii) a stated interest rate that may be changed from time to time as provided in the Series Resolution authorizing such Bonds or the Bond Series Certificate relating to such Bond; provided, however, that such variable interest rate may be subject to a Maximum Interest Rate and a Minimum Interest Rate and that there may be an initial rate specified, in each case as provided in such Series Resolution or a Bond Series Certificate; provided, further, that such Series Resolution or Bond Series Certificate will also specify either (x) the particular period or periods of time or manner of determining such period or periods of time for which each variable interest rate will remain in effect or (y) the time or times at which any change in such variable interest rate will become effective or the manner of determining such time or times.

*Variable Interest Rate Bond* means any Bond which bears a Variable Interest Rate; provided, however, that a Bond the interest rate on which has been fixed for the remainder of the term thereof will no longer be a Variable Interest Rate Bond.



**FINANCIAL STATEMENTS OF GST BOCES  
FOR THE YEAR ENDED JUNE 30, 2022**

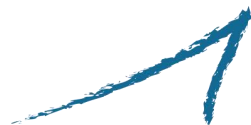
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# **GREATER SOUTHERN TIER BOCES**

**Elmira, New York**

## **FINANCIAL REPORT**

**For the Year Ended  
June 30, 2022**



**insero&co**

Certified Public Accountants | Business Advisors

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# ***GREATER SOUTHERN TIER BOCES***

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# ***GREATER SOUTHERN TIER BOCES***

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Greater Southern Tier BOCES  
Elmira, New York

### Report on the Audit of the Financial Statements

#### Opinions

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

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

#### Basis for Opinions

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

#### Emphasis of a Matter

During the year ended June 30, 2022, BOCES' adopted Government Accounting Standards Board (GASB) Statement No. 87, "Leases." As discussed in Note 14 to the financial statements, fund balance and net position for the General fund and governmental activities, respectively, were restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

## **Auditors' 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 auditors' 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 GAAS 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 GAAS 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; budgetary comparison schedules; Schedule of Changes in BOCES' Total OPEB Liability and Related Ratios; the Schedules of BOCES' Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of BOCES' Proportionate Share of the Net Pension (Asset)/Liability; and related notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise BOCES' basic financial statements. The Analysis of Account A431 School Districts; Schedule of Project Expenditures - Capital Projects Fund; Schedule of General Fund Revenues and Expenditures Compared to Budget; Balance Sheet - Non-Major Governmental Funds; and Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are 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 GAAS. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are 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 12, 2022, on our consideration of BOCES' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BOCES' internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 12, 2022

# ***GREATER SOUTHERN TIER BOCES***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022**

The following discussion and analysis of Greater Southern Tier Board of Cooperative Educational Services (BOCES) financial performance provides an overview of BOCES' financial activities for the year ended June 30, 2022 and discusses results of the current year in comparison with the prior year, with an emphasis placed on the current year. It should be read in conjunction with the basic financial statements to enhance understanding of BOCES' financial performance, which immediately follows this section.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year ending June 30, 2022 are as follows:

- BOCES is an educational institution formed under New York State Public Education Law No. 1950. It was formed to provide educational and management services to its 21 component school districts in Steuben, Schuyler, Chemung, Tioga, and Allegany Counties. Additionally, other school districts purchase services from BOCES by "cross-contracting" through their local BOCES.
- BOCES receives no state aid and has no taxing authority; therefore, the majority of its revenues are derived from charges for its services to school districts. Billings for services provided to BOCES and other school districts totaled \$105,048,387 in the General Fund for the current fiscal year. In accordance with New York State Public Education Law, BOCES does not maintain a General Fund unassigned fund balance. Instead, all revenue collected in excess of annual expenditures is returned to participating BOCES in direct proportion to the revenues collected from those districts. The refund for the fiscal year ended June 30, 2022 totaled \$9,866,404.
- In accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," BOCES has recorded their proportionate share of the net pension (asset)/liability of the ERS and TRS pension plans. Additionally, deferred inflows and deferred outflows of resources were recognized. Current year recognition of this standard resulted in a decrease in Government-wide pension expense of \$6,526,842 and a net asset of \$10,699,164, including deferred inflows and outflows of resources.
- In addition, BOCES recognized its total other postemployment benefits (OPEB) liability, as well as deferred outflows and deferred inflows of resources related to the OPEB plan, in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." Current year recognition of this standard resulted in an increase of Government-wide expenses of \$1,797,085 and a net liability, including deferred inflows and outflows, of \$177,063,122.
- Net position increased \$6,485,648 during the year, from a deficit of \$141,685,461 in the prior year to a deficit of \$135,199,813 at June 30, 2022. This deficit is largely the result of the effects of GASB Statements No. 68 and 75, as discussed above. Without the effects of GASB Statements No. 68 and 75, BOCES would have a net position of \$31,164,145.

# ***GREATER SOUTHERN TIER BOCES***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022**

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to BOCES' basic financial statements. BOCES' basic financial statements are comprised of four components: (1) Government-wide financial statements; (2) Governmental Fund financial statements; (3) Fiduciary Funds Statements; and (4) Notes to the financial statements. This report also contains budgetary comparison schedule for the General Fund; a Schedule of Changes in BOCES' Total OPEB Liability and Related Ratios related to BOCES' unfunded actuarial liability for postemployment benefits; and schedules detailing pension obligations; which is information required by the GASB, and other supplementary financial information, in addition to the basic financial statements and Government-wide financial statements.

These two statements are Government-wide financial statements that provide both short-term and long-term information about BOCES' overall financial status in a manner similar to private-sector business.

- The **Statement of Net Position** presents information on all of BOCES' assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Although the purpose of BOCES is not to accumulate net resources, over time increases or decreases in net position can serve as a useful indicator of whether the financial position of BOCES is improving or deteriorating.
- The **Statement of Activities** presents the revenue, expenses, and corresponding change in net position of BOCES during the most recent fiscal year. All revenues are reported when earned and expenses are reported when incurred, regardless of the timing of related cash flows.

The Governmental Activities of BOCES include administration, capital improvements, career and technical education, instruction for special education, itinerant services, general instruction, instructional support, other services, and interest expense.

### **Governmental Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is considered a separate accounting entity with a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. BOCES, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

# ***GREATER SOUTHERN TIER BOCES***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022**

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

Because different accounting bases are used to prepare Governmental Fund financial statements and Government-wide financial statements, there are often significant differences between the totals presented in these financial statements. To reconcile the total fund balance to the amount of the net position, an analysis is presented following the Balance Sheet. Also, the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities reconciles the total change in fund balances for all Governmental Funds to the change in net position as reported in the Statement of Activities.

BOCES maintains three types of governmental funds: General, Special Revenue, and Capital Projects Funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance for each fund.

BOCES adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund as required supplementary information to demonstrate compliance with the budget.

**Fiduciary Funds** are used to account for assets held by BOCES on behalf of others. BOCES is responsible for ensuring that the assets reported in these funds are used only for their intended purpose. Fiduciary Funds are not reflected in the Government-wide financial statements because the resources of these funds are not available to support BOCES' programs. The financial statements for the Governmental and Fiduciary Funds can be found in the basic financial statement section of this report.

# GREATER SOUTHERN TIER BOCES

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

### Notes to the Financial Statements

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

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

As stated earlier, net position can serve as a useful indicator of BOCES' financial position over time. As of June 30, 2022, BOCES' assets and deferred outflows of resources were exceeded by its liabilities and deferred inflows of resources by \$135,199,813. BOCES' combined net position for the fiscal year ended June 30, 2022 increased. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the Governmental Activities.

*Figure 1*

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total BOCES</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>Current Assets</i>	\$ 40,731,678	\$ 37,635,582	\$ 3,096,096
<i>Noncurrent Assets</i>	41,035,457	10,200,871	30,834,586
<i>Capital Assets, Net</i>	40,790,960	38,700,846	2,090,114
<b><i>Total Assets</i></b>	<b>\$ 122,558,095</b>	<b>\$ 86,537,299</b>	<b>\$ 36,020,796</b>
<i>Pensions</i>	24,860,302	27,341,253	(2,480,951)
<i>Other Postemployment Benefits</i>	25,841,445	24,177,048	1,664,397
<b><i>Total Deferred Outflows of Resources</i></b>	<b>\$ 50,701,747</b>	<b>\$ 51,518,301</b>	<b>\$ (816,554)</b>
<i>Current Liabilities</i>	42,664,931	38,990,919	3,674,012
<i>Noncurrent Liabilities</i>	165,124,442	160,994,701	4,129,741
<b><i>Total Liabilities</i></b>	<b>\$ 207,789,373</b>	<b>\$ 199,985,620</b>	<b>\$ 7,803,753</b>
<i>Leases</i>	4,753,807	5,740,903	(987,096)
<i>Pensions</i>	47,274,675	18,438,274	28,836,401
<i>Other Postemployment Benefits</i>	48,641,800	55,576,264	(6,934,464)
<b><i>Total Deferred Inflows of Resources</i></b>	<b>\$ 100,670,282</b>	<b>\$ 79,755,441</b>	<b>\$ 20,914,841</b>
<i>Net Investment in Capital Assets</i>	35,300,899	35,189,800	111,099
<i>Restricted</i>	6,957,445	7,159,219	(201,774)
<i>Unrestricted (Deficit)</i>	(177,458,157)	(184,034,480)	6,576,323
<b><i>Total Net Position (Deficit)</i></b>	<b>\$ (135,199,813)</b>	<b>\$ (141,685,461)</b>	<b>\$ 6,485,648</b>

The increase in current assets is due to the timing of receipts and disbursements. The increase in noncurrent assets is primarily due to an increase in lease receivables during the year due to GASB 87 and change to pension assets. The increase in capital assets, net, reflects additions exceeding annual depreciation and amortization expense.

The change in deferred outflows and deferred inflows of resources is a result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for other postemployment benefits (OPEB) plan.

# **GREATER SOUTHERN TIER BOCES**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022**

Current liabilities increased from 2021 mainly as a result of an increase in lease liabilities and an increase in due to other governments. Noncurrent liabilities increased as a result of an increase in other postemployment benefit liability and the increase in lease liabilities related to GASB 87.

Net investment in capital assets reflects capital assets net of associated debt. These assets are used to provide programs and services to its component districts and students and are not available for future spending. BOCES' unrestricted net deficit at June 30, 2022 is largely due to recognition of other postemployment benefits liabilities as required by GASB Statement No. 75.

Our analysis in *Figure 2* considers the operations of BOCES' activities.

*Figure 2*

<i>Changes in Net Position</i>	<i>Governmental Activities and Total BOCES</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<b>REVENUES</b>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	<b>\$ 98,616,299</b>	\$ 95,956,206	\$ 2,660,093
<i>Operating Grants</i>	<b>1,591,832</b>	3,905,200	(2,313,368)
<i>General Revenues:</i>			
<i>Use of Money and Property</i>	<b>2,865,933</b>	262,149	2,603,784
<i>Refund of Prior Year's Expenses</i>	<b>878,495</b>	919,795	(41,300)
<i>Capital Charges to Components</i>	<b>3,537,984</b>	1,900,000	1,637,984
<i>Net Change in Reserves</i>	<b>(217,652)</b>	-	(217,652)
<i>Net Change in Encumbrances</i>	<b>44,424</b>	-	44,424
<i>Net Change in Leases</i>	<b>(197,727)</b>	-	(197,727)
<i>Other General Revenues</i>	<b>4,709,510</b>	2,590,868	2,118,642
<b>Total Revenues</b>	<b>\$ 111,829,098</b>	\$ 105,534,218	\$ 6,294,880
<b>PROGRAM EXPENSES</b>			
<i>Administration</i>	<b>\$ 8,559,947</b>	\$ 7,664,089	\$ 895,858
<i>Career and Technical Education</i>	<b>18,629,543</b>	19,337,535	(707,992)
<i>Instruction for Special Education</i>	<b>21,526,895</b>	23,413,227	(1,886,332)
<i>Itinerant Services</i>	<b>5,880,205</b>	5,718,665	161,540
<i>General Instruction</i>	<b>5,877,814</b>	5,153,402	724,412
<i>Instructional Support</i>	<b>17,791,516</b>	16,148,013	1,643,503
<i>Other Services</i>	<b>26,382,264</b>	24,225,743	2,156,521
<i>Capital Outlay</i>	<b>22,385</b>	-	22,385
<i>Interest on Debt</i>	<b>672,881</b>	401,500	271,381
<b>Total Expenses</b>	<b>\$ 105,343,450</b>	\$ 102,062,174	\$ 3,281,276
<b>CHANGE IN NET POSITION</b>	<b>\$ 6,485,648</b>	\$ 3,472,044	\$ 3,013,604

# GREATER SOUTHERN TIER BOCES

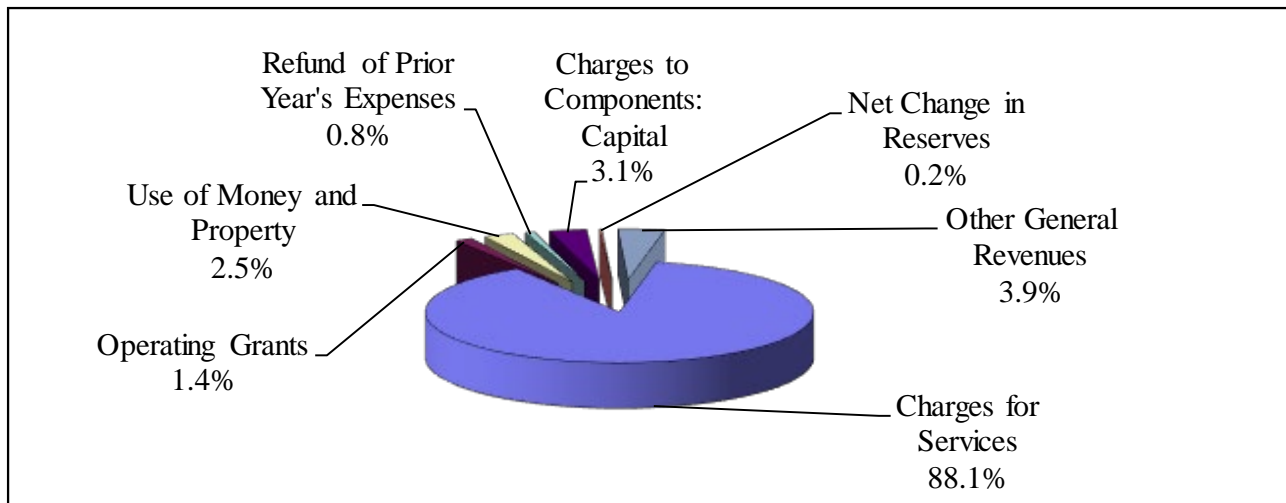
## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Total revenues and expenses for BOCES' Governmental Activities increased by 5.96% and 3.22%, respectively.

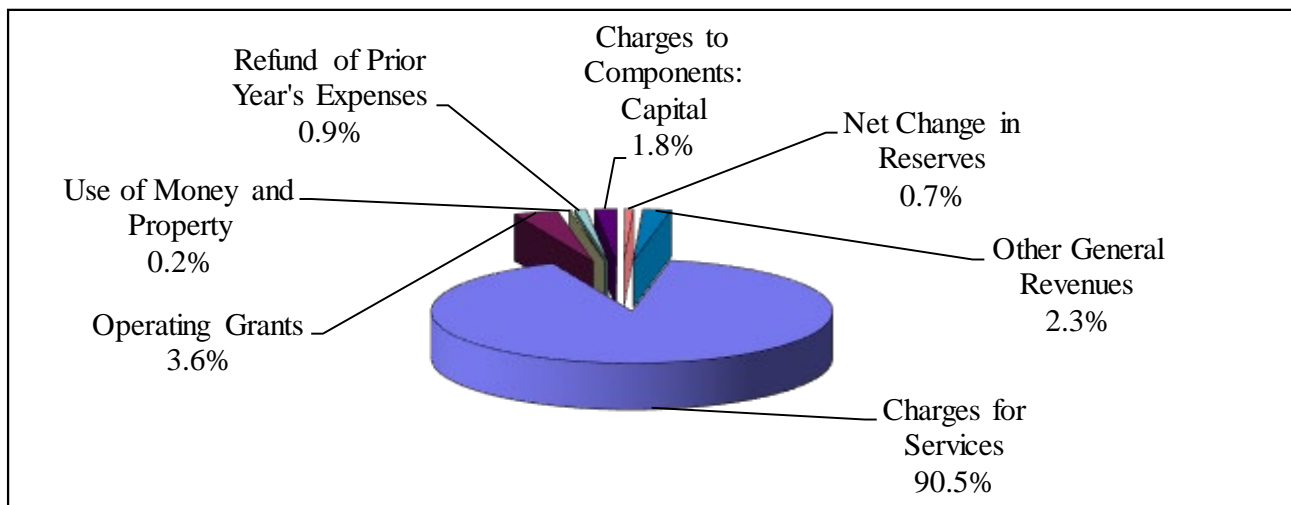
### Sources of Revenue

As illustrated below, the primary source of revenue for BOCES is charges for services, which provided 88.1% of total revenue in 2022. BOCES also obtains operating grants from federal, state, and local governments. These revenues, most of which are received to support particular programs, accounted 1.4% of total revenue for the 2022 fiscal year. Capital charges to components amounted to \$3,537,984, or 3.1%, of total revenue.

*Figure 3  
Sources of Revenue for 2022*



*Figure 4  
Sources of Revenue for 2021*



# GREATER SOUTHERN TIER BOCES

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

### Program Expenses

The following chart indicates how total expenses of \$105,343,450 have been spent by program category.

The largest program expense for the fiscal year ended June 30, 2022 was for Other Services, which comprised 25.1% of expenses. These programs provide school districts with planning services, administrative computer support, employee benefit coordination, health and safety risk services, Central Business Office services, labor relations, and other various services.

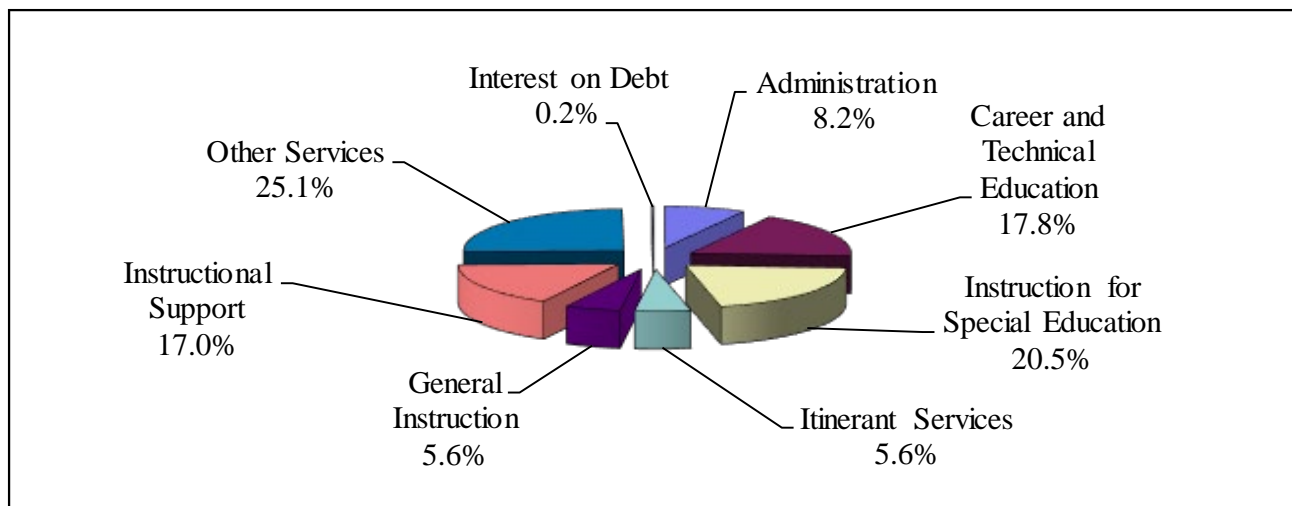
BOCES' second largest program expense is for Instruction for Special Education, making up 20.5% of total expenses. Special education programs are designed for students with disabilities whose instructional needs cannot be appropriately served by their local school districts. The program expense are not eligible for BOCES aid but do generate public excess cost aid and possible high cost aid for the applicable school districts.

Career and Technical Education expenses represent 17.8% of total expenses. These programs operate in cooperation with new graduation requirements, approved by the Board of Regents. All courses, except the New Visions courses, are offered with "Technical Endorsement" on a student's Regents Diploma. Additionally, several courses are offered with National Certification or State Licensure. The career and technical education program expenses are BOCES aidable.

Other substantial program costs are for Instructional Support, which comprise 17.0% of expenses. Typically, these programs provide school districts with professional and curriculum development services, library and media services, and instructional computer services.

The remaining expenses cover various services such as itinerant services, general instruction, administration, and interest expense.

**Figure 5**  
**Cost of Programs for 2022**

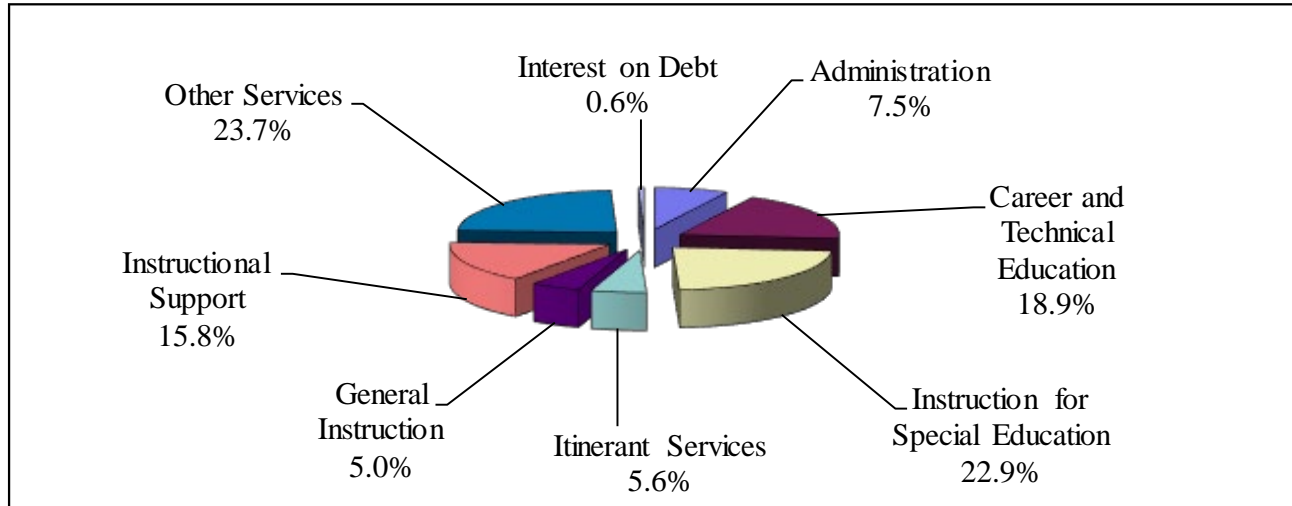




# GREATER SOUTHERN TIER BOCES

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

*Figure 6  
Cost of Programs for 2021*



### FINANCIAL ANALYSIS OF BOCES' FUNDS

#### Governmental Funds

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

The General Fund is the chief operating fund of BOCES.

Figure 7 shows the changes in fund balances for the year ended June 30, 2022. As BOCES completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a decreased combined fund balance from last year's total of \$5,050,451; reflecting a decrease in BOCES' reserves in the General Fund and significant decrease in Capital Fund as a result of large increases in expenses.

*Figure 7*

<i>Governmental Fund Balances</i>	<i>2022</i>	<i>2021</i>	<i>Total Dollar Change</i>
<b>Major Fund</b>			
<i>General Fund</i>	<b>\$ 4,027,146</b>	\$ 4,398,101	\$ (370,955)
<b>Non-Major Funds</b>			
<i>Capital Projects Fund</i>	<b>(633,454)</b>	590,483	(1,223,937)
<i>Miscellaneous Special Revenue Fund</i>	<b>78,637</b>	61,867	16,770
<b>Total</b>	<b>\$ 3,472,329</b>	\$ 5,050,451	\$ (1,578,122)

# **GREATER SOUTHERN TIER BOCES**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022**

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

By May 1 of each year, school districts are required to complete a final BOCES services request form for the forthcoming year. After that date, school districts can request to add additional services to meet the BOCES' needs. To ensure revenue and budgetary appropriations stay in balance, and prevent overspending, BOCES adjusts budgets throughout the course of the year, by Board action, as necessary.

BOCES also approves a large number of budgetary transfers annually. Transfers are permitted in any budget line within a program, but budget line transfers are not permitted from one program to another. It is anticipated that while BOCES will continue to control the number of budget transfers necessary to operate its programs, there will always be the need to transfer funds within instructional programs. Board policy requires any budget fund transfer in the amount of \$10,000 or more be approved by board action.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ending June 30, 2022.

