

**SUPPLEMENT DATED JUNE 2, 2023
TO THE
PRELIMINARY OFFICIAL STATEMENT SALE DATED MAY 25, 2023
RELATING TO**

\$7,500,000

BOARD of COOPERATIVE EDUCATIONAL SERVICES



**FOR THE SOLE SUPERVISORY DISTRICT OF
ONONDAGA, CORTLAND and MADISON COUNTIES, NEW YORK**

\$7,500,000 Revenue Anticipation Notes, Series 2023

Dated: June 20, 2023

Due: June 20, 2024

PLEASE BE ADVISED that the “PRELIMINARY OFFICIAL STATEMENT” is revised to have “APPENDIX – C” attached.” The revised document is attached below:

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

REVENUE ANTICIPATION NOTES

In the opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, assuming continuing compliance by the BOCES with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the individual alternative minimum tax, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. 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). See "TAX MATTERS" herein for a discussion of certain Federal taxes applicable to corporate owners of the Notes.

The BOCES will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$7,500,000

BOARD of COOPERATIVE EDUCATIONAL SERVICES



FOR THE SOLE SUPERVISORY DISTRICT OF
ONONDAGA, CORTLAND and MADISON COUNTIES, NEW YORK

\$7,500,000 Revenue Anticipation Notes, Series 2023

Dated: June 20, 2023

Due: June 20, 2024

The Notes are general obligations of the Board of Cooperative Educational Services for The Sole Supervisory District of Onondaga, Cortland and Madison Counties, New York ("BOCES"), payable as to both principal and interest from any monies of the BOCES legally available therefor. The BOCES has no taxing power.

The Notes are not subject to redemption prior to maturity.

At the option of the purchaser(s), the Notes will be issued in (i) registered certificated form registered in the name of the purchaser(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the BOCES. The Notes will be issued in denominations of \$5,000 or multiples thereof. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the Notes are issued in book-entry-only form, such Notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the BOCES to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The BOCES will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (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 Bond, Schoeneck & King, PLLC, Bond Counsel, of Syracuse, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey on or about June 20, 2023.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on June 6, 2023 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via 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 for the Notes.

May 25, 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 IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "CONTINUING DISCLOSURE" HEREIN.



BOCES OFFICIALS

BOARD MEMBERS

WAYNE BROWNSON

President

Joan Reeves, Vice President
Robert Crabtree
Jodi Weising
Kimberly Sacco
Marissa Joy Mims

Shawn Reyburn
Margaret Peri
Christine Gregory
Lisa O'Reilly
Christopher L. Hockey, Ed.D.

* * *

ADMINISTRATION

MATTHEW L. COOK Ed.D.

District Superintendent

SUZANNE SLACK

Assistant Superintendent for Administration

BOND SCHOENECK
& KING

Bond Counsel
Syracuse, New York



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor

No person has been authorized by the Board of Cooperative Educational Services for The Sole Supervisory District, Onondaga, Cortland and Madison 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, Onondaga, Cortland and Madison Counties, New York.

TABLE OF CONTENTS

	<u>Page</u>		
THE NOTES	1	LEGAL MATTERS	21
Description of the Notes	1	MUNICIPAL ADVISOR	22
Purpose of Issue	1	CUSIP IDENTIFICATION NUMBERS	22
No Optional Redemption	2	MISCELLANEOUS	22
BOOK-ENTRY-ONLY SYSTEM	2	APPENDIX – A	
Certificated Notes	3	GENERAL FUND - Balance Sheets	
BOARD OF COOPERATIVE EDUCATIONAL SERVICES	4	APPENDIX – A1	
General Description of BOCES	4	GENERAL FUND – Revenues, Expenditures and Changes in Fund Balance	
General Information	5	APPENDIX – A2	
Facilities	5	GENERAL FUND – Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	
Operations	5	APPENDIX B – B2	
Larger Employers	6	COMPONENT SCHOOL DISTRICTS FINANCIAL INFORMATION	
Component School Districts	7	GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance	
Form of BOCES Administration	7	APPENDIX B3	
Employees	7	COMPONENT SCHOOL DISTRICT STATUS OF INDEBTEDNESS	
Budgetary Procedures	7	APPENDIX B4	
Obligations of Component School Districts	8	COMPONENT SCHOOL DISTRICT TAX INFORMATION	
Contractual Agreement	8	APPENDIX – C	
Percentage of Contractual Liability	9	ESTIMATED MONTHLY CASH FLOW (GENERAL FUND)	
Statement of Revenues, Expenditures and Changes in Fund Balance	9	APPENDIX – D	
State Appropriations	10	MATERIAL EVENT NOTICES	
Events Affecting State Aid to New York School Districts	10	APPENDIX – E	
Status and Financing of Employee Pension Benefits	13	FINANCIAL STATEMENTS JUNE 30, 2022	
Other Post-Employment Benefits	14		
Tax Collection Procedure of Component School Districts	15		
Financial Statements	16		
Fiscal Stress Monitoring System	16		
Other Information	16		
Capital Project Plans	17		
Debt Service Requirements	17		
Other Obligations	17		
TAX LEVY LIMITATION LAW	17		
SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT	19		
MARKET AND RISK FACTORS	20		
CONTINUING DISCLOSURE	20		
LITIGATION	20		
TAX MATTERS	21		



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OFFICIAL STATEMENT
of the
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FOR THE SOLE SUPERVISORY DISTRICT OF
ONONDAGA, CORTLAND and MADISON COUNTIES, NEW YORK

Relating To
\$7,500,000 Revenue Anticipation Notes, Series 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 Onondaga, Cortland and Madison Counties, New York (the "BOCES", "Counties", and "State", respectively) in connection with the sale by the BOCES of \$7,500,000 principal amount of Revenue Anticipation Notes, Series 2023 (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.

THE NOTES

Description of the Notes

The Notes will be dated June 20, 2023 and will mature on June 20, 2024. The Notes are not subject to redemption prior to maturity. The Notes are general obligations of the BOCES, payable as to both principal and interest from any monies of the BOCES legally available therefor. The Notes are being issued in anticipation of the receipt of revenues due from the Component School Districts. (See "Component School Districts"). The BOCES has no taxing power.

