

PRELIMINARY OFFICIAL STATEMENT DATED MAY 24, 2023

NEW ISSUE

REVENUE ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax on individuals. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual, or receipt of interest on, the Notes. See "TAX MATTERS" herein.

The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$7,000,000

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FOR THE SOLE SUPERVISORY DISTRICT OF
DELAWARE, CHENANGO, MADISON AND OTSEGO COUNTIES, NEW YORK**

\$7,000,000 Revenue Anticipation Notes, 2023

(Referred to herein as the "Notes")

Dated: June 20, 2023

Due: June 20, 2024

The Notes are unsecured obligations of the Board of Cooperative Educational Services for The Sole Supervisory District of Delaware, Chenango, Madison and Otsego Counties, New York ("BOCES"), payable as to both principal and interest from any monies of the BOCES legally available therefor. The Notes are issued in anticipation of the receipt of monies from contractual payments of the Component School Districts (as herein defined). The BOCES has no taxing power. The Notes do not constitute a debt or obligation of any Component School District of the BOCES nor shall the Notes be payable out of any funds other than those of the BOCES. **The Notes are not subject to redemption prior to maturity.**

At the option of the purchaser(s), the Notes will be issued in book-entry-only form or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof.

Alternatively, if the Notes are issued in book-entry-only, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), Jersey City, New Jersey, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes purchased. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s). If the Notes are issued in book-entry-only form, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the BOCES, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of an approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as may be agreed upon on or about June 20, 2023.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on May 31, 2023 until 10:30 A.M., Prevailing Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the BOCES, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

May __, 2023

THE BOCES DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE BOCES WILL COVENANT TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "CONTINUING DISCLOSURE" HEREIN.



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FISCAL ADVISORS & MARKETING, INC.

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ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

No person has been authorized by the Board of Cooperative Educational Services for The Sole Supervisory District of Delaware, Chenango, Madison & Otsego Counties, New York to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board of Cooperative Educational Services for The Sole Supervisory District of Delaware, Chenango, Madison & Otsego Counties, New York.

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PREPARED WITH THE ASSISTANCE OF



Fiscal Advisors & Marketing, Inc.
 250 South Clinton Street, Suite 502
 Syracuse, New York 13202
 (315) 752-0051
www.fiscaladvisors.com

OFFICIAL STATEMENT
of the
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FOR THE SOLE SUPERVISORY DISTRICT OF
DELAWARE, CHENANGO, MADISON AND OTSEGO COUNTIES, NEW YORK
Relating To
\$7,000,000 Revenue Anticipation Notes, 2023

This Official Statement, which includes the cover page and appendices, has been prepared by the Board of Cooperative Educational Services for The Sole Supervisory District of Delaware, Chenango, Madison and Otsego Counties, New York (the "BOCES", "Counties", and "State", respectively) in connection with the sale by the BOCES of \$7,000,000 principal amount of Revenue Anticipation Notes, 2023 (referred to herein as the "Notes").

The factors affecting the BOCES's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the BOCES tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the BOCES contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the BOCES relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has continued to create, since its inception in the spring of 2020, prevailing economic conditions (at the global, national, State and local levels) that remain uncertain, have been generally negative, and are subject to the potential for rapid change as new variants emerge and as governments and other organizations respond. These conditions are expected to continue for an indefinite period of time. Significant federal and State relief measures that have been enacted since the onset of the pandemic have served to support the operations and finances of the BOCES, but such measures were temporary in nature and are not likely to be extended or renewed, at least to such a large extent. Accordingly, the BOCES's overall economic situation and outlook (and all of the specific BOCES-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide and continuing event, the effects of which are extremely difficult to predict and quantify going forward. See "MARKET AND RISK FACTORS - COVID-19" herein.

THE NOTES

Description of the Notes

The Notes are unsecured obligations of the BOCES, payable as to both principal and interest from any monies of the BOCES legally available therefor. The Notes are issued in anticipation of the receipt of monies from contractual payments of the Component School Districts (as hereinafter defined) due in the 2023-24 fiscal year. The BOCES has no taxing power and therefore the new tax levy limitation law, Chapter 97 of the Laws of 2011, does not directly apply to the BOCES, but see "TAX LEVY LIMITATION LAW" herein as to applicability to the Component School Districts. The Notes do not constitute a debt or obligation of any Component School District of the BOCES nor shall the Notes be payable out of any funds other than those of the BOCES.

The Notes are dated June 20, 2023 and mature, without option of prior redemption, on June 20, 2024. The Notes will be issued in either (i) registered in the name of the purchaser, in certificated denominations of \$5,000 each or multiples thereof or (ii) registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law, and a Revenue Anticipation Note resolution adopted by the Board on April 5, 2023 (as hereinafter defined) in anticipation of revenues due from the Component School Districts during the BOCES' fiscal year, which commences July 1, 2023 and ends June 30, 2024. An estimated cash flow forecast is included in this Official Statement as "APPENDIX – C & C1".

In the event the aforesaid revenues are not received by June 20, 2024, the Notes may be renewed. Revenue anticipation renewal notes may again be renewed in the event such revenues have not been received on the maturity date of such renewal notes. The final renewal of any such revenue anticipation renewal notes must mature not later than the end of the second fiscal year succeeding the fiscal year in which such notes were originally issued. In the event such revenues have not been received by such final maturity date, principal of and interest on such Notes will be paid from other available moneys of the BOCES.

The Notes are being issued to provide monies to meet a cash flow deficit expected to occur during the period that the revenue anticipation notes are outstanding (see "APPENDIX – C & C1"). Such cash flow deficit is the result of timing in the receipt of component district revenues, which receipt is not congruent with the cash flow needs of the BOCES.

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered 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 note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world's largest depository, 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, 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. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption proceeds, distributions, and dividend payments on the Notes 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 the BOCES on 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 nor its nominee or the BOCES, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the BOCES, 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.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the BOCES. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company.

THE BOCES CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE BOCES WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE BOCES MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the BOCES and discharging its responsibilities with respect thereto under applicable law, or the BOCES may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the BOCES. The Notes will remain not subject to redemption prior to their stated final maturity date.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Purpose of a BOCES

Boards of Cooperative Educational Services were created by the State Legislature in 1948 to operate as an extension of the public school system. 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 count or adjoining counties) as a consortium of public school districts within the region. At present there are 37 BOCES, serving 695 of the 704 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, Yonkers, and Syracuse.

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 to him requesting the establishment of the 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 BOCES is a cooperative and voluntary association serving approximately 11,439 students from 16 school districts (see "Component School Districts" herein) covering an area of 1,825 square miles. These component districts are under the supervision of a District Superintendent, who is the regional representative of the Commissioner, as well as the Chief Executive Officer of the BOCES. Governance of the BOCES is by a seven-member board of education, the member of who are elected by BOCES component district board members. Many of the services are intended to enhance local district educational programs, while others are dedicated to helping schools operate more efficiently. Member school districts participate in specific programs and services on a cost-sharing basis. Through cooperative bidding and purchasing services, school business managers take advantage of buying through networks so they can save both time and money. The BOCES serves students in pre-school through grade 12. In addition, they are eligible for State aid for many services they contract.

Programs and services for school districts are divided into six divisions comprised of the following departments:

Career and Technical Education/General Education

- Career and Technical Education/General Education programs in 19 skill areas for high school students and adults;
- Innovative New Vision programs in Allied Health and Law and Government, providing exposure to occupations in these areas;
- Integrated academics in Career and Technical Education classes that support the standards and graduation requirements; and
- An alternative education program called Pathways for high school students.

Adult and Continuing Education

- Career planning, training, financial aid information and support services for adults seeking career training and assistance; and
- Workshops or local businesses and industries seeking training and retraining of staff.
- CDL Training

Special Education

- Assistance to districts in meeting the needs of students with disabilities through specialized staff (interpreters, teachers of the visually impaired, and physical, occupational and speech therapists);
- Support for the inclusion of students with special needs through expertise in assistive technology, behavioral and instructional modifications and consultation; and
- Self-contained classes for students with disabilities in a variety of settings and including therapeutic programs.

Itinerants

- Itinerant Programs for occupational, physical and speech therapists; school psychologists, school counselors and social workers; physical education, computer technicians, curriculum coordinators and other teaching staff.

Instructional Support Services

- Staff development and training programs focused on improving student performance;
- Learning Technologies providing staff development and hardware and software support;
- School Library System with regional database of library holdings, Interlibrary Loan Service and library automation;
- Special Education Training and Resource Center for parents, educators, community service agencies and Board of Education members;
- Regional Summer and Enrichment Programs for remediation and enrichment; and
- Enrichment activities for students.

Management Services

- Coordination of bus communication across the region through bus radio towers;
- Support for management of school district records and fixed assets inventory;
- Employee Assistance Program for district employees with personal or financial problems;
- Cooperative Business Office support for payroll, accounts payable, ledgers, internal auditing, and State Aid;
- Cooperative Investments of school district funds;
- Cooperative bidding for food, equipment, supplies, fuel, etc.;
- Health Care Coordination for most school district's health benefits;
- Printing/copying service for newsletters, calendars, brochures, report cards, forms, classroom materials, etc.
- Coordination of alcohol and controlled substance testing for school bus drivers, radon testing lead and water analysis, pesticide handling, Right-To-Know training, hazardous waste, SAVE regulations, and related areas;
- Substitute calling service for districts;
- School Food Management providing cafeteria administration for school district cafeterias;
- Special Program Finances service providing assistance in tracking Stated Aid for districts;
- Public Information Service for communications and public relations.

One of the unique aspects of the BOCES operation is the high degree of client (i.e. Component School District) representation in planning and decision-making. This involvement assures that new services are developed to meet the specific needs of the component schools while maintaining a price structure consistent with client wishes.

Component School Districts

The sixteen component school districts (the "Component School Districts") which comprise the BOCES are as follows:

Afton	Greene	Sidney
Bainbridge-Guilford	Hancock	Unadilla Valley
Delaware Academy	Norwich	Otego-Unadilla (Unatego)
Downsville	Otselic Valley	Walton
Franklin	Oxford	
Gilbertsville-Mt. Upton	Sherburne-Earlville	

Facilities

The BOCES presently occupies approximately 336,013 square feet that it owns on two campuses.

Form of BOCES Administration

The BOCES is governed by a board (the "Board") of seven 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 majority vote of members of Boards of Education of the Component School Districts. The President and Vice-President are selected by the Board members.

Employees

The BOCES provides services through approximately 340 employees. Certain employees are represented by various bargaining units as follows:

<u>Collective Bargaining Unit</u>	<u>Number of Members</u>	<u>Contract Expiration Date</u>
BOCES Educational Support Personnel Association (BESPA)	95	6/30/24
BOCES Teachers' Association (BTA)	147	6/30/24
BOCES Administrators' Association (BAA)	26	6/30/25

Source: BOCES officials.

Budgetary Procedures

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

Such budget, when so adopted, after deducting applicable State aid grants and other revenues, is charged against all of the Component School Districts in accordance with the Education Law. The school authorities of each Component School District are required to add such amount to the budget of such Component School District, levy and collect the same at the same time and in the same manner as such district collects other taxes for its own use and pay such amounts to the Treasurer of the BOCES. In the event the tentative budget of a Component School District is not approved by a majority of the voters, such charge from the 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. See also "TAX LEVY LIMITATION LAW" herein.

Contractual Agreement

Upon adoption of the budget for the ensuing fiscal year, contracts are drafted and executed by the BOCES and each respective Component School District. Said contracts are based on the budget estimates.

The contracts, along with the State required COSER form (which specifies program content of the proposed services to be performed by the BOCES) must be forwarded to the State Commissioner of Education by July 1. During the month of July, the State Commissioner of Education notifies the BOCES of any programs or services he deems ineligible for State aid. With the knowledge of approved program contents for State aid, the BOCES and Component School Districts may modify the aforementioned contracts. Said contracts are also adjusted for more accurate cost projections and then resubmitted to the State Commissioner of Education by August 1. All contracts must be approved by the Commissioner's office by September 1. Such approval is then usually routinely granted, however, the contracts are not valid and binding until such approval is obtained. Each Component School District is billed pursuant to its contract, and remits to the Treasurer of the BOCES 10% of its total liability, monthly, from September through June with a supplemental bill in late June.

All contracts and COSER forms for the 2023-24 fiscal year have been approved by the Component School Districts and have been submitted to the State Commissioner of Education for his approval.

Percentage of Contractual Liability

The percentage of contractual liability by Component School Districts for the 2023-24 contract is as follows:

<u>School District</u>	<u>Contract</u>	<u>Percentage of Liability</u>
Afton	\$ 2,757,665	4.56%
Bainbridge-Guilford	3,222,474	5.33%
Delhi	2,400,083	3.97%
Downsville	1,567,794	2.59%
Franklin	1,264,170	2.09%
Gilbertsville-Mt. Upton	1,702,507	2.82%
Greene	5,248,460	8.69%
Hancock	1,981,415	3.28%
Norwich	9,029,184	14.94%
Otselic Valley	2,814,246	4.66%
Oxford	3,797,606	6.28%
Sherburne-Earlville	6,189,635	10.24%
Sidney	6,541,564	10.83%
Unadilla Valley	3,309,248	5.48%
Unatego	4,842,413	8.01%
Walton	3,760,332	6.22%
Totals	<u>\$ 60,428,802</u>	<u>100.00%</u>

Each Component School District is severally liable for the payment of its contractual liability.

Source: BOCES officials.

Revenue from Component School Districts

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

It should be noted that all 16-member Component School Districts of the BOCES have formally contracted with the BOCES for the administrative and rental-of-facilities expenses.

Below is a chart summarizing the BOCES General fund budget and the expenses related to Administrative and Rental of Facilities and also Program or Service Cost expenditures.

<u>Fiscal Year</u>	<u>General Fund Budget</u>	<u>Administrative & Rental of Facilities</u>	<u>Program and Service Cost</u>
2017-2018	\$ 53,764,650	\$ 6,582,505	\$ 45,495,729
2018-2019	55,237,293	6,405,187	46,563,663
2019-2020	53,788,549	6,872,585	46,915,964
2020-2021	55,978,649	7,103,470	48,875,179
2021-2022	54,841,162	7,103,470	47,737,692
2022-2023 (Budgeted)	58,104,411	7,213,993	50,890,418
2023-2024 (Budgeted)	63,056,505	7,394,285	55,662,220

Source: BOCES officials. Table itself not audited.

Capital Projects and Capital Debt Service

The BOCES completed a building project at a cost of \$47,770,000 that was financed by bonds issued by the Dormitory Authority of the State of New York in 2007. The project consisted of additions, renovations and alterations to two BOCES campuses: Chenango Campus in Norwich and the Harrold Campus in Masonville.

Approximately 46,000 square feet of new space was added to the Chenango Campus. This new space is used primarily for academic classrooms and science labs for special education and alternative education students, a gymnasium, and a dining room. Renovations of the existing building provide for larger career and technical education shops, and classrooms, a library-media center, and increased space for student support services such as physical therapy, occupational therapy and adaptive physical education. New electrical services, updated technology and a new geothermal heating, ventilating and air conditioning system will also contribute to the complete renovation of the Chenango Campus.

Approximately 60,000 square feet of new space has been added to the Harrold Campus. This two-story addition connects two classroom buildings that were already located at the Harrold Campus. This addition contains academic classrooms for special education and alternative education students, science labs, a gymnasium and a dining room. Renovations of the existing two buildings provides for larger Career and Technical Education shops and classrooms, a library-media center, and additional space for student support services. New electrical services and updated technology will also contribute to the complete renovation of the Harrold Campus.

On August 23, 2007, the Dormitory Authority of the State of New York (the "Authority") issued \$46,980,000 Dormitory Authority of the State of New York Master BOCES Lease Revenue Bonds (Delaware, Chenango, Madison, and Otsego Issue), Series 2007. The proceeds of the Series 2007 Bonds, together with other available moneys, were used to (i) pay costs of the project and (ii) pay all or a portion of the costs of issuance of the Series 2007 Bonds, including the payment of the premium for the reserve fund facility and payment of the premium for a municipal bond insurance policy.

The Dormitory Authority Act (the "Act") empowers the Authority, among other things, to issue its bonds for the purpose of financing the acquisition, construction or improvements of "board of cooperative educational services school facilities." The Act further authorizes any board of cooperative educational services in the State, when authorized by its voters, to convey a leasehold interest in property owned by such BOCES to the Authority and to lease the property back from the Authority for purposes of financing such BOCES' school facilities. Consistent with the Act, the BOCES has, pursuant to the Agreement of Lease, lease certain property on which the Project is to be undertaken to the Authority and the Authority has in turn subleased the project back to the BOCES. The Series 2007 bonds are special obligations of the Authority payable solely from the basic rent payments to be made by the BOCES, with a special state aid intercept as security for the bonds as provided in the statute governing DASNY financings.

On June 5, 2015, the Authority issued \$32,625,000 Dormitory Authority of the State of New York Master BOCES Lease Revenue Bonds (Delaware, Chenango, Madison, and Otsego Issue), Series 2015. The proceeds of the Series 2015 Bonds were used to refund the Series 2007 Bonds.

The remaining BOCES payments under its agreement with the Dormitory Authority are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
8/15/23	\$ 2,875,000	\$ 397,000	\$ 3,272,000
2/15/24		325,125	325,125
8/15/24	3,015,000	325,125	3,340,125
2/15/25		249,750	249,750
8/15/25	3,170,000	249,750	3,419,750
2/15/26		170,500	170,500
8/15/26	3,330,000	170,500	3,500,500
2/15/27		87,250	87,250
8/15/27	<u>3,490,000</u>	<u>87,250</u>	<u>3,577,250</u>
Total	<u>\$ 15,880,000</u>	<u>\$ 2,112,750</u>	<u>\$ 17,762,250</u>

On September 10, 2020, the BOCES entered into an energy performance contract in the principal amount of \$2,516,904 to finance LED lighting upgrades, HVAC & DDC upgrades, installation of boiler controller upgrades, installation of shoulder boilers and propane conversion, energy saving piping and valve insulation, cooling tower fan upgrades, a comprehensive air sealing and insulation project in multiple facilities, walk in freezer and cooler control upgrades, window replacements and recommissioning of kitchen hood control systems.

The remaining payments due under the financing agreement are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 152,117	\$ 40,483
2024	154,903	37,697
2025	157,741	34,859
2026	160,630	31,970
2027	163,572	29,028
2028-2035	<u>1,421,178</u>	<u>119,622</u>
Total Remaining Lease Payments:	<u>\$ 2,210,140</u>	<u>\$ 293,660</u>

The BOCES has entered into various installment purchase agreements. The following is a schedule of remaining payments due under such agreements:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 249,652	\$ 11,660
2024	225,472	6,908
2025	153,226	3,117
2026	<u>82,031</u>	<u>878</u>
Total Remaining Lease Payments:	<u>\$ 710,381</u>	<u>\$ 22,563</u>

The BOCES has entered into agreements with various vendors to lease certain equipment such as copiers and other technology equipment, as well as facility space. The lease liability has been measured at a discount rate ranging from 2.5%. As a result of these leases, the BOCES has recorded a right to use asset with a net book value of \$165,751 as of June 30, 2022.

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 deposits or certificates of deposits in 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) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the BOCES; (6) obligations of a New York public corporation which are made lawful investments by the BOCES pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of 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 either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

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.

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. 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 the Authority 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 the Authority 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' 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 the Authority 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 the Authority 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 the Authority, as well as certain other BOCES expenses, are 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 the Authority 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' 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 district 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.

See also "Events Affecting State Aid to New York School Districts" herein.

Events Affecting State Aid to New York School Districts

While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

The State is not constitutionally obligated to maintain or continue State aid to school districts. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the component school districts, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (See also "MARKET AND RISK FACTORS").

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the component school districts, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget have been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017. The State's 2023-24 Enacted Budget was adopted late on May 3, 2023. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

State aid history:

State aid to school districts within the State has declined in some recent years before increasing again in more recent years.