**Figure 8**

<i>Condensed Budgetary Comparison General Fund - 2022</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Total Dollar Variance</i>
<b>REVENUES</b>				
<i>Charges to Components - Administrative</i>	\$ 10,063,496	\$ 10,063,496	\$ 5,702,758	\$ (4,360,738)
<i>Charges to Components - Services</i>	93,596,749	105,681,101	96,652,190	(9,028,911)
<i>Charges to Other BOCES and Non-Components</i>	1,789,135	-	2,693,439	2,693,439
<i>Charges to Components - Capital</i>	2,000,000	2,000,000	3,537,984	1,537,984
<i>Interest and Earnings</i>	100,000	100,000	2,865,400	2,765,400
<i>Other Revenues</i>	1,537,657	30,000	3,431,119	3,401,119
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 109,087,037</b>	<b>\$ 117,874,597</b>	<b>\$ 114,957,958</b>	<b>\$ (2,916,639)</b>
<b>EXPENDITURES</b>				
<i>Administration</i>	\$ 10,193,496	\$ 9,825,663	\$ 8,445,251	\$ 1,380,412
<i>Career and Technical Education</i>	18,398,110	18,399,332	16,553,197	1,846,135
<i>Instruction for Special Education</i>	24,026,299	24,575,284	22,095,726	2,479,558
<i>Itinerant Services</i>	6,079,360	6,084,318	5,810,903	273,415
<i>General Instruction</i>	6,578,410	6,927,433	5,972,774	954,659
<i>Instructional Support</i>	15,466,460	19,410,274	17,071,211	2,339,063
<i>Other Services</i>	26,344,902	30,284,951	26,775,150	3,509,801
<i>Debt Service</i>	-	367,342	367,342	-
<i>Other Financing Uses</i>	2,000,000	2,000,000	2,000,000	-
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 109,087,037</b>	<b>\$ 117,874,597</b>	<b>\$ 105,091,554</b>	<b>\$ 12,783,043</b>

# **GREATER SOUTHERN TIER BOCES**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022**

The variances in revenue are primarily other types of revenue, such as e-rate reimbursement and refunds from other BOCES for prior year fund balances. Often, the receipt and amount of these other revenues fluctuate from year to year and are, therefore, difficult to predict with any level of certainty. Accordingly, this revenue is not incorporated into the budget.

Variances from the revised budget to actual expenditures are typical every year. Revised budgets are projected for the current year when developing the forthcoming year's budget. This process assumes all budgets will spend down to a zero balance, which seldom happens. As mentioned previously, any fund balance remaining at year end is returned to the participating component school districts. This refund is reported in other financing uses.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At June 30, 2022, BOCES had invested in a broad range of capital assets. This amount represents a net increase (including additions, disposals, depreciation, and amortization) of 5.40% over last year. Component school districts contributed \$3,537,984 in the current year as part of an ongoing capital revitalization program.

*Figure 9*

<i>Changes in Capital Assets, Net</i>	<i>Governmental Activities</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>Land</i>	\$ 505,577	\$ 505,577	\$ -
<i>Construction in Progress</i>	106,079	100,215	5,864
<i>Buildings, Net</i>	34,926,637	32,388,100	2,538,537
<i>Equipment, Net</i>	4,060,801	4,204,060	(143,259)
<i>Intangible Assets, Net</i>	1,191,866	1,502,894	(311,028)
<b><i>Total</i></b>	<b>\$ 40,790,960</b>	<b>\$ 38,700,846</b>	<b>\$ 2,090,114</b>

Capital asset activity for the year ended June 30, 2022 included the following:

Construction in Progress	\$ 106,079
Buildings	3,117,914
Equipment	757,859
Intangible Lease Property	17,420
Intangible Lease Equipment	4,965
Total Additions	4,004,237
Less Net Book Value of Disposed Equipment	325,443
Less Depreciation Expense	(2,239,566)
<b>Net Increase in Capital Assets</b>	<b>\$ 2,090,114</b>

# GREATER SOUTHERN TIER BOCES

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

### Debt Administration

Debt, both short-term and long-term, considered a liability of Governmental Activities, decreased 10.84% in 2022, as shown in *Figure 10*. The decrease is a result of payment on Installment Purchase Debt and Lease Liabilities.

*Figure 10*

<i>Outstanding Debt</i>	<i>Governmental Activities and Total BOCES</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>Installment Purchase Debt</i>	\$ 4,191,534	\$ 4,534,641	\$ (343,107)
<i>Lease Liabilities</i>	1,208,527	1,521,794	(313,267)
<b><i>Total</i></b>	<b>\$ 5,400,061</b>	<b>\$ 6,056,435</b>	<b>\$ (656,374)</b>

More detailed information about BOCES' long-term liabilities and obligations is presented in the notes to the financial statements.

### FACTORS BEARING ON BOCES FUTURE

Greater Southern Tier BOCES serves 21 component school districts with a total enrollment of approximately 30,000 students in a geographic area which exceeds 2,000 square miles. BOCES has three campuses and uses more than 40 classrooms in various component districts. BOCES provides shared programs and services to component school districts they could not provide as efficiently or cost-effectively as individual districts.

New York State's fiscal situation, uncertainty about state aid to school districts, the property tax cap, declining enrollment, and the challenges presented by the declining COVID-19 relief funding, continue to make budget development difficult for school districts. These factors may lead to increases in some BOCES services as school districts opt to share more services and to decreased use of other BOCES services as school districts are forced to reduce expenditures. BOCES must continue to develop and maintain high quality and cost-effective programs and services to meet the needs of component school districts.

### CONTACTING BOCES FINANCIAL MANAGEMENT

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

Greater Southern Tier BOCES  
Attn: Tracy Loukopoulous  
Director of Finance  
459 Philo Road  
Elmira, NY 14903

# GREATER SOUTHERN TIER BOCES

## STATEMENT OF NET POSITION JUNE 30, 2022

### ASSETS

#### Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 18,998,602
Receivables:	
State and Federal Aid	19,936,970
Lease Receivable, Current	922,083
Other	874,023
<b>Total Current Assets</b>	<b>40,731,678</b>

#### Noncurrent Assets

Restricted Cash and Cash Equivalents	6,986,282
Net Pension Asset - Proportionate Share	33,113,537
Lease Receivable	935,638
Capital Assets, Net:	
Land and Construction in Progress	611,656
Depreciable Capital Assets, Net	38,987,438
Intangible Lease Assets, Net	1,191,866
<b>Total Noncurrent Assets</b>	<b>81,826,417</b>

<b>Total Assets</b>	<b>122,558,095</b>
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### DEFERRED OUTFLOWS OF RESOURCES

Pensions	24,860,302
Other Postemployment Benefits	25,841,445
<b>Total Deferred Outflows of Resources</b>	<b>50,701,747</b>

### LIABILITIES

#### Current Liabilities

##### Payables:

Due to School Districts	9,543,374
State Aid Due to School Districts	19,057,025
Accounts Payable	1,585,473
Accrued Liabilities	3,535,447
Due to Other Governments	1,777,297
Overpayments and Collections in Advance	824,347
Unearned Revenues	396,553
Due to Teachers' Retirement System	3,267,672
Due to Employees' Retirement System	440,274
Current Portion of Long-Term Liabilities:	
Installment Purchase Debt	1,962,990
Leases Payable	274,479
<b>Total Current Liabilities</b>	<b>42,664,931</b>

*See Notes to Basic Financial Statements*

# **GREATER SOUTHERN TIER BOCES**

## **STATEMENT OF NET POSITION (CONTINUED)**

**JUNE 30, 2022**

### **LIABILITIES (continued)**

#### **Noncurrent Liabilities**

Installment Purchase Debt	\$ 2,228,544
Lease Payable	934,048
Compensated Absences Payable	7,699,083
Other Postemployment Benefit Liabilities	154,262,767
<b>Total Noncurrent Liabilities</b>	<b>165,124,442</b>

**Total Liabilities** 207,789,373

#### **DEFERRED INFLOWS OF RESOURCES**

Leases	4,753,807
Pensions	47,274,675
Other Postemployment Benefits	48,641,800

**Total Deferred Inflows of Resources** 100,670,282

#### **NET POSITION**

Net Investment in Capital Assets	35,300,899
Restricted	6,957,445
Unrestricted (Deficit)	(177,458,157)

**Total Net (Deficit)** \$ (135,199,813)

*See Notes to Basic Financial Statements*

# **GREATER SOUTHERN TIER BOCES**

## **STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants</b>	
<b>FUNCTIONS/PROGRAMS</b>				
Administration	\$ 8,559,947	\$ 4,298,281	\$ -	\$ (4,261,666)
Career and Technical Education	18,629,543	19,661,347	486,820	1,518,624
Instruction for Special Education	21,526,895	23,476,229	82,743	2,032,077
Itinerant Services	5,880,205	5,806,263	-	(73,942)
General Instruction	5,877,814	5,710,212	-	(167,602)
Instructional Support	17,791,516	16,801,089	400,378	(590,049)
Other Services	26,382,264	22,862,878	621,891	(2,897,495)
Capital Outlay	22,385	-	-	(22,385)
Interest on Debt	672,881	-	-	(672,881)
<b>Total</b>	<b><u>\$105,343,450</u></b>	<b><u>\$ 98,616,299</u></b>	<b><u>\$ 1,591,832</u></b>	<b><u>\$ (5,135,319)</u></b>

### **GENERAL REVENUES**

Charges to Components - Capital	3,537,984
Use of Money and Property	2,865,933
Other Grants and Contributions	2,248,039
Refund of Prior Years' Expenses	878,495
Net Change in Reserves	(217,652)
Net Change in Encumbrances	44,424
Net Change in Leases to Components	(197,727)
Other Unclassified Revenue	2,461,471

### **Total General Revenues**

11,620,967

Change in Net Position

6,485,648

Total Net (Deficit) - Beginning of Year

(141,685,461)

**Total Net (Deficit) - End of Year**

**\$(135,199,813)**

*See Notes to Basic Financial Statements*

# GREATER SOUTHERN TIER BOCES

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2022

	Major Funds		Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Aid Fund		
<b>ASSETS</b>				
Cash and Cash Equivalents - Unrestricted	\$ 17,900,729	\$ 1,097,857	\$ 16	\$ 18,998,602
Cash and Cash Equivalents - Restricted	6,878,808	-	107,474	6,986,282
Receivables:				
Due From Other Funds	2,387,879	-	-	2,387,879
Due From State and Federal	19,057,025	879,945	-	19,936,970
Due from school districts	-	327,454	-	327,454
Leases	1,857,721	-	-	1,857,721
Other	312,827	561,196	-	874,023
<b>Total Assets</b>	<b>\$ 48,394,989</b>	<b>\$ 2,866,452</b>	<b>\$ 107,490</b>	<b>\$ 51,368,931</b>
<b>LIABILITIES</b>				
Payables:				
Due to School Districts	\$ 9,870,828	\$ -	\$ -	\$ 9,870,828
State Aid Due to School Districts	19,057,025	-	-	19,057,025
Accounts Payable	1,441,924	143,549	-	1,585,473
Accrued Liabilities	3,516,971	18,460	16	3,535,447
Due to Other Funds	-	1,725,588	662,291	2,387,879
Due to Other Governments	1,338,554	438,743	-	1,777,297
Overpayments and Collections in Advance	822,711	1,636	-	824,347
Unearned Revenues	-	396,553	-	396,553
Due to Teachers' Retirement System	3,153,983	113,689	-	3,267,672
Due to Employees' Retirement System	412,040	28,234	-	440,274
<b>Total Liabilities</b>	<b>39,614,036</b>	<b>2,866,452</b>	<b>662,307</b>	<b>43,142,795</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases	4,753,807	-	-	4,753,807
<b>Total Deferred Inflows of Resources</b>	<b>4,753,807</b>	<b>-</b>	<b>-</b>	<b>4,753,807</b>
<b>FUND BALANCES</b>				
Restricted	6,878,808	-	78,637	6,957,445
Assigned	45,106	-	-	45,106
Unassigned	(2,896,768)	-	(633,454)	(3,530,222)
<b>Total Fund Balances</b>	<b>4,027,146</b>	<b>-</b>	<b>(554,817)</b>	<b>3,472,329</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 48,394,989</b>	<b>\$ 2,866,452</b>	<b>\$ 107,490</b>	<b>\$ 51,368,931</b>

*See Notes to Basic Financial Statements*



# GREATER SOUTHERN TIER BOCES

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2022

**Fund Balances - Total Governmental Funds** **\$ 3,472,329**

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

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

Total Historical Cost	\$ 78,344,326	
Less Accumulated Depreciation	(36,436,324)	
Less Accumulated Amortization	<u>(1,117,042)</u>	40,790,960

BOCES' proportionate share of the Retirement Systems' collective net pension (asset)/liability is not reported in the funds.

TRS Net Pension Asset - Proportionate Share	\$ 28,664,513	
ERS Net Pension Asset - Proportionate Share	<u>4,449,024</u>	33,113,537

Deferred outflows of resources represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Deferred Inflows of Resources - OPEB	\$ (48,641,800)	
Deferred Outflows of Resources - OPEB	25,841,445	
ERS Deferred Outflows of Resources - Pension	8,504,533	
TRS Deferred Outflows of Resources - Pension	16,355,769	
ERS Deferred Inflows of Resources - Pension	(15,221,200)	
TRS Deferred Inflows of Resources - Pension	<u>(32,053,475)</u>	(45,214,728)

Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds. These amounts reported in the Statement of Net Position are not reported in the Governmental Fund financial statements.

Other Postemployment Benefits Liability	\$ (154,262,767)	
Lease Liabilities	(1,208,527)	
Compensated Absences	(7,699,083)	
Installment Purchase Debt	<u>(4,191,534)</u>	<u>(167,361,911)</u>

**Net Position (Deficit) of Governmental Activities** **\$ (135,199,813)**

*See Notes to Basic Financial Statements*

# GREATER SOUTHERN TIER BOCES

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Major Funds		Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Special Aid Fund		
<b>REVENUES</b>				
Local Sources:				
Charges to Components - Administrative	\$ 5,702,758	\$ -	\$ -	\$ 5,702,758
Charges to Components - Services	96,652,190	1,196,892	-	97,849,082
Charges to Non-Components - Services	-	14,385	-	14,385
Charges to Other BOCES	2,693,439	-	-	2,693,439
Interest, Earnings, and Leases	2,865,400	-	63	2,865,463
Miscellaneous	2,524,717	1,735,679	63,263	4,323,659
Refund of Prior Year's Expenses	876,500	320,036	-	1,196,536
Sales	29,220	-	-	29,220
State Sources	-	2,022,150	-	2,022,150
Federal Sources	75,068	1,757,008	-	1,832,076
<b>Total Revenues</b>	<b>111,419,292</b>	<b>7,046,150</b>	<b>63,326</b>	<b>118,528,768</b>
<b>EXPENDITURES</b>				
Administration	8,445,251	-	-	8,445,251
Career and Technical Education	16,553,197	3,237,239	-	19,790,436
Instruction for Special Education	22,095,726	2,250,622	-	24,346,348
Itinerant Services	5,810,903	-	-	5,810,903
General Instruction	5,972,774	-	-	5,972,774
Instructional Support	17,071,211	653,637	-	17,724,848
Other Services	26,775,150	904,652	46,500	27,726,302
Debt Service:				
Principal	335,652	-	-	335,652
Interest	31,690	-	-	31,690
Capital Outlay	-	-	3,246,378	3,246,378
<b>Total Expenditures</b>	<b>103,091,554</b>	<b>7,046,150</b>	<b>3,292,878</b>	<b>113,430,582</b>
Excess (Deficiency) of Revenues Over Expenditures	8,327,738	-	(3,229,552)	5,098,186
<b>CHARGES TO COMPONENTS - ADMINISTRATIVE/CAPITAL</b>	<b>3,537,984</b>	<b>-</b>	<b>-</b>	<b>3,537,984</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Operating Transfers In	-	-	2,000,000	2,000,000
Operating Transfers (Out)	(2,000,000)	-	-	(2,000,000)
Proceeds of Obligations	-	-	22,385	22,385
Refunds of Surplus to School Districts	(9,866,404)	-	-	(9,866,404)
Net Change in Encumbrances	45,106	-	-	45,106
Net Change in Reserves	(217,652)	-	-	(217,652)
Net Change in Leases to Components	(197,727)	-	-	(197,727)
<b>Total Other Financing Sources (Uses)</b>	<b>(12,236,677)</b>	<b>-</b>	<b>2,022,385</b>	<b>(10,214,292)</b>
Net Change in Fund Balances	(370,955)	-	(1,207,167)	(1,578,122)
Fund Balances - Beginning of Year	4,398,101	-	652,350	5,050,451
<b>Fund Balances - End of Year</b>	<b>\$ 4,027,146</b>	<b>\$ -</b>	<b>\$ (554,817)</b>	<b>\$ 3,472,329</b>

*See Notes to Basic Financial Statements*

# ***GREATER SOUTHERN TIER BOCES***

## **RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022**

**Net Change in Fund Balances - Total Governmental Funds** **\$ (1,578,122)**

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense.

Capital Asset Purchases	\$ 3,981,852	
Intangible Lease Assets	22,385	
Net Book Value of Disposed Capital Assets	325,443	
Amortization Expense	(333,413)	
Depreciation Expense	<u>(1,906,153)</u>	2,090,114

Changes in BOCES' proportionate share of net pension (assets)/liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in BOCES' deferred outflows and deferred inflows of resources related to pensions do not affect current financial resources and are, also, not reported in the Governmental Funds.

ERS	\$ 2,007,554	
TRS	<u>4,519,288</u>	6,526,842

Long-term obligations are reported in the Statement of Net Position. Therefore, changes which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements.

New Installment Purchase Debt	\$ (2,094,465)	
Repayments of Installment Purchase Debt Principal	2,437,572	
Compensated Absences	587,525	
Proceeds of Leases	(22,385)	
Principal Payment - Leases	335,652	
Other Postemployment Benefit Liabilities	<u>(1,797,085)</u>	<u>(553,186)</u>

**Net Change in Net Position of Governmental Activities** **\$ 6,485,648**

*See Notes to Basic Financial Statements*

# ***GREATER SOUTHERN TIER BOCES***

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

	<b>Custodial Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents - Unrestricted	\$ 171,190
<b>Total Assets</b>	<b>\$ 171,190</b>
<b>NET POSITION</b>	
Extraclassroom Activity Funds Balance	\$ 171,190
<b>Total Net Position</b>	<b>\$ 171,190</b>

*See Notes to Basic Financial Statements*

# ***GREATER SOUTHERN TIER BOCES***

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

	<b>Custodial Fund</b>
<b>ADDITIONS</b>	
Extraclass Receipts	<u>\$ 261,703</u>
<b>Total Additions</b>	<u>261,703</u>
<b>DEDUCTIONS</b>	
Extraclass Disbursements	<u>290,045</u>
Change in Net Position	(28,342)
Net Position - Beginning of Year	<u>199,532</u>
<b>Net Position - End of Year</b>	<u><u>\$ 171,190</u></u>

*See Notes to Basic Financial Statements*

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

***Note 1***     **Summary of Significant Accounting Policies**

The accompanying financial statements of Greater Southern Tier BOCES (BOCES) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity**

BOCES is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Cooperative Educational Services. The scope of activities included within the accompanying basic financial statements are those transactions which comprise operations, are governed by, or significantly influenced by the Board of Cooperative Educational Services.

Essentially, the primary function of BOCES is to provide education for pupils. Services which are managerial and administrative in nature, along with plant operation and management, support the primary function.

BOCES were established by New York State Legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, Legislation was passed allowing BOCES to provide vocational and special education. A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs to provide educational and support activities more economically, efficiently, and equitably than could be provided locally. BOCES provides instructional and support programs and services to the following 21 component school districts in New York's Steuben, Schuyler, Chemung, Tioga, and Allegany Counties: Addison, Alfred-Almond, Arkport, Avoca, Bath, Bradford, Campbell-Savona, Canaseraga, Canisteo-Greenwood, Corning-Painted Post, Elmira, Elmira Heights, Hammondsport, Hornell, Horseheads, Jasper-Troupsburg, Odessa-Montour, Prattsburgh, Spencer-VanEtten, Watkins Glen, and Waverly.

BOCES programs and services include special education, career and technical education, academic and alternative programs, summer schools, staff development, computer services (management and instructional), employee benefits coordination, work environment health and safety, educational communication, and central business office.

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is BOCES;
- 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 basic financial statements to be misleading or incomplete.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Reporting Entity - Continued**

The accompanying financial statements present the activities of BOCES. BOCES is not a component unit of another reporting entity.

The decision to include a potential component unit in BOCES' reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in BOCES' reporting entity.

The Extraclassroom Activity Funds of BOCES represent funds of the students of BOCES. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of BOCES with respect to its financial transactions and the designation of student management. While the Extraclassroom Activity Funds are not considered a component unit of BOCES, due to BOCES' fiduciary responsibility, they are reported in BOCES' Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from Greater Southern Tier BOCES business office, located at 459 Philo Road, Elmira, New York 14903.

#### **Basis of Presentation - Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities present financial information about 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 primarily through exchange transactions with component school districts and other BOCES, as well as non-exchange transactions in the form of federal and state grants. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of BOCES' Governmental Activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of BOCES' programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. 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.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Basis of Presentation - Governmental Fund Financial Statements**

The Governmental Fund financial statements provide information about BOCES' funds, including Fiduciary Funds. Separate statements for each fund category (Governmental and Fiduciary) are presented. The emphasis of Governmental Fund financial statements is on major Governmental Funds, each displayed in a separate column.

BOCES reports the following Major Governmental Fund:

- **General Fund:** BOCES primary operating fund; accounts for all financial transactions not required to be accounted for in another fund.
- **Special Aid Fund:** Accounts for the proceeds of specific revenue sources, such as federal, state, and local grants that are legally restricted to expenditures for specified purposes, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds or by outside parties.

BOCES reports the following Non-Major Governmental Funds:

- **Capital Projects Fund:** Accounts for financial resources used for the renovation and construction of BOCES' capital assets.
- **Miscellaneous Special Revenue Fund:** Accounts for Scholarship Funds awarded to individual students.

BOCES reports the following Fiduciary Fund:

- **Custodial Fund:** Strictly custodial in nature and does not involve measurement of results of operations. Assets are held by BOCES as agent for various student groups or Extraclassroom Activity Funds. These activities are not included in the Government-wide financial statements because their resources do not belong to BOCES and are not available to be used.

#### **Measurement Focus and Basis of Accounting**

The Government-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which 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.



# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Measurement Focus and Basis of Accounting - Continued**

The Governmental 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. BOCES considers all revenues reported in the Governmental Funds to be available if the revenues are collected within six months after the end of the fiscal year.

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

#### **Cash and Investments**

BOCES' cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs 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 districts. Investments are stated at fair value.

#### **Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. All receivables are expected to be collected within the subsequent fiscal year.

#### **Due To/From Other Funds**

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

#### **Capital Assets**

Capital assets are reported at actual cost for acquisitions, including the right to use assets acquired through financed lease arrangements, subsequent to June 30, 2002. For assets acquired prior to June 30, 2002, capital assets are reported at estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Capital Assets - Continued**

BOCES depreciates its capital assets using the straight-line method. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation, and amortization methods, and estimated useful lives of capital assets reported in the statements, are as follows:

	<b>Capitalization Threshold</b>	<b>Estimated Useful Life</b>
Buildings	\$5,000	50 Years
Land Improvements	5,000	20 Years
Furniture and Equipment	5,000	5 - 20 Years

#### **Vested Employee Benefits - Compensated Absences**

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

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

BOCES' employees are granted vacation time 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 No. 16, "Accounting for Compensated Absences," the liability is included in the Government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

#### **Postemployment Benefits**

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

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

BOCES follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." BOCES' liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 10 for additional information.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Unearned and Unavailable Revenues**

Unearned revenues arise when resources are received by BOCES before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when BOCES has legal claim to the resources, revenues are recorded.

The Governmental Fund financial statements also report unavailable revenues when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, revenues are recorded.

#### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is BOCES' policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

#### **Equity Classifications - Government-Wide Financial Statements**

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other net resources that do not meet the definition of "restricted" or "net investment in capital assets."

#### **Equity Classifications - Governmental Fund Financial Statements**

BOCES reports fund balance in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which requires the classification of fund balance reflect spending constraints on resources, rather than availability for appropriation.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications - Governmental Fund Financial Statements - Continued**

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of BOCES' legally adopted reserves are reported here.
- **Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned** - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The Board of Education of BOCES has not adopted any resolutions to commit fund balance. BOCES' policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications - Governmental Fund Financial Statements - Continued**

##### **Legally Adopted Reserves**

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts and BOCES within the State of New York. These reserve funds are established through board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance. Reserves currently in use by BOCES include the following:

- Unemployment Insurance Reserve (GML §6-m) - This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.
- Retirement System Contribution Reserve (GML §6-r) - This reserve is used to reserve funds for the purpose of financing retirement contributions. 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.
- Employee Benefit Accrued Liability Reserve (GML §6-r) - This reserve is used to reserve funds 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.

##### **Interfund Transfers**

The operations of BOCES give rise to certain transactions between funds, including transfers to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Use of Estimates**

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

#### **Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position reports 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 types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 9 and 10, respectively.