At the option of the purchaser, the Notes will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as Securities Depository for the Notes. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000, or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

Principal and interest on the Notes are payable at maturity. Principal and interest will be paid by the BOCES to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes, as described herein. The Notes may be transferred in the manner described on the Notes and as referenced in certain proceedings of the BOCES referred to therein.

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, in anticipation of revenues due from the Component School Districts of the BOCES during the BOCES' fiscal year commencing July 1, 2023 and ending June 30, 2024. An estimated cash flow forecast is included in this Official Statement as "APPENDIX – C".

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 monies of the BOCES.

No Optional Redemption

The Notes will not be subject to redemption prior to maturity.

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 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.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

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 not be subject to redemption prior to their stated final maturity date.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES

General Description of BOCES

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

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

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

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

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

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

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

General Education, including summer school.

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

Special Education – Educational services for children with special needs.

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

Education in the Arts

Environmental Education

General Information

The BOCES was formed in 1948 and was originally comprised of various school districts in the County of Onondaga. In 1960, various school districts in Madison County joined OCM BOCES. In 1986, various school districts in Cortland County joined the BOCES. The BOCES currently has 23 component school districts, of which 15 are located in Onondaga County, 5 in Cortland County and 3 in Madison County.

The BOCES headquarters are located in the Town of Salina, which is located north of and adjacent to the City of Syracuse.

Source: BOCES Officials.

Facilities

The BOCES presently occupies approximately 668,000 square feet in eight (8) buildings that it owns, a number of leases for portions of buildings, and many individual classrooms in local school buildings.

Operations

BOCES programs and services for school districts are divided into four (4) divisions comprised of the following departments:

Student Services

- Adult Education
- Alternative Education
- Career & Technical Education
- Special Education

Instructional Support Services

- Arts in Education
- Community Schools
- Curriculum, Instruction & Assessment
- Dignity Act Training
- Diversity, Equity, & Inclusion
- Drug Education
- eLearning & Model Schools
- Grant Writing Services
- Home Instruction
- Hospital Based Instruction
- Humanities
- Itinerant Services
- Leadership Development
- Literacy Instruction
- Mid-State Regional Bilingual Education Resource Network
- Mid-State Regional Special Education Technical Assistance Support Center
- Planetarium
- Reading Recovery
- Regional Summer School
- School Improvement
- School Library System
- Science Center
- Strategic Planning
- Special Education School Improvement Specialists
- Youth Development

Management Services

- Affordable Care Act Tracking and Reporting
- Asset Management
- Bus Driver Training
- Central Business Office
- Cooperative Purchasing
- Cooperative Recruiting

- Employee Assistance Program
- Employee Benefits Coordination
- Energy Services
- Health, Safety, & Risk Management
- Labor Relations
- Medicaid Billing Service
- School Food Service Management
- Section III Athletics Administration
- STAC Support Services
- Substitute Call-In Service

Central New York Regional Information Center

- Administrative Applications
- Assessment Applications & Scoring Services
- Classroom and Instructional Applications
- Data Services
- Disaster Recovery and Information Security
- e-Communications
- Email
- Financial Services
- Food Service Systems
- Guidance and Career Applications
- Instructional Technology Services
- Network/Telecom/E-Rate
- Printing and Publications
- Server and Data Center Services
- Student and Special Education Applications
- Technician and Hardware Support/Repair
- Technology Projects, Leases, and Maintenance Contracts
- Telecom

Larger Employers

The larger employers in the BOCES area, and the approximate number of persons employed by each are as follows:

<u>Employer</u>	<u>Business</u>	<u>Approximate Number of Employees</u>
Upstate University Health System	Academic health science center	9,525
Onondaga County	Municipality	5,400
Syracuse City School District	Education	5,000
Syracuse University	Education - undergraduate, graduate and law	4,620
Wegmans Food Markets, Inc.	Food, pharmacy stores and home centers	3,700
St. Joseph's Hospital Health Center	Medical and health care facility	3,700
Crouse Hospital	Medical and health care facility	2,700
Loretto	Nursing Home	2,470
Lockheed Martin MS2	Defense Contractor	2,250
National Grid	Electric and gas utility	2,000
Welch Allyn, Inc.	Diagnostic medical instruments	1,300
SUNY College at Cortland	Education	1,000
Guthrie Cortland Medical Center	Health Care Facility	700
Marietta Corporation	Package guest amenities for hotels	600
Cortland County	Municipality	650
Cortland City School District	Provides Elementary and Secondary Education	600

Source: BOCES Officials.

Component School Districts

The school districts which comprise the BOCES (collectively, the “Component School Districts”) are as follows:

Baldwinsville	Fayetteville-Manlius	McGraw
Cazenovia	Homer	North Syracuse
Chittenango	Jamesville-Dewitt	Onondaga
Cincinnatus	La Fayette	Solvay
Cortland	Liverpool	Tully
DeRuyter	Lyncourt	West Genesee
East Syracuse Minoa	Marathon	Westhill
Fabius-Pompey	Marcellus	

Form of BOCES Administration

The BOCES Board is made up of 11 members representing the component districts within the BOCES area, and generally, with certain exceptions, no more than one member may reside within the boundaries of a particular school district. The BOCES Board members are elected by the boards of education of the 23 Component School Districts, and each serves for a period of three years, unless appointed or elected in a special election to serve out the term of office of an BOCES Board member who has resigned. They serve without compensation but are reimbursed for some expenses incurred in carrying out their responsibilities.

All authority rests with the BOCES Board as a whole, and not with any individual member or any group of members in any committee. The BOCES Board has responsibility for the governance of the BOCES and for all final policy decisions.

Employees

The number of persons employed by the BOCES, the collective bargaining units, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
220	COMBO	June 30, 2025
606	OCM-BFT	June 30, 2025
64	Mid-Level Administrators Association (MLAA)	June 30, 2025

Source: BOCES management.

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 Districts, a tentative budget for the BOCES program. A meeting of the Boards of Education of the Component School Districts is held in the month of April at which time the tentative budget is available for inspection by said Boards of Education. After such annual meeting, the Board of BOCES adopts the budget for the ensuing year.