School District Fiscal Year (2019-2020): The State 2019-2020 Enacted Budget included a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6% and will provide additional funding for Foundation Aid of \$338.0 million and \$409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increased the minimum community schools funding amount from \$75,000 to \$100,000. This ensured all high-need districts across the State could apply the funds to a wide-range of activities.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State aid, in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

School district fiscal year (2021-2022): The State's 2021-22 Enacted Budget included \$29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

School district fiscal year (2022-2023): The State's 2022-23 Enacted Budget included \$31.5 billion in State funding to school districts for the 2022-23 school year. This represented an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and included a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also included \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocated \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increased federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School District fiscal year (2023-2024): The State’s 2023-24 Enacted Budget includes \$34.5 billion for school aid, an increase of \$3.1 billion or 10%, which is the highest level of State aid to date. The States 2023-24 Budget also provides a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State’s 2023-24 Enacted Budget provides \$134 million to increase access to free school meals. An additional \$20 million in grant funding will establish new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in Foundation Aid over a four fiscal year phase-in covering 2007 to 2011.

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students’ Educational Rights v. State of New York (“NYSER”) and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the *Campaign for Fiscal Equity* case that absent “gross education inadequacies”, claims regarding state funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York’s school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the Campaign for Fiscal Equity cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enacted this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall.
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall.
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts.

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 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 BOCES is subject to intercept by the State Comptroller under the Dormitory Authority Act up to the amount of certain rentals payable by a BOCES under its agreement with the Dormitory Authority with regard to outstanding bonds of the Dormitory Authority issued for the benefit of the BOCES. See “Capital Project and Capital Debt Service” herein. 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 BOCES. The financial condition of the State may affect the amount of State aid appropriated by the State Legislature.

See also “Events Affecting State Aid to New York School Districts” herein.

State Aid Appropriations to the BOCES

The following chart presents the amount of State aid accrued by the BOCES during the past five fiscal years ended June 30 of the years shown, although a portion of such amount may have been received by 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 the BOCES budget for the year in which it is received.

<u>Fiscal Year Ending June 30</u>	<u>State Aid</u>
2017-18	\$ 19,496,481
2018-19	20,737,652
2019-20	21,074,738
2020-21	21,430,801
2021-22	21,086,023
2022-23	22,230,649

Source: BOCES officials. Table itself not audited.

See also “Events Affecting State Aid to New York School Districts” herein.

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 BOCES 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. The portion of the budget allocated to payments to the Dormitory Authority, 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 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. See “TAX LEVY LIMITATION LAW” herein for new limitations thereon.

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. See also “TAX LEVY LIMITATION LAW” herein.

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 BOCES administrative and capital expenses. 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.

Status and Financing of Employee Pension Benefits

Professional employees (teachers and administrators) are members of the New York State Teachers' Retirement System ("TRS"). All non-professional employees of the BOCES eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employees' Retirement System ("ERS") and collectively with TRS, the "Retirement Systems". These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All ERS members hired on or after July 1, 1976 and on or before April 1, 2012, with less than 10 years of service, must contribute 3% of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. New professional hires as members of TRS will be required to contribute 3.5%.

On December 12, 2009, new Tier V was signed into law. The legislation creates a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022 (for both Tier V and Tier VI)..
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, a new Tier VI pension program was signed into law, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The BOCES payments to ERS and TRS since the 2017-18 fiscal year and the budgeted payments for the 2023-24 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2017-18	\$ 1,094,813	\$ 1,245,077
2018-19	1,056,618	1,039,510
2019-20	928,623	1,176,369
2020-21	915,982	982,482
2021-22	938,796	1,032,590
2022-23 (Actual)	754,309	1,328,276
2023-24 (Proposed)	898,590	1,143,273

Source: BOCES officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The BOCES has offered early retirement incentives in recent years. In fiscal year 2016-17, 23 employees participated for estimated savings of \$333,167. In fiscal year 2017-18, 15 employees participated for estimated savings of \$150,000. The BOCES has not offered early retirement incentives since the 2017-18 fiscal year.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The BOCES is not amortizing any pension payments, nor has the intent to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The Enacted 2013-14 State Budget includes a provision that would provide local governments and school districts, including the BOCES, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The BOCES is not participating in the Stable Rate Pension Contribution Option, nor has the intent to do so in the foreseeable future.

Historically, there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement Systems in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the ERS and TRS, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS employer contribution rates as a percent of payroll (2017-18 to 2023-24) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2017-18	15.3%	9.80%
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76*

* Estimated. The TRS Retirement Board is expected to adopt the final 2023-24 employer contribution rate at its July 26, 2023 board meeting.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the School District’s employees is not subject to the direction of the School District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the School District which could affect other budgetary matters. Investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the 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 the 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, the BOCES implemented GASB 75. The implementation of this statement requires 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 the BOCES to calculate and report a net OPEB obligation. However, under GASB 45 BOCES could amortize the OPEB liability over a period of years, whereas GASB 75 requires BOCES to report the entire OPEB liability on the statement of net position.

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

The BOCES contracted with Questar III - BOCES, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2021 and 2022 fiscal years:

Balance beginning at:	July 1, 2020	July 1, 2021
	\$ 67,653,989	\$ 41,089,782
<u>Changes for the year:</u>		
Service cost	1,591,110	2,106,098
Interest on total OPEB liability	1,514,899	916,760
Effect of plan changes	3,831,245	-
Effect of demographic gains or losses	(34,835,110)	4,658,304
Effect of assumption changes or inputs	2,736,624	(9,179,079)
Benefit payments	(1,402,975)	(1,514,708)
Net Changes	\$ (26,564,207)	\$ (3,012,625)
Balance ending at:	June 30, 2021	June 30, 2022
	\$ 41,089,782	\$ 38,077,157

Source: Actuarial valuation disclosure reports for GASB 75. For additional information see "APPENDIX - F" attached hereto.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The BOCES has reserved \$0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

Tax Collection Procedure of Component School Districts

Tax payments in each of the Component School Districts are due September 1. On November 15, uncollected taxes are returnable to the respective counties for collection. The Component School Districts receive the uncollected amount from said counties prior to the end of the Component School Districts' fiscal year, thereby assuring 100% collection annually.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

This Official Statement includes a summary of financial data of each Component School District having power to levy taxes within its respective School District.

No principal or interest upon any obligation of the BOCES is past due.

The fiscal year of the BOCES is July 1 to June 30.

Financial Statements

The BOCES retains Independent Certified Public Accountants. The last audited report covers the period ending June 30, 2022 and may be found attached hereto as "APPENDIX – F" to this Official Statement. Copies of the report may be examined at the BOCES Central Office. In addition, the State Comptroller's office, Department of Audit and Control, periodically performs a compliance review to ascertain whether the BOCES has complied with the requirements of various State and Federal statutes.

The BOCES complies with the Uniform System of Accounts as prescribed by the State Comptroller for BOCES in New York State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003 the BOCES is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The BOCES is in compliance with Statement No. 34.

General Fund Revenues and Expenses

The following chart presents, for the preceding five school years, the BOCES' General Fund revenues, expenses and fiscal year surpluses.

	Fiscal Year Ending <u>June 30, 2018</u>	Fiscal Year Ending <u>June 30, 2019</u>	Fiscal Year Ending <u>June 30, 2020</u>	Fiscal Year Ending <u>June 30, 2021</u>	Fiscal Year Ending <u>June 30, 2022</u>
General Fund Revenue	\$ 54,732,679	\$ 56,070,079	\$ 57,012,323	\$ 56,327,334	\$ 59,238,840
General Fund Expenditure	(52,136,766)	(52,636,740)	(53,014,622)	(52,373,011)	(56,662,649)
Other Sources (uses)	<u>(2,654,445)</u>	<u>(2,984,810)</u>	<u>(3,290,426)</u>	<u>(3,553,595)</u>	<u>(3,377,935)</u>
Fiscal Year Surplus (deficit)	\$ <u>(58,532)</u>	\$ <u>448,529</u>	\$ <u>707,275</u>	\$ <u>400,728</u>	\$ <u>(801,744)</u>

Note: The BOCES is anticipating a General Fund surplus of between \$1.2 million and \$1.5 million for fiscal year ending June 30, 2023

Source: Audited financial statements of the BOCES. Table itself not audited.

Future Capital Projects and Indebtedness

All New York State school districts and BOCES are required to periodically develop building condition surveys and conduct annual visual inspections for their respective facilities.

BOCES capital projects costs are proportionally allocated among each of the component school districts.

New York State Comptroller Reports of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the BOCES has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website. State comptroller's audit's of the BOCES published in the past five years are summarized below.

The State Comptroller's office released an audit report of the BOCES on February 11, 2022. The purpose of the audit was to determine whether BOCES officials properly monitored and accounted for fixed assets for the period July 1, 2020 through October 31, 2021. Findings included that the purchasing agent did not ensure that goods and services were procured in accordance with BOCES purchasing policy and procedures.

The State Comptroller's office released its most recent audit report of the BOCES on April 8, 2022. The purpose of the audit was to determine whether the purchasing agent ensured that goods and services were procured in accordance with the BOCES purchasing policy and procedures for the period July 1, 2020 through August 31, 2021. Findings included that BOCES officials did not properly monitor and account for fixed assets. Thirty-two (64%) of the assets tested and valued at \$64,300 were not properly accounted for.

A copy of the complete reports and the BOCES's responses to findings can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

As of the date of this Official Statement, there are no other State Comptroller audits of the BOCES that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, nor incorporation hereof.

THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality 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 BOCES has not been classified pursuant to this system. Please refer to the Office of the State Comptroller website for the ratings of the Component School Districts.

Note: Reference to website implies no warranty of accuracy of information therein, nor inclusion herein by reference.

TAX LEVY LIMITATION LAW

While the BOCES does not have the power to levy property taxes, the Component School Districts upon which it relies for payments do.

Chapter 97 of the Laws of 2011 was enacted on June 24, 2011 (“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, the latter four of which are indirectly affected by applicability to their respective City.)

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 beginning 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. 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 are 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 can 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 is an exclusion from the tax levy limitation, applicable to the Notes.

See “State Aid” for a discussion of the *New Yorkers for Students’ Educational Rights v. State of New York* case which includes a challenge to the supermajority requirements regarding school district property tax increases.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept for School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to “school districts” and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby. Section 99-b does not by its terms apply to BOCES. Although section 99-b does not specifically reference BOCES, the Local Finance Law defines a BOCES as a “school district” strictly for the purposes of contracting indebtedness such as the Notes.

Said section provides that in the event a holder or owner of any bond issued by a school district for school purposes shall file with the State Comptroller a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond. Such investigation by the State Comptroller shall cover the current status with respect to the payment of principal of and interest on all outstanding bonds of such school district issued for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such bonds of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district’s contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

General Municipal Law Contract Creditors’ Provision. Each note when duly issued and paid for will constitute a contract between the BOCES and the holder thereof. Under current law, provision is made for contract creditors of the BOCES to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the BOCES upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the BOCES may not be enforced by levy and execution against property owned by the BOCES.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the counties, cities, towns and villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to BOCES, there can be no assurance that it will not be made so applicable in the future.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, the Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes; and the Constitutional provision does not, in any event, apply to BOCES by its terms. Similarly, Section 99-b of the State Finance Law regarding the state aid intercept remedy for school district debt obligations does not apply to BOCES by its terms.

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

No Past Due Debt. No principal of or interest on BOCES indebtedness is past due. The BOCES has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

The financial and economic condition of the BOCES, as well as the market for the Notes, could be affected by a variety of factors, some of which are beyond the BOCES' control. There can be no assurance that adverse events in the State and in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or another jurisdiction, or of any of their respective agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the BOCES to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The BOCES is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including BOCES aid, in any year, the BOCES may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the BOCES. In several recent years, the BOCES has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also “Events Affecting State Aid to New York School Districts”).

Should the BOCES fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies and not by a cut in State aid, the BOCES is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The long-term impact of the Tax Levy Limitation Law on the budgets of the Component School Districts could affect their utilization of the services of the BOCES over time.

Cybersecurity

The BOCES, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the BOCES will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

COVID-19

The COVID-19 outbreak spread globally, including to the United States, and was declared a pandemic by the World Health Organization. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the State took steps designed to mitigate the spread and impacts of COVID-19. The state of emergency declaration has since lapsed in the State. The outbreak of the disease affected travel, commerce and financial markets globally and could continue to affect economic growth worldwide. Efforts to contain the spread of COVID-19 have reduced the spread of the virus and the restrictions put in place following the initial outbreak have been relaxed, and the coronavirus public health emergency expired on May 11, 2023. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State government to address it may negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State and the BOCES and its component school district's operations and financial condition may not be known for some time. Any resurgence of COVID-19 or similar variants could have a material adverse effect on the State and municipalities and school districts located in the State, including the BOCES. The BOCES continues to monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

The BOCES does not expect to realize any significant negative impacts from the COVID-19 pandemic through fiscal year 2023-24 or for the foreseeable future.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the BOCES will enter into an Undertaking to Provide Notice of Material Events Certificate, a description of which is attached hereto as "APPENDIX – D".

Historical Continuing Disclosure Compliance

The BOCES is in compliance, in all material respects, within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

LITIGATION

The BOCES is subject to a number of lawsuits in the ordinary conduct of its affairs. The BOCES does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the BOCES.

The BOCES has received notice of a potential penalty from the Internal Revenue Service relating to the filing of certain health insurance forms. The parties are in negotiations regarding the same. It is not anticipated this matter will have a material impact on the financial condition of the BOCES.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the BOCES, threatened against or affecting the BOCES to restrain or enjoin the issuance, sale or delivery of the Notes or the collection of revenues to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the BOCES taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the BOCES.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX –E."

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. We observe that, for tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – E”.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Notes.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Notes or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and 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 ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the owner or the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners 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 the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes 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 Notes, and may cause the District or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the BOCES on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the BOCES and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the BOCES or the information set forth in this Official Statement or any other information available to the BOCES with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the BOCES to Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the BOCES provided, however; the BOCES assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the BOCES management's beliefs as well as assumptions made by, and information currently available to, the BOCES's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the BOCES's files with the repositories. When used in BOCES documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

Orrick, Herrington & Sutcliffe LLP, New York, New York Bond Counsel to the BOCES, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the BOCES for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the BOCES will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the BOCES.

The Official Statement is submitted only in connection with the sale of the Notes by the BOCES and may not be reproduced or used in whole or in part for any other purpose.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the BOCES nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the BOCES disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the BOCES also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The BOCES contact information is as follows: Randy Pryor, School Business Executive, 6678 County Rd. 32, Norwich, New York 13815, Phone: (607) 335-1290, Fax: (607) 334-9848, Email: pryor@dcmoboces.com.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FOR THE SOLE SUPERVISORY DISTRICT OF
DELAWARE, CHENANGO, MADISON AND OTSEGO COUNTIES, NEW YORK**

Dated: May 24, 2023

VANESSA WARREN
Board President

GENERAL FUND

Balance Sheets

<u>Fiscal Year Ending June 30:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 1,223,166	\$ 274,297	\$ 14,836,893	\$ 7,200,618	\$ 11,740,304
Restricted Cash	6,012,763	6,161,292	7,168,567	7,569,295	6,767,551
Investments	-	-	-	-	-
Receivables:					
State and Federal Aid Receivables	8,936,961	10,331,688	9,496,725	-	-
Due from Components and Non-Components	3,516,857	4,534,527	3,878,081	7,099,224	2,493,051
Due from Other Funds	2,915,689	3,192,340	3,063,157	3,060,065	1,861,027
Accounts Receivables	28,733	28,407	99,872	657,421	58,380
Prepaid Expenditures	38,563	177,677	216,994	168,684	232,296
TOTAL ASSETS	\$ 22,672,732	\$ 24,700,228	\$ 38,760,289	\$ 25,755,307	\$ 23,152,609
<u>LIABILITIES AND FUND EQUITY</u>					
Due to Components - Refund of Surplus	\$ 2,677,751	\$ 2,984,810	\$ 3,401,757	\$ 3,553,595	\$ 3,377,935
Due to Components - State Aid	8,936,961	10,331,688	9,496,725	-	-
Due to Other Governments	358,400	377,903	365,581	372,384	372,335
Due to Other Funds	351,854	410,764	372,304	1,178,832	4,437
Due to Teachers' Retirement System	1,048,715	1,172,904	982,482	1,032,590	1,087,525
Due to Employees' Retirement System	280,018	232,156	228,896	262,332	177,941
Revenue Anticipation Notes	-	-	12,500,000	7,000,000	7,000,000
Accounts Payable	691,588	327,994	352,855	1,071,452	1,038,028
Accrued Liabilities	1,169,947	1,565,108	2,581,567	2,599,238	1,789,482
Compensated Absences	141,680	22,790	70,814	97,592	171,423
Overpayments & Collections in Advance	1,001,630	807,106	1,124,736	929,417	1,313,662
Unearned Revenue	1,425	5,713	114,005	88,580	52,290
TOTAL LIABILITIES	\$ 16,659,969	\$ 18,238,936	\$ 31,591,722	\$ 18,186,012	\$ 16,385,058
<u>FUND EQUITY</u>					
Nonspendable	38,563	177,677	216,994	168,684	232,296
Restricted	6,012,763	6,461,292	7,168,567	7,569,295	6,767,551
Assigned	-	-	-	-	-
Unassigned (Deficit)	(38,563)	(177,677)	(216,994)	(168,684)	(232,296)
TOTAL FUND EQUITY	\$ 6,012,763	\$ 6,461,292	\$ 7,168,567	\$ 7,569,295	\$ 6,767,551
TOTAL LIABILITIES and FUND EQUITY	\$ 22,672,732	\$ 24,700,228	\$ 38,760,289	\$ 25,755,307	\$ 23,152,609

Source: Audited financial reports of the BOCES. Summary itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>REVENUES</u>					
Charges to Services	\$ 89,961	\$ 85,132	\$ 46,307	\$ 40,819	\$ 37,860
Charges to Components	50,855,824	52,282,564	52,398,616	51,445,306	54,079,449
Charges to Other BOCES	1,828,308	1,971,765	2,387,779	2,431,919	2,773,019
Interest and Earnings	5,021	20,114	48,804	41,270	16,805
Sale of Property and					
Compensation for Loss	19,348	6,428	87,177	77,516	55,788
Use of Money & Property	245,357	236,345	319,759	140,248	238,834
Refund of Prior Year Expenses	1,383,518	1,174,951	1,482,877	1,837,846	1,800,464
Miscellaneous	-	-	-	-	-
Interfund Revenues	209,372	212,222	155,426	152,581	135,147
State and Local Sources	95,970	80,558	85,578	159,829	101,474
Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 54,732,679</u>	<u>\$ 56,070,079</u>	<u>\$ 57,012,323</u>	<u>\$ 56,327,334</u>	<u>\$ 59,238,840</u>
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	<u>\$ 54,732,679</u>	<u>\$ 56,070,079</u>	<u>\$ 57,012,323</u>	<u>\$ 56,327,334</u>	<u>\$ 59,238,840</u>
<u>EXPENDITURES</u>					
Administration	\$ 6,582,505	\$ 6,539,956	\$ 6,530,538	\$ 6,764,561	\$ 6,891,322
Occupational Instruction	7,683,044	7,819,057	7,905,726	8,193,079	8,313,855
Instruction for Handicapped	11,976,838	12,841,365	13,205,036	12,458,546	12,234,255
Itinerant Services	2,132,968	2,279,917	2,222,434	2,349,251	2,309,548
General Instruction	3,290,665	3,258,037	2,988,231	1,785,027	2,690,979
Instructional Support	7,281,449	7,531,198	7,895,291	6,809,792	8,637,129
Other Services	12,899,322	12,156,116	12,034,801	13,689,780	15,364,157
Internal Services	289,975	211,094	187,577	298,649	221,404
General Support			44,988	24,326	-
Debt Service	-	-	-	-	-
Total Expenditures	<u>\$ 52,136,766</u>	<u>\$ 52,636,740</u>	<u>\$ 53,014,622</u>	<u>\$ 52,373,011</u>	<u>\$ 56,662,649</u>
Other Uses:					
Return of Surplus	2,677,751	2,984,810	3,401,757	3,553,595	3,377,935
Total Expenditures and Other Uses	<u>\$ 54,814,517</u>	<u>\$ 55,621,550</u>	<u>\$ 56,416,379</u>	<u>\$ 55,926,606</u>	<u>\$ 60,040,584</u>
Excess (Deficit) Revenues Over					
Expenditures and Other Uses	<u>(81,838)</u>	<u>448,529</u>	<u>595,944</u>	<u>400,728</u>	<u>(801,744)</u>
Other Changes in Fund Equity					
Operating Transfers - In	23,306	-	111,331	-	-
Operating Transfers - Out	-	-	-	-	-
Encumbrances	-	-	-	-	-
Net Increase (Decrease)	(58,532)	448,529	707,275	400,728	(801,744)
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	6,071,295	6,012,763	6,461,292	7,168,567	7,569,295
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 6,012,763</u>	<u>\$ 6,461,292</u>	<u>\$ 7,168,567</u>	<u>\$ 7,569,295</u>	<u>\$ 6,767,551</u>