In addition to liabilities, the Statement of Net Position reports 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 be recognized as an inflow of resources (revenue) until that time. BOCES reports deferred inflows of resources related to leases, pensions, and OPEB plans which are further described in Notes 3, 9, and 10, respectively.

#### **Leases**

BOCES determines if an arrangement is or contains a lease at inception. BOCES records assets and lease obligations for leases in which they are the lessee, and lease receivables and deferred inflows of resources for leases in which they are the lessor, which are initially based on the discounted future minimum lease payments over the term of the lease. BOCES used the rate implicit in the lease agreements. In some cases, the implicit rate is not easily determinable, and BOCES elects to use its incremental borrowing rate in calculating present value of lease payments. BOCES will recognize short-term lease expense or revenue for these leases on a straight-line basis over the term of the lease.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position. BOCES' lease agreements do not contain any material residual value guarantees or material restrictive covenants.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Leases - Continued**

Amortization expense for leases is recognized based on the amortization schedules and is included in the instructional coSer. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals, and payments associated with non-lease components are expensed as incurred.

#### **New Accounting Standards**

BOCES adopted and implemented the following current Statements of GASB effective for the year ended June 30, 2022:

- GASB has issued Statement No. 87, "Leases."

#### **Future Changes in Accounting Standards**

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ending June 30, 2023.
- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending June 30, 2025.

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

### ***Note 2* Cash and Cash Equivalents - Custodial and Concentration of Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, BOCES' deposits may not be returned to it. While BOCES does not have a specific policy for custodial credit risk, New York State statutes govern BOCES' investment policies, as discussed previously in these notes. Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in BOCES' name.

BOCES' aggregate bank balances of \$29,117,484 are either insured or collateralized with securities held by the pledging financial institution in BOCES name.

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

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

Restricted cash consists of \$6,878,808 for restricted General Fund reserves and \$107,474 restricted for scholarships in the Miscellaneous Special Revenue Fund.

# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

**Note 3 Lease Receivables**

BOCES enters into lease agreements for certain equipment that are considered leases. BOCES is not party to any material short-term leases, and current leases do not require any variable payments.

Lease receivables as of June 30, 2022 are as follows:

<b>Description of Lease</b>	<b>Term of Lease</b>	<b>Discount Rate</b>	<b>Outstanding June 30, 2022</b>
Various Equipment Leases	07/01/2007-06/30/2025	0.46%-3.97%	\$ 1,857,721
<b>Total Equipment Lease Receivables</b>			<b>\$ 1,857,721</b>

The following is a summary of the future lease receivables:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 922,083	\$ 17,148	\$ 939,231
2023	699,946	10,180	710,126
2024	181,801	3,046	184,847
2025	53,891	199	54,090
	<b>\$ 1,857,721</b>	<b>\$ 30,573</b>	<b>\$ 1,888,294</b>

BOCES recognized lease revenue of \$2,582,437 and interest income of \$42,590 for the year ended June 30, 2022.

**Note 4 Interfund Balances and Activity**

Interfund balances at June 30, 2022, are as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Interfund Revenues</b>	<b>Interfund Expenditures</b>
General Fund	\$2,387,879	\$ -	\$ -	\$2,000,000
Special Aid Fund	-	1,725,588	-	-
Non-Major Funds:				
Capital Projects Fund	-	662,291	2,000,000	-
<b>Total</b>	<b>\$2,387,879</b>	<b>\$2,387,879</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>

Interfund receivables and payables are eliminated on the Statement of Net Position.

BOCES transfers funds from the General Fund to the Capital Projects Fund, as needed, to fund capital projects. 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.



# GREATER SOUTHERN TIER BOCES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### Note 5 Capital Assets

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications and Disposals</u>	<u>Ending Balance</u>
Capital Assets That Are Not Depreciated:				
Land	\$ 505,577	\$ -	\$ -	\$ 505,577
Construction in Progress	100,215	106,079	(100,215)	106,079
Total Nondepreciable Historical Cost	<u>605,792</u>	<u>106,079</u>	<u>(100,215)</u>	<u>611,656</u>
Capital Assets That Are Depreciated:				
Buildings	52,863,035	3,117,914	100,215	56,081,164
Land Improvements	745,540	-	-	745,540
Furniture and Equipment	18,074,911	757,859	(235,712)	18,597,058
Total Depreciable Historical Cost	<u>71,683,486</u>	<u>3,875,773</u>	<u>(135,497)</u>	<u>75,423,762</u>
Intangible Lease Assets				
Property	2,351,601	17,420	(155,035)	2,213,986
Equipment	104,378	4,965	(14,421)	94,922
Total Intangible Lease Asset Cost	<u>2,455,979</u>	<u>22,385</u>	<u>(169,456)</u>	<u>2,308,908</u>
Total Historical Cost	<u>74,745,257</u>	<u>4,004,237</u>	<u>(405,168)</u>	<u>78,344,326</u>
Less Accumulated Depreciation:				
Buildings	(20,474,935)	(975,634)	296,042	(21,154,527)
Land Improvements	(745,540)	-	-	(745,540)
Furniture and Equipment	(13,870,851)	(930,519)	265,113	(14,536,257)
Total Accumulated Depreciation	<u>(35,091,326)</u>	<u>(1,906,153)</u>	<u>561,155</u>	<u>(36,436,324)</u>
Less Accumulated Amortization:				
Property	(878,354)	(312,215)	155,035	(1,035,534)
Equipment	(74,731)	(21,198)	14,421	(81,508)
Total Accumulated Amortization	<u>(953,085)</u>	<u>(333,413)</u>	<u>169,456</u>	<u>(1,117,042)</u>
<b>Total Historical Cost, Net</b>	<b><u>\$38,700,846</u></b>	<b><u>\$1,764,671</u></b>	<b><u>\$ 325,443</u></b>	<b><u>\$40,790,960</u></b>

Depreciation and amortization expense was charged to governmental functions as follows:

Administration	\$ 539,968
Occupational Instruction	313,892
Instruction for Special Education	407,607
Itinerant Services	107,774
General Instruction	97,516
Instructional Support	287,798
Other Services	485,011
<b>Total Depreciation/Amortization Expense</b>	<b><u>\$ 2,239,566</u></b>

# GREATER SOUTHERN TIER BOCES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### *Note 6* **Short-Term Debt**

BOCES may issue revenue anticipation notes (RANs) 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 RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. BOCES issued a RAN with an interest rate of 1.0% to provide working capital, as described below.

Transactions in short-term debt for the year are summarized as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Refinanced/ Redeemed</u>	<u>Ending Balance</u>
RANs	\$ -	\$40,000,000	\$ (40,000,000)	\$ -

Interest on short-term debt for the year was comprised of:

Interest Paid	<u>\$ 307,778</u>
<b>Total</b>	<u><b>\$ 307,778</b></u>

### *Note 7* **Long-Term Obligations**

At June 30, 2022, BOCES had the following noncurrent obligations:

- **Installment Purchase Debt:** Amounts due under certain leases for technology equipment to be used by component districts and energy conservation equipment.
- **Compensated Absences:** Represents the value of the earned and unused portion of the liability for compensated absences. This liability is liquidated from the General Fund.

# GREATER SOUTHERN TIER BOCES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

**Note 7 Long-Term Obligations - Continued**

The following is a summary of BOCES' installment purchase debt for the year ended June 30, 2022:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2022
Technology Leases:				
Addison Central School District	5/12/2020	8/15/2021	0.63%	\$ 33,359
Addison Central School District	8/15/2019	8/15/2022	2.80%	63,649
Corning Painted Post Area School District	5/12/2020	8/15/2023	0.47%	162,593
Corning Painted Post Area School District	3/1/2022	5/15/2025	1.71%	298,165
Elmira City School District	12/1/2018	7/15/2022	3.67%	260,277
Elmira City School District	2/28/2020	7/15/2023	1.86%	163,925
Elmira City School District	6/30/2020	8/15/2023	0.63%	461,107
Elmira City School District	2/1/2022	8/15/2025	1.43%	735,305
Elmira Heights Central School District	6/15/2019	8/15/2022	3.97%	12,822
Elmira Heights Central School District	8/30/2019	10/15/2022	2.01%	12,653
Odessa Montour Central School District	1/05/2018	7/15/2022	2.77%	20,848
Odessa Montour Central School District	8/30/2019	10/15/2023	2.02%	40,489
Odessa Montour Central School District	8/20/2021	6/30/2026	1.03%	80,396
Spencer-Van Etten Central School District	8/20/2021	1/15/2026	1.03%	119,877
Spencer-Van Etten Central School District	5/1/2022	6/15/2026	2.15%	<u>368,973</u>
Total Technology Leases				2,834,438
Energy Performance Contract Lease	04/10/2014	06/15/2024	2.77%	<u>1,357,096</u>
<b>Total</b>				<b><u>\$ 4,191,534</u></b>

Interest expense on installment purchase debt during the year was \$114,253, which is recorded as contractual expenditures/expenses in the financial statements.

The following is a summary of the maturity of installment purchase debt:

Year	Principal Technology Leases	Interest Technology Leases	Principal Energy Performance Contract	Interest Energy Performance Contract	Total
2023	\$ 1,293,775	\$ 46,162	\$ 669,215	\$ 32,989	\$ 2,042,141
2024	901,438	21,803	687,881	14,324	1,625,446
2025	493,183	10,359	-	-	503,542
2026	146,042	2,567	-	-	148,609
<b>Total</b>	<b><u>\$2,834,438</u></b>	<b><u>\$ 80,891</u></b>	<b><u>\$1,357,096</u></b>	<b><u>\$ 47,313</u></b>	<b><u>\$4,319,738</u></b>

# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

**Note 7 Long-Term Obligations - Continued**

Balances of long-term obligations and activity for the year ended June 30, 2022 are summarized below:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Installment Purchase Debt	\$ 4,534,641	\$ 2,094,465	\$ (2,437,572)	\$ 4,191,534	\$ 1,962,990
Compensated Absences	8,286,608	-	(587,525)	7,699,083	-
<b>Total</b>	<b>\$ 12,821,249</b>	<b>\$ 2,094,465</b>	<b>\$ (3,025,097)</b>	<b>\$ 11,890,617</b>	<b>\$ 1,962,990</b>

Additions and deletions to compensated absences are shown net, as it is impractical to determine these amounts separately.

The cost of capital assets procured through capital leases amounts to \$6,066,455, with a net book value of \$5,085,711.

Cost	\$ 6,066,455
Accumulated Depreciation	(980,744)
<b>Net Book Value</b>	<b>\$ 5,085,711</b>

**Note 8 Lease Liabilities**

During the year ended June 30, 2022, BOCES' implemented GASB Statement No. 87, "Leases."

BOCES enters into lease agreements for certain equipment that are considered leases. BOCES is not party to any material short-term leases, and current leases do not require any variable payments.

Lease liabilities as of June 30, 2022 are as follows:

<b>Description of Lease</b>	<b>Final Maturity</b>	<b>Discount Rate</b>	<b>Outstanding June 30, 2022</b>
Real Property Leases	07/01/2016-06/30/2028	2.327%	\$ 1,194,581
Equipment Leases	08/10/2018-09/14/2026	2.327%	13,942
<b>Total Real Property and Equipment Lease Liabilities</b>			<b>\$ 1,208,523</b>

# GREATER SOUTHERN TIER BOCES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

### **Note 8 Lease Liabilities - Continued**

The following is a summary of the maturity of lease liabilities:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 274,479	\$ 24,683	\$ 299,162
2024	278,008	18,236	296,244
2025	212,648	12,481	225,129
2026	145,085	8,500	153,585
2027	147,614	5,091	152,705
2028	150,689	1,616	152,305
	<u>\$ 1,208,523</u>	<u>\$ 70,607</u>	<u>\$ 1,279,130</u>

Interest paid for the current year amount to \$31,690.

### **Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

#### **Teachers' Retirement System Plan Descriptions and Benefits Provided (TRS) (System)**

BOCES participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law (RSSL) 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, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

***Note 9*** **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Teachers' Retirement System Plan Descriptions and Benefits Provided (TRS) (System) - Continued**

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

**Employees' Retirement System Plan Descriptions and Benefits Provided (ERS)(System)**

BOCES participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. 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. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

### **Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

#### **Employees' Retirement System Plan Descriptions and Benefits Provided (ERS)(System)**

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

#### **Summary of Significant Accounting Policies**

The Systems' financial statements from which the Systems' respective fiduciary net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

#### **Contributions**

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

	<b>ERS</b>	<b>TRS</b>
<b>2022</b>	<b>\$ 2,549,289</b>	<b>\$ 2,675,898</b>
2021	2,340,077	2,545,274
2020	2,321,015	2,950,206

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

At June 30, 2022, BOCES reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2022 for ERS and June 30, 2020 for TRS. The total pension asset/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. BOCES' proportionate share of the net pension (asset)/liability was based on a projection of BOCES' long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to BOCES by the ERS and TRS Systems.

# GREATER SOUTHERN TIER BOCES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

	ERS	TRS
Actuarial Valuation Date	04/01/2021	06/30/2020
Net Pension (Asset)/Liability	\$ (8,174,585,678)	\$(17,329,041,946)
BOCES's Proportionate Share of the		
Plan's Total Net Pension (Asset)/Liability	(4,449,024)	(28,664,513)
BOCES's Share of the Net Pension (Asset)/Liability	(0.0544251%)	(0.1654131%)

For the year ended June 30, 2022, BOCES recognized pension expense of \$1,039,372 for ERS and \$4,519,288 for TRS in the Government-wide financial statements. At June 30, 2022 BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 336,931	\$ 3,951,099	\$ 437,018	\$ 148,924
Changes of Assumptions	7,424,921	9,428,357	125,287	1,669,623
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	-	14,568,688	30,000,379
Changes in Proportion and Differences Between the BOCES' Contributions and Proportionate Share of Contributions	289,965	159,008	90,207	234,549
BOCES' Contributions Subsequent to the Measurement Date	452,716	2,817,305	-	-
<b>Total</b>	<b>\$ 8,504,533</b>	<b>\$ 16,355,769</b>	<b>\$ 15,221,200</b>	<b>\$ 32,053,475</b>



# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

BOCES contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension (asset)/liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	<b>ERS</b>	<b>TRS</b>
2023	\$ (1,047,143)	\$ (3,757,689)
2024	(1,588,700)	(4,379,013)
2025	(3,765,986)	(5,480,675)
2026	(767,554)	(7,223,009)
2027	-	1,356,701
Thereafter	-	968,674

**Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2022	June 30, 2021
Actuarial Valuation Date	April 1, 2021	June 30, 2020
Investment Rate of Return	5.9%	6.95%
Salary Increases	4.4%	1.95% - 5.18%
Cost of Living Adjustments	1.4%	1.3%
Inflation Rate	2.7%	2.4%

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

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

# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Actuarial Assumptions - Continued**

For ERS, the long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Measurement Date	<b>ERS</b>	<b>TRS</b>
	March 31, 2022	June 30, 2021
<b>Asset Type</b>		
Domestic Equities	3.3%	6.8%
International Equities	5.9%	7.6%
Global Equities	-	7.1%
Real Estate Equity	5.0%	6.5%
Private Equity	6.5%	10.0%
Opportunistic/ARC Portfolio	4.1%	-
Real Assets	5.6%	-
Cash	(1.0%)	-
Credit	3.8%	-
Domestic Fixed Income	-	1.3%
Global Bonds	-	0.8%
Private Debt	-	5.9%
Real Estate Debt	-	3.3%
High-Yield Bonds	-	3.8%
Cash Equivalents	-	(0.2%)

# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**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 contributions from employers will be made at statutorily required rates, actuarially determined. Based on 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 net pension (asset)/liability.

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

The following presents 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 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 or higher than the current rate:

<b>ERS</b>	<b>1% Decrease (4.9%)</b>	<b>Current Assumption (5.9%)</b>	<b>1% Increase (6.9%)</b>
BOCES's Proportionate Share of the Net Pension (Asset)/Liability	\$11,451,738	\$ (4,449,024)	\$(17,749,244)
<b>TRS</b>	<b>1% Decrease (5.95%)</b>	<b>Current Assumption (6.95%)</b>	<b>1% Increase (7.95%)</b>
BOCES's Proportionate Share of the Net Pension (Asset)/Liability	\$ (3,007,923)	\$ (28,664,513)	\$(50,227,015)

# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Pension Plan Fiduciary Net Position**

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

	<b>Dollars in Thousands</b>	
	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2022	June 30, 2021
Employers' Total Pension (Asset)/Liability	\$ 223,874,888	\$ 130,819,415
Plan Net Position	(232,049,473)	(148,148,457)
<b>Employers' Net Pension (Asset)/Liability</b>	<b>\$ (8,174,585)</b>	<b>\$ (17,329,042)</b>
Ratio of Plan Net Position to the Employers' Total Pension (Asset)/Liability	103.7%	113.2%

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$412,040.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$3,153,983.

# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Summary**

The following is a summary of current year activity:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
<b>ERS</b>			
Net Pension (Asset)/Liability	\$ 53,777	\$ (4,502,801)	\$ (4,449,024)
Deferred Outflows of Resources	(11,542,628)	3,038,095	(8,504,533)
Deferred Inflows of Resources	15,764,048	(542,848)	15,221,200
Subtotal	4,275,197	(2,007,554)	2,267,643
<b>TRS</b>			
Net Pension (Asset)/Liability	\$ 4,676,880	\$ (33,341,393)	\$(28,664,513)
Deferred Outflows of Resources	(15,798,625)	(557,144)	(16,355,769)
Deferred Inflows of Resources	2,674,226	29,379,249	32,053,475
Subtotal	(8,447,519)	(4,519,288)	(12,966,807)
<b>Total</b>	<b>\$ (4,172,322)</b>	<b>\$ (6,526,842)</b>	<b>\$(10,699,164)</b>

**Note 10 Postemployment Benefits Other than Pensions (OPEB)**

**General Information about the OPEB Plan**

Plan Description - The Plan is a single-employer, defined benefit healthcare plan administered by BOCES. The Plan provides medical and dental benefits to eligible retirees and their spouses. Benefit provisions are established through negotiations between BOCES and bargaining units and are renegotiated each three-year period. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report, as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Benefits Provided - BOCES provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at BOCES offices and are available upon request.

# GREATER SOUTHERN TIER BOCES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

**Note 10 Postemployment Benefits Other than Pensions (OPEB)**

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

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	559
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	-
Active Employees Not Fully Eligible For Benefits	
Active Employees Fully Eligible For Benefits	<u>763</u>
<b>Total</b>	<b><u><u>1,322</u></u></b>

**Total OPEB Liability**

BOCES' total OPEB liability of \$154,262,767 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2021.

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

Single Discount Rate	1.92%
Rate of Compensation Increase	3.00%
Inflation Rate	2.25%
Healthcare Cost Trend Rates	6.750% to 3.784% in 2075

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (or the nearest business day thereto).

Salaries are assumed to increase at 2.9% per year. The salary scale was based on BOCES' review of historical experience as well as future expectations.

Mortality rates were based on the sex-distinct and job category-specific headcount-weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with Scale MP-2020 mortality improvement scale on a generational basis.

Rates of decrement due to disability are assumed to be -0-%.

Rates of turnover and retirement rates are based on the experience under the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). The ERS rates are based on the April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020, applied on a generational basis.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022**

### ***Note 10* Postemployment Benefits Other than Pensions (OPEB)**

#### **Total OPEB Liability - Continued**

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (or the nearest business day thereto).

Election percentage: It was assumed 95% of future retirees eligible for coverage will elect retiree group benefits. It was assumed participants who are currently not Medicare eligible will migrate into the Gold Anywhere PPO with MVP USA Care Plan upon Medicare eligibility. Retirees already Medicare eligible and still participating in NY44 are assumed to continue in NY44.

Spousal Coverage: It was assumed 55% of future retirees will elect spousal coverage upon retirement with male spouses assumed to be three years older and female spouses assumed to be three years younger than the retiree.

The annual rate of increase in healthcare costs developed based on a review of published National trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Long Term Healthcare Cost Trend Models v2020\_c (the Getzen model).

Administrative fees were assumed to increase at 3.25% per year.

Dental costs were assumed to increase at 3.50% per year, while vision costs were assumed to increase at 3.0% per year.

CPI of 2.25% was assumed for purposes of determining future increases in limits corresponding to the excise tax of the Affordable Care Act on high cost employer-sponsored health plans as well as developing rate of increase in healthcare costs.

The actuarial assumptions used in the June 30, 2020 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

**Note 10 Postemployment Benefits Other than Pensions (OPEB) - Continued**

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2021</b>	<b>\$ 143,866,821</b>
<b>Changes for the Year</b>	
Service Cost	7,060,918
Interest Cost	3,630,916
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(5,745,684)
Changes in Assumptions or Other Inputs	10,903,992
Benefit Payments	(5,454,196)
Total	10,395,946
<b>Balance at June 30, 2022</b>	<b>\$ 154,262,767</b>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.45% at June 30, 2021 to 1.9 % at June 30, 2022.

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

	<b>1% Decrease (0.9%)</b>	<b>Discount Rate (1.9%)</b>	<b>1% Increase (2.9%)</b>
Total OPEB Liability	\$ 179,973,054	\$ 154,262,767	\$ 133,539,857

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

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 130,405,018	\$ 154,262,767	\$ 185,156,496



# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

### **Note 10 Postemployment Benefits Other than Pensions (OPEB) - Continued**

#### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, BOCES recognized OPEB expense of \$4,634,433.

At June 30, 2022, BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ -	\$ (41,615,405)
Changes in Assumptions or Other Inputs	24,682,897	(7,026,395)
Contributions Subsequent to Measurement Date	1,158,608	-
<b>Total</b>	<b>\$ 25,841,505</b>	<b>\$ (48,641,800)</b>

BOCES contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Amount</b>
2023	\$ (7,736,081)
2024	(7,711,612)
2025	(5,276,033)
2026	(4,230,094)
2027	229,892
Thereafter	765,025

#### **Current Year Activity**

Changes in the liability and deferred outflows and deferred inflows of resources for the year ended June 30, 2022 resulted in the following effect on net position:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Other Postemployment Benefits Liability	\$ 143,866,821	\$ 10,395,946	\$154,262,767
Deferred Outflows of Resources	(24,177,048)	(1,664,397)	(25,841,445)
Deferred Inflows of Resources	55,576,264	(6,934,464)	48,641,800
<b>Total Effect on Net Position</b>	<b>\$ 175,266,037</b>	<b>\$ 1,797,085</b>	<b>\$177,063,122</b>

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

### ***Note 11* Commitments and Contingencies**

#### **Risk Financing and Related Insurance - General Information**

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

#### **Health Insurance**

BOCES incurs costs related to a fully insured health insurance plan through Excellus BlueCross BlueShield for its active employees. The plan is administered under the exclusive oversight of the BOCES administration. BOCES makes payments for its share of the premiums and also collects and transmits required contributions on behalf of the covered employees and dependents. The contribution is based on type of plan the employee subscribes to (single, family, employee/spouse, employee/child, employee/children) multiplied by a predetermined rate per month, such rate being determined by Excellus. The BOCES has approximately 809 enrollees in Excellus plans.

Health insurance coverage for retirees is provided through either Excellus BlueCross BlueShield or MVP Medicare Advantage Health Plans. There are approximately 497 enrollees in MVP.

During the year ended June 30, 2022, BOCES incurred premiums or contribution expenditures totaling \$18,642,750.

#### **Workers' Compensation Insurance**

BOCES incurs costs related to a workers' compensation insurance plan (Plan) sponsored by BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

School districts and BOCES joining the Plan must remain members for a minimum of one year; a member district may withdraw from the Plan after that time by forwarding a resolution passed by its Board of Education prior to the end of the fiscal year. Plan members include 15 school districts and one BOCES, with BOCES bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022**

### **Note 11 Commitments and Contingencies - Continued**

#### **Workers' Compensation Insurance - Continued**

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. BOCES' premiums were \$420,446 for the year ended June 30, 2022. Financial statements for the Plan can be obtained by contacting the BOCES Business Office.

#### **Other Items**

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. Based on prior audits, BOCES' administration believes disallowances, if any, will be immaterial.

### **Note 12 Fund Balance Detail**

At June 30, 2022 restricted fund balance in the Governmental Funds was as follows:

<b>Restricted Fund Balance</b>	
General Fund:	
Unemployment Insurance Reserve	\$ 524,301
Retirement Contribution Reserve - ERS	1,684,664
Retirement Contribution Reserve - TRS	243,142
Employee Benefit Accrued Liability Reserve	4,426,701
	<hr/>
	6,878,808
Miscellaneous Special Revenue Fund:	
Restricted Fund Balance	78,637
	<hr/>
<b>Total</b>	<b><u><u>\$ 6,957,445</u></u></b>

# GREATER SOUTHERN TIER BOCES

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

**Note 13 Restricted Fund Balances**

Portions of restricted fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet.