The administrative portion of 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 and any program services offered by the BOCES that the district chooses to purchase, 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.

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 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.

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

All the taxable property of each such school district is subject to levy of ad valorem taxes, without limitation as to rate or amount, to pay the school district's allocable share of 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.

Contractual Agreement

Upon adoption of the budget for the ensuing fiscal year, contracts are drafted and executed by the BOCES and the respective Component School Districts. Said contracts are based on the final requests for services.

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 filed with the State Commissioner of Education by July 1. During the month of July, the State Commission of Education notifies the BOCES of any programs or services she 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. 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 each month from September through June with slight modifications as necessary to reflect changes in actual service levels.

All contracts and COSER forms for the 2022-2023 fiscal year have been approved by the Component School Districts and have been filed with the State Commissioner of Education.

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Percentage of Contractual Liability

The following chart shows, as of April 30, 2023, for each Component School District, (a) the total amount payable from the school district to BOCES and the percentage such amount represents of BOCES' overall receipts from Component School Districts, and (b) the proportionate share of BOCES administrative expenses paid by such Component School District and the percentage such amount represents of BOCES' overall administrative expenses:

Component School Districts' Share of OCM BOCES Expenses (Through 4/30/23)

<u>Component School District</u>	<u>Total Amount Paid to BOCES</u>	<u>Percentage Share of Total BOCES Receipts</u>	<u>Amount Allocated to Administrative Expenses</u>	<u>Percentage Share of Administrative Expenses</u>
Baldwinsville	\$9,496,779	7.60%	\$226,072	10.74%
Cazenovia	2,489,557	1.99%	52,626	2.50%
Chittenango	3,755,938	3.01%	76,462	3.63%
Cincinnatus	3,467,266	2.78%	21,612	1.03%
Cortland	7,721,248	6.18%	80,325	3.82%
DeRuyter	1,367,793	1.09%	13,381	0.64%
East Syracuse Minoa	8,474,453	6.78%	121,209	5.76%
Fabius-Pompey	2,534,045	2.03%	25,982	1.23%
Fayetteville-Manlius	7,294,313	5.84%	175,161	8.32%
Homer	5,053,223	4.04%	74,590	3.54%
Jamesville-Dewitt	5,607,917	4.49%	108,920	5.18%
LaFayette	3,112,630	2.49%	31,092	1.48%
Liverpool	10,654,340	8.53%	280,025	13.31%
Lyncourt	1,322,353	1.06%	22,978	1.09%
Marathon	2,990,248	2.39%	26,333	1.25%
Marcellus	3,068,800	2.46%	59,688	2.84%
McGraw	2,345,165	1.88%	21,495	1.02%
North Syracuse	22,142,073	17.72%	313,769	14.91%
Onondaga	3,277,507	2.62%	32,809	1.56%
Solvay	3,559,770	2.85%	53,290	2.53%
Tully	3,085,666	2.47%	30,312	1.44%
West Genesee	8,513,910	6.81%	184,212	8.75%
Westhill	3,598,115	2.88%	71,820	3.41%
Totals	\$124,933,109	100.00%	\$2,104,163	100.00%

* Totals may not add due to rounding.

Source: BOCES records.

Statement of Revenues, Expenditures, and Changes in Fund Balance

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

	<u>School Year Ending June 30, 2018</u>	<u>School Year Ending June 30, 2019</u>	<u>School Year Ending June 30, 2020</u>	<u>School Year Ending June 30, 2021</u>	<u>School Year Ending June 30, 2022</u>
General Fund Revenue	\$ 143,665,953	\$ 147,480,368	\$ 150,834,357	\$148,058,275	\$154,715,009
General Fund Expenditures	134,919,293	137,282,422	139,995,143	139,972,583	141,676,519
Excess of Revenues					
Over Expenditures	8,746,660	10,197,946	10,839,214	8,085,692	13,038,490
Return of Surplus	8,193,506	8,126,750	9,094,279	7,132,821	14,070,227
Less Prior Year Restatement	-	-	-	-	(11,700,409) ⁽¹⁾
Net Change to					
Fund Balance	553,154	2,071,196	1,744,935	952,871	(12,732,146)
Fund Balance Beg. Of Year	12,460,570	13,013,724	15,084,920	16,829,855	17,782,726
Fund Balance End of Year	\$13,013,724	\$15,084,920	\$16,829,855	\$17,782,726	5,050,580

⁽¹⁾ Caused by prior period adjustments for GASB 87 leases in which OCM BOCES is the lessor.

Source: OCM BOCES records.

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.

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.

The following chart presents the amount of State aid accrued by the BOCES during the past five school years ended June 30 of the years shown, although a portion of such amount may have been received by the BOCES in the next school year. State aid for administrative and 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>School Year</u> <u>Ending June 30,</u>	<u>State Aid</u>
2023	\$ 41,738,049
2022	38,879,552
2021	38,977,474
2020	37,526,361
2019	35,898,980
2018	37,199,910

Source: BOCES records.

Events Affecting State Aid to New York School Districts

Impact of COVID-19. The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and some businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the BOCES.

President Biden has signed into law the American Rescue Plan, a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits. It is not possible to predict the impact that the American Rescue Plan will have on the finances of the State, the BOCES and the component school districts.

Although the American Rescue Plan provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction 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 new 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. Such impact on the State budget could have a negative impact on the BOCES and its component school districts.

State aid history:

School District Fiscal Year (2018-2019): The State 2018-19 Enacted Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately \$859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at \$26.03 billion statewide, a 3.4% increase over the last year. The State 2018-19 Enacted Budget included an increase of \$618 million in Foundation Aid for school districts. Foundation Aid totaled nearly \$17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. \$50 million of the Foundation Aid increase was “set aside” for certain school districts to fund community schools. The State 2018-19 Enacted Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of \$240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected.

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 percent 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 increases the minimum community schools funding amount from \$75,000 to \$100,000. This ensures all high-need districts across the State can 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 percent 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 expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. 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 is continued under existing aid formulas. Out-year growth in School Aid reflected 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 come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See “State Aid” herein for a discussion of this provision set forth in the State’s 2020-2021 Enacted Budget.