Source: Audited financial reports of the BOCES. Summary itself not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2022			2023	2024
	Original Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
<u>REVENUES</u>					
Administration	\$ 7,103,470	\$ 7,104,753	\$ 7,141,118	\$ 7,213,993	\$ 7,394,285
Occupational Instruction	8,660,066	8,698,368	8,801,725	9,316,180	10,096,642
Instruction for Special Needs	13,076,852	12,026,792	12,108,985	11,448,650	14,240,083
Itinerant Services	2,628,103	2,342,823	2,422,791	2,519,020	2,843,674
General Instruction	2,359,757	2,996,949	3,219,967	1,982,744	2,924,663
Instructional Support	6,983,029	9,229,083	9,289,633	11,152,083	8,721,376
Other Services and Internal Services	14,029,885	15,013,759	16,254,621	14,471,741	16,662,198
Total Revenues	<u>\$ 54,841,162</u>	<u>\$ 57,412,527</u>	<u>\$ 59,238,840</u>	<u>\$ 58,104,411</u>	<u>\$ 62,882,921</u>
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	<u>\$ 54,841,162</u>	<u>\$ 57,412,527</u>	<u>\$ 59,238,840</u>	<u>\$ 58,104,411</u>	<u>\$ 62,882,921</u>
<u>EXPENDITURES</u>					
Administration	\$ 7,103,470	\$ 7,104,753	\$ 6,891,322	\$ 7,213,993	\$ 7,394,285
Occupational Instruction	8,660,066	8,698,368	8,313,855	9,316,180	10,096,642
Instruction for Special Needs	13,076,852	12,026,792	12,234,255	11,448,650	14,240,083
Itinerant Services	2,628,103	2,342,823	2,309,548	2,519,020	2,843,674
General Instruction	2,359,757	2,996,949	2,690,979	1,982,744	2,924,663
Instructional Support	6,983,029	9,229,083	8,637,129	11,152,083	8,721,376
Other Services	13,914,002	14,851,460	15,364,157	14,471,741	16,662,198
Internal Services	115,883	162,299	221,404	-	-
General Support	-	-	-	-	-
Total Expenditures	<u>\$ 54,841,162</u>	<u>\$ 57,412,527</u>	<u>\$ 56,662,649</u>	<u>\$ 58,104,411</u>	<u>\$ 62,882,921</u>
Other Uses:					
Return of Surplus	-	-	-	-	-
Total Expenditures and Other Uses	<u>\$ 54,841,162</u>	<u>\$ 57,412,527</u>	<u>\$ 56,662,649</u>	<u>\$ 58,104,411</u>	<u>\$ 62,882,921</u>
Excess (Deficit) Revenues Over Expenditures and Other Uses	-	-	2,576,191	-	-
Other Changes in Fund Equity					
Return of Surplus	-	-	3,377,935	-	-
Less: Transfer to School District Acct	-	-	-	-	-
Net Increase (Decrease)	-	-	(801,744)	-	-
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	-	-	7,569,295	-	-
Prior Period Adjustment	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,767,551</u>	<u>\$ -</u>	<u>\$ -</u>

Source: 2022 audited financial report and adopted budgets (unaudited) of the BOCES. Summary itself not audited.

**COMPONENT SCHOOL DISTRICTS
FINANCIAL INFORMATION**

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ended June 30, 2022

<u>REVENUES</u>	<u>Afton CSD</u>	<u>Bainbridge - Guilford</u>	<u>Delaware Academy</u>	<u>Downsville</u>
Real Property Taxes & Tax Items	\$ 4,785,042	\$ 6,950,362	\$ 9,033,151	\$ 8,385,208
Other Tax Items	-	-	1,067,900	-
Charges for Services	98,046	94,223	40,395	205,364
Use of Money & Property	37,215	18,713	17,797	1,050
Sale of Property and Compensation for Loss	12,589	14,444	225,960	6,857
Miscellaneous	165,547	161,098	181,905	221,433
Interfund Revenues	-	-	-	-
Revenues from State Sources	10,962,211	12,656,674	9,356,491	1,779,166
Revenues from Federal Sources	146,932	23,387	49,681	21,753
Total Revenues	<u>\$ 16,207,582</u>	<u>\$ 19,918,901</u>	<u>\$ 19,973,280</u>	<u>\$ 10,620,831</u>
Other Sources:				
Interfund Transfers	<u>-</u>	<u>77,125</u>	<u>100,000</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 16,207,582</u>	<u>\$ 19,996,026</u>	<u>\$ 20,073,280</u>	<u>\$ 10,620,831</u>
<u>EXPENDITURES</u>				
General Support	\$ 3,175,220	\$ 2,827,529	\$ 2,804,052	\$ 1,926,357
Instruction	6,134,285	8,253,078	8,686,385	4,076,068
Pupil Transportation	651,798	771,694	782,052	669,645
Community Services	9,614	-	-	-
Employee Benefits	3,366,878	4,422,477	4,500,075	3,060,139
Debt Service	1,197,458	236,262	2,228,694	730,781
Total Expenditures	<u>\$ 14,535,253</u>	<u>\$ 16,511,040</u>	<u>\$ 19,001,258</u>	<u>\$ 10,462,990</u>
Other Uses:				
Interfund Transfers	<u>50,000</u>	<u>1,985,381</u>	<u>100,000</u>	<u>94,855</u>
Total Expenditures and Other Uses	<u>\$ 14,585,253</u>	<u>\$ 18,496,421</u>	<u>\$ 19,101,258</u>	<u>\$ 10,557,845</u>
Excess (Deficit) Revenues Over Expenditures	<u>1,622,329</u>	<u>1,499,605</u>	<u>972,022</u>	<u>62,986</u>
<u>FUND BALANCE</u>				
Fund Balance - Beginning of Year	8,033,661	8,551,132	7,511,238	4,491,076
Prior Period Adjustments (net)	-	-	-	-
Other Adjustments	-	-	-	-
Fund Balance - End of Year	<u>\$ 9,655,990</u>	<u>\$ 10,050,737</u>	<u>\$ 8,483,260</u>	<u>\$ 4,554,062</u>

Source: 2022 audited financial reports of the Component School Districts. Summary itself not audited.

**COMPONENT SCHOOL DISTRICTS
FINANCIAL INFORMATION**

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ended June 30, 2022

<u>REVENUES</u>	<u>Franklin</u>	<u>Gilbertsville - Mount Upton</u>	<u>Greene</u>	<u>Hancock</u>
Real Property Taxes & Tax Items	\$ 2,699,113	\$ 2,239,497	\$ 7,295,433	\$ 3,800,125
Other Tax Items	279,162	361,029	-	535,608
Charges for Services	65,477	2,500	6,487	269,578
Use of Money & Property	994	648	55,868	5,560
Sale of Property and Compensation for Loss	100	7,500	28,843	3,577
Miscellaneous	135,416	105,052	1,249,230	216,550
Interfund Revenues	-	-	-	-
Revenues from State Sources	4,580,771	7,447,448	19,047,536	6,823,592
Revenues from Federal Sources	2,044	6,776	281,978	2,618
Total Revenues	<u>\$ 7,763,077</u>	<u>\$ 10,170,450</u>	<u>\$ 27,965,375</u>	<u>\$ 11,657,208</u>
Other Sources:				
Interfund Transfers	<u>-</u>	<u>40,909</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 7,763,077</u>	<u>\$ 10,211,359</u>	<u>\$ 27,965,375</u>	<u>\$ 11,657,208</u>
<u>EXPENDITURES</u>				
General Support	\$ 1,317,126	\$ 1,504,534	\$ 3,762,651	\$ 1,503,639
Instruction	3,254,227	3,857,974	11,046,359	4,522,851
Pupil Transportation	478,810	620,348	1,231,031	664,134
Community Services	2,000	500	12,385	-
Employee Benefits	1,659,897	1,855,546	6,418,571	2,718,878
Debt Service	810,526	1,060,374	4,316,253	1,471,861
Total Expenditures	<u>\$ 7,522,586</u>	<u>\$ 8,899,276</u>	<u>\$ 26,787,250</u>	<u>\$ 10,881,363</u>
Other Uses:				
Interfund Transfers	<u>143,545</u>	<u>413,450</u>	<u>-</u>	<u>359,367</u>
Total Expenditures and Other Uses	<u>\$ 7,666,131</u>	<u>\$ 9,312,726</u>	<u>\$ 26,787,250</u>	<u>\$ 11,240,730</u>
Excess (Deficit) Revenues Over Expenditures	<u>96,946</u>	<u>898,633</u>	<u>1,178,125</u>	<u>416,478</u>
<u>FUND BALANCE</u>				
Fund Balance - Beginning of Year	1,248,154	4,167,003	7,284,158	5,776,181
Prior Period Adjustments (net)	-	-	-	-
Other Adjustments	-	-	-	-
Fund Balance - End of Year	<u>\$ 1,345,100</u>	<u>\$ 5,065,636</u>	<u>\$ 8,462,283</u>	<u>\$ 6,192,659</u>

Source: 2022 audited financial reports of the Component School Districts. Summary itself not audited.

**COMPONENT SCHOOL DISTRICTS
FINANCIAL INFORMATION**

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance
Fiscal Year Ended June 30, 2022

	<u>Norwich</u>	<u>Otselic Valley</u>	<u>Oxford</u>	<u>Sherburne - Earlville</u>
<u>REVENUES</u>				
Real Property Taxes & Tax Items	\$ 10,643,669	\$ 3,294,781	\$ 5,124,544	\$ 6,716,459
Other Tax Items	1,608,751	-	-	-
Charges for Services	66,974	860	110,810	-
Use of Money & Property	10,918	7,482	25,978	6,900
Sale of Property and				-
Compensation for Loss	1,158	11,993	131,225	31,871
Miscellaneous	488,273	432,873	269,587	390,550
Interfund Revenues	-	-	-	-
Revenues from State Sources	29,832,510	7,456,341	13,091,477	26,458,697
Revenues from Federal Sources	496,645	146,188	94,394	205,406
Total Revenues	<u>\$ 43,148,898</u>	<u>\$ 11,350,518</u>	<u>\$ 18,848,015</u>	<u>\$ 33,809,883</u>
Other Sources:				
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>755,000</u>
Total Revenues and Other Sources	<u>\$ 43,148,898</u>	<u>\$ 11,350,518</u>	<u>\$ 18,848,015</u>	<u>\$ 34,564,883</u>
<u>EXPENDITURES</u>				
General Support	\$ 5,261,058	\$ 1,959,463	\$ 2,697,330	\$ 4,884,305
Instruction	18,135,194	5,075,231	8,441,447	15,168,749
Pupil Transportation	1,387,144	432,164	796,540	1,701,305
Community Services	2,263	38	-	14,360
Employee Benefits	8,312,326	2,234,568	4,700,289	7,767,547
Debt Service	5,113,203	1,195,687	1,427,278	3,965,425
Total Expenditures	<u>\$ 38,211,188</u>	<u>\$ 10,897,151</u>	<u>\$ 18,062,884</u>	<u>\$ 33,501,691</u>
Other Uses:				
Interfund Transfers	<u>1,421,708</u>	<u>255,000</u>	<u>4,419</u>	<u>53,307</u>
Total Expenditures and Other Uses	<u>\$ 39,632,896</u>	<u>\$ 11,152,151</u>	<u>\$ 18,067,303</u>	<u>\$ 33,554,998</u>
Excess (Deficit) Revenues Over Expenditures	<u>3,516,002</u>	<u>198,367</u>	<u>780,712</u>	<u>1,009,885</u>
<u>FUND BALANCE</u>				
Fund Balance - Beginning of Year	11,760,692	3,999,772	3,727,871	5,890,619
Prior Period Adjustments (net)	-	-	-	-
Other Adjustments	-	-	-	-
Fund Balance - End of Year	<u>\$ 15,276,694</u>	<u>\$ 4,198,139</u>	<u>\$ 4,508,583</u>	<u>\$ 6,900,504</u>

Source: 2022 audited financial reports of the Component School Districts. Summary itself not audited.

**COMPONENT SCHOOL DISTRICTS
FINANCIAL INFORMATION**

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance
Fiscal Year Ended June 30, 2022

<u>REVENUES</u>	<u>Sidney</u>	<u>Unadilla Valley</u>	<u>Unatego</u>	<u>Walton</u>
Real Property Taxes & Tax Items	\$ 6,170,177	\$ 4,682,771	\$ 7,448,185	\$ 6,891,537
Other Tax Items	-	-	-	-
Charges for Services	61,689	271,013	62,165	44,432
Use of Money & Property	137,775	20,630	11,010	3,963
Sale of Property and Compensation for Loss	27,535	7,428	26,075	4,806
Miscellaneous	1,289,514	178,566	359,687	1,059,211
Interfund Revenues	-	-	-	-
Revenues from State Sources	19,073,977	15,831,425	14,685,987	14,078,115
Revenues from Federal Sources	517,941	96,101	77,942	146,199
Total Revenues	<u>\$ 27,278,608</u>	<u>\$ 21,087,934</u>	<u>\$ 22,671,051</u>	<u>\$ 22,228,263</u>
Other Sources:				
Interfund Transfers	<u>50,000</u>	<u>55,021</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 27,328,608</u>	<u>\$ 21,142,955</u>	<u>\$ 22,671,051</u>	<u>\$ 22,228,263</u>
<u>EXPENDITURES</u>				
General Support	\$ 4,400,215	\$ 3,523,922	\$ 3,440,345	\$ 2,931,056
Instruction	11,241,562	8,900,695	9,391,723	9,645,394
Pupil Transportation	1,212,580	950,165	1,212,062	1,081,384
Community Services	600	2,726	41,681	-
Employee Benefits	4,843,086	5,032,643	4,661,048	5,568,243
Debt Service	3,396,054	1,937,928	2,693,253	938,135
Total Expenditures	<u>\$ 25,094,097</u>	<u>\$ 20,348,079</u>	<u>\$ 21,440,112</u>	<u>\$ 20,164,212</u>
Other Uses:				
Interfund Transfers	<u>434,642</u>	<u>292,551</u>	<u>50,000</u>	<u>86,486</u>
Total Expenditures and Other Uses	<u>\$ 25,528,739</u>	<u>\$ 20,640,630</u>	<u>\$ 21,490,112</u>	<u>\$ 20,250,698</u>
Excess (Deficit) Revenues Over Expenditures	<u>1,799,869</u>	<u>502,325</u>	<u>1,180,939</u>	<u>1,977,565</u>
<u>FUND BALANCE</u>				
Fund Balance - Beginning of Year	8,796,648	11,708,979	6,013,199	4,128,716
Prior Period Adjustments (net)	-	-	-	-
Other Adjustments	-	-	-	-
Fund Balance - End of Year	<u>\$ 10,596,517</u>	<u>\$ 12,211,304</u>	<u>\$ 7,194,138</u>	<u>\$ 6,106,281</u>

Source: 2022 audited financial reports of the Component School Districts. Summary itself not audited.

**COMPONENT SCHOOL DISTRICTS
TAX INFORMATION**

(Fiscal Year Ending June 30, 2022)

Component School District	Total Taxable Assessed Valuation Used for Tax Levy	Full Valuation	2022-23 Property Tax Levy	Property Tax Levy as a Percent of Full Valuation
Afton	\$ 164,023,507	\$ 262,819,924	\$ 4,853,656	1.85%
Bainbridge-Guilford	308,067,249	372,646,779	6,921,638	1.86%
Delaware Academy	492,452,911	822,561,440	9,949,177	1.21%
Downsville	95,591,708	932,837,450	8,509,547	0.91%
Franklin	186,857,499	207,588,164	3,047,140	1.47%
Gilbertsville-Mount Upton	198,369,988	230,288,807	2,647,150	1.15%
Greene	366,293,574	482,866,225	7,428,408	1.54%
Hancock	34,537,027	352,864,818	4,124,252	1.17%
Norwich	338,134,255	699,816,993	13,275,309	1.90%
Otselic Valley	136,470,079	216,105,629	3,349,695	1.55%
Oxford	162,353,455	309,782,536	5,349,572	1.73%
Sherburne-Earlville	362,295,506	538,014,518	6,677,932	1.24%
Sidney	322,532,520	471,589,082	6,130,917	1.30%
Unadilla Valley	283,616,128	378,654,175	4,640,117	1.23%
Unatego	334,760,003	437,150,192	7,530,745	1.72%
Walton	448,031,077	620,605,831	7,025,000	1.13%

Source: Continuing Disclosure filings of the Component School Districts submitted to EMMA. Summary itself not audited.

**COMPONENT SCHOOL DISTRICTS
STATUS OF INDEBTEDNESS**

(Fiscal Year Ending June 30, 2022)

Component School District	Bonds	Notes	RANS & TANS	Other Debt	Total Debt Outstanding
Afton	\$ 5,021,404	\$ -	\$ -	\$ 250,288	\$ 5,271,692
Bainbridge-Guilford	11,465,000	240,000	-	314,628	12,019,628
Delaware Academy	4,920,000	10,068,747	-	753,846	15,742,593
Downsville	7,290,000	-	-	-	7,290,000
Franklin	3,715,000	448,000	-	-	4,163,000
Gilbertsville-Mount Upton	4,070,000	-	-	157,646	4,227,646
Greene	13,135,000	29,429,826	-	393,251	42,958,077
Hancock	5,180,000	4,331,000	-	-	9,511,000
Norwich	7,790,000	-	-	2,914,688	10,704,688
Otselic Valley	10,520,000	4,320,000	-	127,815	14,967,815
Oxford	7,635,000	10,165,000	-	98,894	17,898,894
Sherburne Earlville	14,005,000	-	-	2,553,822	16,558,822
Sidney	15,385,000	6,161,600	-	123,837	21,670,437
Unadilla Valley	15,425,000	-	-	748,413	16,173,413
Unatego	4,475,000	1,500,000	-	1,493,798	7,468,798
Walton	2,740,000	7,554,371	-	737,661	11,032,032
Totals:	<u>\$ 132,771,404</u>	<u>\$ 74,218,544</u>	<u>\$ -</u>	<u>\$ 10,668,587</u>	<u>\$ 217,658,535</u>

Source: Audited financial reports of the Component School Districts. Summary itself not audited.