The balances and activity for the year ended June 30, 2022 of the restricted fund balance were as follows:

	<u>Beginning Balance</u>	<u>Additions / Transfers</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
<b>General Fund</b>					
Unemployment Insurance Reserve	\$ 524,150	\$ -	\$ 151	\$ -	\$ 524,301
Retirement System Contribution Reserve - ERS	1,684,179	-	485	-	1,684,664
Retirement System Contribution Reserve - TRS	243,072	-	70	-	243,142
Employee Benefit Accrued Liability Reserve	4,645,059	1,066,479	1,215	(1,286,052)	4,426,701
	<u>7,096,460</u>	<u>1,066,479</u>	<u>1,921</u>	<u>(1,286,052)</u>	<u>6,878,808</u>
<b>Miscellaneous Special Revenue Fund</b>					
Restricted Fund Balance	61,867	63,270	-	(46,500)	78,637
	<u>61,867</u>	<u>63,270</u>	<u>-</u>	<u>(46,500)</u>	<u>78,637</u>
<b>Total</b>	<b><u>\$ 7,158,327</u></b>	<b><u>\$ 1,129,749</u></b>	<b><u>\$ 1,921</u></b>	<b><u>\$ (1,332,552)</u></b>	<b><u>\$ 6,957,445</u></b>

**Note 14 Restatement**

During the year, BOCES adopted GASB Statement No. 87. The BOCES' June 30, 2021 net position for governmental activities, assets, and liabilities and fund balance for General Fund have been restated to reflect the following:

	<u>Governmental Activities</u>			<u>General Fund</u>		
	<u>Intangible Lease Assets, Net</u>	<u>Lease Liabilities</u>	<u>Net Position</u>	<u>Lease Receivables</u>	<u>Deferred Inflows Leases</u>	<u>Fund Balance</u>
<b>Balance Beginning of Year, as Previously Reported</b>	\$ -	\$ -	\$(138,968,202)	\$ -	\$ -	\$ 7,096,460
GASB Statement No. 87 Implementation						
Lessor	-	-	(2,698,359)	3,042,544	(5,740,903)	(2,698,359)
Lessee	1,502,894	(1,521,794)	(18,900)	-	-	-
<b>Balance Beginning of Year, as Restated</b>	<b><u>\$ 1,502,894</u></b>	<b><u>\$ (1,521,794)</u></b>	<b><u>\$(141,685,461)</u></b>	<b><u>\$ 3,042,544</u></b>	<b><u>\$ (5,740,903)</u></b>	<b><u>\$ 4,398,101</u></b>

# GREATER SOUTHERN TIER BOCES

## SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET (NON-US GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Encumbrances	Favorable (Unfavorable)
<b>REVENUES</b>					
Charges to Components - Administrative and Facility Rental	\$ 10,063,496	\$ 10,063,496	\$ 5,702,758	\$ -	\$ (4,360,738)
Charges to Components - Services	93,596,749	105,681,101	96,652,190	-	(9,028,911)
Charges to Other BOCES	1,789,135	-	2,693,439	-	2,693,439
Interest and Earnings	100,000	100,000	2,865,400	-	2,765,400
Miscellaneous	1,537,657	30,000	2,524,717	-	2,494,717
Refund of Prior Year's Expenses	-	-	876,500	-	876,500
Sales	-	-	29,220	-	29,220
Federal Sources	-	-	75,068	-	75,068
<b>Total Revenues</b>	<b>107,087,037</b>	<b>115,874,597</b>	<b>111,419,292</b>	<b>-</b>	<b>(4,455,305)</b>
<b>EXPENDITURES</b>					
Administration and Facility Rental	10,193,496	9,825,663	8,445,251	-	1,380,412
Career and Technical Education	18,398,110	18,399,332	16,553,197	-	1,846,135
Instruction for Special Education	24,026,299	24,575,284	22,095,726	-	2,479,558
Itinerant Services	6,079,360	6,084,318	5,810,903	-	273,415
General Instruction	6,578,410	6,927,433	5,972,774	-	954,659
Instructional Support	15,466,460	19,410,274	17,071,211	-	2,339,063
Other Services	26,344,902	30,284,951	26,775,150	-	3,509,801
Debt Service:					
Principal	-	335,652	335,652	-	-
Interest	-	31,690	31,690	-	-
<b>Total Expenditures</b>	<b>107,087,037</b>	<b>115,507,255</b>	<b>103,091,554</b>	<b>-</b>	<b>12,783,043</b>
Excess of Revenues Over Expenditures	-	367,342	8,327,738	-	8,327,738
<b>CHARGES TO COMPONENTS - ADMINISTRATIVE/CAPITAL</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>3,537,984</b>	<b>-</b>	<b>1,537,984</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers Out	(2,000,000)	(2,000,000)	(2,000,000)	-	-
Refunds of Surplus to Districts	-	(367,342)	(9,866,404)	-	(9,499,062)
Net Change in Encumbrances	-	-	45,106	-	45,106
Net Change in Reserves	-	-	(217,652)	-	(217,652)
Net Change in Leases	-	-	(197,727)	-	(197,727)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,000,000)</b>	<b>(2,367,342)</b>	<b>(12,236,677)</b>	<b>-</b>	<b>(9,869,335)</b>
Excess of Expenditures and Other Financing (Uses) Over Revenues and Other Financing Sources	-	-	(370,955)	\$ -	\$ (370,955)
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (370,955)</b>		

*See Notes to Required Supplementary Information*

# ***GREATER SOUTHERN TIER BOCES***

## **SCHEDULE OF CHANGES IN THE BOCES' TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Service Cost	\$ 7,060,918	\$ 6,538,251	\$ 7,031,464	\$ 7,017,566	\$ 8,094,802	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	3,630,916	4,555,365	6,214,517	5,952,414	5,175,337	*	*	*	*	*
Changes of Benefit Terms	-	-	-	2,060,509	-	*	*	*	*	*
Differences Between Expected and Actual Experience	(5,745,684)	(13,541,677)	(47,390,275)	-	-	*	*	*	*	*
Changes in Assumptions or Other Inputs	10,903,992	10,043,191	14,156,155	(5,014,696)	(17,146,009)	*	*	*	*	*
Benefit Payments	(5,454,196)	(5,457,742)	(5,845,414)	(5,275,734)	(4,887,956)	*	*	*	*	*
Total OPEB Liability - Beginning	<u>143,866,821</u>	<u>141,729,433</u>	<u>167,562,986</u>	<u>162,822,927</u>	<u>171,586,753</u>	*	*	*	*	*
<b>Total OPEB Liability - Ending</b>	<b><u>\$ 154,262,767</u></b>	<b><u>\$ 143,866,821</u></b>	<b><u>\$ 141,729,433</u></b>	<b><u>\$ 167,562,986</u></b>	<b><u>\$ 162,822,927</u></b>	<b><u>\$ 171,586,753</u></b>	<b><u>\$ *</u></b>	<b><u>\$ *</u></b>	<b><u>\$ *</u></b>	<b><u>\$ *</u></b>
Covered Employee Payroll	\$ 47,829,966	\$ 49,242,056	\$ 47,381,819	\$ 47,381,819	\$ 47,116,946	\$ *	\$ *	\$ *	\$ *	\$ *
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>323%</b>	<b>292%</b>	<b>299%</b>	<b>354%</b>	<b>346%</b>	*	*	*	*	*
<b>Discount Rate</b>	<b>1.92%</b>	<b>2.45%</b>	<b>3.13%</b>	<b>3.62%</b>	<b>3.56%</b>	*	*	*	*	*

\* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it becomes available.

*See Notes to Required Supplementary Information*

# **GREATER SOUTHERN TIER BOCES**

## **SCHEDULE OF BOCES' CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	<b>\$ 2,549,289</b>	\$ 2,340,077	\$ 2,321,015	\$ 2,338,466	\$ 2,444,620	\$ 2,448,733	\$ 2,734,321	\$ 2,874,976	\$ 3,274,122	\$ 2,948,198
Contributions in Relation to the Contractually Required Contribution	<b>(2,549,289)</b>	(2,340,077)	(2,321,015)	(2,338,466)	(2,444,620)	(2,448,733)	(2,734,321)	(2,874,976)	(3,274,122)	(2,948,198)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
BOCES' Covered Employee Payroll	<b>21,587,232</b>	17,013,338	16,964,907	16,640,279	16,975,976	16,433,325	16,010,821	16,206,776	16,671,698	17,028,257
Contributions as a Percentage of Covered Employee Payroll	<b>11.8%</b>	13.8%	13.7%	14.1%	14.4%	14.9%	17.1%	17.7%	19.6%	17.3%

## **SCHEDULE OF BOCES' CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	<b>\$ 2,817,305</b>	\$ 2,675,898	\$ 2,545,274	\$ 2,950,206	\$ 2,666,213	\$ 3,109,506	\$ 3,385,561	\$ 4,267,618	\$ 3,781,125	\$ 2,812,907
Contributions in Relation to the Contractually Required Contribution	<b>(2,817,305)</b>	(2,675,898)	(2,545,274)	(2,950,206)	(2,666,213)	(3,109,506)	(3,385,561)	(4,267,618)	(3,781,125)	(2,812,907)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
BOCES' Covered Employee Payroll	<b>28,748,010</b>	27,305,082	28,727,698	27,779,718	27,206,255	26,531,621	25,532,134	24,344,655	23,268,462	23,757,660
Contributions as a Percentage of Covered Employee Payroll	<b>9.8%</b>	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%	11.8%

*See Notes to Required Supplementary Information*

# **GREATER SOUTHERN TIER BOCES**

## **SCHEDULE OF BOCES' PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
BOCES' Proportion of the Net Pension (Asset)/Liability	<b>0.0544251%</b>	0.0540067%	0.00550380%	0.0553729%	0.0564856%	0.0562380%	0.0581706%	0.0593270%
BOCES' Proportionate Share of the Net Pension (Asset)/Liability	<b>\$ -</b>	\$ 53,777	\$ 14,574,381	\$ 3,923,335	\$ 1,823,043	\$ 5,284,250	\$ 9,336,549	\$ 2,004,212
BOCES' Covered Employee Payroll During the Measurement Period	<b>21,587,232</b>	17,013,338	16,964,907	16,640,279	16,975,976	16,433,325	16,010,821	16,206,776
BOCES' Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	<b>0.0%</b>	0.3%	85.9%	23.6%	10.7%	32.2%	58.3%	12.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	<b>103.7%</b>	86.4%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

## **SCHEDULE OF BOCES' PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
BOCES' Proportion of the Net Pension (Asset)/Liability	<b>0.165413%</b>	0.169252%	0.166429%	0.167023%	0.167425%	0.165797%	0.162058%	0.157522%
BOCES' Proportionate Share of the Net Pension (Asset)/Liability	<b>\$ (4,449,024)</b>	\$ 4,676,880	\$ (4,323,839)	\$ (3,020,225)	\$ (1,272,596)	\$ 1,775,755	\$ (16,832,643)	\$ (17,546,975)
BOCES' Covered Employee Payroll During the Measurement Period	<b>27,305,082</b>	28,727,698	27,779,718	27,206,255	26,531,621	25,532,134	24,344,655	23,268,462
BOCES' Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	<b>16.3%</b>	(16.3)%	15.6%	11.1%	4.8%	7.0%	69.1%	75.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	<b>113.2%</b>	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.4%

*See Notes to Required Supplementary Information*



# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022**

### **Note 1 Budgetary Procedures and Budgetary Accounting**

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

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Original Adopted Budget	\$ 109,087,037
Board Authorized Increases:	
Charges to Component School Districts and Other BOCES	2,978,629
Other Revenue	<u>5,808,931</u>
<b>Final Budget</b>	<b><u><u>\$ 117,874,597</u></u></b>

Budgets are adopted annually on a basis consistent with U.S. GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. No encumbrances were carried forward from the prior year.

Annual legal budgets are not adopted for the Special Aid Fund, Miscellaneous Special Revenue Fund, or the Capital Projects Fund. Budgetary controls for the Special Aid Fund are established in accordance with applicable grant agreements. Budgetary controls for the Capital Projects and Miscellaneous Special Revenue Funds are developed internally.

### **Note 2 Reconciliation of the Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the General Funds excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are shown in a separate column and are not included in the actual results at June 30, 2022.

### **Note 3 Schedule of Changes in BOCES' Total OPEB Liability and Related Ratios**

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The healthcare cost trend rates were also revised based on the SOA Long Term healthcare Cost Trends Model v2021\_b (the Getzen model). Mortality improvement scales were also updated to MP-2020. Turnover and retirement assumptions were also updated based on the revised New York State turnover and retirement decrement study.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022**

**Note 4 Schedules of BOCES' Proportionate Share of the Net Pension (Asset)/Liability**  
The Schedule of BOCES' Proportionate Share of the Net Pension (Asset)/Liability, required supplementary information will present ten years of information as it becomes available from the pension plans.

**Note 5 Schedules of BOCES Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the BOCES' Proportionate Share of the Net Pension (Asset)/Liability**

### **NYSLRS**

#### **Changes in Benefit Terms**

There were no significant legislative changes in benefits for the April 1, 2021 actuarial valuation.

#### **Changes of Assumptions**

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

2020: The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

2019: The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

2016: There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation.

# **GREATER SOUTHERN TIER BOCES**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022**

### **Note 5 Schedules of BOCES Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the BOCES' Proportionate Share of the Net Pension (Asset)/Liability**

#### **NYSLRS - Continued**

#### **Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The April 1, 2020 actuarial valuation determines the employer rates for contributions payable in fiscal year 2022. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	5-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	4.5% in ERS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.
Active Member Decrements	Based upon FY 2016-2020 experience.
Pensioner Mortality	Gender/Collar specific tables based upon FY 2016-2020 experience.
Mortality Improvement	Society of Actuaries' Scale MP-2019.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022**

### ***Note 5* Schedules of BOCES Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the BOCES' Proportionate Share of the Net Pension (Asset)/Liability - Continued**

#### **NYSTRS**

##### **Changes in Benefit Terms**

None.

##### **Changes of Assumptions**

Actuarial assumptions are revised periodically to reflect more closely actual, as well as anticipated, future experience. The actuarial assumptions were revised and adopted by the Retirement Board on October 29, 2015 and first used in the 2016 determination of the Total Pension Liability. Current proposed assumptions are used in the 2021 determination of the Total Pension Liability.

The System's long-term rate of return assumption for purposes of the NPL is 6.95%, effective with the 2021 actuarial valuation. For the 2020 and 2019 actuarial valuations, the System's long-term rate of return assumption was 7.10%. For the 2018 and 2017 actuarial valuations, the System's long-term rate of return assumption was 7.25%. For the 2016 actuarial valuation, the System's long-term rate of return assumption was 7.5%. Prior to the 2016 actuarial valuation, the System's long-term rate of return was 8.0%.

The System's assumed annual inflation rate is 2.40% for 2021 and 2.20% for 2019 and 2020. For the 2018 and 2017 actuarial valuations, the System's annual inflation assumption was 2.25%. For the 2016 actuarial valuation, the System's annual inflation assumption was 2.5%. Prior to the 2016 actuarial valuation, the System's annual inflation assumption was 3.0%.

Effective with the 2019 actuarial valuation, COLAs are projected to increase at a rate of 1.30% annually. Effective with the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.5% annually. Prior to the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually.

Effective with the 2021 actuarial valuation, the assumed scale for mortality improvement was changed from MP-2019 to MP-2020. Effective with the 2020 actuarial valuation, the assumed scale for mortality improvement was changed from MP2018 to MP2019. Effective with the 2019 actuarial valuation, the assumed scale for mortality improvement was changed from MP2014 to MP2018.

# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022**

***Note 5*** Schedules of BOCES Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the BOCES' Proportionate Share of the Net Pension (Asset)/Liability - Continued

**NYSTRS - Continued**

**Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contribution rates in the Schedule of BOCES' Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine BOCES' contributions in 2021. For assumptions and plan provisions used in contributions reported for years prior to 2021, refer to the Annual Actuarial Report for two years prior to the end of the fiscal year in which contributions are reported.

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.										
Asset Valuation Method	Five-year phased in deferred recognition of each year's net investment gain/loss in excess of (or less than) the assumed valuation rate of interest at a rate of 20.0% per year, until fully recognized after five years.										
Inflation	2.20%										
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.										
	<table border="0"> <thead> <tr> <th style="text-align: center;"><u>Service</u></th> <th style="text-align: center;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">4.72%</td> </tr> <tr> <td style="text-align: center;">15</td> <td style="text-align: center;">3.46%</td> </tr> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">2.37%</td> </tr> <tr> <td style="text-align: center;">35</td> <td style="text-align: center;">1.90%</td> </tr> </tbody> </table>	<u>Service</u>	<u>Rate</u>	5	4.72%	15	3.46%	25	2.37%	35	1.90%
<u>Service</u>	<u>Rate</u>										
5	4.72%										
15	3.46%										
25	2.37%										
35	1.90%										
Investment Rate of Return	7.10% compounded annually, net of investment expenses, including inflation.										
Projected Cost of Living Adjustments	1.3% compounded annually.										

# ***GREATER SOUTHERN TIER BOCES***

## **ANALYSIS OF ACCOUNT A431 SCHOOL DISTRICTS FOR THE YEAR ENDED JUNE 30, 2022**

<b>July 1, 2021 (Credit) Balance</b>	<u>\$ (8,766,805)</u>
Debits:	
Billings to School Districts	<u>111,409,125</u>
Refund of Balances Due School Districts	<u>8,471,053</u>
Other Adjustments:	
Refund of 2021-2022 Credit Balances	<u>3,141,576</u>
2021-2022 E-Rate Refunds in Advance	<u>206,158</u>
Total Debits	<u>123,227,912</u>
(Credits):	
Collection From School Districts	<u>(114,064,734)</u>
Adjustment - (Credits) to School Districts	
Revenues in Excess of Expenditures	<u>(9,866,404)</u>
Other Adjustments:	
Encumbrances	45,106
Lease Revenue	(197,727)
2020-2021 E-Rate Refunds in Advance	<u>(248,176)</u>
Total (Credits)	<u>(124,331,935)</u>
<b>June 30, 2022 (Credit) Balance</b>	<u><b>\$ (9,870,828)</b></u>

# GREATER SOUTHERN TIER BOCES

## SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2022

PROJECT TITLE	PROJECT CODE	Original Budget	Revised Budget	Expenditures to Date			Unexpended Balance	Methods of Financing				Fund Balance (Deficit) June 30, 2022	
				Prior Years	Current Year	Total		Proceeds of Obligations	Project Transfers	Local Sources	Total		
Contingency		\$ 420,223	\$ 420,223	\$ -	\$ -	\$ -	\$ 420,223	\$ -	\$ (280,592)	\$ 420,279	\$ 139,687	\$ 139,687	
2021													
Projects													
035	Bldg. #1 Bush	#559000-0001-026	385,368	-	19,040	624,149	643,189	(643,189)	-	257,821	385,368	643,189	-
130	Bldg. #1 Coopers	#559000-0037-007	45,420	-	2,205	106,133	108,338	(108,338)	-	62,918	45,420	108,338	-
131	Bldg. #2 Coopers	#559000-0044-005	45,420	-	2,205	33,414	35,619	(35,619)	-	(9,801)	45,420	35,619	-
132	Bldg. #10 Coopers	#559000-0052-003	34,240	-	1,603	63,449	65,052	(65,052)	-	30,812	34,240	65,052	-
133	Campuswide Coopers	#559000-7999-012	281,481	-	14,030	493,595	507,625	(507,625)	-	226,144	281,481	507,625	-
333	Bldg. #3 Wildwood	#559000-0041-007	1,208,071	-	61,131	859,638	920,769	(920,769)	-	(287,302)	1,208,071	920,769	-
738	EPC Solar Project Bush		270,474	-	-	937,536	937,536	(937,536)	-	270,474	-	270,474	(667,062)
2022													
Projects													
036	Bldg. #1 Bush	#559000-0001-027	-	-	-	45,614	45,614	(45,614)	-	-	-	-	(45,614)
037	Bldg. #2 Bush	#559000-0002-011	-	-	-	4,243	4,243	(4,243)	-	-	-	-	(4,243)
134	Bldg. #3 Coopers	#559000-0045-010	-	-	-	29,702	29,702	(29,702)	-	-	-	-	(29,702)
135	Bldg. #10 Coopers	#559000-0050-006	-	-	-	22,277	22,277	(22,277)	-	-	-	-	(22,277)
334	Bldg. #3 Wildwood	#559000-0041-008	-	-	-	4,243	4,243	(4,243)	-	-	-	-	(4,243)
	GASB 87 - Leases		-	-	-	22,385	22,385	(22,385)	22,385	-	-	22,385	-
<b>Total</b>			<b>\$ 2,690,697</b>	<b>\$ 420,223</b>	<b>\$ 100,214</b>	<b>\$ 3,246,378</b>	<b>\$ 3,346,592</b>	<b>\$ (2,926,369)</b>	<b>\$ 22,385</b>	<b>\$ 270,474</b>	<b>\$ 2,420,279</b>	<b>\$ 2,713,138</b>	<b>\$ (633,454)</b>

# ***GREATER SOUTHERN TIER BOCES***

## **SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURES COMPARED TO BUDGET FOR THE YEAR ENDED JUNE 30, 2022**

	<b>REVENUES</b>				<b>EXPENDITURES</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Current Year Revenues</b>	<b>Over (Under) Final Budget</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Current Year Expenditures</b>	<b>Unencumbered Balances</b>
Administration and Facility Rental 001	\$ 10,193,496	\$ 10,193,496	\$ 8,679,086	\$ (1,514,410)	\$ 10,193,496	\$ 9,825,663	\$ 8,812,593	\$ 1,013,070
Capital 002	2,000,000	2,000,000	3,537,984	1,537,984	2,000,000	2,000,000	2,000,000	-
Career and Technical Education 100-199	18,398,110	18,399,332	18,562,060	162,728	18,398,110	18,399,332	16,553,197	1,846,135
Instruction for Special Education 200-299	24,026,299	24,575,284	23,477,776	(1,097,508)	24,026,299	24,575,284	22,095,726	2,479,558
Itinerant 300-399	6,079,360	6,084,318	6,089,784	5,466	6,079,360	6,084,318	5,810,903	273,415
General Instruction 400-499	6,578,410	6,927,433	6,352,577	(574,856)	6,578,410	6,927,433	5,972,774	954,659
Instruction Support 500-599	15,466,460	19,410,274	18,408,890	(1,001,384)	15,466,460	19,410,274	17,071,211	2,339,063
Other Services 600-699	26,344,902	30,284,460	29,849,801	(434,659)	26,344,902	30,284,951	26,775,150	3,509,801
<b>Totals</b>	<b><u>\$109,087,037</u></b>	<b><u>\$117,874,597</u></b>	<b><u>\$114,957,958</u></b>	<b><u>\$ (2,916,639)</u></b>	\$109,087,037	\$117,507,255	\$105,091,554	<b><u>\$ 12,415,701</u></b>
<b>Revenues in Excess of Expenditures</b>					<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,866,404</u></b>	



# **GREATER SOUTHERN TIER BOCES**

## **BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2022**

	<u>Miscellaneous Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents - Unrestricted	\$ 16	\$ -	\$ 16
Cash and Cash Equivalents - Restricted	<u>78,637</u>	<u>28,837</u>	<u>107,474</u>
<b>Total Assets</b>	<u><b>\$ 78,653</b></u>	<u><b>\$ 28,837</b></u>	<u><b>\$ 107,490</b></u>
<b>LIABILITIES</b>			
Payables:			
Accrued Liabilities	\$ 16	\$ -	\$ 16
Due to Other Funds	<u>-</u>	<u>662,291</u>	<u>662,291</u>
<b>Total Liabilities</b>	<u>16</u>	<u>662,291</u>	<u>662,307</u>
<b>FUND BALANCES</b>			
Restricted	<u>78,637</u>	<u>-</u>	<u>78,637</u>
Unassigned	<u>-</u>	<u>(633,454)</u>	<u>(633,454)</u>
<b>Total Fund Balances</b>	<u>78,637</u>	<u>(633,454)</u>	<u>(554,817)</u>
<b>Total Liabilities and Fund Balances</b>	<u><b>\$ 78,653</b></u>	<u><b>\$ 28,837</b></u>	<u><b>\$ 107,490</b></u>

# **GREATER SOUTHERN TIER BOCES**

## **STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Miscellaneous Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES</b>			
Local Sources:			
Interest and Earnings	\$ 7	\$ 56	\$ 63
Miscellaneous	63,263	-	63,263
<b>Total Revenues</b>	<b>63,270</b>	<b>56</b>	<b>63,326</b>
<b>EXPENDITURES</b>			
Other Services	46,500	-	46,500
Capital Outlay	-	3,246,378	3,246,378
<b>Total Expenditures</b>	<b>46,500</b>	<b>3,246,378</b>	<b>3,292,878</b>
Excess (Deficiency) of Revenues Over Expenditures	16,770	(3,246,322)	(3,229,552)
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Operating Transfers In	-	2,000,000	2,000,000
Proceeds of Obligations	-	22,385	22,385
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>2,022,385</b>	<b>2,022,385</b>
Net Change in Fund Balances	16,770	(1,223,937)	(1,207,167)
Fund Balances - Beginning of Year	61,867	590,483	652,350
<b>Fund Balances - End of Year</b>	<b>\$ 78,637</b>	<b>\$ (633,454)</b>	<b>\$ (554,817)</b>



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

Board of Education  
Greater Southern Tier BOCES  
Elmira, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greater Southern Tier BOCES (BOCES), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise BOCES' basic financial statements, and have issued our report thereon dated October 12, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the BOCES' internal control over financial reporting (internal control) 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 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 BOCES’ internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BOCES’ internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 12, 2022



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

Board of Education  
Greater Southern Tier BOCES  
Elmira, New York

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Greater Southern Tier BOCES' (BOCES) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of BOCES' major federal programs for the year ended June 30, 2022. BOCES' major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, BOCES complied, in all material respects, with the 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, 2022.