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 provides \$31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes a \$1.5 billion or 7.7 percent Foundation Aid increase. The State’s 2022-23 Enacted Budget also programs \$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, is 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 allocates \$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 increases 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 Budget for fiscal 2023-24 was enacted on May 2, 2024 and provides for a total of \$34 billion in State funding to school districts for the 2023-24 school year. The enacted budget for fiscal 2023-24 represents a \$3.2 billion or 10.4% increase in State funding for education, and includes a \$2.629, or 12.3% percent Foundation Aid increase.

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.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date.

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 CFE 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 Kathy Hochul announced that New York State has 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 this much-needed funding to our students. 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 historic 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, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined 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

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 begin vesting after five (5) years of credited service. 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 members hired on or after July 1, 1976, 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% under recent new legislature.

On December 12, 2009, the new Tier V was signed into law. The legislation created 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 employees to continue contributing 3% of their salaries 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.
- 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.
-

Additionally, on March 16, 2012, the Governor signed into law the new Tier VI pension program, 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 final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

Set forth below is a table of payments made by the BOCES to ERS and TRS for the 2017-2018 through 2021-2022 fiscal years and the estimated payments for the 2022-2023 fiscal year.

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2017-2018	\$ 3,024,195	\$ 4,320,854
2018-2019	2,713,739	3,838,287
2019-2020	2,632,349	4,213,798
2020-2021	2,652,315	3,636,547
2021-2022	2,980,699	3,693,831
2022-2023 (Estimated)	2,097,201	3,979,582

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 currently does not have any early retirement incentives.

Historical Trends and Contribution Rates. 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 System 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 employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2018-19 to 2023-24) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
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. Final contribution rate to be adopted at the July 26, 2023 TRS retirement board meeting.

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

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 the 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 does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides 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 did not participate in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the BOCES’ employees is not subject to the direction of the BOCES. 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 BOCES which could affect other budgetary matters. Concerned 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. 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.

Summary of Changes from the Last Valuation. The BOCES contracted with an actuarial firm, 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, by source.

Fiscal Year Ending June 30th:	<u>2021</u>	<u>2022</u>
OPEB Liability Beginning of Fiscal Year:	\$ 197,952,715	\$ 232,423,500
<u>Changes for the year:</u>		
Service cost	\$ 8,175,306	12,016,468
Interest	7,127,409	5,345,171
Changes between expected and actual experience	(18,852,398)	-
Changes of benefit terms	-	-
Changes in assumptions	42,996,010	2,988,952
Benefit payments	(4,975,542)	(5,153,987)
Net Changes	<u>34,470,785</u>	<u>15,196,604</u>
OPEB Liability End of Fiscal Year:	\$ 232,423,500	\$ 247,620,104

Note: The above table is not audited. For additional information see "APPENDIX - E" attached hereto.

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

The BOCES' unfunded actuarial accrued OPEB liability could have a material adverse impact upon the BOCES' finances and could force the BOCES to reduce services, raise taxes or both.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

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. Tax sales are held annually by said Counties.

Financial Statements

The BOCES retains independent certified public accountants. The last audited report covers the period ending June 30, 2022 and is attached hereto as “APPENDIX – E”. The District anticipates ending the current fiscal year with an operating surplus. Certain financial information relating to the Component School Districts may be found in appendices to this Official Statement. 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).

Such generally accepted accounting principles require that contributions for employee retirement benefits be accrued on the basis of current actuarially computed data under the funding requirements of the New York State Retirement System. This will have the effect of understating expenses and overstating fund balanced of affected funds.

Beginning with the fiscal year ending June 30, 2003 the BOCES issued 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.

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 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 most current applicable report of the State Comptroller designates 1 of the 23 component districts of the BOCES as “Susceptible to Fiscal Stress.” The other 22 component school districts of the BOCES were classified in a category of “No Designation.”

Additional details regarding the Fiscal Stress Monitoring System can be found on the New York State Comptroller's official website.

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

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.

Capital Project Plans

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.

The BOCES is currently in the beginning phase of the window and auditorium door replacement project at the Cortlandville Campus with an expected completion date of September 2023. BOCES is in the planning phase of a new P.A. system project at the Thompson Road Campus Henry A building, with an expected completion date of June 2024. BOCES is in the development phase of a roof replacement and new P.A. system at the Cortlandville Campus. BOCES does not anticipate borrowing for any of these projects.

The BOCES has an EPC Project which will be completed in Fall 2023.

Other than stated above, the BOCES does not have any additional capital projects, nor any other projects contemplated at this time.

Debt Service Requirements

The following table sets forth the amounts required to be paid by BOCES during each twelve-month period ending August 15 of the Bond Years shown for the payment of debt service on the Series 2015 Bonds and the Series 2020 Bonds. The BOCES is required to pay on September 1 of each year an amount equal to the debt service on the Series 2015 Bonds and the Series 2020 Bonds on the succeeding February 15 and August 15.

12-Month Period	Debt Service	Debt Service	Total Combined Debt
<u>Ended August 15</u>	<u>Requirements</u>	<u>Requirements</u>	<u>Service</u>
	<u>Series 2015 Bonds</u>	<u>Series 2020 Bonds</u>	
2023	402,350.00	874,100.00	1,276,450.00
2024	403,600.00	874,350.00	1,277,950.00
2025	404,350.00	873,600.00	1,277,950.00
2026	404,600.00	871,850.00	1,276,450.00
2027	404,350.00	874,100.00	1,278,450.00
2028	403,600.00	875,100.00	1,278,700.00
2029	402,350.00	874,850.00	1,277,200.00
2030	400,600.00	873,350.00	1,273,950.00
2031	403,350.00	875,600.00	1,278,950.00
2032	405,350.00	872,200.00	1,277,550.00
2033	401,600.00	873,000.00	1,274,600.00
2034	402,350.00	872,800.00	1,275,150.00
2035	402,350.00	871,600.00	1,273,950.00
2036	401,600.00	874,400.00	1,276,000.00
2037	403,400.00	871,000.00	1,274,400.00
2038	404,600.00	871,600.00	1,276,200.00
2039	400,200.00	871,000.00	1,271,200.00
2040	400,400.00	874,200.00	1,274,600.00
2041		286,000.00	286,000.00

Other Obligations

The BOCES has historically issued Revenue Anticipation Notes on an annual basis in the approximate par amount of \$10–16 million and issued a \$9,500,000 Revenue Anticipation Note on June 21, 2022. The BOCES is issuing a \$7,500,000 Revenue Anticipation Note scheduled to close June 20, 2023.