DCMO BOCES

2023-2024 ESTIMATED MONTHLY CASH FLOW
(General Fund)

(EXCLUDES RAN PROCEEDS)

2023-2024 CASHFLOW	2023		2024											13 MONTH TOTAL
	June	July	August	September	October	November	December	January	February	March	April	May	June	
Beginning Balance:	\$ 13,270,241	\$ 10,251,246	\$ 7,155,261	\$ 5,823,171	\$ 479,454	\$ 411,360	\$ 901,803	\$ 487,483	\$ 6,106,307	\$ 8,649,703	\$ 7,370,478	\$ 6,654,450	\$ 8,502,205	
Less: CD/Money Market Funds	\$ 7,250,539	\$ 7,260,539	\$ 7,270,539	\$ 7,280,539	\$ 7,290,539	\$ 7,300,539	\$ 7,310,539	\$ 7,320,539	\$ 7,330,539	\$ 7,340,539	\$ 7,350,539	\$ 7,360,539	\$ 7,370,539	
Total Cash Available	\$ 6,019,703	\$ 2,990,707	\$ (115,278)	\$ (1,457,367)	\$ (6,811,085)	\$ (6,889,179)	\$ (6,408,735)	\$ (6,833,055)	\$ (1,224,231)	\$ 1,309,164	\$ 19,940	\$ (706,088)	\$ 1,131,666	
Receipts:														
AS-7 Payments	\$ 8,002,626	\$ 1,073,277	\$ 1,219,367	\$ 802,874	\$ 6,078,012	\$ 3,431,205	\$ 2,884,368	\$ 12,545,614	\$ 8,012,804	\$ 5,851,661	\$ 4,585,832	\$ 6,674,064	\$ 8,682,849	\$ 69,844,552
Miscellaneous Revenues	118,676	37,000	83,193	221,077	10,054	352,480	70,670	65,175	38,763	837,377	322,898	41,397	120,373	2,319,132
Credit Card Receipts	925	1,000	2,023	8,208	500	1,000	500	1,490	910	1,150	1,901	865	925	21,397
Health (Boardshare, retiree, payroll, etc.)	18,563	20,328	48,458	24,126	48,670	54,659	54,676	79,903	56,353	55,486	55,000	24,444	20,419	
State Aid	6,669,195	-	-	9,618,828	-	-	-	-	5,557,662	-	-	-	6,341,831	28,187,516
MM Reciprocal Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest from CDs	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	130,000
Transfers from Other Funds	207,094	17,600	7,668	80,946	112,690	138,207	1,007,500	57,273	218,933	271,163	540,565	264,469	207,094	3,131,202
Dental Transfer	-	455	21,540	3,335	26,269	10	18	-	-	17	-	-	-	51,644
Miscellaneous Receipts	-	-	-	-	-	-	1,365	-	-	-	-	-	-	1,365
TRS from Payroll	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RAN Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	\$ 15,027,079	\$ 1,159,660	\$ 1,392,248	\$ 10,769,393	\$ 6,286,195	\$ 3,987,561	\$ 4,029,096	\$ 12,759,454	\$ 13,895,426	\$ 7,026,854	\$ 5,516,195	\$ 7,015,239	\$ 15,383,491	\$ 103,686,808
Disbursements:														
Dental Transfer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll	1,662,691	874,415	768,533	1,458,134	1,630,386	1,622,017	1,426,659	1,624,282	1,630,139	1,670,281	1,668,443	1,600,180	2,470,494	20,106,653
Bill Schedules	2,255,976	2,757,798	1,641,763	1,282,734	1,260,000	1,733,832	2,039,112	5,221,504	2,841,262	6,067,064	4,533,492	3,330,225	5,497,659	40,462,422
HSA/HRA CLAIMS	14,000	424,161	102,871	90,530	88,518	77,064	64,566	55,808	55,088	45,844	13,889	15,397	14,880	1,062,617
CD/MM Principal Invested	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	244,213	209,270	221,170	3,885	185,384	74,205	24,489	249,036	134,606	532,889	26,399	231,683	937,540	3,074,769
TRS / ERS Paid to NYS	-	-	-	-	-	-	898,590	-	1,143,273	-	-	-	-	2,041,863
State Aid Distributed	6,669,195	-	-	9,618,828	-	-	-	-	5,557,662	-	-	-	6,341,831	28,187,516
Surplus Distributed	-	-	-	-	3,200,000	-	-	-	-	-	-	-	-	3,200,000
DASNY Intercept	-	-	-	3,669,000	-	-	-	-	-	-	-	-	-	3,669,000
RAN Payment	7,210,000	-	-	-	-	-	-	-	-	-	-	-	-	7,210,000
Total Disbursements	\$ 18,056,075	\$ 4,265,644	\$ 2,734,338	\$ 16,123,111	\$ 6,364,288	\$ 3,507,118	\$ 4,453,416	\$ 7,150,630	\$ 11,362,030	\$ 8,316,078	\$ 6,242,223	\$ 5,177,485	\$ 15,262,403	\$ 101,804,840
Total Cash Available:	\$ 2,990,707	\$ (115,278)	\$ (1,457,367)	\$ (6,811,085)	\$ (6,889,179)	\$ (6,408,735)	\$ (6,833,055)	\$ (1,224,231)	\$ 1,309,164	\$ 19,940	\$ (706,088)	\$ 1,131,666	\$ 1,252,754	
Add: CD/Money Market Funds:	\$ 7,260,539	\$ 7,270,539	\$ 7,280,539	\$ 7,290,539	\$ 7,300,539	\$ 7,310,539	\$ 7,320,539	\$ 7,330,539	\$ 7,340,539	\$ 7,350,539	\$ 7,360,539	\$ 7,370,539	\$ 7,380,539	
Total Ending Balance:	\$ 10,251,246	\$ 7,155,261	\$ 5,823,171	\$ 479,454	\$ 411,360	\$ 901,803	\$ 487,483	\$ 6,106,307	\$ 8,649,703	\$ 7,370,478	\$ 6,654,450	\$ 8,502,205	\$ 8,633,293	

DCMO BOCES

2023-2024 ESTIMATED MONTHLY CASH FLOW
(General Fund)

(INCLUDES RAN PROCEEDS)

2023-2024 CASHFLOW	2023		2024											13 MONTH TOTAL
	June	July	August	September	October	November	December	January	February	March	April	May	June	
Beginning Balance:	\$ 13,270,241	\$ 17,251,246	\$ 14,155,261	\$ 12,823,171	\$ 7,479,454	\$ 7,411,360	\$ 7,901,803	\$ 7,487,483	\$ 13,106,307	\$ 15,649,703	\$ 14,370,478	\$ 13,654,450	\$ 15,502,205	
Less: CD/Money Market Funds	\$ 7,250,539	\$ 7,260,539	\$ 7,270,539	\$ 7,280,539	\$ 7,290,539	\$ 7,300,539	\$ 7,310,539	\$ 7,320,539	\$ 7,330,539	\$ 7,340,539	\$ 7,350,539	\$ 7,360,539	\$ 7,370,539	
Total Cash Available	\$ 6,019,703	\$ 9,990,707	\$ 6,884,722	\$ 5,542,633	\$ 188,915	\$ 110,821	\$ 591,265	\$ 166,945	\$ 5,775,769	\$ 8,309,164	\$ 7,019,940	\$ 6,293,912	\$ 8,131,666	
Receipts:														
AS-7 Payments	\$ 8,002,626	\$ 1,073,277	\$ 1,219,367	\$ 802,874	\$ 6,078,012	\$ 3,431,205	\$ 2,884,368	\$ 12,545,614	\$ 8,012,804	\$ 5,851,661	\$ 4,585,832	\$ 6,674,064	\$ 8,682,849	\$ 69,844,552
Miscellaneous Revenues	118,676	37,000	83,193	221,077	10,054	352,480	70,670	65,175	38,763	837,377	322,898	41,397	120,373	2,319,132
Credit Card Receipts	925	1,000	2,023	8,208	500	1,000	500	1,490	910	1,150	1,901	865	925	21,397
Health (Boardshare, retiree, payroll, etc.)	18,563	20,328	48,458	24,126	48,670	54,659	54,676	79,903	56,353	55,486	55,000	24,444	20,419	
State Aid	6,669,195	-	-	9,618,828	-	-	-	-	5,557,662	-	-	-	6,341,831	28,187,516
MM Reciprocal Deposit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest from CDs	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	130,000
Transfers from Other Funds	207,094	17,600	7,668	80,946	112,690	138,207	1,007,500	57,273	218,933	271,163	540,565	264,469	207,094	3,131,202
Dental Transfer	-	455	21,540	3,335	26,269	10	18	-	-	17	-	-	-	51,644
Miscellaneous Receipts	-	-	-	-	-	-	1,365	-	-	-	-	-	-	1,365
TRS from Payroll	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RAN Proceeds	7,000,000	-	-	-	-	-	-	-	-	-	-	-	-	7,000,000
Total Receipts	\$ 22,027,079	\$ 1,159,660	\$ 1,392,248	\$ 10,769,393	\$ 6,286,195	\$ 3,987,561	\$ 4,029,096	\$ 12,759,454	\$ 13,895,426	\$ 7,026,854	\$ 5,516,195	\$ 7,015,239	\$ 15,383,491	\$ 110,686,808
Disbursements:														
Dental Transfer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll	1,662,691	874,415	768,533	1,458,134	1,630,386	1,622,017	1,426,659	1,624,282	1,630,139	1,670,281	1,668,443	1,600,180	2,470,494	20,106,653
Bill Schedules	2,255,976	2,757,798	1,641,763	1,282,734	1,260,000	1,733,832	2,039,112	5,221,504	2,841,262	6,067,064	4,533,492	3,330,225	5,497,659	40,462,422
HSA/HRA CLAIMS	14,000	424,161	102,871	90,530	88,518	77,064	64,566	55,808	55,088	45,844	13,889	15,397	14,880	1,062,617
CD/MM Principal Invested	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	244,213	209,270	221,170	3,885	185,384	74,205	24,489	249,036	134,606	532,889	26,399	231,683	937,540	3,074,769
TRS / ERS Paid to NYS	-	-	-	-	-	-	898,590	-	1,143,273	-	-	-	-	2,041,863
State Aid Distributed	6,669,195	-	-	9,618,828	-	-	-	-	5,557,662	-	-	-	6,341,831	28,187,516
Surplus Distributed	-	-	-	-	3,200,000	-	-	-	-	-	-	-	-	3,200,000
DASNY Intercept	-	-	-	3,669,000	-	-	-	-	-	-	-	-	-	3,669,000
RAN Payment	7,210,000	-	-	-	-	-	-	-	-	-	-	-	7,500,000	14,710,000
Total Disbursements	\$ 18,056,075	\$ 4,265,644	\$ 2,734,338	\$ 16,123,111	\$ 6,364,288	\$ 3,507,118	\$ 4,453,416	\$ 7,150,630	\$ 11,362,030	\$ 8,316,078	\$ 6,242,223	\$ 5,177,485	\$ 22,762,403	\$ 101,804,840
Total Cash Available:	\$ 9,990,707	\$ 6,884,722	\$ 5,542,633	\$ 188,915	\$ 110,821	\$ 591,265	\$ 166,945	\$ 5,775,769	\$ 8,309,164	\$ 7,019,940	\$ 6,293,912	\$ 8,131,666	\$ 752,754	
Add: CD/Money Market Funds:	\$ 7,260,539	\$ 7,270,539	\$ 7,280,539	\$ 7,290,539	\$ 7,300,539	\$ 7,310,539	\$ 7,320,539	\$ 7,330,539	\$ 7,340,539	\$ 7,350,539	\$ 7,360,539	\$ 7,370,539	\$ 7,380,539	
Total Ending Balance:	\$ 17,251,246	\$ 14,155,261	\$ 12,823,171	\$ 7,479,454	\$ 7,411,360	\$ 7,901,803	\$ 7,487,483	\$ 13,106,307	\$ 15,649,703	\$ 14,370,478	\$ 13,654,450	\$ 15,502,205	\$ 8,133,293	

MATERIAL EVENT NOTICES

At the time of delivery of the Notes, the BOCES will deliver to the purchasers an executed Undertaking to Provide Notices of Certain Events, which will provide as follows:

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, the BOCES has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) 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 or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Noteholders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the BOCES
- (m) the consummation of a merger, consolidation, or acquisition involving the BOCES or the sale of all or substantially all of the assets of the BOCES, 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
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a “financial obligation” (as defined in the Rule) of the BOCES, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the BOCES, any of which affect Note holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the BOCES, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no “debt service reserves” will be established for the Notes.

With respect to event (d) the BOCES does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the BOCES in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the BOCES, 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 BOCES.

With respect to events (o) and (p), the term “financial obligation” means a (i) 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 Municipal Securities Rulemaking Board consistent with the Rule.

The BOCES may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the BOCES determines that any such other event is material with respect to the Notes; but the BOCES does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The BOCES reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the BOCES no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The Issuer acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the BOCES’ obligations under its material event notices undertaking and any failure by the BOCES to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

The BOCES reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the BOCES; provided that the BOCES agrees that any such modification will be done in a manner consistent with the Rule.

An “Undertaking to Provide Notice of Material Events” to this effect shall be provided to the purchaser(s) at closing.

FORM OF BOND COUNSEL'S OPINION

June 20, 2023

Board of Cooperative Educational Services for the Sole Supervisory District of
Delaware, Chenango, Madison and Otsego Counties
State of New York

Re: Board of Cooperative Educational Services for the Sole Supervisory District of
Delaware, Chenango, Madison and Otsego Counties, New York
\$7,000,000 Revenue Anticipation Notes, 2023

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$7,000,000 Revenue Anticipation Notes, 2023 (the "Obligations"), of the Board of Cooperative Educational Services for The Sole Supervisory District of Delaware, Chenango, Madison and Otsego Counties, State of New York (the "Obligor"), dated June 20, 2023, in the denomination of \$ _____, bearing interest at the rate of (%) per annum, payable at maturity, and maturing June 20, 2024.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

(a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding unsecured obligations of the Obligor, payable as to both principal and interest from any revenues or monies of the Obligor legally available therefore; provided that the Notes do not constitute a debt or obligation of any participating component school district of the Obligor and no such district shall be liable therefore, nor are the Notes payable out of funds other than those of the Obligor; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision (including the City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax on individuals. We observe that, for tax years beginning after December 31, 2022, interest on the Notes is included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

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. Accordingly, this opinion 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 Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, 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 Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations, the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,
Orrick, Herrington & Sutcliffe LLP

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES FOR
THE SOLE SUPERVISORY DISTRICT OF
DELAWARE, CHENANGO, MADISON AND OTSEGO COUNTIES, NEW YORK**

AUDITED FINANCIAL STATEMENTS AND

FISCAL YEAR ENDED JUNE 30, 2022

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

The BOCES independent auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The BOCES independent auditor also has not performed any procedures relating to this Official Statement.



MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2022

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
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D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

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

Independent Auditor's Report

Board of Education

Delaware-Chenango-Madison-Otsego BOCES

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware-Chenango-Madison-Otsego BOCES, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Delaware-Chenango-Madison-Otsego BOCES's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter- New Accounting Standard

As discussed in Notes 1 and 12 to the financial statements, the BOCES changed its accounting policies related to the accounting and reporting of leases by adopting the Governmental Accounting Standards Board's (GASB) Statement No. 87, *Leases*. The new pronouncement changes the criteria used, and provides guidance on accounting and reporting for leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2022, on our consideration of the Delaware-Chenango-Madison-Otsego BOCES's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Delaware-Chenango-Madison-Otsego BOCES's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delaware-Chenango-Madison-Otsego BOCES's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

November 2, 2022

Rome, New York

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

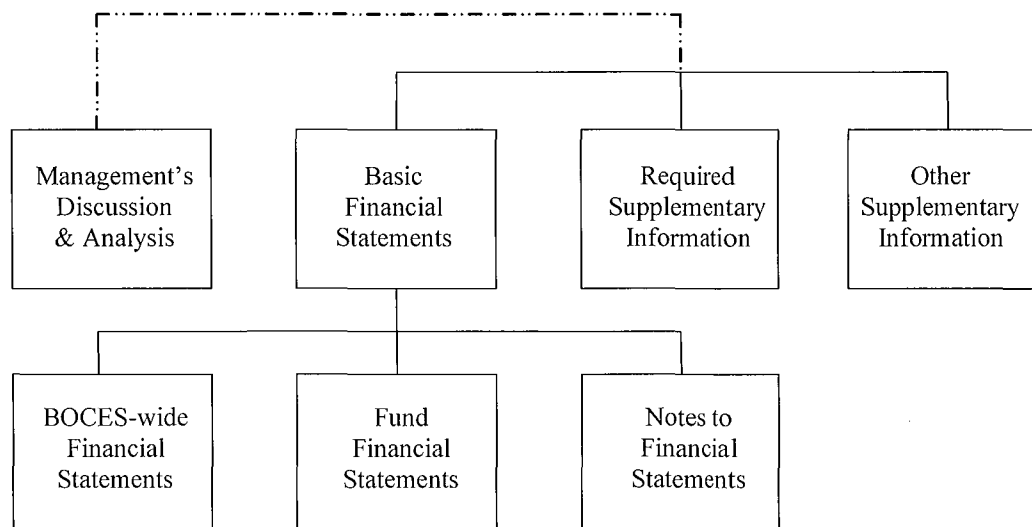
The following is a discussion and analysis of the BOCES' financial performance for the year ended June 30, 2022. This section is a summary of the BOCES' financial activities based on currently known facts, decisions and conditions. It is also based on both the BOCES-wide and fund-based financial statements.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

1. FINANCIAL HIGHLIGHTS

- The BOCES' total net position, as reflected in the BOCES-wide financial statements, increased by \$1,127,620. The primary factor contributing to this increase was the decrease in expenses, primarily related to OPEB and pensions and an increase in charges for services to components and non-components.
- During the year, the BOCES had expenses in excess of program revenues of \$1,871,694 which was supplemented by \$2,999,314 in General Revenues.
- Program revenues included \$54,734,063 in Charges for Services and \$1,299,320 in Operating Grants and Contributions, which together comprise approximately 94.9% of total revenues.
- The total expenses were \$57,905,077 which was an increase of \$543,994 from the prior year.
- BOCES total General Fund revenue and other sources for 2022 was \$59,238,840. Approximately 96% of these revenues are from the billings for administration and other services to the component districts of the BOCES. General Fund revenues increased by approximately .5% from prior year amount, primarily due to an increase in charges to components.
- The BOCES is required to return surplus billings to the participating school districts in the subsequent year. During 2022-2023, the surplus of \$3,377,935 from 2021-2022 will be returned.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

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

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

BOCES-Wide Statements

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

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

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

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

Fund Financial Statements

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

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

The BOCES has two types of funds:

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

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

3. FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE

A. Net Position

The BOCES total net position increased by \$1,127,620 between fiscal year 2022 and 2021. A summary of the BOCES' Statement of Net Position for the years ended June 30, 2022 and 2021, is as follows:

	2022	(Restated) 2021	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 39,435,060	\$ 30,190,169	\$ 9,244,891	30.6%
Capital Assets and Right to Use				
Lease Assets, Net	<u>47,579,064</u>	<u>47,710,168</u>	<u>(131,104)</u>	(0.3%)
Total Assets	<u>87,014,124</u>	<u>77,900,337</u>	<u>9,113,787</u>	11.7%
Deferred Outflows of Resources	<u>20,396,166</u>	<u>23,949,236</u>	<u>(3,553,070)</u>	(14.8%)
Total Assets and Deferred Outflows of Resources	<u>\$ 107,410,290</u>	<u>\$ 101,849,573</u>	<u>\$ 5,560,717</u>	5.5%
Liabilities				
Non-Current Liabilities	64,125,504	70,653,379	(6,527,875)	(9.2%)
Other Liabilities	<u>19,997,081</u>	<u>22,202,200</u>	<u>(2,205,119)</u>	(9.9%)
Total Liabilities	<u>84,122,585</u>	<u>92,855,579</u>	<u>(8,732,994)</u>	(9.4%)
Deferred Inflows of Resources	<u>51,177,636</u>	<u>38,005,545</u>	<u>13,172,091</u>	34.7%
Net Position				
Net Investment in Capital Assets	24,497,320	22,489,829	2,007,491	8.9%
Restricted	9,836,298	11,603,264	(1,766,966)	(15.2%)
Unrestricted (Deficit)	<u>(62,223,549)</u>	<u>(63,110,644)</u>	<u>887,095</u>	1.4%
Total Net Position (Deficit)	<u>(27,889,931)</u>	<u>(29,017,551)</u>	<u>1,127,620</u>	3.9%
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 107,410,290</u>	<u>\$ 101,843,573</u>	<u>\$ 5,566,717</u>	5.5%

Current and Other Assets increased by \$9,244,891 as compared to the prior year. The increase is due primarily to an increase of the Net Pension Asset – Proportionate Share of \$11,599,864 as reported by the retirement systems as compared to the prior year. This increase was offset by a decrease in the amount due from components of \$4,650,783.