**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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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 BOCES' compliance requirements referred to above.

### **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 BOCES' federal programs.

### **Auditors' 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 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 GAAS, *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 for 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 BOCES' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 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 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 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 Auditors' 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 12, 2022

# **GREATER SOUTHERN TIER BOCES**

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass - Through Grantor Program Title</u>	<u>Federal ALN #</u>	<u>Pass - Through Grantor #</u>	<u>Pass - Through to Subrecipients</u>	<u>Expenditures</u>
<b>U.S. Department of Agriculture</b>				
Passed-through NYS Department of Labor				
State Administrative Matching Grants for SNAP	10.561	C021209	\$ -	\$ 30,042
<b>Total U.S. Department of Agriculture</b>			-	30,042
<b>U.S. Department of Education</b>				
Passed through NYS Department of Education:				
Career and Technical Education - Basic Grants to States	84.048	8000220020	-	245,807
Adult Education - State Grant Program	84.002	2338223103	-	99,906
Adult Education - State Grant Program	84.002	0138222041	-	249,765
Adult Education - State Grant Program	84.002	2338223241	-	124,882
Total Adult Education - State Grant Program			-	474,553
<b>Total Passed Through NYS Department of Education</b>			-	720,360
<b>Student Financial Assistance Cluster</b>				
Federal Direct Student Loans	84.268	N/A	-	559,727
Federal Pell Grant Program	84.063	N/A	-	315,228
<b>Total Direct Assistance - Student Financial Assistance Cluster</b>			-	874,955
<b>Total U.S. Department of Education</b>			-	1,595,315
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 1,625,357</b>

(1) Denotes - Unable to obtain from pass-through entity

*See Notes to Schedule of Expenditures of Federal Awards*



# ***GREATER SOUTHERN TIER BOCES***

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2022**

***Note 1***     **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by BOCES, an entity as defined in Note 1 to the basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

***Note 2***     **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in preparation of the financial statements.

***Note 3***     **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The BOCES has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

***Note 4***     **Matching Costs**

Matching costs, i.e., the BOCES' share of certain program costs, are not included in the reported expenditures.

***Note 5***     **Subrecipients**

No amounts were provided to subrecipients.

***Note 6***     **Other Disclosures**

No insurance is carried specifically to cover equipment purchased with Federal Funds. Any equipment purchased with Federal Funds has only a nominal value and is covered by BOCES' casualty insurance policies.

There were no loans or loan guarantees outstanding at year end that were held by BOCES.

# GREATER SOUTHERN TIER BOCES

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

### Section I - Summary of Auditors' Results

#### *Financial Statements*

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ yes  X  no

Significant deficiency(ies) 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 deficiency(ies) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  X  none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR § 200.516(a)? \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.063/84.268</u>	<u>Student Financial Assistance Cluster</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee: \_\_\_\_\_ yes  X  no

**Section II - Financial Statement Findings**

None.

**Section III - Federal Award Findings and Questioned Costs**

None.

**SUMMARY OF CERTAIN PROVISIONS  
OF THE LEASE AND AGREEMENT**

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## SUMMARY OF CERTAIN PROVISIONS OF THE LEASE AND AGREEMENT

The following is a brief summary of certain provisions of the Lease and Agreement relating to the Series 2023 Bonds. Such summary does not purport to be complete and reference is made to the Agreement for full and complete statements of such and all provisions. Unless otherwise indicated, the provisions summarized below are found in the Agreement. Defined terms used in the Agreement will have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

### TERM OF LEASE

The term of the Agreement will commence on the date on which the Series 2023 Bonds are first issued and delivered by the Authority, and will terminate on the earliest of (i) the final Series 2023 Bond maturity, (ii) the date on which no Series 2023 Bonds are Outstanding or (iii) upon the expiration of the term pursuant to the terms of the Agreement or pursuant to law [and each applicable BOCES has satisfied its obligations under the Agreement] (the "Lease Term"). Notwithstanding the termination of the term of the Agreement, the obligations of the BOCES under such Agreement will not terminate unless and until no Series 2023 Bonds are Outstanding and the BOCES has satisfied its obligations under such Agreement, provided that the sections from the Agreement as summarized under the headings "Indemnification of Authority and Limitation on Liability" and "Covenant not to Affect Tax Exempt Status of the Bonds" herein will survive such termination.

(Section 2.02)

### PAYMENT OF RENTALS

(a) the BOCES will pay to the Authority the following Basic Rent in the amounts and on the dates as follows:

(i) Subject to subdivision (e) of this subsection, on each September 1, or if such September 1 is not a Business Day then the next succeeding Business Day, the interest on Outstanding Series 2023 Bonds payable on the next succeeding February 15 and August 15 and the principal and Sinking Fund Installments of Outstanding Series 2023 Bonds payable by reason of maturity and redemption on the next succeeding August 15;

(ii) Subject to subdivision (e) of this subsection, on each September 1, or if such September 1 is not a Business Day then the next succeeding Business Day, the amount, if any, as will have been set forth in the certificate of the Trustee made pursuant to the Master Resolution as summarized in Appendix D under the heading "Debt Service Reserve Fund" as necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Fund Requirement; and

(iii) On the fifth Business Day prior to each interest payment date, the amount, if any, necessary to cause the amount on deposit in the Debt Service Fund to equal the amount of principal of and interest payable on the Series 2023 Bonds on such interest payment date.

The BOCES will have the option to make from time to time prepayments in part of payments due as aforesaid of Basic Rent, together with interest accrued and to accrue and premium, if any, to be paid on the Series 2023 Bonds, if such prepayment is to be used for the purchase or redemption of such Series 2023 Bonds. To the extent that the BOCES prepays all of the Basic Rent payable with respect to the Project (as determined by the Authority and BOCES), the Project may be released from the Agreement. The Trustee will apply such prepayments in such manner consistent with the provisions of the Master Resolution as may be specified in writing by the BOCES at the time of making such prepayment.

Subject to the provisions of the Agreement and of the Master Resolution, the BOCES will receive a credit against the amount required to be paid by the BOCES pursuant to subparagraph (i) of this subsection (a) on account of any Sinking Fund Installments if, not less than forty-five (45) days prior to an August 15 on which a Sinking Fund Installment is scheduled to be due, there will be delivered to the Trustee for cancellation one or more of the Series 2023 Bonds of the maturity to be so redeemed on such August 15. The amount of the credit will be equal to the principal amount of Bonds so delivered and cancelled.

(b) The BOCES will pay to the Authority, as additional rent for the Project, the amounts, and on the dates, as follows:

(i) On the date of delivery of the Series 2023 Bonds, to the extent not paid from the proceeds of the Series 2023 Bonds, the Authority Fee and any Administrative Expenses, as estimated by an Authorized Officer of the Authority, incurred in connection with the issuance of the Series 2023 Bonds;

(ii) On each March 31 or such other date as may be agreed to by the Authority, the Annual Administrative Fee;

(iii) The Administrative Expenses of the Authority, the Trustee and each Paying Agent for the Series 2023 Bonds, within sixty (60) days after notice of the amount thereof is given to the BOCES; and

(iv) The amount determined by an Authorized Officer of the Authority as required to be rebated to the Department of the Treasury of the United States of America in excess of the amount available therefor in the Arbitrage Rebate Fund.

(c) The Authority will furnish the BOCES not less than sixty (60) days prior to the date on which a payment is due pursuant to this subsection, a statement of the amount, purpose and payment date of each payment required to be made pursuant to this subsection. With respect to the payment of Basic Rent pursuant to subsection (a) above, the amount set forth in such statement will be net of amounts on deposit in the Debt Service Fund, including the State funds received and such interest earnings thereon, if any, as of the date of such statement and such statement will set forth the amount of such State funds received, such interest earnings thereon and amounts still owed to the Authority. The failure to furnish such statement will not excuse the BOCES's failure to pay, when due, the Basic Rent payable pursuant to this section.

(d) In addition to the payments required under this heading, in the event a Reserve Fund Facility is deposited for all or part of the Debt Service Reserve Fund Requirement in accordance with the Master Resolution, as summarized in Appendix D under the heading "Debt Service Reserve Fund," the BOCES will be obligated (i) to make payments to the Trustee to restore the Debt Service Reserve Fund to its requirement so that the Facility Provider may be reimbursed for amounts paid by it pursuant to such Reserve Fund Facility and (ii) to pay the Administrative Expenses of the Authority incurred in connection with such Reserve Fund Facility, including without limitation, amounts necessary to pay fees, expenses and interest payable to the Facility Provider by the Authority in connection with such Reserve Fund Facility. If the Reserve Fund Facility is to be replaced with money pursuant to the third paragraph of the heading "Debt Service Reserve Fund" summarized in Appendix D, the BOCES will be obligated to make payments to the Trustee in amounts and at the times that deposits are to be made to the Debt Service Reserve Fund pursuant to such paragraph.

(e) The BOCES will receive a credit against payment due under the Agreement equal to the amount of State funds received by the Trustee or the Authority to be applied towards such payment. If the amount of such State funds received by the Trustee or the Authority on September 1 is less than the amount required to be paid under the Agreement, the Authority will give notice to the BOCES not more than ten (10) days from such September 1. Such notice will state the amount received by the Trustee and the Authority and the amount still due and payable.

The Authority will notify the BOCES of the receipt of any payment of State funds by the Authority or the Trustee after September 1 no more than ten (10) days after receipt of such funds, which notice will state the amount received by the Trustee and the Authority and the amount still due and payable. If the amount of State funds received by the Trustee or the Authority by January 1 of each year is less than the amount of interest payable on the Series 2023 Bonds on February 15, the BOCES will pay to the Trustee by January 15 the difference between the amount of State funds received and the interest payable on the Series 2023 Bonds on February 15. If the amount of State funds received by the Trustee or the Authority by July 1 of each year, after the application of the amounts necessary to make the interest payments due on the preceding February 15, is less than the amount of principal and interest payable on the Series 2023 Bonds on August 15, the BOCES will pay to the Trustee by July 15 the difference between the amount of State funds received and the principal and interest payable on the Series 2023 Bonds on August 15.

If on January 1 of each year the amount of moneys on deposit in a Debt Service Reserve Fund is less than the applicable Debt Service Reserve Fund Requirement, the BOCES will pay to the Trustee by January 15 the difference between the amount of State funds received and the amount of money to make up the deficiency in the applicable Debt Service Reserve Fund and satisfy the applicable Debt Service Reserve Fund Requirement. If on July 1 of each year the amount of moneys on deposit in a Debt Service Reserve Fund is less than the applicable Debt Service Reserve Fund Requirement, the BOCES will pay to the Trustee by July 15 the difference between the amount of State funds received and the amount of money to make up the deficiency in the applicable Debt Service Reserve Fund and satisfy the applicable Debt Service Reserve Fund Requirement.

(Section 4.01)

#### **INDEMNIFICATION OF AUTHORITY AND LIMITATION ON LIABILITY**

Both during the Lease Term and thereafter, the BOCES, to the extent permitted by law, (i) will release the Authority and each director, officer and employee of the Authority from claims for damages or liability arising from or out of the design, acquisition, construction, reconstruction, rehabilitation, improvement, or use of the Leased Property pursuant to the Agreement, and (ii) will indemnify and hold the Authority and each member, officer and employee of the Authority harmless against any and all liabilities, losses, costs, damages or claims, and will pay any and all judgments or expenses of any and all kinds or nature and however arising, imposed by law, including interest thereon, which it or any of them may sustain, be subject to or be caused to incur by reason of any claim, action, suit, charge or proceeding arising (1) from or out of the design, acquisition, construction, reconstruction, rehabilitation, improvement or use of the Leased Property (including the Project), pursuant hereto, based upon: personal injury, death, or damage to property, whether real, personal or mixed; or upon or arising out of contracts entered into by the Authority; or (2) upon or arising out of the Authority's ownership of a leasehold estate of the Leased Property or the leasing thereof to the BOCES; or (3) upon or arising out of the acquisition of the Leased Property, or upon or arising out of an allegation that an official statement, prospectus, placement memorandum or other offering document prepared in connection with the sale and issuance of the Series 2023 Bonds contained an untrue or misleading statement of a material fact obtained from the BOCES relating to the BOCES or the Project, or omitted to state a material fact relating to the BOCES or the Project necessary in order to make the statements made therein in light of the circumstances under which they were made not misleading; provided, however, that neither the Authority nor a member, officer or employee of the Authority will be released, indemnified or held harmless from any claim for damages, liability, loss, cost, damage, judgment or expense arising out of the gross negligence or willful misconduct of the Authority, such member, officer or employee. The Authority will not settle any such suit, action or proceeding without the prior written consent of counsel to the BOCES.

(Section 4.03)

#### **NATURE OF OBLIGATION OF THE BOCES**

The obligation of the BOCES to pay Rentals and to pay all other amounts provided for in the Agreement and to perform its obligations thereunder are absolute and unconditional, and such Rentals and other amounts are payable without any rights of set-off, recoupment or counterclaim it might have against the Authority, the Trustee or any other person and whether or not any or all of the Project is used or occupied or available or suitable for use or occupancy and whether or not the BOCES Lease is in effect. If the BOCES has paid all amounts required under the Agreement and continues to pay the same when due, it will not be precluded from bringing any action it may otherwise have against the Authority; provided, however, that the BOCES will not as a result of the BOCES's failure to pay any Administrative Expenses or Annual Administrative Fee be precluded from bringing any such action if the amount thereof is disputed or is being contested by the BOCES in good faith.

The Agreement is a general obligation of the BOCES and any successor thereto. Any payment required to be made by the BOCES to the Authority pursuant thereto will be deemed an administrative expense within the meaning of section nineteen hundred fifty of the Education Law of the State.

(Section 4.04)

### **PLEDGE BY BOCES**

The BOCES assigns and pledges to the Authority a sufficient portion of any and all public funds to be apportioned or otherwise to be made payable by the State to the BOCES, to cover the payments required under the Agreement and directs and acknowledges that such amounts will be paid directly to the Applicable Trustee as provided in the Act and Section 3609-d of the Education Law of the State. Such assignment and pledge will be irrevocable and will continue until the date on which the liabilities of the Authority and the Project have been discharged and the Series 2023 Bonds of the Authority have been paid or such Bonds have otherwise been discharged.

The BOCES agrees that it will not create or suffer to be created any pledge or assignment of the public funds mentioned in this Section to be apportioned or otherwise payable by the State (including pledges or assignments to secure subsequent Series of Bonds) unless such other pledge or assignment is subordinate to the pledge and assignment made to the Authority pursuant to this Section.

(Section 4.05)

### **OPERATION, MAINTENANCE AND REPAIR**

During the Lease Term, the BOCES will be responsible for, and pay all costs of, operating the Leased Property, maintaining the same in condition suitable and sufficient for the use for which it is intended, and making all necessary repairs and replacements, interior and exterior, structural and nonstructural.

The BOCES is responsible for the over-all supervision of the Leased Property, for the overhead and general administrative costs of the BOCES incurred because of the Leased Property and for the integration of the operation of the Leased Property into the BOCES educational program.

(Section 5.01)

### **UTILITIES, TAXES AND GOVERNMENTAL CHARGES**

The BOCES will pay or cause to be paid all charges for water, electricity, light, heat or power, sewage, telephone and other utility service, rendered or supplied upon or in connection with the Leased Property during the Lease Term.

In addition, the BOCES will (i) pay, or make provision for payment of, all lawful taxes and assessments (other than those which are the basis of a Permitted Encumbrance), including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by any federal, state or any municipal government upon the Authority or the BOCES with respect to or upon the Leased Property or any part thereof or upon any payments under the Agreement when the same will become due; (ii) not create or suffer to be created any lien or charge upon the Leased Property or any part thereof, except Permitted Encumbrances, or upon the payments in respect thereof pursuant hereto; and (iii) pay or cause to be discharged or make adequate provision to satisfy and discharge, within sixty (60) days after the same will come into force, any lien or charge upon the Leased Property or any part thereof, except Permitted Encumbrances, or upon any payments under the Agreement and all lawful claims or demands for labor, materials, supplies or other charges which, if unpaid, might be or become a lien upon any payments under the Agreement.

The Authority will cooperate fully with the BOCES in the payment of taxes or assessments and in the handling and conduct of any prospective or pending litigation with respect to the levying of taxes or assessments on the Leased Property and will, to the extent it may lawfully do so, permit the BOCES to litigate in any such proceeding in the name and behalf of the Authority.

(Section 5.02)



### **ADDITIONS, ENLARGEMENTS AND IMPROVEMENTS**

The BOCES will have the right at any time and from time to time during the Lease Term, at its own cost and expense, to make such additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, the Project, as the BOCES will deem necessary or desirable in connection with the use thereof; provided, however, that no addition to or enlargement, improvement, expansion, repair, reconstruction or restoration of, the Project which requires structural change of the Project, or which modifies or changes any aspect or feature thereof designed or intended to protect the life or provide for the safety of the occupants of the Project, will be made by the BOCES without the prior written consent of an Authorized Officer of the State Education Department. The cost of any such additions, enlargements, improvements, expansions, repairs, reconstruction or restorations will be promptly paid or discharged so that the Project will at all times be free of liens for labor and materials supplied thereto other than Permitted Encumbrances. All additions, enlargements, improvements and expansions to, or repairs, reconstruction and restorations of, the Project on the Leased Property will be and become a part of the Project and the property leased to the Authority under the Agreement.

(Section 5.03)

### **INSURANCE**

The BOCES will, in accordance with the requirements of the Agreement, procure and maintain, or cause to be procured and maintained, to the extent reasonably obtainable, from responsible insurers, insurance of the type and in the amounts customarily maintained by educational institutions providing services similar to those provided by the BOCES. All policies of insurance required by the Agreement will be primary to any insurance maintained by the Authority. In the event the BOCES fails to provide the insurance required by the Agreement, the Authority may elect at any time thereafter to procure and maintain the insurance required therein at the expense of the BOCES.

(Section 5.05)

### **DAMAGE OR DESTRUCTION**

The BOCES agrees to notify the Authority and the Trustee immediately in the case of damage to or destruction of the Leased Property or any portion thereof in an amount exceeding \$100,000 resulting from fire or other casualty. The Authority agrees that the net proceeds of any insurance relating to such damage or destruction, not exceeding \$100,000, may be paid directly to the BOCES.

In the event the Leased Property or any portion thereof is damaged or destroyed by fire or other casualty and the damage or destruction is estimated to exceed \$100,000, the net proceeds of any insurance will be initially paid directly to the Authority for deposit and application as provided in the Agreement. The BOCES will within one hundred eighty (180) days after such damage or destruction determine whether or not to repair, reconstruct, restore or improve the Leased Property and give written notice of such determination to the Authority. If the BOCES elects to repair, reconstruct, restore or improve the Leased Property it will proceed forthwith to repair, reconstruct, restore or improve the Leased Property to substantially the same condition as it existed prior to the event causing such damage or destruction. So long as the BOCES is not in default under the Agreement as summarized herein under the heading "Events of Default and Remedies" hereof, any net proceeds of insurance relating to such damage or destruction received by the Authority will be deposited to the credit of the Construction Fund and applied to payment of the costs of such repairs, reconstruction, restoration or improvement in the same manner and upon the same conditions as set forth in the Master Resolution for the payment of the Costs of the Project from the Construction Fund.

It is further understood and agreed that in the event the BOCES will elect to repair, reconstruct, restore or improve the Leased Property, the BOCES will complete the repairs, reconstruction, restoration or improvement of the Leased Property.

In the event the BOCES elects not to repair, reconstruct, restore or improve the Leased Property, the net proceeds of any insurance will be paid to the Authority, as a prepayment of the Rentals under the Agreement, for deposit to the Debt Service Fund and application to the redemption of Outstanding Series 2023 Bonds or for payment to the Trustee, to be held by the Trustee, in trust, pursuant to the Master Resolution as summarized

in Appendix D under the heading “Defeasance” for the payment of Outstanding Series 2023 Bonds in accordance with the written instructions of an Authorized Officer of the Authority.

(Section 5.06)

### **CONDEMNATION**

The Agreement and the interest of the BOCES will terminate as to the Project or portion thereof on Leased Property and the Leased Property appertaining thereto condemned or taken by eminent domain when title thereto vests in the party condemning or taking the same (hereinafter referred to as the “termination date”). The BOCES irrevocably assigns to the Authority all right, title and interest of the BOCES in and to any net proceeds of any award, compensation or damages (hereinafter referred to as an “award”), payable in connection with any such condemnation or taking during the Lease Term. Such net proceeds will be initially paid to the Authority for deposit and application as hereinafter provided.

In the event of any such condemnation or taking, the BOCES will within ninety (90) days after the termination date therefor determine whether or not to repair, reconstruct, restore or improve the Project and give written notice of such determination to the Authority. If any of the BOCES elects to repair, reconstruct, restore or improve the Project, so long as the BOCES is not in default under the Agreement as summarized under the heading “Events of Default and Remedies” herein, any such net proceeds received by the Authority will be deposited to the credit of the Construction Fund and be applied to finance the costs of such repairs, reconstruction, restoration or improvements in the same manner and upon the same conditions set forth in the Master Resolution for the payment of the Costs of the Project from the Construction Fund.

In the event the BOCES elects not to repair, reconstruct, restore or improve the Project, the award will be paid to the Authority, as a prepayment of the Rentals under the Agreement, for deposit to the Debt Service Fund and application to the redemption of Outstanding Series 2023 Bonds or for payment to the Trustee, to be held by the Trustee, in trust, pursuant to the Master Resolution as summarized in Appendix D under the heading “Defeasance” for the payment of Outstanding Bonds in accordance with the written instructions of an Authorized Officer of the Authority.

The Authority will cooperate fully with the BOCES in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project on Leased Property or any part thereof and will, to the extent it may lawfully do so, permit the BOCES to litigate in any such proceeding in the name and behalf of the Authority. In no event will the Authority voluntarily settle, or consent to the settlement of, any prospective or pending condemnation proceedings with respect to the Project on Leased Property or any part thereof without the written consent of the BOCES.

(Section 5.07)

### **ASSIGNMENT BY BOCES**

The BOCES will not sell, sublease or otherwise dispose of or encumber its interest in the Project except as provided herein under the heading “Sale; Subletting.” The Agreement may not be assigned in whole or in part by the BOCES.

(Section 7.04)

**USE OF PROJECT**

The BOCES agrees that the Project will be occupied or used only by or for students, members of the faculty, staff and personnel, officers and employees of the BOCES, and the district superintendent of schools, in each case in connection with their respective duties, functions and responsibilities relating to the operation of the Project, or, on a temporary basis, by or for individuals connected with educational activities; provided, however, that any occupancy or use of the Project which is from time to time Authorized or permitted by the provisions of the Education Law of the State relating to boards of cooperative educational services will be deemed to be authorized or permitted by this section.

(Section 7.05)

**RESTRICTIONS ON RELIGIOUS USE**

The BOCES agrees that with respect to the Project or portion thereof, so long as the Project or portion thereof exists and unless and until the Project or portion thereof is sold for the fair market value thereof, the Project or any portion thereof will not be used for sectarian religious instruction or as a place of religious worship or in connection with any part of a program of a school or department of divinity for any religious denomination; provided, however, that the foregoing restriction will not prohibit the free exercise of any religion and will not restrict or inhibit compliance with the Equal Access Act, 20 U.S.C. Sections 4071–4074; and, further provided, however, that if at any time hereafter, in the opinion of Bond Counsel, the then applicable law would permit the Project or a portion thereof to be used without regard to the above stated restriction, said restriction will not apply to the Project and each portion thereof. The Authority and its agents may conduct such inspections as the Authority deems necessary to determine whether the Project or any portion of real property thereof financed by Bonds is being used for any proscribed purpose. The BOCES further agrees that prior to any disposition of any portion of the Project for less than fair market value, it will execute and record in the appropriate real property records an instrument subjecting, to the satisfaction of the Authority, the use of such portion of the Project to the restriction that (i) so long as such portion of the Project (and, if included in the Project, the real property on or in which such portion of the Project is situated) will exist and (ii) until such portion of the Project is sold or otherwise transferred to a person who purchases the same for the fair market value thereof at the time of such sale or transfer, such portion of the Project will not be used for sectarian religious instruction or as a place of religious worship or used in connection with any part of the program of a school or department of divinity of any religious denomination. The instrument containing such restriction will further provide that such restriction may be enforced at the instance of the Authority or the Attorney General of the State, by a proceeding in any court of competent jurisdiction, by injunction, mandamus or by other appropriate remedy. The instrument containing such restriction will also provide that if at any time thereafter, in the opinion of Bond Counsel, the then applicable law would permit such portion of the Project, or, if included in the Project, the real property on or in which such portion is situated, to be used without regard to the above stated restriction, then said restriction will be without any force or effect. For the purposes of this paragraph an involuntary transfer or disposition of the Project or a portion thereof, upon foreclosure or otherwise, will be considered a sale for the fair market value thereof.