The BOCES periodically enters into installment purchase agreements to finance educational equipment used by component school districts. The BOCES leases the equipment to component school districts in exchange for rental payments equal to the BOCES' installment purchase payments. The installment purchase agreements bear interest at various interest rates ranging from 1.886% to 5.946%. The outstanding principal balance of these installment purchase agreements was \$14,570,570 as of June 30, 2022.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

On February 20, 2013, the New York State United Teachers ("NYSUT") organization filed a lawsuit against the State challenging the Tax Levy Limitation Law as applied to school districts on multiple federal and state constitutional grounds. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. After the ruling, NYSUT amended its complaint to include a challenge to the Real Property Tax Rebate, also on federal and state constitutional grounds. On March 16, 2015, all causes of action contained in the amended complaint were dismissed. NYSUT has stated that the organization will appeal the decision; therefore, the ultimate outcome of this litigation cannot be determined at this time.

Real Property Tax Rebate. Chapter 59 of the Laws of 2014 (“Chapter 59”), a recently adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts became eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government became eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. School districts’ budgets were required to comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government were required to have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

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

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

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

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State aid and assistance payable to the Component School Districts is not subject to intercept under Section 99-b of the State Finance Law in the event of a default by BOCES in the payment of principal and/or interest on the Notes.

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 shall not exceed nine per centum per annum. 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 or interest on the Notes.

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.

The Federal Bankruptcy Code allows public bodies 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 to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While these provisions do not apply to BOCES, there can be no assurance that they will not be made so applicable in the future.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State’s highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the BOCES.

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. The BOCES does have cyber insurance and has mitigating safeguards in place. 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.

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, a description of which is attached hereto as "APPENDIX – D".

Historical 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.

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 levy and collection of taxes or assessments 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.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income of the owners thereof for Federal income tax purposes. These requirements include provisions which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Notes and other amounts and require that certain earnings be rebated to the federal government. The BOCES will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Notes to become includable in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

The Code imposes a 30% branch profits tax on the earnings and profits of United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Notes. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Notes is includable in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Notes.

Prospective purchasers should consult their tax advisors with respect to the calculations of the foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, 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). In the further opinion of Bond Counsel, interest on the Notes, is not an "item of tax preference" for purposes of the alternative minimum tax imposed by the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The ownership or disposition of, or the 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.

The opinion of Bond Counsel described herein with respect to the Federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable Federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the BOCES, (ii) 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; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the BOCES comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The BOCES has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of this Official Statement (except to the extent, if any, stated in this Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth as Bond Counsel's opinion in the Official Statement).

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 the Municipal Advisor 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.

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.

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The BOCES contact information is as follows: Ms. Suzanne Slack, Assistant Superintendent for Administration, P.O. Box 4754, Syracuse, New York 13221, Phone: (315) 433-2614, Fax: (315) 431-8444, email: sslack@ocmboces.org.

Additional information may be obtained upon request from Fiscal Advisors & Marketing, Inc. (315) 752-0051 or from the Assistant Superintendent for Administrative Services (315) 433-2614.

This Official Statement has been duly executed and delivered by the President of the Board of the BOCES.

**BOARD OF COOPERATIVE EDUCATIONAL
SERVICES FOR THE SOLE SUPERVISORY
DISTRICT OF ONONDAGA, CORTLAND
AND MADISON COUNTIES**