Deferred Outflows of Resources decreased by \$3,553,070. The decrease is primarily due to a decrease in deferred outflows relating to Pensions, as a result of the effect of the change in actuarial assumptions used.

Non-current liabilities decreased by \$6,527,875, as compared to the prior year. This decrease is the result of a decrease in the OPEB liability as calculated by the actuary. The effect of changes in assumptions is the main reason for this decrease in the liability. The BOCES also paid \$2,605,000 to reduce Revenue Bonds outstanding.

Other liabilities decreased by \$2,205,119 as compared to the prior year. This decrease is primarily a result of a decrease in accrued liabilities of \$723,367 and a decrease of \$1,628,684 in the Net Pension Liability as determined by the retirement systems.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

The net position invested in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support BOCES operations. The unrestricted net position at June 30, 2022, is a deficit of \$62,223,549 which represents the amount by which the BOCES liabilities and deferred inflows, excluding debt related to capital construction exceeded BOCES assets and deferred outflows, other than capital assets. This is due primarily to the accrual of \$38,077,157 in OPEB liabilities.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended June 30, 2022 and 2021 is as follows

The BOCES revenues increased by 7.7% in 2022 or \$4,222,254. The major portion of the increase is an increase in Charges for Services of \$3,689,155 to components as additional services were requested and \$418,400 in Operating grants.

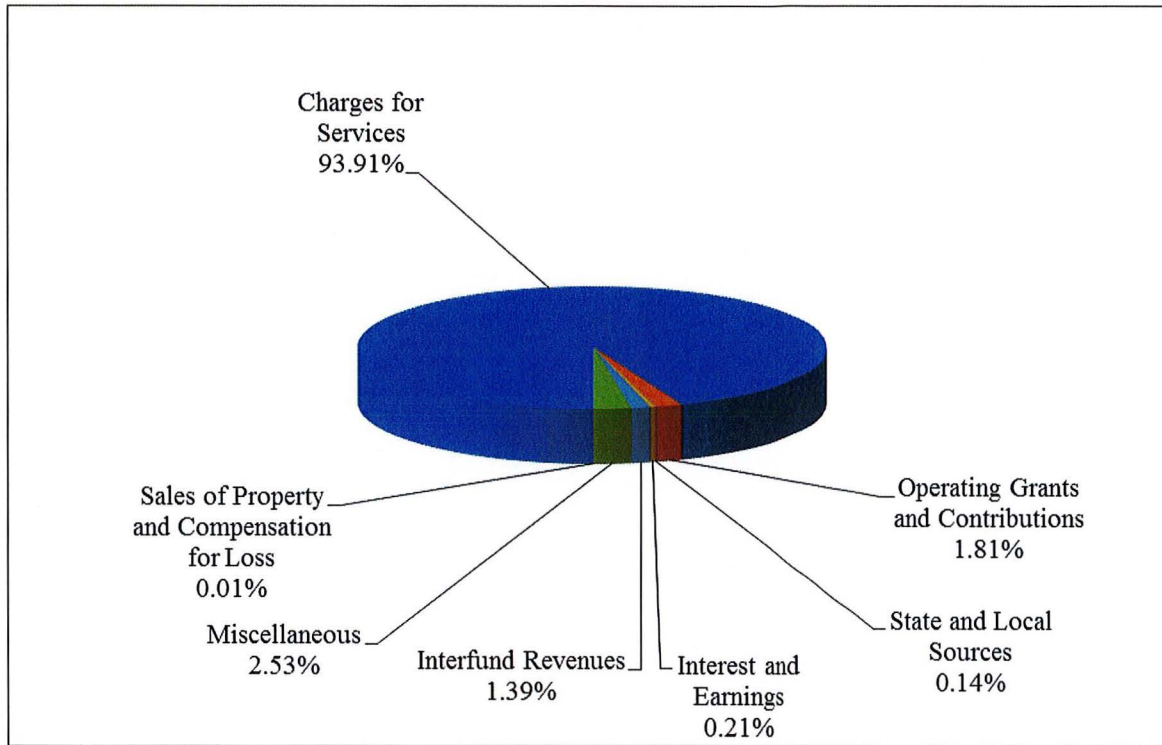
The BOCES expenditures for the year increased by .9% in 2022 or \$543,994. This decrease is primarily due to a decrease in the allocation of employee benefit expenses due to a decrease in the pension expenses.

Revenues	2022	2021	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	\$ 54,734,063	\$ 51,044,908	\$ 3,689,155	7.2%
Operating Grants and Contributions	1,299,320	880,920	418,400	47.5%
General Revenues				
State and Local Sources	101,474	159,829	(58,355)	(36.5%)
Interest and Earnings	15,433	43,811	(28,378)	(64.8%)
Interfund Revenues	635,147	504,828	130,319	25.8%
Miscellaneous	2,191,472	2,098,631	92,841	4.4%
Sales of Property and				
Compensation for Loss	55,788	77,516	(21,728)	(28.0%)
Total Revenues	<u>59,032,697</u>	<u>54,810,443</u>	<u>4,222,254</u>	7.7%
Expenses				
Administration	2,608,578	2,782,966	(174,388)	(6.3%)
Administration- Capital	282,283	671,355	(389,072)	(58.0%)
Occupation Instruction	8,344,482	9,124,053	(779,571)	(8.5%)
Instruction for Special Needs	12,638,186	13,874,203	(1,236,017)	(8.9%)
Itinerant Services	2,386,487	2,616,194	(229,707)	(8.8%)
General Instruction	5,047,797	4,096,237	951,560	23.2%
Instructional Support	8,941,149	7,583,224	1,357,925	17.9%
Other Services	16,056,190	15,022,015	1,034,175	6.9%
Internal Services	221,414	321,190	(99,776)	(31.1%)
Interest on Long-Term Debt	918,951	885,694	33,257	3.8%
Food Service Program	459,560	383,952	75,608	19.7%
Total Expenses	<u>57,905,077</u>	<u>57,361,083</u>	<u>543,994</u>	0.9%
Total Change in Net Position	<u>\$ 1,127,620</u>	<u>\$ (2,550,640)</u>	<u>\$ 3,678,260</u>	144.2%

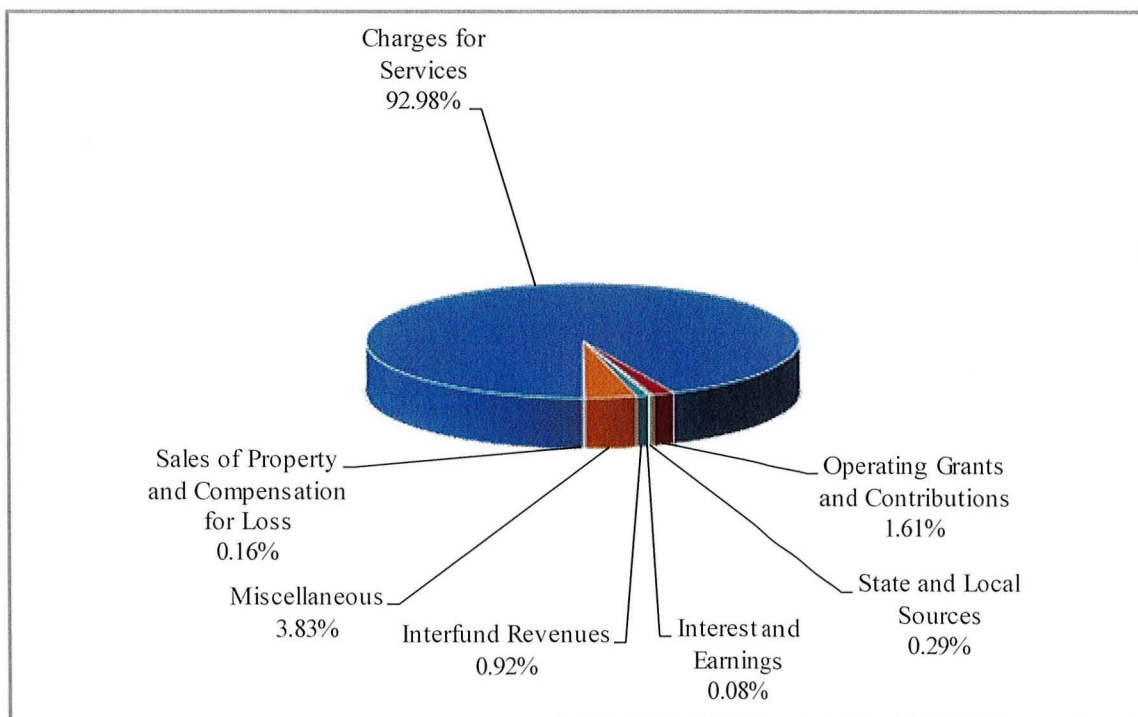
DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

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

For the Year Ended June 30, 2022



For the Year Ended June 30, 2021

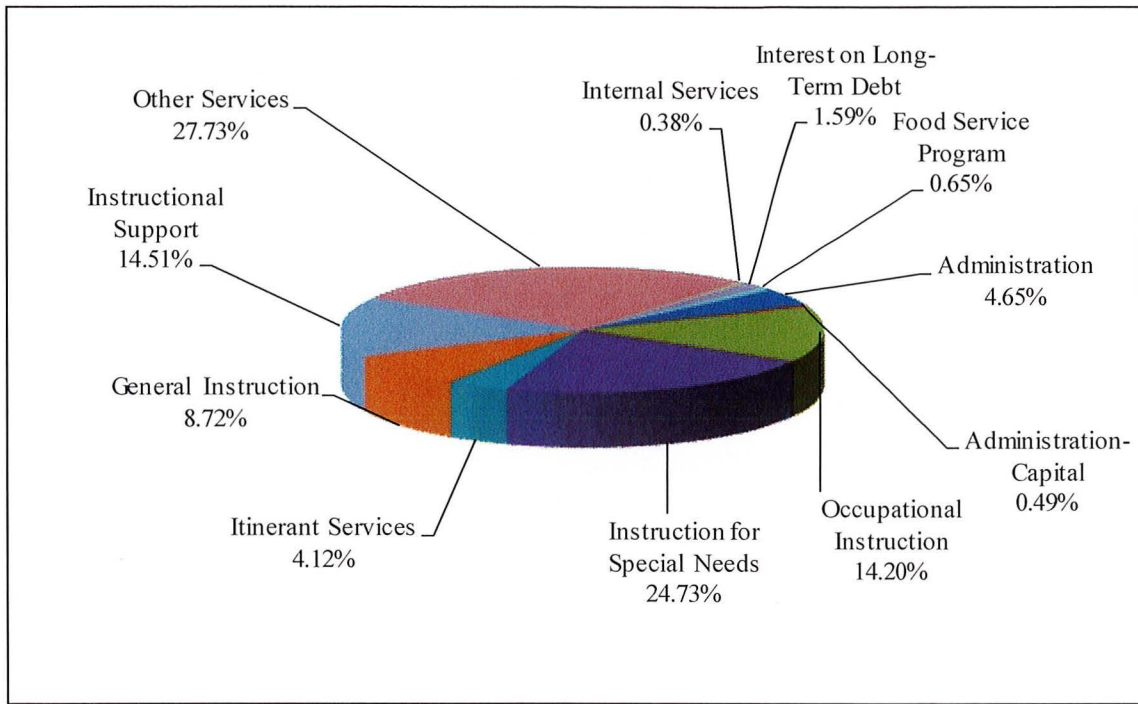


See Independent Auditor's Report

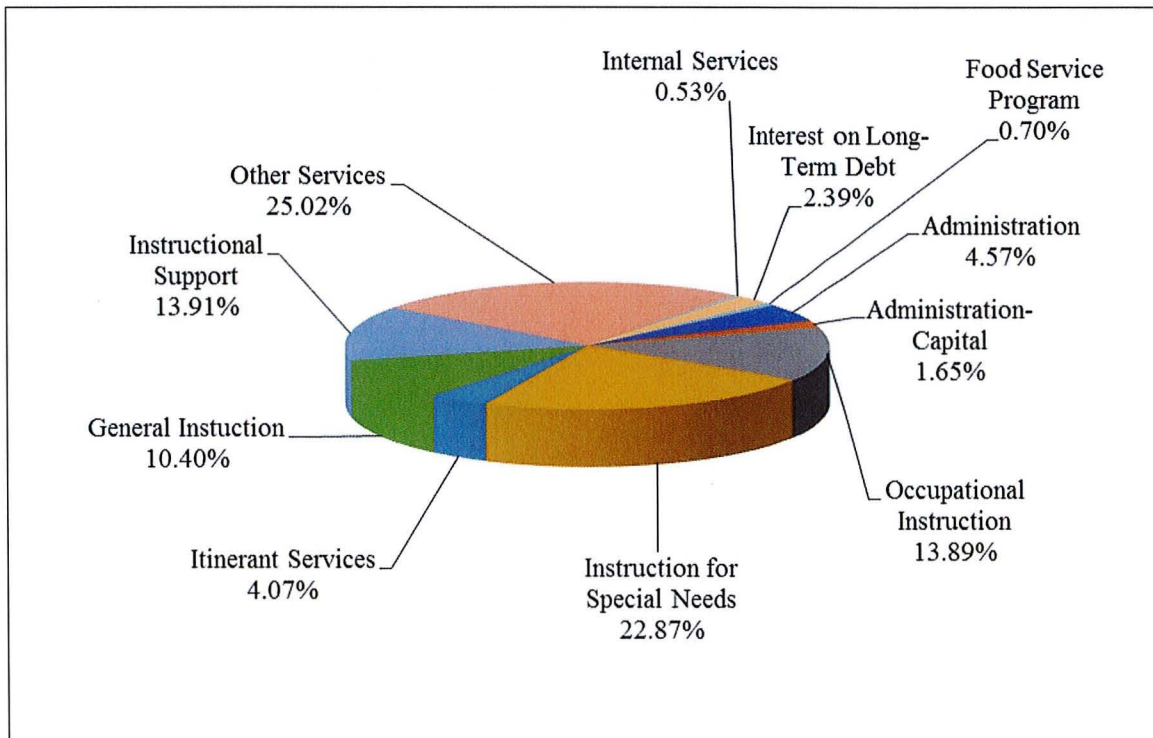
DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

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

For the Year Ended June 30, 2022



For the Year Ended June 30, 2021



* See Independent Auditor's Report

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

4. FINANCIAL ANALYSIS OF THE BOCES' FUND BALANCES

At June 30, 2022, the BOCES governmental funds reported combined fund balance of \$8,187,146 which is an decrease of \$1,821,304 from the prior year. This is due to an excess of expenditures over revenues for the year. A summary of the change in fund balance by fund is as follows:

	2022	2021	Increase (Decrease)
General Fund			
Non-spendable	\$ 232,296	\$ 168,684	\$ 63,612
Restricted For			
Insurance	177,682	180,332	(2,650)
Unemployment Insurance	598,780	545,785	52,995
Employee Benefit Accrued Liability	2,044,080	2,255,276	(211,196)
Retirement Contribution	1,625,000	1,625,000	
Teacher Retirement Reserve	519,671	395,000	124,671
Liability Reserve	1,802,338	2,567,902	(765,564)
Total Restricted	6,767,551	7,569,295	(801,744)
Unassigned (Deficit)	(232,296)	(168,684)	(63,612)
Total	6,767,551	7,569,295	(801,744)
School Lunch Fund			
Nonspendable	12,840	10,971	1,869
Special Aid Fund			
Unassigned (Deficit)	(1,713,192)	(1,632,765)	(80,427)
Miscellaneous Special Revenue Fund			
Restricted	3,645	3,723	5
Debt Service Fund			
Restricted	2,180,476	2,193,870	(13,394)
Capital Projects Fund			
Restricted	884,626	1,838,379	(953,753)
Total Fund Balance	\$ 8,187,146	\$ 10,008,528	\$ (1,821,304)

5. GENERAL FUND BUDGETARY HIGHLIGHTS

- The difference between the original approved budget of \$54,841,162 and the amended budget of \$57,412,527 is \$2,571,365, or 4.7%. The increase is due to the changes in requests for services from component and non-component school districts, primarily in General Instruction and Other Services. The budgetary comparison information can be found on Page 48 which presents both original and amended budget totals compared with actual results for the General Fund for the year ended June 30, 2022.
- Actual revenues and other services were above the amended budget by \$1,826,313, or 3.18%, and actual expenditures were below the amended budget by \$749,878, or 1.3%.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2022 and 2021, the BOCES had \$47,579,064 and \$47,710,168, respectively, invested in a broad range of capital assets including buildings, transportation equipment, computer equipment, and furniture and fixtures. A summary of the BOCES' capital assets, net of accumulated depreciation at June 30, 2022 and 2021, is as follows:

	<u>2022</u>	<u>(Restated) 2021</u>	<u>Increase (Decrease)</u>
Construction in Process	\$ 3,774,360	\$ 2,268,173	\$ 1,506,187
Buildings, and Improvements	41,800,354	41,913,829	(113,475)
Right to Use Leased Assets	165,751	175,019	(9,268)
Vehicles, Furniture, and Equipment	<u>1,838,599</u>	<u>3,353,147</u>	<u>(1,514,548)</u>
Capital Assets, Net	<u>\$ 47,579,064</u>	<u>\$ 47,710,168</u>	<u>\$ (131,104)</u>

Depreciation expense for the BOCES totaled \$1,757,069 and \$2,078,171 for June 30, 2022 and 2021, respectively.

B. Long-Term Debt

At June 30 2022, the BOCES had total long-term debt of \$64,125,504. A summary of the long-term debt at June 30, 2022 and 2021, is as followed:

	<u>2022</u>	<u>(Restated) 2021</u>	<u>Increase (Decrease)</u>
Revenue Bonds	\$ 18,615,000	\$ 21,220,000	\$ (2,605,000)
OPEB Liability	38,077,157	41,089,782	(3,012,625)
Compensated Absences	2,081,977	2,271,713	(189,736)
Bond Premium	2,270,639	2,590,319	(319,680)
Lease Liability	162,428	167,693	(5,265)
Installment Purchase Debt	710,381	956,719	(246,338)
Energy Performance Contract	<u>2,207,922</u>	<u>2,357,153</u>	<u>(149,231)</u>
Total Long Term Debt	<u>\$ 64,125,504</u>	<u>\$ 70,653,379</u>	<u>\$ (6,527,875)</u>

7. FACTORS BEARING ON THE BOCES FUTURE

At the time these financial statements were prepared and audited, the BOCES was aware of the following existing circumstances that could significantly affect its financial health in future:

- The BOCES Component School Districts must budget within the constraints of the 2% Real Property Tax Cap and will continue to do so in future years.
- The BOCES is examining any position for need and function within the organization as employees retire and/or vacate current positions. A reduction in force takes place if the position is not needed.
- An infusion of federal funding to component school districts may impact their BOCES budgeting. It could result in the expansion of BOCES programs, and conversely it could reduce the need for BOCES programs as components find alternatives. The BOCES will need to continue to work closely with components to fulfill needs.
- COVID continues to be an issue and has created learning gaps and staffing issues for both DCMO BOCES and its' component school districts. This could result in the need for additional BOCES programs, in collaboration with component districts.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

- Supply chain issues continue to be problematic.
- Inflation is at historic highs, and is detrimental to supporting our educational efforts.