(Section 7.06)

**SALE; SUBLETTING**

No Leased Property will be sold by the BOCES, or any other person or entity succeeding to any of their respective interests without the prior written consent of the Authority, accompanied by an opinion of Bond Counsel to the effect that such sale would not adversely affect the exclusion of the interest on any of the Bonds from gross income for federal income tax purposes.

No Leased Property will be sublet by the BOCES, or any other person or entity succeeding to any of their respective interests without the prior written consent of the Authority, accompanied by an opinion of Bond Counsel to the effect that such sublease would not adversely affect the exclusion of the interest on any of the Bonds from gross income for federal income tax purposes.

The sale or subletting of Leased Property will not reduce the Rentals payable under the Agreement and will not otherwise affect the obligations of the BOCES thereunder.

(Section 7.07)

#### **COVENANT NOT TO AFFECT THE TAX EXEMPT STATUS OF THE BONDS**

The BOCES, so long as it leases the Project and Leased Property under the Agreement, (i) will take no action, or permit any action to be taken, or omit to take any action, with respect to the Project or any Project which will adversely affect the exclusion of interest on any Series 2023 Bonds from gross income for purposes of federal income taxation; (ii) will not invest or otherwise use “gross proceeds” of the Series 2023 Bonds in a manner which would cause any Series 2023 Bond (other than a Series 2023 Bond designated as federally taxable) to be an “arbitrage bond” within the meaning of Section 148 of the Code, and any proposed or final regulations thereunder as are applicable to any Series 2023 Bond; and (iii) will not, nor will any “related person,” as defined in Section 147(a)(2) of the Code, pursuant to an arrangement, formal or informal, purchase Series 2023 Bonds (other than Series 2023 Bonds designated as federally taxable) in an amount related to the amount of any obligation to be acquired by the Authority from the BOCES.

(Section 7.09)

#### **EVENTS OF DEFAULT AND REMEDIES**

An “event of default” or a “default” will mean, whenever they are used in the Agreement, any one or more of the following events:

(a) Failure by the BOCES to pay or cause to be paid when due the Rentals to be paid under the Agreement which failure continues for a period of seven (7) days after payment thereof was due;

(b) Failure by the BOCES to pay or to cause to be paid when due any other payment required to be made under the Agreement which failure continues for a period of thirty (30) days after payment thereof was due, provided that written notice thereof will have been given to the BOCES not less than thirty (30) days prior to the due date thereof;

(c) Failure by the BOCES to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subparagraphs (a) and (b) of this section, which failure will continue for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the BOCES by the Authority or such longer period, as is required to cure such default, if by reason of the nature of such failure the same cannot be remedied within such thirty (30) day period and the BOCES has within such thirty (30) day period commenced to take appropriate actions to remedy such failure and is diligently pursuing such actions;

(d) Any representation or warranty of the BOCES contained in the Agreement will have been at the time it was made untrue in any material respect; or

(e) The BOCES will generally not pay its debts as such debts become due, or will admit in writing its inability to pay its debts generally, or will make a general assignment for the benefit of creditors; or any proceeding will be instituted by or against the BOCES seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it for any substantial part of its property; or the BOCES will authorize any of the actions set forth above in this subparagraph (e).

(Section 8.01)

**REMEDIES**

Whenever any event of default referred to above will have happened and be continuing, the Authority may take whatever action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the BOCES under the Agreement.

(Section 8.02)

**AMENDMENTS, CHANGES AND MODIFICATIONS**

The Agreement may be amended, changed or modified in any respect provided that each amendment, change or modification is in writing signed by an Authorized Officer of the Authority and of the BOCES; provided, however, that no amendment, change or modification will take effect unless and until (i) if the consent of Holders of Outstanding Series 2023 Bonds is required by the Master Resolution as summarized in Appendix D under the heading "Amendment, Change, Modification or Waiver of Agreement," there will have been filed with the Trustee the written consents of the Holders of the percentages of Outstanding Series 2023 Bonds specified under such heading of the Master Resolution, (ii) if the consent of the Trustee is required by such section, the Trustee will have consented thereto and (iii) an executed copy of such amendment, change or modification, certified by an Authorized Officer of the Authority, will have been filed with the Trustee.

(Section 9.04)

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**SUMMARY OF CERTAIN PROVISIONS  
OF THE MASTER RESOLUTION**

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## **SUMMARY OF CERTAIN PROVISIONS OF THE MASTER RESOLUTION**

The following is a brief summary of certain provisions of the Master Resolution. Such summary does not purport to be complete and reference is made to the Master Resolution for full and complete statements of such and all provisions. Defined terms used in the Master Resolution will have the meanings ascribed to them in Appendix A or in the body of this Official Statement.

### **Master Resolution, Series Resolution and Bonds Constitutes Separate Contracts**

With respect to each Applicable Series of Bonds, in consideration of the purchase and acceptance of any and all of the Bonds of an Applicable Series authorized to be issued under the Master Resolution and under the Applicable Series Resolution by those who will hold or own the same from time to time, the Master Resolution and the Applicable Series Resolution will be deemed to be and will constitute a contract among the Authority, the Trustee and the Holders from time to time of such Bonds, and the pledge and assignment made in the Master Resolution and the covenants and agreements set forth to be performed by or on behalf of the Authority will be for the equal and ratable benefit, protection and security of the Holders of any and all of such Bonds of an Applicable Series, all of which, regardless of the time or times of their issue or maturity, will be of equal rank without preference, priority or distinction of any such Bonds of such Series over any other Bonds except as expressly provided in the Master Resolution or permitted by the Master Resolution or by the Applicable Series Resolution.

(Section 1.03)

### **Authorization of the Series 2023 Bonds**

The Bonds will be issued pursuant to the Master Resolution, the Series 2023 Resolution, and the Act. In addition to the Series 2023 Bonds, the Master Resolution authorizes the issuance of other Series of Bonds for such other purposes as are authorized by the Master Resolution.

The Bonds of each Series of the Authority will not be a debt of the State, nor will the State be liable thereon, nor will the Bonds be payable out of any funds other than those of the Authority pledged by the Master Resolution to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds.

(Section 2.01)

### **Additional Obligations**

The Authority reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Authority, so long as such bonds, notes or other obligations are not, or such other indebtedness is not, except as provided in the Master Resolution or Applicable Series Resolution, entitled to a charge or lien or right prior or equal to the charge or lien created by the Master Resolution, or prior or equal to the rights of the Authority and Holders of Bonds provided by the Master Resolution or with respect to the moneys pledged under thereunder or pursuant to an Applicable Series Resolution.

(Section 2.05)

### **Authorization of Redemption**

Bonds subject to redemption prior to maturity will be redeemable at such times, at such Redemption Prices and upon such terms as may be specified in the Master Resolution or in the Applicable Series Resolution authorizing their issuance or the Applicable Bond Series Certificate.

(Section 4.01)

**Redemption at Election or Direction of the Authority**

The Series, maturities, and principal amounts of the Bonds to be redeemed at the election or direction of the Authority will be determined by the Authority in its sole discretion, subject to any limitations with respect thereto contained in the Master Resolution or in the Series Resolution authorizing such Series or the Applicable Bond Series Certificate. The notice of redemption required by the Master Resolution to be given will not be given with respect to Bonds to be redeemed pursuant to the Master Resolution unless prior to the date such notice is to be given the Authority will have obtained the written consent of each Facility Provider to which Provider Payments are then due and unpaid.

(Section 4.02)

**Selection of Bonds to Be Redeemed**

Unless otherwise provided in the Series Resolution authorizing the issuance of Bonds of a Series or the Bond Series Certificate relating to such Bonds, in the event of redemption of less than all of the Outstanding Bonds of like Series, maturity and tenor, the Trustee will assign to each Outstanding Bond of the Series, maturity and tenor to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and will select by lot, using such method of selection as it will deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, will equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw the Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as provided in the Master Resolution) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds drawn will exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of Bonds and select part of any Bond for redemption. The Bonds to be redeemed will be the Bonds to which were assigned numbers so selected; provided, however, that only so much of the principal amount of each such Bond of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued will be redeemed as will equal the lowest denomination in which the Bonds of such Series are authorized to be issued for each number assigned to it and so selected.

(Section 4.04)

**Notice of Redemption**

Whenever Bonds are to be redeemed, the Trustee will give notice of the redemption of the Bonds in the name of the Authority. Such notice, unless the Bonds are book entry Bonds, will be given by mailing a copy of such notice not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. Such notice will be sent by first class mail, postage prepaid, to the registered owners of the Bonds which are to be redeemed, at their last known addresses, if any, appearing on the registration books not more than ten (10) Business Days prior to the date such notice is given. Upon giving such notice, the Trustee will promptly certify to the Authority that it has mailed or caused to be mailed such notice to the registered owners of the Bonds to be redeemed in the manner provided in the Master Resolution. Such certificate will be conclusive evidence that such notice was given in the manner required by the Master Resolution. The failure of any Holder of a Bond to be redeemed to receive such notice will not affect the validity of the proceedings for the redemption of the Bonds. If the Bonds to be redeemed are book entry Bonds, the Trustee will mail a copy of the notice to the Depository not less than thirty-five (35) days prior to the redemption, but if notice of redemption is to be published as aforesaid, in no event later than five (5) Business Days prior to the date of publication.

Any notice of redemption, unless moneys will be received by the Trustee prior to giving such notice sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed, may state that such redemption will be conditional upon the receipt of such moneys by the Trustee by 1:00 P.M. (New York time) on the date fixed

for redemption. If such moneys are not so received said notice will be of no force and effect, the Authority will not redeem such Bonds and the Trustee will give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

(Section 4.05)

### **Payment of Redeemed Bonds**

If, on the redemption date, moneys for the redemption of all Bonds or portions thereof of any like Series, maturity and tenor to be redeemed, together with interest accrued and unpaid thereon to the redemption date, will be held by the Trustee and Paying Agents so as to be available therefor on such date and if notice of redemption will have been mailed as stated in the Master Resolution, then, from and after the redemption date, interest on the Bonds or portions thereof so called for redemption will cease to accrue and such Bonds will no longer be considered to be Outstanding under the Master Resolution. If such moneys will not be so available on the redemption date, such Bonds or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(Section 4.06)

### **Pledge of Revenues**

The proceeds from the sale of the Bonds, the Applicable Revenues, the Authority's security interest in the Applicable Pledged Revenues, and all funds authorized by the Master Resolution and established pursuant to an Applicable Series Resolution, other than the Applicable Arbitrage Rebate Fund, are pledged and assigned to the Trustee as security for the payment of the principal, Sinking Fund Installments, if any, and Redemption Price of and interest on the Bonds and as security for the performance of any other obligation of the Authority under the Master Resolution and under any Series Resolution, all in accordance with the provisions of the Master Resolution and any Series Resolution. The pledge of the Revenues subject to the adoption of an Applicable Series Resolution will relate only to the Bonds of an Applicable Series authorized by such Series Resolution and no other Series of Bonds and such pledge will not secure any such other Series of Bonds. The pledge is valid, binding and perfected from the time when the pledge attaches and the proceeds from the sale of the Bonds, the Revenues, the Authority's security interest in the Applicable Pledged Revenues and the funds and accounts established by the Master Resolution and by any Series Resolution will immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge will be valid, binding and perfected as against all parties having claims of any kind in tort, contract or otherwise against the Authority irrespective of whether such parties have notice thereof. No instrument by which such pledge is created nor any financing statement need be recorded or filed. The Bonds will be special obligations of the Authority payable solely from and secured by a pledge of the proceeds from the sale of the Bonds, the Revenues, the Authority's interest in the Applicable Pledged Revenues and the funds established by the Master Resolution and pursuant to the Applicable Series Resolution, which are pledged, such pledge will constitute a first lien thereon, subject only, with respect to such Applicable Pledged Revenues, to the Applicable Prior Pledges.

(Section 5.01)

### **Establishment of Funds**

Unless otherwise provided by the Applicable Series Resolution, the following funds are authorized to be established, held, and maintained for each Applicable Series by the Trustee under the Applicable Series Resolution separate from any other funds established and maintained pursuant to any other Series Resolution:

Construction Fund;

Debt Service Fund;

Debt Service Reserve Fund;

Building and Equipment Reserve Fund; and

Arbitrage Rebate Fund.

Accounts and sub-accounts within each of the foregoing funds may from time to time be established in accordance with an Applicable Series Resolution, an Applicable Bond Series Certificate or upon the direction of the Authority. All moneys at any time deposited in any fund created by the Master Resolution, other than the Applicable Arbitrage Rebate Fund, will be held in trust for the benefit of the Holders of the Applicable Series of Bonds, but will nevertheless be disbursed, allocated and applied solely in connection with Applicable Series of Bonds for the uses and purposes provided in the Master Resolution.

(Section 5.02)

### **Application of Moneys in the Construction Fund**

As soon as practicable after the delivery of each Series of Bonds, there will be deposited in the Applicable Construction Fund the amount required to be deposited therein pursuant to the Series Resolution authorizing such Series or the Bond Series Certificate relating to such Series. In addition, the Authority will deposit in the Applicable Construction Fund any moneys paid to the Authority for the acquisition, construction, reconstruction, rehabilitation, or improvement of any Project, including without limitation, the equity contribution, if any, provided by a BOCES. Except as otherwise provided in the Master Resolution, any Applicable Series Resolution or Bond Series Certificate, moneys deposited in the Construction Fund will be used only to pay the Costs of Issuance of the Bonds and the Costs of the Applicable Project.

An Applicable Project will be deemed to be complete (a) upon delivery to the Authority and the Trustee of a certificate signed by an Authorized Officer of each applicable BOCES which certificate will be delivered as soon as practicable after the date of completion of such Project or (b) upon delivery to each applicable BOCES and the Trustee of a certificate of the Authority which certificate may be delivered at any time after completion of such Project. Each such certificate will state that such Project has been completed substantially in accordance with the Plans and Specifications, if any, applicable to such Project and that such Project is ready for occupancy, and, in the case of a certificate of an Authorized Officer of such BOCES, will specify the date of completion.

Upon receipt by the Trustee of the certificate required pursuant to the Master Resolution, the moneys, if any, then remaining in the Applicable Construction Fund, after making provision in accordance with the direction of the Authority for the payment of any Costs of Issuance of an Applicable Series of Bonds and Costs of an Applicable Project then unpaid, will be paid by the Trustee as follows and in the following order of priority:

First: To the Applicable Arbitrage Rebate Fund, the amount determined by the Authority to be required to be deposited therein;

Second: To the Applicable Debt Service Reserve Fund, such amount as will be necessary to make the amount on deposit in such fund equal to the Applicable Debt Service Reserve Fund Requirement; and

Third: To the Applicable Debt Service Fund, to be applied in accordance with the Master Resolution as summarized below under the heading "Debt Service Fund", any balance remaining.

Following the occurrence and during the continuation of an Event of Default under an Applicable Agreement, the Authority may, in its sole discretion, transfer moneys in the Applicable Construction Fund to the Trustee for application pursuant to the provisions of the Master Resolution as summarized below under the heading "Debt Service Fund".

(Section 5.04)

### **Deposit of Revenues and Allocation Thereof**

The Applicable Revenues and any other moneys which, by any of the provisions of the Applicable Agreement, are required to be deposited in the Applicable Debt Service Fund, will upon receipt by the Trustee be deposited to the credit of the appropriate account in the Applicable Debt Service Fund. To the extent not required to pay, (a) the interest becoming due on Outstanding Bonds of the Applicable Series on the next succeeding interest payment date or dates of such Bonds to and including August 15; (b) the amount necessary to pay the principal and Sinking Fund Installments becoming due on the Applicable Series of Outstanding Bonds on such August 15; and (c) moneys which are required

or have been set aside for the redemption of Bonds of the Applicable Series, moneys in the Applicable Debt Service Fund will be paid by the Trustee on or before the business day preceding each interest payment date as follows and in the following order of priority:

First: To reimburse, pro rata, each Facility Provider which has issued a Reserve Fund Facility which constitutes any part of the Applicable Debt Service Reserve Fund for moneys advanced thereunder, including interest thereon, in proportion to the respective amounts advanced by each such Facility Provider;

Second: To the Applicable Debt Service Reserve Fund, the amount, if any, necessary to make the amount on deposit therein equal to the Applicable Debt Service Reserve Fund Requirement; and

Third: To the Authority, unless otherwise paid, such amounts as are payable to the Authority relating to such Series for: (i) any expenditures of the Authority for fees and expenses of auditing, and fees and expenses of the Applicable Trustee and Paying Agents, all as required hereby, (ii) all other expenditures reasonably and necessarily incurred by the Authority in connection with the financing of the Applicable Project, including expenses incurred by the Authority to compel full and punctual performance of all the provisions of the Applicable Agreement or the Applicable BOCES Lease in accordance with the terms thereof, and (iii) any fees of the Authority; but only upon receipt by the Trustee of a certificate of the Authority, stating in reasonable detail the amounts payable to the Authority pursuant to this paragraph Third.

(Section 5.05)

#### **Debt Service Fund**

The Trustee will on or before the Business Day preceding each interest payment date pay to itself and any other Paying Agent out of the Applicable Debt Service Fund:

- (a) the interest due and payable on all Outstanding Bonds of the Applicable Series on such interest payment date;
- (b) the principal amount due and payable on all Outstanding Bonds of the Applicable Series on such interest payment date; and
- (c) the Sinking Fund Installments or other amounts related to a mandatory redemption, if any, due and payable on all Outstanding Bonds of the Applicable Series on such interest payment date.

The amounts paid out pursuant to (a), (b) and (c) above will be irrevocably pledged to and applied to such payments.

Notwithstanding the above, the Authority may, at any time subsequent to the first day of any Bond Year but in no event less than forty-five (45) days prior to the succeeding date on which a Sinking Fund Installment is scheduled to be due, direct the Trustee to purchase, with moneys on deposit in the Applicable Debt Service Fund, at a price not in excess of par plus interest accrued and unpaid to the date of such purchase, Term Bonds to be redeemed from such Sinking Fund Installment.

In the event that on the fourth Business Day preceding any interest payment date there are insufficient amounts in the Applicable Debt Service Fund, the Trustee is required to withdraw from the Debt Service Reserve Fund and deposit to the Applicable Debt Service Fund such amount as will increase the amount therein to an amount sufficient to make the required payments from such fund.

Moneys in the Applicable Debt Service Fund in excess of the amount required to pay the principal and Sinking Fund Installments of Outstanding Bonds of the Applicable Series payable during the next succeeding Bond Year, the interest on Outstanding Bonds of the Applicable Series payable on and prior to the earlier of the next succeeding February 15 or August 15, and the purchase price or Redemption Price of Outstanding Bonds theretofore contracted to be purchased or called for redemption, plus accrued interest thereon to the date of purchase or redemption, will be paid or applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority (i) to the purchase of Outstanding Bonds of the Applicable Series at purchase prices not exceeding the Redemption Price applicable on the next interest payment date on which such Bonds are redeemable, plus accrued and unpaid interest to such date, at such times, at such purchase prices and in such manner as an Authorized Officer of the Authority will

direct or (ii) to the redemption of Bonds of the Applicable Series as provided in the Master Resolution, at the Redemption Prices specified in the Applicable Series Resolution or Applicable Bond Series Certificate.

(Section 5.07)

### **Debt Service Reserve Fund**

The Trustee will deposit to the credit of the Applicable Debt Service Reserve Fund such proceeds of the sale of Bonds, if any, as will be prescribed in the Applicable Series Resolution authorizing the issuance of such Series of Bonds or the Applicable Bond Series Certificate relating to such Series. Moneys held for the credit of the Debt Service Reserve Fund are required to be withdrawn by the Trustee and deposited to the credit of the Debt Service Fund at the times and in the amounts required to comply with the provisions of the Master Resolution.

In lieu of or in substitution for moneys, the Authority may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of an Applicable Series of the Bonds for all or any part of the Applicable Debt Service Reserve Fund Requirement; provided, however, (i) that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State and either (A) the claims paying ability of such insurance company or association is rated in the highest rating category accorded by a nationally recognized insurance rating agency or (B) obligations insured by a surety bond or an insurance policy issued by such company or association are rated at the time such surety bond or insurance policy is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in the highest rating category by a Rating Agency and (ii) that any such letter of credit shall be issued by a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the second highest rating category by a Rating Agency.

For any Series of Bonds issued on or after March 11, 2015, in lieu of or in substitution for moneys, the Authority may deposit or cause to be deposited with the Trustee a Reserve Fund Facility for the benefit of the Holders of an Applicable Series of the Bonds for all or any part of the Applicable Debt Service Reserve Fund Requirement; provided, however, (i) that any such surety bond or insurance policy shall be issued by an insurance company or association duly authorized to do business in the State and either (A) the claims paying ability of such insurance company or association is rated in not less than the second highest rating category accorded by a nationally recognized insurance rating agency or (B) obligations insured by a surety bond or an insurance policy issued by such company or association are rated at the time such surety bond or insurance policy is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in not less than the second highest rating category by a Rating Agency and (ii) that any such letter of credit shall be issued by a bank, a trust company, a national banking association, a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any successor provision of law, a federal branch pursuant to the International Banking Act of 1978 or any successor provision of law, or a domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, the unsecured or uncollateralized long term debt obligations of which, or long term obligations secured or supported by a letter of credit issued by such person, are rated at the time such letter of credit is delivered, without regard to qualification of such rating by symbols such as “+” or “-” or numerical notation, in at least the second highest rating category by a Rating Agency.

In addition to the conditions and requirements set forth above, no Reserve Fund Facility shall be deposited in full or partial satisfaction of the Applicable Debt Service Reserve Fund Requirement unless the Trustee and each Applicable Facility Provider of an Applicable Reserve Fund Facility shall have received prior to such deposit (i) an opinion of counsel acceptable to the Trustee and to each such Facility Provider of a Reserve Fund Facility to the effect

that such Reserve Fund Facility has been duly authorized, executed and delivered by the Facility Provider thereof and is valid, binding and enforceable in accordance with its terms, (ii) in the event such Facility Provider is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Trustee and to each Facility Provider and (iii) in the event such Reserve Fund Facility is a letter of credit, an opinion of counsel acceptable to the Trustee and to each Facility Provider of a Reserve Fund Facility substantially to the effect that payments under such letter of credit will not constitute avoidable preferences under Section 547 of the United States Bankruptcy Code in a case commenced by or against the Authority or the BOCES thereunder or under any applicable provisions of the Debtor and Creditor Law of the State.

Notwithstanding the foregoing, if at any time after a Reserve Fund Facility has been deposited with the Trustee the ratings on any Outstanding Bonds of the Applicable Series are less than (without regard to qualification of such rating by symbols such as “+” or “-”) the second highest rating category by a Rating Agency and the unsecured or uncollateralized long term debt of the Facility Provider or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of a Facility Provider is reduced below (without regard to qualification of such rating by symbols such as “+” or “-”) A by a Rating Agency, the Authority shall either (i) replace or cause to be replaced said Reserve Fund Facility with another Reserve Fund Facility which satisfies the requirements of the two preceding paragraphs or (ii) deposit or cause to be deposited in the Applicable Debt Service Reserve Fund an amount of moneys equal to the value of the Reserve Fund Facility of such Facility Provider, such deposits to be, as nearly as practicable, in five equal annual installments commencing on September 1.

Each such surety bond, insurance policy or letter of credit shall be payable (upon the giving of such notice as may be required thereby) on any date on which moneys are required to be withdrawn from the Applicable Debt Service Reserve Fund and such withdrawal cannot be made without obtaining payment under such Reserve Fund Facility.

For the purposes of the Master Resolution, in computing the amount on deposit in the Applicable Debt Service Reserve Fund, a Reserve Fund Facility shall be valued at the amount available to be paid thereunder on the date of computation; provided, however, that, if the unsecured or uncollateralized long term debt of the Facility Provider thereof, or the long term debt obligations secured or supported by a surety bond, insurance policy or letter of credit of said Facility Provider has been reduced below the ratings required by the Master Resolution, said Reserve Fund Facility shall be valued at the lesser of (i) the amount available to be paid thereunder on the date of calculation and (ii) the difference between the amount available to be paid thereunder on the date of issue thereof and an amount equal to a fraction of such available amount the numerator of which is the aggregate number of September 1's which have elapsed since such ratings were reduced and the denominator of which is ten.

The income or interest earned on investments in the Debt Service Reserve Fund will be withdrawn by the Trustee, as received, and deposited in the Applicable Arbitrage Rebate Fund, the Applicable Debt Service Fund, or the Applicable Construction Fund in accordance with such direction. If the value of the moneys and investments held for the credit of the Applicable Debt Service Reserve Fund exceeds the Applicable Debt Service Reserve Fund Requirement, such excess will, upon direction of an Authorized Officer of the Authority, be deposited in the Applicable Arbitrage Rebate Fund, the Debt Service Fund or the Applicable Construction Fund in accordance with such direction; provided, however, that if such amount results from the substitution of a Reserve Fund Facility for moneys or investments in the Applicable Debt Service Reserve Fund, such amount will not be deposited in the Applicable Debt Service Fund or the Applicable Construction Fund unless in the opinion of Bond Counsel such application will not adversely affect the exclusion of interest on any of the Applicable Bonds from gross income for federal income tax purposes.