Dated: May 25, 2023

WAYNE BROWNSON
Board President

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>ASSETS</u>					
Unrestricted and Restricted Cash	\$ 31,081,544	\$ 30,782,849	\$ 41,469,863	\$ 38,594,507	\$ 44,896,672
Due from Other Funds	3,080,771	1,715,811	635,030	105	-
Other Receivables	-	-	-	-	-
Accounts Receivable	37,411	14,794	8,346	2,326	6,548
State and Federal Aid Receivable	16,849,104	16,178,005	16,839,149	-	19,964,560
Due from Components	10,594,551	11,490,500	8,726,209	12,711,919	12,645,459
Due from Other Governments	-	-	-	-	-
Prepaid Expenses	172,566	200,988	195,136	87,222	88,545
Other Assets	41,105	7,122	192,388	15,991	6,358
TOTAL ASSETS	<u>\$ 61,857,052</u>	<u>\$ 60,390,069</u>	<u>\$ 68,066,121</u>	<u>\$ 51,412,070</u>	<u>\$ 77,608,142</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Revenue Notes Payable	\$ 7,000,000	\$ 7,000,000	\$ 9,000,000	\$ 9,500,000	\$ 9,500,000
Accounts Payable	4,230,820	3,303,294	4,763,718	3,952,589	2,315,070
Accrued Liabilities	4,543,192	4,672,523	5,341,174	5,256,459	5,290,308
Payroll Withholdings	-	-	-	747,146	478,800
Due to Components - State Aid	16,849,104	16,178,005	16,839,149	-	-
Due to Components - Refund of Surplus	8,193,506	8,126,750	9,094,279	7,132,821	14,070,227
Due to Other Governments	-	-	-	-	-
Due to Other Funds	2,501,717	706,141	1,515,883	2,046,471	950,690
Due to Teachers' Retirement System	3,838,287	4,213,798	3,636,598	3,693,831	3,981,244
Due to Employees' Retirement System	-	-	-	-	524,300
Other Deposits and Liabilities	-	-	-	-	-
Collections in Advance	958,300	230,420	382,386	493,680	520,160
Deferred Revenues	49,967	221,673	-	-	-
Unearned Revenue	-	-	-	60,425	76,476
Due to Employees' Retirement System	678,435	652,545	663,079	745,922	-
TOTAL LIABILITIES	<u>48,843,328</u>	<u>45,305,149</u>	<u>51,236,266</u>	<u>33,629,344</u>	<u>37,707,275</u>
Deferred Inflow of Resources - Leases	-	-	-	-	34,850,287
<u>FUND EQUITY</u>					
Nonspendable	\$ 172,566	\$ 200,988	\$ 195,136	\$ 87,222	\$ 88,545
Restricted	11,676,673	13,441,316	14,819,030	16,743,280	19,238,330
Unreserved:					
Appropriated/Assigned	1,337,051	1,643,604	2,010,824	1,039,446	697,977
Unappropriated	(172,566)	(200,988)	(195,135)	(87,222)	(14,974,272)
TOTAL FUND EQUITY	<u>13,013,724</u>	<u>15,084,920</u>	<u>16,829,855</u>	<u>17,782,726</u>	<u>5,050,580</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 61,857,052</u>	<u>\$ 60,390,069</u>	<u>\$ 68,066,121</u>	<u>\$ 51,412,070</u>	<u>\$ 77,608,142</u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
REVENUES					
Charges to Components	\$ 102,911,065	\$ 103,771,085	\$ 107,725,937	\$ 110,986,253	\$ 107,844,021
Charges to Other BOCES	31,340,247	30,763,055	30,986,623	31,681,232	31,813,237
Charges for Services	67,880	141,399	145,091	17,539	1,000
Interest and Earnings	23,874	109,225	134,137	48,270	8,203
Sale of Property and Compensation for Loss	9,212	3,558	35,005	44,286	18,220
Miscellaneous	4,198,989	4,654,664	5,492,365	5,552,688	6,091,300
Interfund Revenues	53,673	29,082	30,180	21,514	31,200
Charges to Non-Components	2,934,024	2,272,811	2,009,273	1,595,832	1,446,607
Revenues from Other Sources	200,000	200,000	-	-	-
Refund of Prior Year Expenditures	1,388,138	1,721,074	921,757	886,743	804,487
Total Revenues	<u>\$ 143,127,102</u>	<u>\$ 143,665,953</u>	<u>\$ 147,480,368</u>	<u>\$ 150,834,357</u>	<u>\$ 148,058,275</u>
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	<u>143,127,102</u>	<u>143,665,953</u>	<u>147,480,368</u>	<u>150,834,357</u>	<u>148,058,275</u>
EXPENDITURES					
Administration	\$ 9,002,464	\$ 9,934,164	\$ 10,338,727	\$ 10,365,698	\$ 10,811,502
Occupational Instruction	8,018,735	8,309,594	8,664,834	8,857,932	9,655,775
Instruction for Special Needs	33,355,626	35,737,091	38,167,178	38,115,791	37,469,373
Itinerant Services	3,212,650	2,505,842	2,427,248	2,708,691	2,863,697
General Instruction	10,329,284	10,652,029	10,916,477	11,139,829	9,702,745
Instructional Support	34,552,561	31,807,557	32,404,037	32,767,447	31,919,476
Other Services	35,175,030	35,917,283	34,363,921	36,039,755	37,550,015
Indirect Services	121,057	55,733	-	-	-
Refund of Surplus	-	-	-	-	-
Total Expenditures	<u>\$ 133,767,407</u>	<u>\$ 134,919,293</u>	<u>\$ 137,282,422</u>	<u>\$ 139,995,143</u>	<u>\$ 139,972,583</u>
Other Uses:					
Interfund Transfers - Return of Surplus	8,001,797	8,193,506	8,126,750	9,094,279	7,132,821
Total Expenditures and Other Uses	<u>141,769,204</u>	<u>143,112,799</u>	<u>145,409,172</u>	<u>149,089,422</u>	<u>147,105,404</u>
Excess (Deficit) Revenues Over Expenditures	<u>1,357,898</u>	<u>553,154</u>	<u>2,071,196</u>	<u>1,744,935</u>	<u>952,871</u>
FUND BALANCE					
Fund Balance - Beginning of Year	11,102,672	12,460,570	13,013,724	15,084,920	16,829,855
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 12,460,570</u>	<u>\$ 13,013,724</u>	<u>\$ 15,084,920</u>	<u>\$ 16,829,855</u>	<u>\$ 17,782,726</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2022		2023	2024
	Adopted <u>Budget</u>	<u>Actual</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
REVENUES				
Charges to Components	\$ 108,434,272	\$ 102,593,127	\$ 116,706,725	\$ 125,411,173
Charges to Other BOCES	27,834,661	30,611,355	27,651,870	26,547,138
Charges for Services		79,313		
Interest and Earnings	10,000	703,766	5,000	5,000
Lease Revenue	-	12,611,769		
Sale of Property and Compensation for Loss	-	26,388	-	-
Miscellaneous	7,857,817	6,227,716	8,382,215	9,043,026
Interfund Revenues	23,000	40,798	22,500	22,500
Charges to Non-Components	1,469,392	1,151,113	1,231,898	1,341,864
Revenues from State and Local Sources	-	-	-	-
Refund of Prior Year's Expenditures	-	669,664	-	-
Total Revenues	<u>\$ 145,629,142</u>	<u>\$ 154,715,009</u>	<u>\$ 154,000,208</u>	<u>\$ 162,370,701</u>
Other Sources:				
Interfund Transfers	-	-	-	-
Total Revenues and Other Sources	<u>145,629,142</u>	<u>154,715,009</u>	<u>154,000,208</u>	<u>162,370,701</u>
EXPENDITURES				
Administration	\$ 11,718,687	\$ 11,164,223	\$ 12,389,536	\$ 13,084,106
Occupational Instruction	9,863,889	9,811,495	10,658,109	11,836,346
Instruction for Special Needs	39,500,702	36,898,899	40,434,910	43,579,491
Itinerant Services	3,299,378	2,823,999	3,217,441	3,229,702
General Instruction	10,899,150	12,176,575	14,026,430	13,879,411
Instructional Support	29,479,405	31,355,073	30,553,934	32,265,659
Other Services	40,867,931	37,446,255	42,719,848	44,495,986
Internal Services	-	-	-	-
Refund of Surplus	-	-	-	-
Total Expenditures	<u>\$ 145,629,142</u>	<u>\$ 141,676,519</u>	<u>\$ 154,000,208</u>	<u>\$ 162,370,701</u>
Other Uses:				
Interfund Transfers - Return of Surplus	-	14,070,227	-	-
Total Expenditures and Other Uses	<u>145,629,142</u>	<u>155,746,746</u>	<u>154,000,208</u>	<u>162,370,701</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>(1,031,737)</u>	<u>-</u>	<u>-</u>
FUND BALANCE				
Fund Balance - Beginning of Year	-	17,782,726	-	-
Prior Period Adjustments (net)	-	(11,700,409)	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 5,050,580</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Audited financial report and budgets of the BOCES. This Appendix is not itself audited.