8. CONTACTING THE BOCES' FINANCIAL MANAGEMENT

This financial report is designed to provide the BOCES citizens, customers, investors, and creditors with a general overview of the BOCES' finances and to demonstrate the BOCES' accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Delaware-Chenango-Madison-Otsego BOCES, 6678 County Route 32, Norwich, New York 13815.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES

STATEMENT OF NET POSITION

June 30, 2022

Assets	
Cash and Cash Equivalents	\$ 12,902,116
Restricted Cash and Cash Equivalents	6,780,916
Investments	5,019,895
Receivables	
State and Federal Aid	157,005
Due from Components and Non-Components	2,493,051
Accounts Receivable	237,077
Inventory	12,840
Net Pension Asset - Proportionate Share	11,599,864
Right to Use Leased Assets, Net of Amortization	165,751
Prepaid Expenditures	232,296
Net Capital Assets	<u>47,413,313</u>
Total Assets	<u>87,014,124</u>
Deferred Outflows of Resources	
Charge on Advance Bond Refunding	1,749,568
Other Post Employment Benefits	9,538,805
Pensions	<u>9,107,793</u>
Total Deferred Outflow of Resources	<u>20,396,166</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 107,410,290</u>
Liabilities	
Due to Components - Refund of Surplus	\$ 3,377,935
Due to	
Other Governments	373,339
Teachers' Retirement System	1,087,525
Employees' Retirement System	177,941
Short-Term Notes Payable	
Revenue Anticipation Note	7,000,000
Accounts Payable	1,076,679
Accrued Liabilities	1,988,240
Accrued Interest	349,031
Overpayments and Collections in Advance	4,514,101
Unearned Revenue	52,290
Noncurrent Liabilities	
Due Within One Year	3,462,968
Due in More Than One Year	<u>60,662,536</u>
Total Liabilities	<u>84,122,585</u>
Deferred Inflows of Resources	
Pensions	17,112,641
OPEB	<u>34,064,995</u>
Total Deferred Inflows of Resources	<u>51,177,636</u>
Total Liabilities and Deferred Inflows of Resources	<u>135,300,221</u>
Net Position	
Net Investment in Capital Assets	24,497,320
Restricted	9,836,298
Unrestricted (Deficit)	<u>(62,223,549)</u>
Total Net Position (Deficit)	<u>(27,889,931)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 107,410,290</u>

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Administration	\$ 2,608,578	\$ 2,429,130	\$	\$ (179,448)
Administration - Capital	282,283	3,314,157		3,031,874
Occupational Instruction	8,344,482	8,164,925		(179,557)
Instruction for Special Needs	12,638,186	11,816,808		(821,378)
Itinerant Services	2,386,487	2,206,618		(179,869)
General Instruction	5,047,797	2,726,712	821,443	(1,499,642)
Instructional Support	8,941,149	8,033,748		(907,401)
Other Services	16,056,190	15,113,691		(942,499)
Food Service Program	459,560	9,324	477,877	27,641
Internal Services	221,414			(221,414)
Interest on Debt- Unallocated	918,951	918,951		
Total Functions/Programs	<u>\$ 57,905,077</u>	<u>\$ 54,734,063</u>	<u>\$ 1,299,320</u>	<u>(1,871,694)</u>
General Revenues				
State and Local Sources				101,474
Interest and Earnings				15,433
Sales of Property and Compensation for Loss				55,788
Interfund Revenues				635,147
Miscellaneous				<u>2,191,472</u>
Total General Revenues				<u>2,999,314</u>
Change in Net Position				<u>1,127,620</u>
Net Position, Beginning of Year				(29,024,877)
Cumulative Effect of a Change in Accounting Principle				<u>7,326</u>
Net Position (Deficit), Beginning of Year, Restated				<u>(29,017,551)</u>
Net Position (Deficit), End of Year				<u>\$ (27,889,931)</u>

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Assets							
Unrestricted Cash and Cash Equivalents	\$ 11,740,304	\$ 64,742	\$ 180,435	\$	\$ 2,205	\$ 914,430	\$ 12,902,116
Restricted Cash and Cash Equivalents	6,767,551			3,524		9,841	6,780,916
Investments					5,019,895		5,019,895
Receivables							
State and Federal Aid		82,656	74,349				157,005
Due from Components and Non-Components	2,493,051						2,493,051
Due from Other Funds	1,861,027	51	4,302		358,751		2,224,131
Accounts Receivable	58,380	61	157,638	20,998			237,077
Inventory		12,840					12,840
Prepaid Expenditures	232,296						232,296
Total Assets	<u>\$ 23,152,609</u>	<u>\$ 160,350</u>	<u>\$ 416,724</u>	<u>\$ 24,522</u>	<u>\$ 5,380,851</u>	<u>\$ 924,271</u>	<u>\$ 30,059,327</u>
Liabilities							
Due to Components - Refund of Surplus	\$ 3,377,935	\$	\$	\$	\$	\$	\$ 3,377,935
Due To							
Other Governments	372,335		1,004				373,339
Other Funds	4,437	88,378	2,082,062	20,503		28,751	2,224,131
Teachers' Retirement System	1,087,525						1,087,525
Employees' Retirement System	177,941						177,941
Revenue Anticipation Note	7,000,000						7,000,000
Accounts Payable	1,038,028	7,868	30,783				1,076,679
Accrued Liabilities	1,789,482	64	16,003	374		10,894	1,816,817
Accrued Interest							
Compensated Absences	171,423						171,423
Overpayments and Collections in Advance	1,313,662		64		3,200,375		4,514,101
Unearned Revenue	52,290						52,290
Total Liabilities	<u>16,385,058</u>	<u>96,310</u>	<u>2,129,916</u>	<u>20,877</u>	<u>3,200,375</u>	<u>39,645</u>	<u>21,872,181</u>
Fund Balances (Deficit)							
Nonspendable	232,296	12,840					245,136
Restricted	6,767,551			3,645	2,180,476	884,626	9,836,298
Assigned		51,200					51,200
Unassigned (Deficit)	(232,296)		(1,713,192)				(1,945,488)
Total Fund Balances (Deficit)	<u>6,767,551</u>	<u>64,040</u>	<u>(1,713,192)</u>	<u>3,645</u>	<u>2,180,476</u>	<u>884,626</u>	<u>8,187,146</u>
Total Liabilities and Fund Balances	<u>\$ 23,152,609</u>	<u>\$ 160,350</u>	<u>\$ 416,724</u>	<u>\$ 24,522</u>	<u>\$ 5,380,851</u>	<u>\$ 924,271</u>	<u>\$ 30,059,327</u>

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE BOCES-WIDE NET POSITION

June 30, 2022

Total Governmental Fund Balances	\$ <u>8,187,146</u>
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The cost of building, acquiring, and leasing capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the BOCES as a whole, and their original costs are expensed annually over their useful lives.

Right to Use Leased Assets	190,155
Accumulated Amortization	(24,404)
Original Cost of Capital Assets	81,411,114
Accumulated Depreciation	<u>(33,997,801)</u>
	<u>47,579,064</u>

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

Net Pension Asset- Proportionate Share	11,599,864
Deferred Outflows- Pensions	9,107,793
Deferred Outflows - OPEB	<u>9,538,805</u>
	<u>30,246,462</u>

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

Refunding Bonds Payable	(18,615,000)
Accrued Interest on Bonds Payable	(349,031)
Deferred Charge on Refunding	1,749,568
Lease Liability	(162,428)
Premium on Issuance of Revenue Bonds	(2,270,639)
Energy Performance Contract	(2,207,922)
Installment Purchase Agreements	(710,381)
Other Post Employment Benefit Liabilities	(38,077,157)
Compensated Absences Payable	<u>(2,081,977)</u>
	<u>(62,724,967)</u>

The BOCES' proportion of the collective net pension asset is reported as a asset on the Statement of Net Position, but is not reported on the fund statements as the amount is not payable in the current period. The difference between the BOCES' contributions and its proportionate share of the net pension liability is recorded on the government-wide Statement of Net Position as a deferred inflow. Pension accruals made subsequent to the measurement date are not expensed in the Statement of Activities, and are therefore not reported on the Statement of Net Position.

Deferred Inflows-OPEB	(34,064,995)
Deferred Inflows- Pensions	<u>(17,112,641)</u>
	<u>(51,177,636)</u>

Total Net Position (Deficit)	\$ <u><u>(27,889,931)</u></u>
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The Accompanying Notes are an Integral Part of These Financial Statements.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues							
Charges for Services	\$ 37,860	\$	\$ 862,838	\$ 349,508	\$	\$	\$ 1,250,206
Charges to Components - Administration	7,073,470						7,073,470
Charges to Components - Service Programs	47,005,979						47,005,979
Charges to Non-Components and Other BOCES	2,773,019						2,773,019
Interest and Earnings (Loss)	16,805			22	(1,394)		15,433
Sale of Property and Compensation for Loss	55,788						55,788
Use of Property and Money/Miscellaneous	238,834	328	60,251			61	299,474
Refund of Prior Year's Expenditures	1,800,464	31	91,503				1,891,998
Interfund Revenues	135,147		500,000		3,588,875	552,373	4,776,395
State and Local Sources	101,474	9,795	673,513				784,782
Federal Sources		468,082	147,930				616,012
School Lunch Sales		9,324					9,324
Total Revenues	<u>59,238,840</u>	<u>487,560</u>	<u>2,336,035</u>	<u>349,530</u>	<u>3,587,481</u>	<u>552,434</u>	<u>66,551,880</u>
Expenditures							
Administration	2,461,078						2,461,078
Administration - Capital	4,430,244						4,430,244
Occupational Instruction	8,313,855						8,313,855
Instruction for Special Needs	12,234,255						12,234,255
Itinerant Services	2,309,548						2,309,548
General Instruction	2,690,979		2,416,462	100			5,107,541
Instruction Support	8,637,129						8,637,129
Other Services	15,364,157			349,508			15,713,665
Internal Services	221,404						221,404
General Support		276,113					276,113
Capital Outlay						1,506,187	1,506,187
Debt Service - Principal					2,605,000		2,605,000
Debt Service - Interest					995,875		995,875
Cost of Sales		183,433					183,433
Total Expenditures	<u>56,662,649</u>	<u>459,546</u>	<u>2,416,462</u>	<u>349,608</u>	<u>3,600,875</u>	<u>1,506,187</u>	<u>64,995,327</u>
Excess (Deficit) Revenues Over Expenditures	<u>2,576,191</u>	<u>28,014</u>	<u>(80,427)</u>	<u>(78)</u>	<u>(13,394)</u>	<u>(953,753)</u>	<u>1,556,553</u>
Other Financing Sources (Uses)							
Return of Surplus	(3,377,935)						(3,377,935)
Total Other Financing Sources (Uses)	<u>(3,377,935)</u>						<u>(3,377,935)</u>
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(801,744)</u>	<u>28,014</u>	<u>(80,427)</u>	<u>(78)</u>	<u>(13,394)</u>	<u>(953,753)</u>	<u>(1,821,382)</u>
Fund Balances (Deficit), Beginning of Year	<u>7,569,295</u>	<u>36,026</u>	<u>(1,632,765)</u>	<u>3,723</u>	<u>2,193,870</u>	<u>1,838,379</u>	<u>10,008,528</u>
Fund Balances (Deficit), End of Year	<u>\$ 6,767,551</u>	<u>\$ 64,040</u>	<u>\$ (1,713,192)</u>	<u>\$ 3,645</u>	<u>\$ 2,180,476</u>	<u>\$ 884,626</u>	<u>\$ 8,187,146</u>

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
RECONCILIATION OF THE STATEMENT OF REVENUES AND EXPENDITURES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Net Changes in Fund Balance - Total Governmental Funds \$ (1,821,382)

Capital Related Differences

Capital Outlays to purchase, lease or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation and amortization expense in the Statement of Activities.

Depreciation Expense	(1,757,069)	
Amortization Expense	(10,914)	
Capital Outlays	<u>1,635,233</u>	(132,750)

Long-Term Debt Transaction Differences

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. The change in long-term debt are as follows:

Payments on Bonds	2,605,000	
Payments on Energy Performance Contract and IPAs	<u>395,569</u>	3,000,569

Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Amortization of Bond Premium	319,680	
Amortization of Bond Issuance Costs	(291,600)	
Repayment of Leases	6,911	
Decrease In Accrued Interest	48,844	
Increase in Accrual of Other Post Employment Liabilities	(2,527,912)	
Decrease in Compensated Absences	189,736	
Change in Pension Expense	<u>2,335,524</u>	<u>81,183</u>

Change in Net Position Governmental Activities \$ 1,127,620

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	<u>Custodial</u>
Assets	
Cash and Cash Equivalents - Restricted	\$ 500,549
Receivables	<u>2,281</u>
Total Assets	<u><u>\$ 502,830</u></u>
 Liabilities	
Custodial Liabilities	\$ 465,132
Total Liabilities	<u>465,132</u>
 Net Position	
Restricted For Other Purposes	<u>37,698</u>
Total Net Position	<u>37,698</u>
 Total Liabilities and Net Position	<u><u>\$ 502,830</u></u>

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2022

	<u>Custodial</u>
Additions	
Extraclassroom Fundraising	\$ 79,078
State Aid Received	11,626,690
Insurance Premiums	342,496
LPN Tuition	<u>191,972</u>
Total Additions	<u>12,240,236</u>
 Deductions	
Extraclassroom Expenditures	73,957
State Aid Disbursed	11,626,690
Insurance Claims	343,516
LPN Tuition Awarded	<u>191,972</u>
Total Deductions	<u>12,236,135</u>
 Change in Net Position	 4,101
 Net Position, Beginning of Year	 <u>33,597</u>
 Net Position, End of Year	 <u>\$ 37,698</u>

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Delaware-Chenango-Madison-Otsego BOCES have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Financial Reporting Entity

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

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

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

(a) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of Delaware-Chenango-Madison-Otsego BOCES represent funds of the students of BOCES. These funds are included in the basic financial statements in the Fiduciary Funds as agency funds because the Board of Cooperative Educational Services exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of BOCES with respect to its financial transactions and designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the BOCES' business office at 6678 County Road 32, Norwich, New York 13815.

Joint Ventures

(a) BOCES Program

There are sixteen participating school districts in the Delaware-Chenango-Madison-Otsego BOCES. The BOCES is a joint venture in which the participating districts have an ongoing financial responsibility, no equity interest, and no single participant controls the financial or operating policies of the BOCES. The BOCES was formed under State law for the purpose of providing shared educational programs and instruction in subjects approved by the State Education Commissioner. The BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. The BOCES charges components and other districts for program costs based on participation and for administrative costs. During the year ended June 30, 2022 the BOCES billed its component districts \$53,055,062 for administrative and program costs.

Basis of Presentation

(a) BOCES-Wide Statements

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

(b) Fund Financial Statements

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

General Fund: This is the BOCES' primary operating fund. This accounts for and reports all financial resources not accounted for and reported in another fund.

Special Revenue Fund: This fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects.

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

School Lunch Fund: This fund is used to account for and report transactions of the BOCES' lunch and breakfast program.

Miscellaneous Special Revenue Fund: This fund is used to account for and report transactions of the BOCES' scholarship funds. The BOCES has both custody and administrative control over the various scholarships. Established criteria govern the use of the funds and members of the BOCES or representatives of the donors may serve on committees to determine who benefits.

Capital Projects Fund: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition, lease or construction of capital facilities and other capital.

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

(c) Fiduciary Funds

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

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the BOCES as agent for various student groups, State Aid collections for components, the BOCES Health Plan, tuition for the LPN program and extraclassroom activity funds.

Measurement Focus and Basis of Accounting

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

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

value without directly receiving or giving equal value in exchange, include state aid, grants and donations. Revenue from state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Estimates

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

Budgetary Procedures and Budgetary Accounting

(a) Budget Procedures

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

The BOCES' administration submits a tentative budget to the Board of Cooperative Educational Services for the fiscal year commencing the following July 1. The BOCES' administrative budget must be approved by the majority of the Board of Education members of the BOCES in April. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

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

All modifications of the budget must be approved by the Board of Cooperative Educational Services. However, the BOCES Superintendent is authorized to transfer certain budgeted amounts within departments.

Cash and Cash Equivalents

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

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Investments

The investments in securities are carried at fair value and are categorized as investments held by the BOCES. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of securities traded on a national securities exchange are based on the last reported sales price on the last business day of the year; bonds, notes, and government securities for which no sale was reported on that date are valued at the last reported bid price.

The net change in the unrealized gain or loss, realized gains and losses, and interest and dividends are recognized as investment income.

Receivables

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

Prepaid Items

Prepaid items represent payments made by the BOCES for which benefits extend beyond year end.

Insurance

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

Interfund Transactions and Transfers

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

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 8 to the financial statements.

Inventory

The inventory in the School Lunch Fund is recorded at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received. The BOCES uses capitalization thresholds of \$3,500 (the dollar value above which assets acquisitions are added to the capital assets accounts for grouped-like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the BOCES-wide statements are as follows:

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Right to Use Leased Assets

The BOCES has recorded right to use lease assets as a result of implementing GASB 87 -Leases. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease ranging from 5 to 15 years.

Deferred Outflow of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The BOCES has three items that qualifies for reporting in this category. First is the deferred charge on refunding of debt reported in the BOCES-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension asset or liability and difference during the measurement period between the BOCES' contributions and its proportion share of total contributions to the pension systems not included in pension expense. In addition, this item includes the BOCES contributions to the pension systems (TRS and ERS) made subsequent to the measurement date. The third item is related to other postemployment benefits (OPEB) reported on the BOCES-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. These amounts are deferred and will be recognized in OPEB expense over the next several years.

Vested Employee Benefits

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

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

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

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

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

Other Benefits

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

In addition to providing pension benefits, the BOCES provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if BOCES employees are eligible for these benefits if they reach normal retirement age while working for the BOCES. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the BOCES and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 5).

Short-Term Debt

The BOCES may issue revenue anticipation notes (RAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's will be extinguished by the revenues for which the notes were issued.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the BOCES-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Long-term obligations represent the BOCES' future obligations or future economic outflows. The liabilities are reported as due within one year or due in more than one year in the Statement of Net Position.

Unearned Revenue

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

Deferred Inflows of Resources

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

Equity Classifications

(a) BOCES-wide Statements

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

Invested in capital assets, net of related debt - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

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

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

(b) Fund Statements

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

Non-spendable

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of prepaid expenditures in the General, School Lunch and Capital Funds.

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Restricted Fund Balance

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the BOCES' policy is to use restricted resources only when appropriated by the Board of Education. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the BOCES' policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The BOCES has established the following restricted fund balances:

- ***Unemployment Insurance Reserve*** – According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the BOCES elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.
- ***Insurance Reserve*** – According to General Municipal Law §6-m, must be used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. This reserve is funded by budgetary appropriations. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.
- ***Retirement Contribution Reserve*** – According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. The reserve is accounted for in the General Fund.
- ***Reserve for Employee Benefits Accrued Liability*** – According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit 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.
- ***Reserve for Liability*** – According to Educational Law §1709 (8) (C), this reserve is used to pay for liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget or \$15,000 whichever is greater. The reserve is accounted for in the General Fund.
- ***Capital Fund*** – According to Educational Law §3651, this fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction, or major repair of capital facilities.
- ***Debt Service Fund*** – This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.

Unrestricted Resources

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

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Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the BOCES' highest level of decision making authority; i.e. the Board of Education. The BOCES has no committed fund balances as of June 30, 2022.

Assigned - Includes amounts that are constrained by the BOCES' intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - Includes all other net positions that do not meet the definition of the above classifications and are deemed to be available for general use by the BOCES. In other Governmental Funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned, then it may be necessary to report negative unassigned Fund Balances in the respective fund. The BOCES had unassigned fund balances as of June 30, 2018 for the deficit amounts in the General, Special Aid and Capital Funds.

Order of Use of Fund Balance

The BOCES' policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Committed and assigned fund balances are determined next, with any remaining fund balance reported as unassigned.

New Accounting Standard

Effective July 1, 2021, the BOCES implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the BOCES' leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Future Changes in Accounting Standards

GASB has issued Statement No. 96 - Subscription-Based Information Technology Arrangements, effective for the year ending June 30, 2023. The BOCES will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

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

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

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

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

Statement of Revenues, Expenditures and Changes In Fund Balances Versus Statement of Activities

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

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(a) Long-Term Revenue/Expenditure Differences

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

(b) Capital Related Differences

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

(c) Long-Term Debt Transaction Differences

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

(d) Pension Differences

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

(e) Employee Benefit Allocation

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

(f) OPEB Differences

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

3. DETAIL NOTES ON ALL FUNDS

Assets

(a) Custodial Credit Risk

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

As of June 30, 2022 BOCES’ bank balances of \$8,067,928 were fully collateralized by FDIC insurance in the amount of \$288,005 and securities held by an agent of the pledging financial institution in the BOCES’ name in the amount of \$8,747,751.