Notwithstanding the provisions above, if, upon a Bond having been deemed to have been paid in accordance with the section of the Master Resolution described below under the heading “Defeasance,” the moneys and investments held for the credit of the Applicable Debt Service Reserve Fund will exceed the Applicable Debt Service Reserve Fund Requirement, then the Trustee will withdraw all or any portion of such excess from the Applicable Debt Service Reserve Fund and either (i) apply such amount to the payment of the principal or Redemption Price of and interest on such Bond in accordance with the irrevocable instructions of the Authority or to fund any reserve for the payment of the principal and Sinking Fund Installments of or interest on the bonds, notes or other obligations, if any, issued to provide for the payment of such Bond or (ii) pay such amount to the Authority for deposit to the Applicable

Construction Fund if, in the opinion of Bond Counsel, application of such moneys to make the payment of Costs of the Project will not adversely affect the exclusion of interest on any Bonds from gross income for federal income tax purposes; provided, however, that after such withdrawal the amount remaining in the Applicable Debt Service Reserve Fund will not be less than the Applicable Debt Service Reserve Fund Requirement.

If the value of the moneys and investments held for the credit of the Applicable Debt Service Reserve Fund is less than the Applicable Debt Service Reserve Fund Requirement, the Trustee will immediately notify the Authority, the Applicable BOCES, and each Facility Provider, if any, of such deficiency. The amount of such deficiency will be included in the Basic Rent payable during the next succeeding Bond Year.

(Section 5.08)

### **Arbitrage Rebate Fund**

The Trustee will deposit to the Applicable Arbitrage Rebate Fund any moneys delivered to it by the Applicable BOCES for deposit therein and, notwithstanding any other provisions of the Master Resolution, will transfer to the Applicable Arbitrage Rebate Fund, in accordance with the directions of an Authorized Officer of the Authority, moneys on deposit in any other funds held by the Trustee under the Master Resolution at such times and in such amounts as will be set forth in such directions.

Moneys on deposit in the Applicable Arbitrage Rebate Fund will be applied by the Trustee in accordance with the direction of an Authorized Officer of the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority will determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America. Moneys which an Authorized Officer of the Authority determines to be in excess of the amount required to be so rebated will first, be applied to reimburse, pro rata, each Facility Provider for moneys advanced under an Applicable Reserve Fund Facility, including interest thereon, which is then unpaid, in proportion to the respective amounts advanced by each such Facility Provider; and then be deposited to any fund or account established under the Master Resolution in accordance with the written direction of such Authorized Officer.

If and to the extent required by the Code, the Authority will periodically, at such times as may be required to comply with the Code, determine the amount required by the Code to be rebated to the Department of the Treasury of the United States of America with respect to each Series of Bonds and (i) transfer or direct the Trustee to transfer from any other of the funds and accounts held under the Master Resolution and deposit to the Applicable Arbitrage Rebate Fund, such amount as the Authority will have determined to be necessary in order to enable it to comply with its obligation to rebate moneys to the Department of the Treasury of the United States of America with respect to each Applicable Series of Bonds and (ii) pay out of the Applicable Arbitrage Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 5.09)

### **Computation of Assets of Certain Funds**

The Trustee, after the end of each calendar month, will compute the value of the assets in the Applicable Debt Service Reserve Fund on the last day of each such month, and notify the Authority, BOCES and each Applicable Facility Provider as to the results of such computation and the amount by which the value of the assets in the Applicable Debt Service Reserve Fund exceeds or is less than the Applicable Debt Service Reserve Fund Requirement.

(Section 5.12)

### **Security for Deposits**

All moneys held under the Master Resolution by the Trustee will be continuously and fully secured, for the benefit of the Authority and the Holders of the Applicable Series of Bonds, by direct obligations of the United States of America or obligations the principal of and interest on which are guaranteed by the United States of America of a market value equal at all times to the amount of the deposit so held by the Trustee; provided, however, (a) that if the securing of such moneys is not permitted by applicable law, then in such other manner as may then be required or



permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds, and (b) that it will not be necessary for the Trustee or any Paying Agent to give security for the deposit of any moneys with them pursuant to the sections of the Master Resolution described above under the heading “Debt Service Fund” and below under the heading “Defeasance,” and held in trust for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on any Bonds, or for the Trustee to give security for any moneys which will be represented by obligations purchased or other investments made under the provisions of the Master Resolution as an investment of such moneys.

(Section 6.01)

### **Investment of Funds and Accounts Held by the Trustee**

Moneys held under the Master Resolution, if permitted by law, will, as nearly as may be practicable, be invested in Government Obligations or Exempt Obligations; provided, however, that each such investment will permit the moneys so deposited or invested to be available for use at the times at which the Authority reasonably believes such moneys will be required for the purposes of the Master Resolution. Moneys held under the Master Resolution by the Trustee will be invested by the Trustee upon the direction of an Authorized Officer of the Authority, given or confirmed in writing, which direction will specify the amount to be invested.

In lieu of the investments of moneys in obligations authorized in the Master Resolution, the Trustee will, to the extent permitted by law, upon direction of the Authority given or confirmed in writing, signed by an Authorized Officer of the Authority, invest moneys in the Applicable Debt Service Reserve Fund, and the Authority may, to the extent permitted by law, invest moneys in the Applicable Construction Fund, in (i) interest bearing time deposits, certificates of deposit or other similar investment arrangements including, but not limited to, written repurchase agreements relating to Government Obligations, with Qualified Financial Institutions; (ii) Exempt Obligations or (iii) Investment Agreements; provided, however, that (w) each such investment will permit the moneys so deposited or invested to be available for use at the times at, and in the amounts in, which the Authority reasonably believes such moneys will be required for the purposes of the Master Resolution, (x) all moneys in each such interest bearing time deposit, certificate of deposit or other similar investment arrangement will be continuously and fully secured by ownership of or a security interest in Government Obligations of a market value, determined by the Trustee or its agent not less frequently than monthly, equal to the amount deposited or invested including interest accrued thereon, (y) the obligations securing such interest bearing time deposit or certificate of deposit or which are the subject of such other similar investment arrangement will be deposited with and held by the Trustee or an agent of the Trustee approved by an Authorized Officer of the Authority, and (z) the Government Obligations securing such time deposit or certificate of deposit or which are the subject of such other similar investment arrangement will be free and clear of claims of any other person.

Obligations purchased or other investments made as an investment of moneys in any fund or account held under the provisions of the Master Resolution will be deemed at all times to be a part of such fund or account and the income or interest earned, profits realized or losses suffered by a fund or account due to the investment thereof will be credited or charged, as the case may be, to such fund or account.

In computing the amount in any fund or account held by the Trustee under the provisions of the Master Resolution, obligations purchased as an investment of moneys therein or held therein will be valued at par or the market value thereof, plus accrued interest, whichever is lower, except that investments held in the Debt Service Reserve Fund will be valued at par or the cost thereof, including accrued interest, whichever is lower.

(Section 6.02)

### **Accounts and Audits**

The Authority covenants to keep proper books of records and accounts (separate from all other records and accounts), which may be kept on behalf of the Authority by the Trustee, in which complete and correct entries will be made of its transactions relating to each Series of Bonds, which books and accounts, at reasonable hours and subject to the reasonable rules and regulations of the Authority, will be subject to the inspection of the Trustee, BOCES or of

any Holder of a Bond or his representative duly authorized in writing. The Trustee will annually prepare a report which will be furnished to the Authority, each Facility Provider, each Credit Facility Issuer, and the Applicable BOCES. Such report will include at least: a statement of all funds (including investments thereof) held by such Trustee and the Authority pursuant to the provisions of the Master Resolution and of each Applicable Series Resolution; a statement of the Applicable Revenues collected in connection with the Master Resolution and with each Applicable Series Resolution; a statement that the balances in the Applicable Debt Service Reserve Fund meet the requirements of the Master Resolution and of the Applicable Series Resolution; and complete and correct entries of all transactions relating to an Applicable Series of Bonds. A copy of such report, will, upon receipt of a written request therefor, and payment of any reasonable fee or charge made in connection therewith, be furnished to the registered owner of a Bond of the Applicable Series or any beneficial owner of a Book Entry Bond of the Applicable Series requesting the same.

(Section 7.05)

#### **Creation of Liens**

Except as permitted under the Master Resolution, the Authority covenants not to create or cause to be created any lien or charge prior or equal to that of the Bonds of an Applicable Series on the proceeds from the sale of the Bonds, the Applicable Revenues or the funds and accounts established by the Master Resolution or by any Applicable Series Resolution which are pledged by the Master Resolution; provided, however, that nothing contained in the Master Resolution will prevent the Authority from issuing bonds, notes or other obligations under another and separate resolution so long as the charge or lien created by such resolution is not prior or equal to the charge or lien created by the Master Resolution.

(Section 7.06)

#### **Enforcement of Obligations of BOCES**

The Authority covenants to take all legally available action to cause a BOCES to perform fully its obligation to pay Basic Rent and other amounts which under the Applicable Agreement are to be paid to the Trustee, in the manner and at the times provided in the Applicable Agreement.

(Section 7.07)

#### **Amendment, Change, Modification or Waiver of Agreement or BOCES Lease**

Neither an Applicable Agreement nor an Applicable BOCES Lease may be amended, changed, modified, altered or terminated so as to materially adversely affect the interest of the Holders of the Outstanding Bonds of the Applicable Series without the prior written consent of the Holders of at least a majority in aggregate principal amount of such Bonds then Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any Applicable Series remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds of the Applicable Series under the Master Resolution; provided, further, that no such amendment, change, modification, alteration or termination will reduce the percentage of the aggregate principal amount of Outstanding Bonds of such Series the consent of the Holders of which is a requirement for any such amendment, change, modification, alteration or termination, or decrease the amount of any payment required to be made by BOCES under the Applicable Agreement that is to be deposited with the Trustee or extend the time of payment thereof. Except as otherwise provided in the Master Resolution, an Agreement or a BOCES Lease may be amended, changed, modified, or altered without the consent of the Holders of Outstanding Bonds of the Applicable Series or the Trustee. Specifically, and without limiting the generality of the foregoing, an Agreement or a BOCES Lease may be amended, changed, modified or altered without the consent of the Trustee and the Holders of Outstanding Bonds of such Series (i) to provide changes in connection with the acquisition, construction, reconstruction, rehabilitation, renovation and improvement or otherwise, the providing, furnishing and equipping of any facilities constituting a part of the Applicable Project or which may be added to such Project; (ii) to provide for the financing of additional Costs of the Project leased pursuant to such Applicable Agreement or the financing of Additional Projects for the Applicable BOCES through the issuance of an additional Series of Bonds (provided that such amendment provide for additional

rent to be paid by the Applicable BOCES sufficient to pay such the debt service on such additional Series of Bonds and related costs and will further provide that the pledge of Pledged Revenues to secure such additional rent is subordinate to any pledge of Pledged Revenue previously made by such BOCES and that additional rent payable on a particular day may only be paid after the payment of the amounts to be paid by such BOCES on such date prior to such amendment); (iii) to provide for the issuance of Bonds of an Applicable Series; or (iv) to cure any ambiguity or correct or supplement any provisions contained in the Applicable Agreement or the Applicable BOCES Lease, as the case may be, which may be defective or inconsistent with any other provisions contained in the Master Resolution or in such Agreement or BOCES Lease.

An Applicable Series will be deemed to be adversely affected by an amendment, change, modification, or alteration of the Applicable Agreement or Applicable BOCES Lease if the same adversely affects or diminishes the rights of the Holders of the Bonds of such Series in any material respect. The Trustee may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds of an Applicable Series would be adversely affected in any material respect by any amendment, change, modification or alteration, and any such determination will be binding and conclusive on the Authority and all Holders of such Bonds.

The purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Authority, may consent to an amendment, change, modification, termination or waiver permitted by the Master Resolution with the same effect as a consent given by the Holder of such Bonds.

(Section 7.10)

#### **Notice as to Agreement Default**

The Authority covenants to notify the Trustee in writing that an “event of default” under the Applicable Agreement, as such term is defined in the Applicable Agreement, has occurred and is continuing, which notice is required to be given within five (5) days after the Authority has obtained actual knowledge thereof.

(Section 7.11)

#### **Modification and Amendment without Consent of Holders**

The Authority may adopt at any time or from time to time Supplemental Resolutions for any one or more of the following purposes, and any such Supplemental Resolution will become effective in accordance with its terms upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority:

(a) To add additional covenants and agreements of the Authority for the purpose of further securing the payment of the Bonds of an Applicable Series, provided such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Master Resolution;

(b) To prescribe further limitations and restrictions upon the issuance of Bonds of an Applicable Series and the incurring of indebtedness by the Authority which are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect;

(c) To surrender any right, power or privilege reserved to or conferred upon the Authority by the terms of the Master Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Master Resolution;

(d) To confirm, as further assurance, any pledge under the Master Resolution or under the Applicable Series Resolution, and the subjection to any lien, claim or pledge created or to be created by the provisions of the Master Resolution, of the Applicable Revenues, or any pledge of any other moneys, investments thereof or funds;

(e) To modify any of the provisions of the Master Resolution or of any previously adopted Series Resolution or Supplemental Resolution in any other respects, provided that such modifications will not be effective until after all Bonds of an Applicable Series of Bonds Outstanding as of the date of adoption of such Supplemental Resolution will cease to be Outstanding, and all Bonds of an Applicable Series issued under an Applicable Series Resolution will contain a specific reference to the modifications contained in such subsequent resolutions; or

(f) With the consent of the Trustee, to cure any ambiguity or defect or inconsistent provision in the Master Resolution or to insert such provisions clarifying matters or questions arising under the Master Resolution as are necessary or desirable, provided that any such modifications are not contrary to or inconsistent herewith as theretofore in effect, or to modify any of the provisions of the Master Resolution or of any previously adopted Applicable Series Resolution or Supplemental Resolution in any other respect, provided that such modification will not adversely affect the interests of the Bondholders of the Applicable Series in any material respect.

(Section 9.02)

### **General Provisions Relating to Series Resolutions and Supplemental Resolutions**

The Master Resolution will not be modified or amended in any respect except in accordance with and subject to the provisions of the Master Resolution. Nothing contained in the Master Resolution will affect or limit the rights or obligations of the Authority to adopt, make, do, execute or deliver any resolution, act or other instrument pursuant to the provisions of the Master Resolution or the right or obligation of the Authority to execute and deliver to the Trustee or any Paying Agent any instrument elsewhere in the Master Resolution provided or permitted to be delivered to the Trustee or any Paying Agent.

A copy of every Series Resolution and Supplemental Resolution adopted by the Authority, when filed with the Trustee, will be accompanied by an opinion of Bond Counsel stating that such Series Resolution or Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Master Resolution, is authorized or permitted by the Master Resolution and is valid and binding upon the Authority and enforceable in accordance with its terms.

The Trustee is authorized to accept delivery of a certified copy of any Series Resolution or Supplemental Resolution permitted or authorized pursuant to the provisions of the Master Resolution and to make all further agreements and stipulations which may be contained therein, and, in taking such action, the Trustee will be fully protected in relying on the opinion of Bond Counsel that such Series Resolution or Supplemental Resolution is authorized or permitted by the provisions of the Master Resolution.

No Series Resolution or Supplemental Resolution changing, amending, or modifying any of the rights or obligations of the Trustee or of any Paying Agent will become effective without the written consent of the Trustee or Paying Agent affected thereby.

(Section 9.04)

### **Powers of Amendment**

Any modification or amendment of the Master Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds under the Master Resolution, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the section of the Master Resolution described below under the heading "Supplemental Resolutions Effective with Consent of Bondholders", (i) of the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, or (ii) in case the modification or amendment changes the amount or date of any Sinking Fund Installment, of the Holders of at least a majority in principal amount of the Bonds of the Applicable Series, maturity and interest rate entitled to such Sinking Fund Installment, Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series, maturity and tenor remain Outstanding, the consent of the Holders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds described under this heading. No such modification or amendment will permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or will reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment.

(Section 10.01)

**Supplemental Resolutions Effective with Consent of Bondholders**

The Authority may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of the Master Resolution to take effect when and as provided in the Master Resolution. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto in form satisfactory to the Trustee, will promptly after adoption be mailed by the Authority to the Bondholders (but failure to mail such copy and request to any particular Bondholder will not affect the validity of the Supplemental Resolution when consented to as provided in the Master Resolution). Such Supplemental Resolution will not be effective unless and until (i) there will have been filed with the Trustee (a) the written consent of the Holders of the percentages of Outstanding Bonds specified in the section of the Master Resolution described above under the heading “Powers of Amendment” and (b) an opinion of Bond Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by the Authority in accordance with the provisions of the Master Resolution, is authorized or permitted by the Master Resolution, and is valid and binding upon the Authority and enforceable in accordance with its terms, and (ii) a notice will have been mailed as provided in the Master Resolution. Each such consent will be effective only if accompanied by proof of the holding or owning at the date of such consent, of the Bonds with respect to which such consent is given, which proof will be such as is permitted by the Master Resolution. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Master Resolution will be conclusive proof that the consents have been given by the Holders of the Bonds described in the certificate or certificates of the Trustee. Any consent given by a Bondholder will be binding upon the Bondholder giving such consent and, anything in the Master Resolution to the contrary notwithstanding, upon any subsequent Holder of such Bond and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Bondholder giving such consent or a subsequent Holder thereof by filing such revocation with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this paragraph provided for is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee. At any time after the Holders of the required percentages of Bonds will have filed their consents to the Supplemental Resolution, the Trustee will make and file with the Authority and the Trustee a written statement that such Holders of such required percentages of Bonds have filed such consents. Such written statement will be conclusive that such consents have been so filed. At any time thereafter a notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Authority on a stated date, a copy of which is on file with the Trustee) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this paragraph, will be given to the Bondholders by the Authority by mailing such notice to the Bondholders and, at the discretion of the Authority, by publishing the same at least once not more than ninety (90) days after the Holders of the required percentages of Bonds will have filed their consents to the Supplemental Resolution and the written statement of the Trustee hereinabove provided for is filed (but failure to publish such notice will not prevent such Supplemental Resolution from becoming effective and binding as in this paragraph provided). The Authority will file with the Trustee proof of the mailing of such notice, and, if the same will have been published, of the publication thereof.

For the purposes of the Master Resolution, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase from the Authority, may consent to a modification or amendment permitted by the sections of the Master Resolution described herein under the headings “Powers of Amendment” or “Modifications by Unanimous Consent” in the manner provided in the Master Resolution, except that no proof of ownership will be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto will be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Authority.

(Section 10.02)

### **Modifications by Unanimous Consent**

The terms and provisions of the Master Resolution and the rights and obligations of the Authority and of the Holders of the Bonds may be modified or amended in any respect upon the adoption and filing with the Trustee by the Authority of a copy of a Supplemental Resolution certified by an Authorized Officer of the Authority and the consent of the Holders of all of the Applicable Bonds then Outstanding, such consent to be given as provided in the Master Resolution, except that no notice to the Bondholders, either by mailing or by publication, will be required.

(Section 10.03)

### **Consent of Facility Provider**

Whenever by the terms of the Master Resolution the consent of any of the Holders of the Bonds to a modification or amendment of the Master Resolution made by a Series Resolution or Supplemental Resolution is required, such modification or amendment will not become effective until the written consent of each Facility Provider has been obtained; provided, however, that the consent of a Facility Provider which has provided a Credit Facility or Liquidity Facility will not be required unless the modification or amendment requires the consent of the Holders of any percentage in principal amount of Outstanding Bonds or of the Holders of any percentage in principal amount of the Bonds of the Series in connection with which such Credit Facility or Liquidity Facility was provided. No modification or amendment of the Master Resolution which adversely affects a Facility Provider will be made without the written consent thereto of the Facility Provider affected thereby. Notice of the adoption of any such Series Resolution or Supplemental Resolution and of the effectiveness of the modification or amendment made thereby will be given to each Facility Provider by mail at the times and in the manner provided in the Master Resolution with respect to notices thereof required to be given to the Holders of the Bonds. Notice thereof will also be given to each Rating Agency as soon as practical after adoption of such Supplemental Resolution and of the effectiveness thereof.

(Section 10.04)

### **Events of Default**

Events of Default under the Master Resolution include: failure by the Authority to pay the principal, Sinking Fund Installments or Redemption Price of any Bond when the same will become due and payable; failure by the Authority to pay an installment of interest on any Bond when the same will become due and payable; the Authority defaults in the due and punctual performance of the tax covenants contained in the Series Resolution and, as a result thereof, the interest on the Bonds of a Series is no longer excludable from gross income under Section 103 of the Code (a "Taxability Default"); and default by the Authority in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Master Resolution or in the Bonds or in any Series Resolution on the part of the Authority to be performed and such default continues for thirty (30) days after written notice specifying such default and requiring same to be remedied has been given to the Authority by the Trustee, which may give such notice in its discretion and must give such notice at the written request of the Holders of not less than twenty five per centum (25%) in principal amount of the Outstanding Bonds, unless, if such default is not capable of being cured within thirty (30) days, the Authority has commenced to cure such default within said thirty (30) days and diligently prosecutes the cure thereof.

(Section 11.02)

### **Enforcement of Remedies**

Upon the happening and continuance of any Event of Default specified in the section of the Master Resolution described above under the heading "Events of Default", then and in every such case, the Trustee may proceed, and upon the written request of the Facility Provider of a Reserve Fund Facility, or of the Holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds of the Applicable Series or, in the case of a happening and continuance of a Taxability Default, upon the written request of the Holders of not less than twenty five per centum (25%) in principal amount of the Outstanding Bonds of the Applicable Series affected thereby, will proceed (upon receiving compensation, expenses and indemnity to its satisfaction), to protect and enforce its rights and the rights of the Bondholders or of such Facility Provider under the Master Resolution or under any Applicable

Series Resolution or under the laws of the State by such suits, actions or special proceedings in equity or at law, as the Trustee deems most effectual to protect and enforce such rights.

(Section 11.04)

#### **Limitation of Rights of Individual Bondholders**

No Holder of any of the Bonds will have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Master Resolution, or for any other remedy under the Master Resolution unless such Holder previously will have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty five per centum (25%) in principal amount of the Outstanding Bonds or, in the case of a Taxability Default, the Holders of not less than twenty five per centum (25%) in principal amount of the Outstanding Bonds of the Series affected thereby, will have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, will have accrued, and will have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Master Resolution or to institute such action, suit or proceeding in its or their name, and unless, also, there will have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, and the Trustee will have refused or neglected to comply with such request within a reasonable time.

(Section 11.08)

#### **Defeasance**

If the Authority pays or causes to be paid to the Holders of Bonds of an Applicable Series the principal, Sinking Fund Installments, if any, or Redemption Price of and interest thereon, at the times and in the manner stipulated therein, in the Master Resolution, and in the Applicable Series Resolution and Bond Series Certificate, then the pledge of the Revenues or other moneys and securities pledged to such Bonds and all other rights granted by the Master Resolution to such Holders of Bonds will be discharged and satisfied.

Bonds for the payment or redemption of which moneys will have been set aside and will be held in trust by the Trustee (through deposit of moneys for such payment or redemption or otherwise) at the maturity or redemption date thereof will be deemed to have been paid within the meaning and with the effect expressed in the paragraph above. All Outstanding Bonds of any Series or any maturity within a Series or a portion of a maturity within a Series will prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the paragraph above if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority will have given to the Trustee, in form satisfactory to it, irrevocable instructions to give as provided in the Master Resolution notice of redemption on said date of such Bonds, (b) there has been deposited with the Trustee either moneys in an amount which will be sufficient, or Defeasance Securities the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (c) the Trustee has received the written consent of each Facility Provider which has given written notice to the Trustee and the Authority that amounts advanced under a Credit Facility, Liquidity Facility or Reserve Fund Facility issued by it or the interest thereon have not been repaid to such Facility Provider, and (d) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority has given the Trustee, in form satisfactory to it, irrevocable instructions to give, as soon as practicable, by first class mail, postage prepaid, to the Holders of said Bonds at their last known addresses appearing on the registration books, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this paragraph and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds. The Authority will give written notice to the Trustee of its selection of the Series and maturity payment of which will be made in accordance with this paragraph. The Trustee will select the Bonds of like Series and maturity payment of which will be made in accordance with the Master Resolution. Neither

Defeasance Securities nor moneys deposited with the Trustee pursuant to this paragraph nor principal or interest payments on any such Defeasance Securities will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on said Bonds; provided, however, that any moneys received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, must, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be.