Chapter 128 of the Laws of 2012 amended sections 10 and 11 of the General Municipal Law (GML) to authorize local governments to use “reciprocal deposit” programs for their deposits and investments. The purpose of the amendment is to provide an additional option to local governments for obtaining coverage from the Federal Deposit Insurance Corporation (FDIC) to secure their public deposits and investments. The BOCES’ has implemented the reciprocal deposit program through NBT Bank National Association. As of June 30, 2022 the BOCES’ had bank balances of \$12,501,809 which were collateralized by reciprocal deposits.

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(b) Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents in the General Fund represent the following:

	Amount
Reserve for Unemployment Insurance	\$ 598,780
Reserve for Insurance	177,682
Reserve for Liability	1,802,338
Employee Benefits Accrued Liability Reserve	2,044,080
Retirement Contribution Reserve	1,625,000
Teacher Retirement Reserve	519,671
Total	<u>\$ 6,767,551</u>

Restricted cash and cash equivalents of \$9,841 in the Capital Fund represents amounts restricted for capital projects.

Restricted cash and cash equivalents of \$3,524 in the Miscellaneous Special Revenue Fund represents various expendable trust funds held by the BOCES.

(c) Investments

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

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

The following is a description of the valuation methodologies used for assets measured at fair value:

Fixed Income Securities: Securities are valued at the last reported bid price.

The BOCES has the following recurring fair value measurements as of June 30, 2022:

Fixed Income Securities	Cost	Fair Value	Unrealized Gain (Loss)
\$1,845,000 United States Treasury Bill, Due 08/11/2022, Level 1, 0.00%	\$ 1,839,692	\$ 1,842,196	\$ 2,504
\$3,177,000 United States Treasury Bill, Due 8/15/2022, Level 1, 1.625%	3,222,287	3,177,699	(44,588)
Total	<u>\$ 5,061,979</u>	<u>\$ 5,019,895</u>	<u>\$ (42,084)</u>

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(d) Capital & Right to Use Leased Assets

Capital asset activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 2,268,173	\$ 1,506,187	\$	\$ 3,774,360
Capital Assets Being Depreciated				
Buildings and Improvements	66,761,054			66,761,054
Furniture, Equipment and Vehicles	10,780,747	129,046	34,093	10,875,700
Total	77,541,801	129,046	34,093	77,636,754
Accumulated Depreciation				
Buildings and Improvements	23,801,235	1,159,465		24,960,700
Furniture, Equipment and Vehicles	8,473,590	597,604	34,093	9,037,101
Total	32,274,825	1,757,069	34,093	33,997,801
Net Capital Assets Being Depreciated	45,266,976	(1,628,023)		43,638,953
Net Capital Assets	\$ 47,535,149	\$ (121,836)	\$	\$ 47,413,313

Depreciation expense is charged as follows:

<u>Function/Program</u>	
Administration-Capital	\$ 147,390
Occupational Instruction	276,594
Instruction for Special Needs	403,385
Itinerant Services	76,836
General Instruction	89,259
Instruction Support	285,809
Other Services	477,795
Total Depreciation	\$ 1,757,069

Right to use leased asset activity for the year ended June 30, 2022 is as follows:

	Restated Beginning Balance	Additions	Ending Balance
Right to Use Leased Assets			
Leased Equipment	188,509	1,646	190,155
Accumulated Amortization			
Leased Equipment	13,490	10,914	24,404
Net Right to Use Leased Assets	\$ 175,019	\$ (9,268)	\$ 165,751

Amortization expense of \$10,914 is charged solely to instruction

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
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Liabilities

(a) Short-Term Debt

Revenue Anticipation Notes (RAN) – For Governmental funds, notes issued in anticipation of the receipt of revenues is recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN represents a liability that will be extinguished by the use of expendable, available resources of the fund.

During fiscal year 2022, the BOCES issued a RAN in the amount of \$7,000,000 with an annual interest rate of 3.0% that maturing on June 22, 2022. Changes in the BOCES' short-term outstanding debt for the year ended June 30, 2022, are as follows:

	Beginning Balance	Issued	Paid	Ending Balance
RAN dated 6/22/2021	\$ 7,000,000		\$ 7,000,000	\$
RAN dated 6/21/2022		7,000,000		7,000,000
Total	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>

Interest paid on short term debt was \$105,000 for the year ended June 30, 2022. Interest on short term debt is reported as an administrative expense.

(b) Long-Term Liabilities

Summary of Long-Term Liabilities – June 30, 2022, the total outstanding indebtedness of BOCES aggregated \$64,125,504 which represents remaining payments for equipment, revenue bonds, bond premiums, OPEB liability and compensated absences.

Long-term liability balances and activity are as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds Payable					
DASNY 2015 Refunding Bonds	\$ 21,220,000	\$	\$ 2,605,000	\$ 18,615,000	\$ 2,735,000
Bond Premium	2,590,319		319,680	2,270,639	319,680
Installment Purchase Agreements	956,719		246,338	710,381	249,652
Energy Performance Contract	2,357,153		149,231	2,207,922	151,964
Other Liabilities					
Other Postemployment Benefits	41,089,782	7,681,162	10,693,787	38,077,157	
Lease Liability	167,693	1,646	6,911	162,428	6,672
Compensated Absences	2,271,713		189,736	2,081,977	
Total Noncurrent Liabilities	<u>\$ 70,653,379</u>	<u>\$ 7,682,808</u>	<u>\$ 14,210,683</u>	<u>\$ 64,125,504</u>	<u>\$ 3,462,968</u>

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Principal and interest payments due on long-term debt is as follows:

	DASNY 2015 Refunding Bonds			Installment Purchase Agreements		
	Principal	Interest	Total	Principal	Interest	Total
2023	2,735,000	862,375	3,597,375	\$ 249,652	\$ 11,660	\$ 261,312
2024	2,875,000	722,125	3,597,125	225,472	6,908	232,380
2025	3,015,000	574,875	3,589,875	153,226	3,117	156,343
2026	3,170,000	420,250	3,590,250	82,031	878	82,909
2027	3,330,000	257,750	3,587,750			
2028	3,490,000	87,250	3,577,250			
Total	<u>\$ 18,615,000</u>	<u>\$ 2,924,625</u>	<u>\$ 21,539,625</u>	<u>\$ 710,381</u>	<u>\$ 22,563</u>	<u>\$ 732,944</u>

Interest expense on long term debt for the year ended June 30, 2022 was \$918,951 and is reported as a program expenditure. The amount is calculated as follows:

Interest Paid	\$ 995,875
Plus: Amortization of Bond Premium/Issuance Cost	291,600
Plus: Interest Accrued in the Current Year	349,031
Less: Interest Accrued in the Prior Year	(397,875)
Less: Amortization of Bond Premium	(319,680)
Total	<u>\$ 918,951</u>

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

Revenue bonds outstanding at June 30, 2022 are as follows:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
DASNY 2015 Refunding Bonds	6/5/2015	\$ 32,625,000	8/15/2027	4%-5%	<u>\$ 18,615,000</u>

Prior-Year Advanced Refunding of Debt

On June 5, 2016, the BOCES issued \$32,625,000 in general obligation revenue bonds with an average interest rate of 4.80% to refund \$35,980,000 of outstanding 2007 Series bonds with an average interest rate of 4.96%. The Series 2015 Bonds will be special obligations of the Dormitory Authority of the State of New York (DASNY) payable solely from and secured by the Series 2015 Bonds, a pledge of certain payments to be made by the Delaware-Chenango-Madison-Otsego BOCES pursuant to an Amended and Restated Lease and Agreement, dated as of June 5, 2015 between DASNY and the Delaware-Chenango-Madison-Otsego BOCES and all funds and accounts (except the Arbitrage Rebate Fund) authorized under DASNY's Master BOCES Program Lease Revenue Bond Resolution, as amended by the 2015 issue. The net proceeds of \$39,770,768 (after payment of \$365,062 in underwriting fees, insurance and other issuance costs and offset with a premium of \$4,508,399) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent and used to redeem the original revenue bonds in full. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$1,505,586.

Bond Premium

The Premium on bonds has been deferred and recorded as a liability on the BOCES-wide financial statements. The premium totaling \$4,508,399 is being amortized using the straight-line method over 13 years, the remaining time to maturity of the respective bond issue. The unamortized balance at June 30, 2022 was \$2,270,639.

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Prior-Year Defeasance of Debt

In prior years, the BOCES defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the BOCES' financial statements. At June 30, 2022, \$18,615,000 of the prior defeased bonds were outstanding.

Installment Purchase Agreements

The BOCES is obligated under certain installment purchase agreements with other BOCES and School Districts. The installments are billed annually to the participating BOCES and School Districts. Assets purchased under the agreement totaled \$2,282,863 at June 30, 2022 and total accumulated depreciation for these assets was \$1,304,175.

Lease Liability

The BOCES has entered into agreements with various vendors to lease certain equipment such as copiers and other technology equipment, as well as facility space. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements. Details on the various leases are as follows:

	Commencement Year	Term (In Years)	Annual Payment Amount
Bus Radio Towers	2017-2022	4-24	\$29-\$9,510

The lease liability has been measured at a discount rate ranging from 2.5%. As a result of these leases, the BOCES has recorded a right to use asset with a net book value of \$165,751 at June 30, 2022. Future lease payments are as follows:

For the Year Ending	Lease Liability		
June 30,	Principal	Interest	Total
2023	\$ 6,672	\$ 3,938	\$ 10,610
2024	6,075	3,784	9,859
2025	6,229	3,630	9,859
2026	6,387	2,472	8,859
2027	6,431	3,311	9,742
2028-2032	33,436	15,112	48,548
2033-2037	37,883	9,665	47,548
2038-2042	42,921	4,627	47,548
2043-2044	16,394	309	16,703
Total	<u>\$ 162,428</u>	<u>\$ 46,848</u>	<u>\$ 209,276</u>

Energy Performance Contract- The BOCES entered into an energy performance contract during the year ended June 30, 2019. The contract is defined in a Section 9-102(4) of the New York State Energy Law as: "an agreement for the provision of energy services, including but not limited to electricity, heating, ventilation, cooling, steam, or hot water, in which a person agrees to install, maintain, or manage energy systems or equipment to improve the energy efficiency of, or produce energy in connection with a building or facility in exchange for a portion of the energy savings or revenues." The contract is accounted for similar to a capital lease with interest at 1.832%.

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Principal and interest payments due on the energy performance contract are as follows:

	Energy Performance Contract		
	Principal	Interest	Total
2023	\$ 151,964	\$ 40,442	\$ 192,406
2024	154,748	37,659	192,407
2025	157,582	34,824	192,406
2026	160,469	31,938	192,407
2027-2031	847,525	114,509	962,034
2032-2036	735,634	33,992	769,626
	<u>\$ 2,207,922</u>	<u>\$ 293,364</u>	<u>\$ 2,501,286</u>

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

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

4. PENSION PLANS

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

(a) *Plan Description*

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

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

(b) *Contributions*

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 but before April 1, 2012 are required to contribute 3% of their annual salary for their entire working career. Those who joined on or after April 1, 2012 contribute at a rate ranging from 3% to 6% based on their total annualized salary. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in

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computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2022, were paid.

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

	<u>Amount</u>
2020	\$ 928,623
2021	\$ 915,578
2022	\$ 938,798

(c) Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the BOCES reported an asset of \$1,711,982 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of April 1, 2021. The BOCES' proportion of the net pension asset was based on a projection of the BOCES' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, and 2021, the BOCES' proportion was .020942% and .022092%, respectively.

For the year ended June 30, 2022, the BOCES recognized a pension credit of \$2,197,839. At June 30, 2022, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 129,651	\$ 168,164
Change of assumptions	2,857,106	48,211
Net difference between projected and actual earnings on Pensions plan investments		5,606,023
Changes in proportion and differences between contributions and proportionate share of contributions	38,175	230,529
Contributions subsequent to the measurement date	<u>177,941</u>	
Total	<u>\$ 3,202,873</u>	<u>\$ 6,052,927</u>

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

For the year ended June 30:

2023	\$ (505,515)
2024	\$ (696,225)
2025	\$ (1,497,494)
2026	\$ (328,761)
Thereafter	\$ 0

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(d) Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021 with update procedures used to roll forward the total pension liability to March 31, 2022.

Significant actuarial assumptions used in the April 1, 2021 valuation were as follows:

Investment rate of return (net of investment expense, including inflation)	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2016 - March 31, 2020
	System's Experience
Inflation rate	2.70%

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

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.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32.00%	3.30%
International Equity	15.00%	5.85%
Private Equity	10.00%	6.50%
Real Estate	9.00%	5.00%
Opportunistic/ARS Portfolio	3.00%	4.10%
Credit	4.00%	3.78%
Real Assets	3.00%	5.80%
Fixed Income	23.00%	0.00%
Cash	1.00%	-1.00%
	<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.50%.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(e) Discount Rate

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

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Proportionate share of the net pension (asset)	\$ 4,406,623	\$ (1,711,982)	\$ (6,829,899)

(g) Pension Plan Fiduciary Net Position

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

(h) Payables to the Pension Plan

The BOCES has recorded an amount due to ERS in the General Fund of \$177,941 at June 30, 2022. This amount represents the three months of the BOCES's fiscal year that will be covered in the ERS 2022-2023 billing cycle and has been accrued as an expenditure in the current year.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

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

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten-member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

(b) Contributions

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

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

	Amount
2020	\$ 871,884
2021	\$ 874,387
2022	\$ 922,966

(c) Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the BOCES reported an asset of \$9,887,882 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020. The BOCES' proportion of the net pension asset was based on a projection of the BOCES' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, and 2020, the BOCES' proportion was .057060% and .058144% respectively.

For the year ended June 30, 2022, the BOCES recognized a pension credit of \$1,498,836. At June 30, 2022, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,362,940	\$ 51,372
Changes of assumptions	3,252,331	575,960
Net difference between projected and actual earnings on Pensions plan investments		10,348,691
Changes in proportion and differences between contributions and proportionate share of contributions	297,099	83,691
Contributions subsequent to the measurement date	992,551	
Total	<u>\$ 5,904,921</u>	<u>\$ 11,059,714</u>

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

Year ended June 30:

2022	\$	(1,215,315)
2023	\$	(1,424,686)
2024	\$	(1,850,478)
2025	\$	(2,482,468)
2026	\$	489,984
Thereafter	\$	335,639

(d) Actuarial Assumptions

The total pension liability at June 30, 2021 measurement date was determined by using an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. The actuarial valuation used the following actuarial assumptions.

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

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.3% compounded annually
Inflation rate	2.40%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2020, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2020 valuations were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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 arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2020 are summarized in the following table:

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Asset Class	Target	Long-Term Expected
	Allocation	Real Rate of Return*
Domestic equity	33.0%	6.8%
International equity	16.0%	7.6%
Global equity	4.0%	7.1%
Real estate equity	11.0%	6.5%
Private equity	8.0%	10.0%
Domestic fixed income securities	16.0%	1.3%
Global Bonds	2.0%	0.8%
High-yield Bonds	1.0%	3.8%
Private debt	1.0%	5.9%
Real estate debt	7.0%	3.3%
Short-term	1.0%	-0.2%
Total	100.0%	

* Real rates of return are net of the long-term inflation assumption of 2.4% for 2021.

(e) Discount Rate

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

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

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate share of the net pension (asset)	\$ (1,037,589)	\$ (9,887,882)	\$ (17,325,911)

(g) Pension Plan Fiduciary Net Position

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

(h) Payables to the Pension Plan

The BOCES has recorded an amount due to TRS of \$992,951 (excluding the employees' share) in the General Fund at June 30, 2022. This amount represents the contribution for the 2021-2022 fiscal year that will be made in 2022-2023 and has been accrued as an expenditure in the current year.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

5. POSTEMPLOYMENT HEALTH CARE BENEFITS

(a) *Plan Description*

The BOCES provides another Postemployment Benefit Plan (Plan) for the payment of medical and prescription drug coverage to eligible retirees and their covered dependents. The BOCES pays a portion of the cost for retirees, disabled retirees, and spouses and dependents. Benefit provisions are established and amended through negotiations between the BOCES and the respective unions. Employees are eligible for GASB 75 benefits after reaching the required age needed to retire under the rules of ERS/TRS serving the BOCES for 5 to 20 years. The majority of retirees contribute 50% to the cost of their individual coverage and 65% of the additional cost of covering their spouse. A limited number of retirees pay less due to their position at retirement and length of their service. Surviving beneficiaries pay 100% of the cost for their coverage after the death of the retired employee.

The Plan does not issue a standalone publicly available financial report since no assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

(b) *Benefits Provided*

The BOCES provides medical and dental benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the BOCES has in place with different classifications of employees.

(c) *Employees Covered by Benefit Terms*

	<u>Total</u>
Inactive employees currently receiving benefit payments	176
Inactive employees spouses currently receiving benefit payments	77
Active employees	<u>323</u>
Total	<u><u>576</u></u>

(d) *Total OPEB Liability*

The BOCES' total OPEB liability of \$38,077,157 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020.

(e) *Changes in the Total OPEB Liability*

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

	<u>Total OPEB Liability</u>
Balances, June 30, 2021	\$ <u>41,089,782</u>
Changes recognized for the year:	
Service cost	2,106,098
Interest on Total OPEB Liability	916,760
Effect of demographic gains or losses	4,658,304
Change in assumptions and other inputs	(9,179,079)
Benefit payments	<u>(1,514,708)</u>
Net changes	<u>(3,012,625)</u>
Balances, June 30, 2022	\$ <u><u>38,077,157</u></u>

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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

The following presents the total OPEB liability of the BOCES, as well as what the BOCES' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease <u>(2.54%)</u>	Current Assumption <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
Total OPEB liability	\$ 44,434,190	\$ 38,077,157	\$ 32,973,584

(g) Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the BOCES, as well as what the BOCES' total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.3 declining to 3.1 percent) or 1-percentage-point higher (6.3 declining to 5.1 percent) than the current healthcare cost trend rate:

	1% Decrease <u>(4.3%-3.1%)</u>	Current Assumption <u>(5.3%-4.1%)</u>	1% Increase <u>(6.3%-5.1%)</u>
Total OPEB liability	\$ 32,181,711	\$ 38,077,157	\$ 45,775,949

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

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

For the year ended June 30, 2021, the BOCES recognized OPEB expense of \$2,527,912. At June 30, 2022, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 26,126,332	\$ 363,760
Changes of assumptions	<u>7,938,663</u>	<u>8,995,045</u>
Total	<u>\$ 34,064,995</u>	<u>\$ 9,358,805</u>

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2023	\$ (3,458,542)
2024	(3,458,542)
2025	(3,458,542)
2026	(3,503,757)
2027	(5,079,715)
Thereafter	(5,747,092)

(i) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020 rolled forward to June 30, 2022, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2022
Reporting Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal - Level Percent of Salary
Plan Type	Single Employer Defined Benefit Plan
Inflation rate	2.60%
Healthcare Cost Trend Rates	5.3 to 4.1% over 55 years
Discount Rate	3.54%
Mortality - Actives	RP-2014 adjusted to 2006 total Dataset Mortality projected to the valuation date with Scale MP-2016.
Mortality - Retirees	RP-2014 adjusted to 2006 total Dataset Mortality projected to the valuation date with Scale MP-2016.

The following changes in actuarial assumptions have been made since the prior measurement date:

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% on June 30, 2021 which was constant with the GASB 75 standards discounting unfunded liabilities based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher to 3.54% on June 30, 2022 which is based on the Bond Buyer General Obligation 20-Municipal Bond Index.

Discount Rate – The selected discount rate of 3.54% is based on the Bond Buyer General Obligation 20-Municipal Bond Index.

Cash Flows – The cash flows into and out of the Plan are expected to be consistent with the above assumptions and Plan descriptions of participant contributions.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

6. BUDGET REVISIONS

The General Fund budget was increased by \$2,571,365 to for changes in program services by the component and non-component districts. The increases were approved by the Board during the year.

7. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2022 were as follows:

Fund	Interfund	
	Receivables	Payables
General	\$ 1,861,027	\$ 4,437
School Lunch	51	88,378
Special Aid	4,302	2,082,062
Debt Service	358,751	
Capital		28,751
Miscellaneous Special Revenue		20,503
Total	<u>\$ 2,224,131</u>	<u>\$ 2,224,131</u>

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

8. CONTINGENCIES AND COMMITMENTS

Potential Grantor Liability

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

Risk Financing and Related Insurance

The Delaware-Chenango-Madison-Otsego BOCES is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The BOCES participates in the Madison-Oneida-Herkimer Workers Compensation Consortium consisting of 29 other school districts for its workers compensation insurance coverage. Entities joining the plans must remain members for a minimum of one year; a member may withdraw from the plans after that time by submitting a notice of withdrawal 30 days prior to the plans year end. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plans assets were to be exhausted, members would be responsible for the plans liabilities. The plans use a reinsurance agreement to reduce its exposure to large losses on insured events. The BOCES paid \$292,234 in premiums to the Consortium.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

The BOCES continues to carry commercial insurance for all other risks of loss such as general liability and employee health insurance.

9. FUND BALANCE

The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet:

	General	School Lunch	Special Aid	Miscellaneous	Debt Service	Capital	Total
Non-spendable							
Prepaid Expenditures	\$ 232,296	\$	\$	\$	\$	\$	\$ 232,296
School Lunch Inventory		12,840					12,840
Total Non-spendable	<u>232,296</u>	<u>12,840</u>					<u>245,136</u>
Restricted							
Unemployment Insurance	598,780						598,780
Retirement Contribution Reserve	1,625,000						1,625,000
Teacher Retirement Reserves	519,671						519,671
Employee Benefit Accrued Liability	2,044,080						2,044,080
Liability Reserve	1,802,338						1,802,338
Insurance Reserve	177,682						177,682
Scholarships				3,645			3,723
Capital Fund						884,626	884,626
Debt Service Fund					2,180,476		2,180,476
Total Restricted	<u>6,767,551</u>			<u>3,645</u>	<u>2,180,476</u>	<u>884,626</u>	<u>9,836,298</u>
Assigned							
School Lunch Fund		51,200					51,200
Total Assigned		<u>51,200</u>					<u>51,200</u>
Unassigned (Deficit)	<u>(232,296)</u>		<u>(1,713,192)</u>				<u>(1,945,488)</u>
Total Fund Equity (Deficit)	<u>\$ 6,767,551</u>	<u>\$ 64,040</u>	<u>\$ (1,713,192)</u>	<u>\$ 3,645</u>	<u>\$ 2,180,476</u>	<u>\$ 884,626</u>	<u>\$ 8,187,146</u>

The following is a summary of the change in selected general fund restricted fund balance during the year ended June 30, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance
Unemployment Insurance Reserve	\$ 545,785	\$ 55,650	\$ 2,655	\$ 598,780
Insurance Reserve	180,332		2,650	177,682
Liability Reserve	2,567,902	150,000	915,564	1,802,338
Employee Benefit Accrued Liability	2,255,276	250,000	461,196	2,044,080
Retirement Contribution Reserve	1,625,000			1,625,000
Teacher Retirement Reserve	395,000	124,671		519,671
Total General Fund Restricted	<u>\$ 7,569,295</u>	<u>\$ 580,321</u>	<u>\$ 1,382,065</u>	<u>\$ 6,767,551</u>

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

10. FUND DEFICITS

Special Aid Fund

The BOCES' Special Aid Fund had a deficit fund balance of \$1,713,192 at June 30, 2022. This deficit was caused by increased participation in several programs at the BOCES, for which revenue rates from the State of New York have not kept pace with rising expenditures. The deficit will be funded by excess revenues from waivers for rate adjustments and/or transfers from the BOCES General Fund Liability Reserve.

11. NET POSITION DEFICIT – BOCES-WIDE

The BOCES-wide net position had an unrestricted deficit at June 30, 2022 of \$62,223,549 and a total net position deficit of \$27,889,931. The deficit is the result of the recognition of an unfunded liability for OPEB for \$38,077,157 at June 30, 2022. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

12. CUMULATIVE EFFECT OF IMPLEMENTING NEW ACCOUNTING STANDARD

The following adjustments were made to the prior year's net position and fund balance due to the implementation of GASB 87, Accounting for Leases:

Fund Balance/Net Position (Deficit) Beginning of Year, As Previously Stated	\$ (29,024,877)
GASB Statement No. 87 Implementation:	
Net Book Value Leased Asset	175,019
Lease Liability	<u>(167,693)</u>
Cummlative Effect of Implementing New Account Standard	<u>7,326</u>
Net Position Beginning of Year, As Restated	<u><u>\$ (29,017,551)</u></u>

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
Revenues				
Administration	\$ 2,609,070	\$ 2,610,353	\$ 2,646,718	\$ 36,365
Administration - Capital	4,494,400	4,494,400	4,494,400	
Occupational Instruction	8,660,066	8,698,368	8,801,725	103,357
Instruction for Special Needs	13,076,852	12,026,792	12,108,985	82,193
Itinerant Services	2,628,103	2,342,823	2,422,791	79,968
General Instruction	2,359,757	2,996,949	3,219,967	223,018
Instructional Support	6,983,029	9,229,083	9,289,633	60,550
Other Services	14,029,885	15,013,759	16,254,621	1,240,862
Total Revenues and Other Financing Sources	<u>\$ 54,841,162</u>	<u>\$ 57,412,527</u>	<u>\$ 59,238,840</u>	<u>\$ 1,826,313</u>
Expenditures				
Administration	\$ 2,609,070	\$ 2,610,353	\$ 2,461,078	\$ 149,275
Administration - Capital	4,494,400	4,494,400	4,430,244	64,156
Occupational Instruction	8,660,066	8,698,368	8,313,855	384,513
Instruction for Special Needs	13,076,852	12,026,792	12,234,255	(207,463)
Itinerant Services	2,628,103	2,342,823	2,309,548	33,275
General Instruction	2,359,757	2,996,949	2,690,979	305,970
Instructional Support	6,983,029	9,229,083	8,637,129	591,954
Other Services	13,914,002	14,851,460	15,364,157	(512,697)
Internal Services	115,883	162,299	221,404	(59,105)
Total Expenditures	<u>54,841,162</u>	<u>57,412,527</u>	<u>56,662,649</u>	<u>\$ 749,878</u>
Other Financing (Sources) Uses				
Return of Surplus			3,377,935	
Total Expenditures and Other Financing Uses	<u>\$ 54,841,162</u>	<u>\$ 57,412,527</u>	<u>60,040,584</u>	
Net Change in Fund Balance			(801,744)	
Fund Balances - Beginning of Year			7,569,295	
Fund Balances - End of Year			<u>\$ 6,767,551</u>	

Notes to Required Supplementary Information:

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

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

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
SCHEDULES OF CHANGES IN THE BOCES
TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
Service cost	\$ 2,106,098	\$ 1,591,110	\$ 2,313,816	\$ 2,485,841	\$ 2,827,113
Interest	916,760	1,514,899	1,942,462	1,542,685	1,457,544
Effect of Plan Changes	4,658,304	3,831,245			
Effect of demographic gains or losses		(34,835,110)		558,227	
Effect of assumptions changes or inputs	(9,179,079)	2,736,624	11,005,991	1,204,910	
Differences between expected and actual experience					181,810
Changes in assumptions or other inputs					(1,061,365)
Expected benefit payments	<u>(1,514,708)</u>	<u>(1,402,975)</u>	<u>(1,573,201)</u>	<u>(1,516,323)</u>	
Net change in total OPEB liability	(3,012,625)	(26,564,207)	13,689,068	4,275,340	3,405,102
Total OPEB liability - beginning of year	<u>41,089,782</u>	<u>67,653,989</u>	<u>53,964,921</u>	<u>49,689,581</u>	<u>46,284,479</u>
Total OPEB liability - ending of year	<u>\$ 38,077,157</u>	<u>\$ 41,089,782</u>	<u>\$ 67,653,989</u>	<u>\$ 53,964,921</u>	<u>\$ 49,689,581</u>
Covered employee payroll	\$14,245,379	\$14,245,379	\$13,837,541	\$13,837,541	\$17,228,369
Total OPEB liability as a percentage of covered payroll	288.44%	288.44%	488.92%	389.99%	288.42%

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

Notes to Required Supplementary Information:

The BOCES OPEB Plan has no assets.

Actuarial Assumptions

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 10 to the financial statements.

Changes to Assumptions -

- Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% on June 30, 2021 which was constant with the GASB 75 standards discounting unfunded liabilities based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher to 3.54% on June 30, 2022 which is based on the Bond Buyer General Obligation 20-Municipal Bond Index.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
SCHEDULES OF BOCES PENSION CONTRIBUTIONS
For the Year Ended June 30, 2022

ERS Pension Plan											
Last 10 Fiscal Years											
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 938,798	\$ 1,049,328	\$ 928,623	\$ 1,056,619	\$ 1,094,813	\$ 1,048,017	\$ 1,234,920	\$ 1,134,087	\$ 1,239,746	\$ 1,188,273	\$ 1,039,450
Contributions in Relation to the Contractually Required Contribution	<u>938,798</u>	<u>1,049,328</u>	<u>928,623</u>	<u>1,056,619</u>	<u>1,094,813</u>	<u>1,048,017</u>	<u>1,234,920</u>	<u>1,134,087</u>	<u>1,239,746</u>	<u>1,188,273</u>	<u>1,039,450</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
BOCES' Covered-ERS Employee Payroll	\$ 6,670,601	\$ 6,794,202	\$ 6,815,440	\$ 7,694,881	\$ 7,182,888	\$ 6,715,583	\$ 6,345,893	\$ 6,528,043	\$ 6,672,919	\$ 6,537,518	\$ 6,530,175
Contributions as a Percentage of Covered-Employee Payroll	14.07%	15.44%	13.63%	13.73%	15.24%	15.61%	19.46%	17.37%	18.58%	18.18%	15.92%

TRS Pension Plan											
Last 10 Fiscal Years											
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 992,551	\$ 874,387	\$ 871,884	\$ 1,064,965	\$ 937,792	\$ 1,142,381	\$ 1,345,104	\$ 1,702,794	\$ 1,561,701	\$ 1,149,997	\$ 1,099,942
Contributions in Relation to the Contractually Required Contribution	<u>992,551</u>	<u>874,387</u>	<u>871,884</u>	<u>1,064,965</u>	<u>937,792</u>	<u>1,142,381</u>	<u>1,345,104</u>	<u>1,702,794</u>	<u>1,561,701</u>	<u>1,149,997</u>	<u>1,099,942</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
BOCES' Covered-TRS Employee Payroll	\$ 10,128,071	\$ 9,175,100	\$ 9,840,677	\$ 10,027,919	\$ 9,569,306	\$ 9,747,278	\$ 10,144,072	\$ 9,713,600	\$ 9,610,468	\$ 9,712,813	\$ 9,900,468
Contributions as a Percentage of Covered-Employee Payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
SCHEDULES OF THE BOCES PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
For the Year Ended June 30, 2022

ERS Pension Plan

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
BOCES' proportion of the net pension asset/liability	0.0209427%	0.0220927%	0.0228137%	0.0254279%	0.0274129%	0.0266869%	0.0268699%
BOCES' proportionate share of the net pension asset/(liability)	\$ 1,711,982	\$ (21,999)	\$ (6,041,210)	\$ (1,801,644)	\$ (884,737)	\$ (2,507,562)	\$ (4,312,688)
BOCES' covered-employee payroll	\$ 6,670,601	\$ 6,794,202	\$ 6,815,440	\$ 7,694,881	\$ 7,182,888	\$ 6,715,583	\$ 6,345,893
BOCES' proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	-25.665%	-0.324%	-88.64%	-23.41%	-12.32%	-37.34%	-67.96%
Plan fiduciary net position as a percentage of total pension asset/liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

TRS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
BOCES' proportion of the net pension asset/liability	0.0570600%	0.058144%	0.058747%	0.061510%	0.065738%	0.063818%	0.064132%
BOCES' proportionate share of the net pension asset (liability)	\$ 9,887,882	\$ (1,606,685)	\$ 1,564,778	\$ 1,062,309	\$ 467,536	\$ (704,084)	\$ 6,628,698
BOCES' covered-employee payroll	\$ 10,128,071	\$ 9,175,100	\$ 9,840,677	\$ 10,027,919	\$ 9,569,306	\$ 9,747,278	\$ 10,144,072
BOCES' proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	97.63%	-17.51%	15.90%	10.59%	4.89%	-7.22%	65.35%
Plan fiduciary net position as a percentage of total pension asset/liability	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

Information is presented only for the years available.

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
SCHEDULES OF A431 SCHOOL DISTRICT ACCOUNT
For the Year Ended June 30, 2022

Balance, Beginning of Year	\$ 3,545,629
Debits	
Billings to Components	53,980,987
Refund Balances Due School Districts - June 30, 2021	<u>3,553,595</u>
Total Debits	<u>57,534,582</u>
Subtotal	<u>61,080,211</u>
Credits	
Collections from Components	(55,209,225)
Refund Balances Due School Districts - June 30, 2022	<u>(3,377,935)</u>
Total Credits	<u>(58,587,160)</u>
Balance, End of Year	<u>\$ 2,493,051</u>
<u>Summary:</u>	
A431 Accounts Receivable Components	\$ 5,870,986
A431 School District Accounts	<u>(3,377,935)</u>
Balance, End of Year	<u>\$ 2,493,051</u>

See Independent Auditor's Report

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2022

PROJECT TITLE	Original Authorization	Revised Authorization	Expenditures			Methods of Financing			Fund Balance (Deficit) June 30, 2022
			Prior Years	Current Year	Total	Proceeds of Obligations	Local Sources	Total	
Welding Booths	\$110,350	\$110,350	104,312		104,312		70,000	70,000	(34,312)
Eaton Center Special Education Renovations	60,000	60,000	51,919		51,919		60,000	60,000	8,081
2018 Support Services Building Improvements	203,300	203,300	203,300		203,300		203,300	203,300	
2018 RWH Building B Improvements	356,700	356,700	316,216		316,216		365,916	365,916	49,700
2020 Chenango Campus Welding bldg A	500,000	500,000	494,893		494,893		500,000	500,000	5,107
Energy Performance Contract	2,516,904	2,516,904	1,221,860	1,315,201	2,537,061	2,516,904	15,143	2,532,047	(5,014)
2021 RWH Campus Welding and Cosmetology	500,000	500,000	323	61,676	61,999		500,000	500,000	438,001
2021 Support Services Center	112,000	112,000		55,833	55,833		52,373	52,373	(3,460)
Fuel Tank Removals	907,000	907,000		73,323	73,323		500,000	500,000	426,677
Pole Campus - Maple Sugar House	50,000	50,000		154	154				(154)
Totals	<u>\$ 5,316,254</u>	<u>\$ 5,316,254</u>	<u>\$ 2,392,823</u>	<u>\$ 1,506,187</u>	<u>\$ 3,899,010</u>	<u>\$ 2,516,904</u>	<u>\$ 2,266,732</u>	<u>\$ 4,783,636</u>	<u>\$ 884,626</u>

See Independent Auditor's Report

DELAWARE-CHENANGO-MADISON-OTSEGO BOCES

NET INVESTMENT IN CAPITAL ASSETS

For the Year Ended June 30, 2022

Capital Assets, Net	\$ 47,413,313
Right-to-use Lease Assets, Net	<u>165,751</u>
	47,579,064
Add:	
Capital Fund Balance	884,626
Deduct:	
Premium on Bond Refunding	(2,270,639)
Lease Liability	(162,428)
Revenue Bonds and Installment Purchase Obligation Payable	<u>(21,533,303)</u>
Net Investment in Capital Assets	<u>\$ 24,497,320</u>

See Independent Auditor's Report

D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

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

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

Board of Education

Delaware-Chenango-Madison-Otsego BOCES

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Delaware-Chenango-Madison-Otsego BOCES, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Delaware-Chenango-Madison-Otsego BOCES basic financial statements, and have issued our report thereon dated November 2, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Delaware-Chenango-Madison-Otsego 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 Delaware-Chenango-Madison-Otsego BOCES' internal control. Accordingly, we do not express an opinion on the effectiveness of Delaware-Chenango-Madison-Otsego BOCES' internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

D'Arcangelo & Co., LLP

November 2, 2022

Rome, New York

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

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

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance
Required by the Uniform Guidance

Board of Education
Delaware-Chenango-Madison-Otsego BOCES, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Delaware-Chenango-Madison-Otsego BOCES's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Delaware-Chenango-Madison-Otsego BOCES's major federal programs for the year ended June 30, 2022. Delaware-Chenango-Madison-Otsego BOCES's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Delaware-Chenango-Madison-Otsego BOCES complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Delaware-Chenango-Madison-Otsego 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 Delaware-Chenango-Madison-Otsego BOCES's compliance with the 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 Delaware-Chenango-Madison-Otsego BOCES's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Delaware-Chenango-Madison-Otsego BOCES's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Delaware-Chenango-Madison-Otsego BOCES's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Delaware-Chenango-Madison-Otsego BOCES's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Delaware-Chenango-Madison-Otsego BOCES's 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 Delaware-Chenango-Madison-Otsego BOCES's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

D'Arcangelo + Co., LLP

November 2, 2022

Rome, New York

Delaware-Chenango-Madison-Otsego 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 Assistance Listing Number</u>	<u>Agency or Pass-Through Number</u>	<u>Current Year Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Education</u>				
(Passed Through the State Education Department of the State of New York)				
Adult Education - WIA Adult Literacy	84.002A	2338-21-3081	\$ 65,901	
Adult Education - WIA Adult Literacy	84.002A	2338-22-3081	95,186	
			<u>161,087</u>	
Perkins IV/CTEIA- Basic Grant	84.048A	8000-22-0067	<u>118,228</u>	
Federal Direct Student Loans (Direct Loan)	84.268	N/A	123,456	
Federal Pell Grant Program	84.063	N/A	<u>68,516</u>	
			<u>191,972</u>	
Total U.S. Department of Education			<u>471,287</u>	
<u>(Direct)</u>				
<u>U.S. Department of Agriculture</u>				
School Breakfast Program	10.553	N/A	131,678	
National School Lunch Program	10.555	N/A	267,559	
Summer Food Service Program	10.559	N/A	36,207	
Supply Chain Assistance	10.555	N/A	<u>15,474</u>	
Cash Assistance Subtotal			<u>450,918</u>	
Food Donation (Noncash)		N/A	<u>17,164</u>	
Total Nutrition Cluster			<u>468,082</u>	
Total U.S. Department of Agriculture			<u>468,082</u>	
<u>Total Federal Financial Assistance</u>			<u>\$ 939,369</u>	

DELAWARE- CHENANGO- MADISON-OTSEGO BOCES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Delaware-Chenango-Madison-Otsego BOCES. The BOCES' organization is defined in Note 1 to the BOCES' basic financial statements.

Basis of Accounting

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the BOCES and is presented on the accrual basis of accounting. The information in this schedule 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*. Expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. CLUSTER PROGRAMS

The following programs are identified by "OMB Compliance Supplement" to be part of a cluster of programs:

U.S. Department of Education

Student Financial Aid Cluster

ALN #84.268 Federal Direct Student Loans (Direct Loan)
ALN #84.063 Federal Pell Grant Program

3. STUDENT FINANCIAL AID CLUSTER

The Student Financial Aid Cluster revenue of \$191,972 is reported by the BOCES as Charges for Services since the amounts are for tuition paid by the program for qualifying students.

4. DE MINIMIS INDIRECT COST RATE

Delaware-Chenango-Madison-Otsego BOCES has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. FOOD DONATION

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2022, the School District had food commodities totaling \$4,497 in inventory.

DELAWARE- CHENANGO- MADISON-OTSEGO BOCES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2022

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	<u>U.S. Department of Agriculture</u> <u>Child Nutrition Cluster</u> ALN#10.553 National School Breakfast Program ALN#10.555 National School Lunch Program ALN#10.559 Summer School Program
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

(Continued)

DELAWARE- CHENANGO- MADISON-OTSEGO BOCES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2022
(Continued)

Findings – Financial Statements Audit

No findings noted.

Findings and Questioned Costs – Major Federal Award Programs Audit

No findings noted.