(Section 12.01)

**No Recourse under Master Resolution or on the Bonds**

All covenants, stipulations, promises, agreements and obligations of the Authority contained in the Master Resolution will be deemed to be the covenants, stipulations, promises, agreements and obligations of the Authority and not of any member, officer or employee of the Authority in his individual capacity, and no recourse will be had for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of or interest on the Bonds or for any claims based thereon, on the Master Resolution or on a Series Resolution against any member, officer or employee of the Authority or any person executing the Bonds, all such liability, if any, being expressly waived and released by every Holder of Bonds by the acceptance of the Bonds.

(Section 14.04)



**FORM OF CONTINUING DISCLOSURE AGREEMENT**

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**AGREEMENT TO PROVIDE CONTINUING DISCLOSURE**

**DORMITORY AUTHORITY OF THE STATE OF NEW YORK  
MASTER BOCES PROGRAM LEASE REVENUE BONDS  
(GREATER SOUTHERN TIER ISSUE), SERIES 2023**

This **AGREEMENT TO PROVIDE CONTINUING DISCLOSURE** (the “Disclosure Agreement”), dated as of August 15, 2023, is executed and delivered by the Greater Southern Tier Board of Education of the Board of Cooperative Educational Services, Sole Supervisory District, Schuyler, Steuben, Chemung, Tioga, and Allegany Counties, New York (the “Obligated Person”), The Bank of New York Mellon, as Trustee (the “Trustee”) and Digital Assurance Certification, L.L.C. (“DAC”), as exclusive Disclosure Dissemination Agent (the “Disclosure Dissemination Agent”) for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) issued by the Dormitory Authority of the State of New York (the “Issuer” or “DASNY”) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”).

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the parties hereto through use of the DAC system and are not intended to constitute “advice” within the meaning of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”). DAC is not obligated hereunder to provide any advice or recommendation to the Issuer, the Obligated Person or anyone on the Issuer’s or the Obligated Person’s behalf regarding the “issuance of municipal securities” or any “municipal financial product” as defined in the Act and nothing in this Disclosure Agreement shall be interpreted to the contrary.

**SECTION 1. Definitions.** Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Resolution (hereinafter defined). The capitalized terms shall have the following meanings:

“Annual Filing Date” means the date, set in Sections 2(a) and 2(f) of this Disclosure Agreement, by which the Annual Report is to be filed with the MSRB.

“Annual Financial Information” means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

“Annual Report” means an Annual Report described in and consistent with Section 3 of this Disclosure Agreement.

“Audited Financial Statements” means the financial statements (if any) of the Obligated Person for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

“Bonds” means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

“Certification” means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure delivered to the

Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Voluntary Financial Disclosure, Notice Event notice, Failure to File Event notice or Voluntary Event Disclosure required to be or voluntarily submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the Obligated Person and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

“Disclosure Dissemination Agent” means Digital Assurance Certification, L.L.C., acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the Obligated Person pursuant to Section 9 hereof.

“Disclosure Representative” means the chief financial officer of the Obligated Person or his or her designee, or such other person as the Obligated Person shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

“Failure to File Event” means the Obligated Person’s failure to file an Annual Report on or before the Annual Filing Date.

“Financial Obligation” means a (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Force Majeure Event” means: (i) acts of God, war or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access System maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent’s reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

“Holder” means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

“Information” means collectively, the Annual Reports, the Audited Financial Statements (if any), the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

“Issuer” means the Dormitory Authority of the State of New York, as conduit issuer of the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the United States Securities Exchange Act of 1934, as amended.

“Notice Event” means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

“Obligated Person” means any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

“Official Statement” means that Official Statement prepared by the Issuer and the Obligated Person in connection with the Bonds, as listed on Exhibit A.

“Resolution” means DASNY’s bond resolution(s) pursuant to which the Bonds were issued.

“Trustee” means The Bank of New York Mellon and its successors and assigns.

“Voluntary Event Disclosure” means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(11) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

“Voluntary Financial Disclosure” means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

## SECTION 2. Provision of Annual Reports.

(a) The Obligated Person shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent, together with a copy for the Trustee, not later than 150 days after the end of each fiscal year of the Obligated Person (or any time thereafter following a Failure to File Event as described in this Section), commencing with the fiscal year ending June 30, 2023, such date and each anniversary thereof, the “Annual Filing Date.” Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide the Annual Report to the MSRB through its Electronic Municipal Market Access (“EMMA”) System for municipal securities disclosures. The Annual Financial Information and Audited Financial Statements may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the Obligated Person of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Obligated Person shall, not later than two (2) business days prior to the Annual Filing Date, either: (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Financial Information, Audited Financial Statements, if available, and unaudited financial statements, if Audited Financial Statements are not available in accordance with subsection (d) below and the Certification, or (ii) instruct the Disclosure Dissemination Agent in writing, with a copy to the Trustee, that a Failure to File Event may occur, state the date by which the Annual Financial Information and Audited Financial Statements for such year are expected to be provided, and, at the election of the Obligated Person, instruct the Disclosure Dissemination Agent to send a notice to the MSRB in substantially the form attached as

Exhibit B on the Annual Filing Date, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on the Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Obligated Person hereby irrevocably directs the Disclosure Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the Obligated Person are prepared but not available prior to the Annual Filing Date, the Obligated Person shall provide unaudited financial statements for filing prior to the Annual Filing Date in accordance with Section 3(b) hereof and, when the Audited Financial Statements are available, provide in a timely manner an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification, together with a copy for the Trustee, for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

- (i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;
- (ii) upon receipt, promptly file each Annual Report received under Section 2(a) and 2(b) with the MSRB;
- (iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) with the MSRB;
- (iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) with the MSRB, identifying the Notice Event as instructed pursuant to Section 4(a) or 4(b)(ii) (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:
  - 1. Principal and interest payment delinquencies;
  - 2. Non-Payment related defaults, if material;
  - 3. Unscheduled draws on debt service reserves reflecting financial difficulties;
  - 4. Unscheduled draws on credit enhancements reflecting financial difficulties;
  - 5. Substitution of credit or liquidity providers, or their failure to perform;
  - 6. Adverse tax opinions, IRS notices or events affecting the tax-exempt status of the securities;
  - 7. Modifications to rights of securities holders, if material;
  - 8. Bond calls, if material and tender offers;
  - 9. Defeasances;
  - 10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Ratings changes;
  12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
  13. Merger, consolidation, or acquisition of the Obligated Person, if material;
  14. Appointment of a successor or additional trustee, or the change of name of a trustee, if material;
  15. Incurrence of a Financial Obligation of the Obligated Person, if material or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affects security holders, if material; and
  16. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation reflecting financial difficulties.
- (v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;
- (vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) with the MSRB, identifying the Voluntary Event Disclosure as instructed by the Obligated Person pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:
1. “amendment to continuing disclosure undertaking;”
  2. “change in obligated person;”
  3. “notice to investors pursuant to bond documents;”
  4. “certain communications from the Internal Revenue Service;”
  5. “secondary market purchases;”
  6. “bid for auction rate or other securities;”
  7. “capital or other financing plan;”
  8. “litigation/enforcement action;”
  9. “change of tender agent, remarketing agent, or other on-going party;”
  10. “derivative or other similar transaction;” and

11. “other event-based disclosures;”
- (vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the Obligated Person pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:
1. “quarterly/monthly financial information;”
  2. “change in fiscal year/timing of annual disclosure;”
  3. “change in accounting standard;”
  4. “interim/additional financial information/operating data;”
  5. “budget;”
  6. “investment/debt/financial policy;”
  7. “information provided to rating agency, credit/liquidity provider or other third party;”
  8. “consultant reports;” and
  9. “other financial/operating data;”
- (viii) provide the Obligated Person evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The Obligated Person may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, the Trustee and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.



SECTION 3. Content of Annual Reports.

Each Annual Report shall contain:

(a) Annual Financial Information with respect to the Obligated Person which shall include operating data and financial information of the type included in the Official Statement for the Bonds as described in “PART 5 – GST BOCES” together with a narrative explanation as may be necessary to avoid misunderstanding regarding the presentation of such Annual Financial Information concerning the Obligated Person; and

(b) Audited Financial Statements prepared in accordance with generally accepted accounting principles (“GAAP”) or alternate accounting principles as described in the Official Statement will be included in the Annual Report. If Audited Financial Statements are not available, the Obligated Person shall be in compliance under this Disclosure Agreement if unaudited financial statements, prepared in accordance with GAAP or alternate accounting principles as described in the Official Statement, are included in the Annual Report. Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Obligated Person is an “obligated person” (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or are available from the MSRB Internet Website. If the document incorporated by reference is a Final Official Statement, it must be available from the MSRB. The Obligated Person will clearly identify each such document so incorporated by reference.

Any Annual Financial Information containing modified operating data or financial information shall include an explanation, in narrative form, of such modifications.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the securities or other material events affecting the tax status of the securities;
7. Modifications to rights of the security holders, if material;
8. Bond calls, if material;

9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Tender offers;
13. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

**Note to subsection (a)(13) of this Section 4:** For the purposes of the event described in subsection (a)(13) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

14. The consummation of a merger, consolidation or acquisition involving the Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
15. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
16. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
17. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

The Obligated Person shall, in a timely manner not in excess of ten business days after its occurrence, notify the Trustee and the Disclosure Dissemination Agent in writing upon the occurrence of a Notice Event. Upon actual knowledge of the occurrence of a Notice Event, the Trustee shall promptly notify the Obligated Person and also shall notify the Disclosure Dissemination Agent in writing of the occurrence of such Notice Event. Each such notice shall instruct Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the desired text of the disclosure, the written authorization for the Disclosure Dissemination Agent to disseminate such information, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the Obligated Person or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Obligated Person or the Disclosure Representative, such notified party will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the Obligated Person determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, contain the written authorization of the Obligated Person for the Disclosure Dissemination Agent to disseminate such information, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed as prescribed in subsection (a) or as prescribed in subsection (b) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB, in accordance with Section 2(e)(iv) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

#### SECTION 5. CUSIP Numbers.

Whenever providing information to the Disclosure Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference in the Annual Reports, Audited Financial Statements, Notice Event notices and Voluntary Event Disclosure, the Obligated Person shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

#### SECTION 6. Additional Disclosure Obligations.

The Obligated Person acknowledges and understands that other state and federal laws, including but not limited to the United States Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the United States Securities Exchange Act of 1934, as amended, may apply to the Obligated Person, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The Obligated Person acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

#### SECTION 7. Voluntary Filing.

(a) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the Obligated Person desires to make, and identify the date the Obligated Person desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The Obligated Person may instruct the Disclosure Dissemination Agent to file Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the desired text of the disclosure, contain the written authorization for the Disclosure Dissemination Agent to disseminate such information, if applicable, and identify the desired date for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the Obligated Person as prescribed in this Section 7(b) to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice will be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that neither the issuer nor the Obligated Person is obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or to file any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the Obligated Person from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Section 7, or including any other information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement. If the Obligated Person chooses to include any information in any Annual Report, Failure to File Event notice or Notice Event notice in addition to that which is specifically required by this Disclosure Agreement or to file Voluntary Event Disclosure or Voluntary Financial Disclosure, the Obligated Person shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Voluntary Financial Disclosure, Voluntary Event Disclosure, Failure to File Event Notice or Notice Event notice.

#### SECTION 8. Termination of Reporting Obligation.

The obligations of the Obligated Person and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the Obligated Person is no longer an Obligated Person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of nationally recognized bond counsel to the effect that continuing disclosure is no longer required.

#### SECTION 9. Disclosure Dissemination Agent.

The Obligated Person hereby appoints DAC as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The Obligated Person may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the Obligated Person or DAC, the Obligated Person agrees to appoint a successor Disclosure Dissemination Agent or, alternatively, agrees to assume all responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the Obligated Person shall remain liable until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the Obligated Person.

**SECTION 10. Remedies in Event of Default.**

In the event of a failure of the Obligated Person or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

**SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.**

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Obligated Person has provided such information to the Disclosure Dissemination Agent as provided in this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information, or any other information, disclosures or notices provided to it by the Obligated Person and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Obligated Person, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the Obligated Person's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine or liability for failing to determine whether the Obligated Person has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon certifications of the Obligated Person at all times.

THE OBLIGATED PERSON AGREES TO INDEMNIFY AND SAVE THE DISCLOSURE DISSEMINATION AGENT, THE ISSUER AND THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITY WHICH THEY MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF THEIR POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS FEES) OF DEFENDING AGAINST ANY CLAIM OF LIABILITY, BUT EXCLUDING LOSSES, EXPENSES AND LIABILITIES DUE TO THE DISCLOSURE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AND THE TRUSTEE'S (AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS') NEGLIGENCE OR WILLFUL MISCONDUCT.

The obligations of the Obligated Person under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and it shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Obligated Person.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format through the EMMA System and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. No Issuer or Trustee Responsibility.

The Obligated Person and the Disclosure Dissemination Agent acknowledge that neither the Issuer nor the Trustee have undertaken any responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to this Disclosure Agreement other than those notices required under Section 4 hereof, and shall have no liability to any person, including any Holder of the Bonds, with respect to any such reports, notices or disclosures other than those notices required under Section 4 hereof. DASNY (as conduit issuer) is not, for purposes of and within the meaning of the Rule, (i) committed by contract or other arrangement to support payment of all, or part of, the obligations on the Bonds, or (ii) a person for whom annual financial information and notices of material events will be provided. The Trustee shall be indemnified and held harmless in connection with this Disclosure Agreement to the same extent provided in the Resolution for matters arising thereunder.

SECTION 13. Amendment; Waiver.

Notwithstanding any other provision of this Disclosure Agreement, the Obligated Person, the Trustee and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to each of the Obligated Person, the Trustee and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided none of the Obligated Person, the Trustee or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Obligated Person, the Trustee and the Disclosure Dissemination Agent shall have the right to amend this Disclosure Agreement for any of the following purposes:

(i) to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time;

(ii) to add or change a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(iii) to evidence the succession of another person to the Obligated Person or the Trustee and the assumption by any such successor of the covenants of the Obligated Person or the Trustee hereunder;

(iv) to add to the covenants of the Obligated Person or the Disclosure Dissemination Agent for the benefit of the Holders, or to surrender any right or power herein conferred upon the Obligated Person or the Disclosure Dissemination Agent;

(v) for any purpose for which, and subject to the conditions pursuant to which, amendments may be made under the Rule, as amended or modified from time to time, or any formal authoritative interpretations thereof by the Securities and Exchange Commission.

SECTION 14. Beneficiaries.

This Disclosure Agreement shall inure solely to the benefit of the Obligated Person, the Trustee, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law.

This Disclosure Agreement shall be governed by the laws of the State of New York (without regard to its conflicts of laws provisions).

SECTION 16. Counterparts.

This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The Disclosure Dissemination Agent, the Trustee and the Obligated Person have caused this Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

**DIGITAL ASSURANCE CERTIFICATION, L.L.C.,**  
as Disclosure Dissemination Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GREATER SOUTHERN TIER BOARD OF EDUCATION  
OF THE BOARD OF COOPERATIVE EDUCATIONAL  
SERVICES, SOLE SUPERVISORY DISTRICT,  
SCHUYLER, STEUBEN, CHEMUNG, TIOGA, AND  
ALLEGANY COUNTIES, NEW YORK**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**THE BANK OF NEW YORK MELLON**  
as Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT A  
NAME AND CUSIP NUMBERS OF BONDS**

Name of Issuer: Dormitory Authority of the State of New York  
 Obligated Person(s): Greater Southern Tier Board of Education of the Board of Cooperative Educational Services, Sole Supervisory District, Schuyler, Steuben, Chemung, Tioga, and Allegany Counties, New York  
 Name of Bond Issue: Master BOCES Program Lease Revenue Bonds (Greater Southern Tier Issue), Series 2023  
 Date of Issuance: August 15, 2023  
 Date of Official Statement: August 3, 2023

<u>Maturity</u>	<u>CUSIP No.</u>
2025	65000B G93
2026	65000B H27
2027	65000B H35
2028	65000B H43
2029	65000B H50
2030	65000B H68
2031	65000B H76
2032	65000B H84
2033	65000B H92
2034	65000B J25
2035	65000B J33
2036	65000B J41
2037	65000B J58
2038	65000B J66
2043	65000B J74
2048	65000B J82
2053	65000B J90

**EXHIBIT B**  
**NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Dormitory Authority of the State of New York  
Obligated Person(s): \_\_\_\_\_  
Name of Bond Issue: \_\_\_\_\_  
Date of Issuance: \_\_\_\_\_

CUSIP Numbers:

NOTICE IS HEREBY GIVEN that the Obligated Person has not provided an Annual Report with respect to the above-named Bonds as required by the Agreement to Provide Continuing Disclosure, dated as of \_\_\_\_\_, by and among the Obligated Person, \_\_\_\_\_, as Trustee and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. The Obligated Person has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

Digital Assurance Certification, L.L.C., as Disclosure  
Dissemination Agent, on behalf of the Obligated Person

\_\_\_\_\_

cc: Obligated Person

**EXHIBIT C-1  
EVENT NOTICE COVER SHEET**

This cover sheet and accompanying “event notice” will be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer’s and Obligated Person’s Names:

\_\_\_\_\_

Six-Digit CUSIP Number:

\_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

Description of Notice Events (Check One):

1. \_\_\_\_\_ “Principal and interest payment delinquencies;”
2. \_\_\_\_\_ “Non-Payment related defaults, if material;”
3. \_\_\_\_\_ “Unscheduled draws on debt service reserves reflecting financial difficulties;”
4. \_\_\_\_\_ “Unscheduled draws on credit enhancements reflecting financial difficulties;”
5. \_\_\_\_\_ “Substitution of credit or liquidity providers, or their failure to perform;”
6. \_\_\_\_\_ “Adverse tax opinions, IRS notices or events affecting the tax status of the security;”
7. \_\_\_\_\_ “Modifications to rights of securities holders, if material;”
8. \_\_\_\_\_ “Bond calls, if material;”
9. \_\_\_\_\_ “Defeasances;”
10. \_\_\_\_\_ “Release, substitution, or sale of property securing repayment of the securities, if material;”
11. \_\_\_\_\_ “Rating changes;”
12. \_\_\_\_\_ “Tender offers;”
13. \_\_\_\_\_ “Bankruptcy, insolvency, receivership or similar event of the obligated person;”
14. \_\_\_\_\_ “Merger, consolidation, or acquisition of the obligated person, if material;”
15. \_\_\_\_\_ “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”
16. \_\_\_\_\_ “Incurrence of a Financial Obligation of the obligated person, if material;” and
17. \_\_\_\_\_ “Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person reflecting financial difficulties.”

\_\_\_\_\_ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_  
Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

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**EXHIBIT C-2  
VOLUNTARY EVENT DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary event disclosure” will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of \_\_\_\_\_ by and among the Obligated Person, the Trustee and DAC.

Issuer’s and Obligated Person’s Names:

\_\_\_\_\_

Six-Digit CUSIP Number:

\_\_\_\_\_

\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

Description of Voluntary Event Disclosure (Check One):

- 1. \_\_\_\_\_ “amendment to continuing disclosure undertaking;”
- 2. \_\_\_\_\_ “change in obligated person;”
- 3. \_\_\_\_\_ “notice to investors pursuant to bond documents;”
- 4. \_\_\_\_\_ “certain communications from the Internal Revenue Service;”
- 5. \_\_\_\_\_ “secondary market purchases;”
- 6. \_\_\_\_\_ “bid for auction rate or other securities;”
- 7. \_\_\_\_\_ “capital or other financing plan;”
- 8. \_\_\_\_\_ “litigation/enforcement action;”
- 9. \_\_\_\_\_ “change of tender agent, remarketing agent, or other on-going party;”
- 10. \_\_\_\_\_ “derivative or other similar transaction;” and
- 11. \_\_\_\_\_ “other event-based disclosures.”

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

**EXHIBIT C-3  
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET**

This cover sheet and accompanying “voluntary financial disclosure” will be sent to the MSRB, pursuant to the Continuing Disclosure Agreement dated as of \_\_\_\_\_ by and among the Obligated Person, the Trustee and DAC.

Issuer’s and Obligated Person’s Names:

\_\_\_\_\_

Six-Digit CUSIP Number:

\_\_\_\_\_  
\_\_\_\_\_

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

\_\_\_\_\_

Number of pages attached: \_\_\_\_\_

Description of Voluntary Financial Disclosure (Check One):

- 1. \_\_\_\_\_ “quarterly/monthly financial information;”
- 2. \_\_\_\_\_ “change in fiscal year/timing of annual disclosure;”
- 3. \_\_\_\_\_ “change in accounting standard;”
- 4. \_\_\_\_\_ “interim/additional financial information/operating data;”
- 5. \_\_\_\_\_ “budget;”
- 6. \_\_\_\_\_ “investment/debt/financial policy;”
- 7. \_\_\_\_\_ “information provided to rating agency, credit/liquidity provider or other third party;”
- 8. \_\_\_\_\_ “consultant reports;” and
- 9. \_\_\_\_\_ “other financial/operating data.”

I hereby represent that I am authorized by the obligated person or its agent to distribute this information publicly:

Signature:

\_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Digital Assurance Certification, L.L.C.  
390 N. Orange Avenue  
Suite 1750  
Orlando, FL 32801  
407-515-1100

Date:

**FORM OF APPROVING OPINION  
OF BOND COUNSEL**

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**FORM OF APPROVING OPINION OF BOND COUNSEL  
RESPECTING THE BONDS**

Upon delivery of the Bonds, Bryant Rabbino LLP, New York, New York, Bond Counsel to the Authority, proposes to issue its approving opinion as to the Bonds in substantially the following form:

August 15, 2023

Dormitory Authority of the  
State of New York  
515 Broadway  
Albany, New York 12207

Re: \$19,975,000 Dormitory Authority of the State of New York Master BOCES Program Lease Revenue Bonds (Greater Southern Tier Issue), Series 2023

Ladies and Gentlemen:

We have acted as Bond Counsel to the Dormitory Authority of the State of New York (the “Authority”) in connection with the issuance of \$19,975,000 aggregate principal amount of its above-referenced bonds (the “Bonds”), issued pursuant to the provisions of the Dormitory Authority Act, as amended, constituting Chapter 524 of the Laws of 1944 of New York, as amended (constituting Title 4 of Article 8 of the New York Public Authorities Law), and the Authority’s Master BOCES Program Lease Revenue Bond Resolution, adopted August 15, 2001, as amended and supplemented (the “Resolution”), and the Series Resolution Authorizing Up To \$20,000,000 Master BOCES Program Lease Revenue Bonds (Greater Southern Tier Issue), Series 2023, adopted June 21, 2023 (the “Series 2023 Resolution”). The Resolution and the Series 2023 Resolution are herein collectively referred to as the “Resolutions.” Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

The Authority has entered into an Agreement of Lease, dated as of June 21, 2020 (the “Agreement of Lease”), between the Authority and the Greater Southern Tier Board of Education of the Board of Cooperative Educational Services, Sole Supervisory District, Schuyler, Steuben, Chemung, Tioga, and Allegany Counties, New York (“GST BOCES”), whereby GST BOCES leased the Project to the Authority. The Authority has entered into a Lease and Agreement, dated as of June 21, 2023, between the Authority and GST BOCES (the “Agreement”), whereby the Authority leased the Project back to GST BOCES. The Agreement provides, among other things, for making the proceeds of the Bonds available to GST BOCES for the purposes permitted thereby and by the Resolutions. Pursuant to the Agreement, GST BOCES is required to make payments sufficient to pay the principal, sinking fund installments and redemption price of and interest on the Bonds as the same become due, which payments have been pledged by the Authority to the Trustee for the benefit of the owners of such Bonds.

The Bonds are secured by, among other things, funds and accounts held under the Resolutions and a pledge of payments to be made under the Agreement.

The Bonds are dated, mature, are payable and bear interest as provided in the Resolutions and the Bond Series Certificate (as defined in the Resolutions) of the Authority fixing the terms and details of the Bonds.

We have reviewed the Resolutions, the Agreement of Lease, the Agreement, the Tax Certificate and Agreement dated as of the date hereof (the “Tax Certificate and Agreement”) between the Authority

and GST BOCES, opinions of counsel to the Authority, the Trustee and GST BOCES, certificates of the Authority, the Trustee, GST BOCES and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and certificates, and of the legal conclusions contained in the opinions, referred to above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Agreement of Lease, the Agreement and the Tax Certificate and Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolutions, the Agreement of Lease, the Agreement and the Tax Certificate and Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Resolutions, the Agreement of Lease, or the Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Authority has been duly created and is validly existing as a body corporate and politic constituting a public benefit corporation of the State of New York.
2. The Bonds have been duly and validly authorized to be issued and constitute the valid and binding special obligations of the Authority enforceable in accordance with their terms and the terms of the Resolutions, will be payable solely from the sources provided therefor in the Resolutions, and will be entitled to the benefit of the Resolutions and the Act.
3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of the Authority. The Resolutions create a valid pledge to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Arbitrage Rebate Fund subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

4. The Agreement has been duly executed and delivered by the Authority and, assuming due execution and delivery thereof by GST BOCES, constitutes the valid and binding agreement of the Authority in accordance with their terms.

5. The Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State of New York or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds. The Bonds are not a debt of the State of New York, and said State is not liable for the payment thereof.

6. Interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of calculating the federal alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

7. Interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Yours truly,

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