**COMPONENT SCHOOL DISTRICTS
FINANCIAL INFORMATION**

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ending June 30, 2022:

	Baldwinsville C.S.D	Cazenovia C.S.D.	Chittenango C.S.D.	Cininnatus C.S.D.	Cortland City S.D.	DeRuyter C.S.D.	East Syracuse Minoa C.S.D.	Fabius Pompey C.S.D.
REVENUES								
Real Property Taxes	\$ 62,608,509	\$ 18,780,750	\$ 16,221,157	\$ 3,407,496	\$ 18,262,515	\$ 4,083,962	\$ 45,409,133	\$ 7,802,291
Other Real Property Tax Items	-	1,541,605	2,699,860	542,168	-	347,030	5,918,186	1,098,182
Non-Property Tax Items	232,631	3,227	-	-	55,497	64,281	143,776	28,164
Charges for Services	699,424	26,880	91,606	373	83,021	1,710	1,958,064	38,300
Use of Money & Property	73,205	28,144	322,924	955	-	-	74,260	11,578
Sale of Property and	-	-	-	-	7,985	-	-	-
Compensation for Loss	285,159	15,320	251,532	5,860	707,041	258,455	46,721	23,620
Miscellaneous	1,259,852	295,942	798,641	289,998	-	-	1,317,912	279,580
Interfund Revenues	-	-	-	-	-	-	-	-
Revenues from State Sources	47,330,638	9,349,956	20,765,986	12,526,333	30,064,661	6,644,487	33,141,340	9,779,847
Revenues from Federal Sources	179,055	280,557	264,850	50,663	313,690	13,864	495,361	21,420
Total Revenues	\$ 112,668,473	\$ 30,322,381	\$ 41,416,556	\$ 16,823,846	\$ 49,494,410	\$ 11,413,789	\$ 88,504,753	\$ 19,082,982
Other Sources:								
Interfund Transfers (in)	-	-	733,910	-	138,442	-	-	-
Total Revenues and Other Sources	112,668,473	30,322,381	42,150,466	16,823,846	49,632,852	11,413,789	88,504,753	19,082,982
EXPENDITURES								
General Support	\$ 7,832,773	\$ 3,226,723	\$ 4,499,592	\$ 1,765,508	\$ 4,090,033	\$ 1,231,961	\$ 7,534,484	\$ 1,634,073
Instruction	55,333,944	13,277,230	19,475,828	7,945,147	24,391,184	5,229,974	41,126,258	8,005,066
Pupil Transportation	6,245,493	1,412,651	2,621,174	649,245	1,305,010	452,761	3,806,931	1,309,357
Community Services	30,300,865	-	-	-	22,195	58,196	936	-
Employee Benefits	-	9,294,067	11,708,191	3,458,494	11,235,732	2,417,716	24,976,971	5,499,783
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	739,671	2,634,873	3,195,799	2,459,914	5,223,122	42,064	5,506,752	1,974,663
Total Expenditures	\$ 100,452,746	\$ 29,845,544	\$ 41,500,584	\$ 16,278,308	\$ 46,267,276	\$ 9,432,672	\$ 82,952,332	\$ 18,422,942
Other Uses:								
Interfund Transfers (out)	12,070,719	132,545	-	427,302	1,633,713	1,177,869	2,491,184	82,851
Total Expenditures and Other Uses	112,523,465	29,978,089	41,500,584	16,705,610	47,900,989	10,610,541	85,443,516	18,505,793
Excess (Deficit) Revenues Over Expenditures	145,008	344,292	649,882	118,236	1,731,863	803,248	3,061,237	577,189
FUND BALANCE								
Fund Balance - Beginning of Year	39,292,455	1,533,010	11,622,505	3,701,756	8,930,503	3,090,472	13,155,541	3,971,144
Prior Period Adjustments (net)	-	-	-	-	-	-	-	-
Other Adjustments(net)	-	-	-	-	-	-	-	-
Fund Balance - End of Year	\$ 39,437,463	\$ 1,877,302	\$ 12,272,387	\$ 3,819,993	\$ 10,662,366	\$ 3,893,720	\$ 16,216,778	\$ 4,548,333

Source: Audited financial reports of the school districts. This Appendix is not itself audited.

**COMPONENT SCHOOL DISTRICTS
FINANCIAL INFORMATION**

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ending June 30, 2022:

	Fayetteville Manlius C.S.D.	Homer C.S.D.	Jamesville Dewitt C.S.D.	Lafayette C.S.D.	Liverpool C.S.D.	Lyncourt C.S.D.	Marathon C.S.D.	Marcellus C.S.D.
REVENUES								
Real Property Taxes	\$ 62,275,614	\$ 15,029,863	\$ 42,204,058	\$ 5,745,444	\$ 80,547,604	\$ 5,334,680	\$ 3,543,921	\$ 18,248,156
Other Real Property Tax Items	4,060,818	2,076,214	-	726,844	10,819,145	1,509,013	33,338	2,363,620
Non-Property Tax Items	187,757	2,255	118,536	36,043	295,138	-	-	64,679
Charges for Services	111,570	16,847	649,592	2,907,726	284,186	-	1,920	20,059
Use of Money & Property	172,413	68,278	27,970	56,336	149,038	8,884	1,849	48,524
Sale of Property and								
Compensation for Loss	83,811	11,035	47,630	31,310	230,494	-	18,925	29,441
Miscellaneous	1,468,294	1,004,795	834,334	317,185	771,772	145,845	479,465	498,324
Interfund Revenues	-	-	-	-	-	120,000	-	15,198,491
Revenues from State Sources	24,100,461	24,572,942	15,408,577	15,185,186	68,503,308	4,876,015	13,957,438	-
Revenues from Federal Sources	363,148	54,096	614,363	120,201	1,766,952	55,780	609,521	306,391
Total Revenues	<u>\$ 92,823,886</u>	<u>\$ 42,836,325</u>	<u>\$ 59,905,060</u>	<u>\$ 25,126,275</u>	<u>\$ 163,367,637</u>	<u>\$ 12,050,217</u>	<u>\$ 18,646,377</u>	<u>\$ 36,777,685</u>
Other Sources:								
Interfund Transfers (in)	2,699,695	308,234	-	634	553,041	-	175,000	-
Total Revenues and Other Sources	<u>95,523,581</u>	<u>43,144,559</u>	<u>59,905,060</u>	<u>25,126,909</u>	<u>163,920,678</u>	<u>12,050,217</u>	<u>18,821,377</u>	<u>36,777,685</u>
EXPENDITURES								
General Support	\$ 9,083,769	\$ 3,917,005	\$ 5,570,156	\$ 2,844,218	\$ 14,191,113	\$ 1,510,761	\$ 2,043,741	\$ 3,239,111
Instruction	46,852,783	22,569,479	29,889,237	12,651,884	76,000,465	5,864,168	8,510,814	17,842,632
Pupil Transportation	4,707,011	1,780,740	2,319,129	1,013,778	6,976,178	678,837	643,963	1,560,486
Community Services	-	19,877	-	-	44,284,475	16,688	-	-
Employee Benefits	25,356,669	10,512,423	16,432,144	5,841,672	1,182,633	2,581,788	4,917,045	8,352,043
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	5,928,694	4,478,167	3,567,572	2,646,058	14,516,677	736,463	2,096,119	4,212,673
Total Expenditures	<u>\$ 91,928,926</u>	<u>\$ 43,277,691</u>	<u>\$ 57,778,238</u>	<u>\$ 24,997,610</u>	<u>\$ 157,151,541</u>	<u>\$ 11,388,705</u>	<u>\$ 18,211,682</u>	<u>\$ 35,206,945</u>
Other Uses:								
Interfund Transfers (out)	7,705,179	108,456	884,509	110,580	14,292,061	1,113,547	-	63,793
Total Expenditures and Other Uses	<u>99,634,105</u>	<u>43,386,147</u>	<u>58,662,747</u>	<u>25,108,190</u>	<u>171,443,602</u>	<u>12,502,252</u>	<u>18,211,682</u>	<u>35,270,738</u>
Excess (Deficit) Revenues Over								
Expenditures	<u>(4,110,524)</u>	<u>(241,588)</u>	<u>1,242,313</u>	<u>18,719</u>	<u>(7,522,924)</u>	<u>(452,035)</u>	<u>609,695</u>	<u>1,506,947</u>
FUND BALANCE								
Fund Balance - Beginning of Year	22,569,441	7,778,773	13,386,282	6,879,259	42,060,742	3,564,210	5,207,239	7,796,979
Prior Period Adjustments (net)	-	-	-	-	-	-	-	-
Other Adjustments(net)	-	-	-	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 18,458,917</u>	<u>\$ 7,537,185</u>	<u>\$ 14,628,595</u>	<u>\$ 6,897,978</u>	<u>\$ 34,537,818</u>	<u>\$ 3,112,175</u>	<u>\$ 5,816,934</u>	<u>\$ 9,303,926</u>

Source: Audited financial reports of the school districts. This Appendix is not itself audited.

**COMPONENT SCHOOL DISTRICTS
FINANCIAL INFORMATION**

GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ending June 30, 2022:

	McGraw C.S.D.	North Syracuse C.S.D	Onondaga C.S.D	Solvay C.S.D.	Tully C.S.D.	West Genesee C.S.D.	Westhill C.S.D.	TOTAL OF 23 COMPONENT SCHOOL DISTRICTS
REVENUES								
Real Property Taxes	\$ 2,781,198	\$ 83,819,294	\$ 8,838,406	\$ 13,659,753	\$ 9,629,953	\$ 45,868,596	\$ 19,956,424	\$ 594,058,777
Other Real Property Tax Items	540,096	11,969,499	1,582,752	2,176,756	1,041,620	7,393,766	2,712,342	61,152,854
Non-Property Tax Items	-	354,923	34,088	59,271	32,355	193,026	76,614	1,982,261
Charges for Services	1,966	517,552	64,048	505,116	34,015	630,422	100,273	8,744,670
Use of Money & Property	16,912	495,615	1,395	248,686	15,499	81,905	12,765	1,917,135
Sale of Property and Compensation for Loss	54,319	145,996	21,562	1,170	299	130,859	15,346	2,415,905
Miscellaneous	170,003	1,252,202	274,931	532,373	366,595	953,399	680,044	13,991,486
Interfund Revenues	-	-	-	-	-	-	15,969,029	31,287,520
Revenues from State Sources	10,262,758	74,209,046	10,607,906	17,756,986	10,495,140	36,810,969	-	496,349,980
Revenues from Federal Sources	78,558	948,987	59,877	328,042	105,859	325,617	280,485	7,637,337
Total Revenues	\$ 13,905,810	\$ 173,713,114	\$ 21,484,965	\$ 35,268,153	\$ 21,721,335	\$ 92,388,559	\$ 39,803,322	\$ 1,219,537,925
Other Sources:								
Interfund Transfers (in)	-	147,847	-	-	-	205,000	145,143	5,106,946
Total Revenues and Other Sources	13,905,810	173,860,961	21,484,965	35,268,153	21,721,335	92,593,559	39,948,465	1,224,644,871
EXPENDITURES								
General Support	\$ 1,513,443	\$ 15,667,813	\$ 2,663,148	\$ 3,256,997	\$ 2,563,172	\$ 6,776,156	\$ 3,363,711	\$ 110,019,461
Instruction	6,666,012	93,303,399	10,464,335	15,697,074	10,632,296	50,384,189	18,849,025	600,962,423
Pupil Transportation	353,851	9,206,291	1,569,210	1,874,475	1,548,732	5,989,518	2,064,006	60,088,827
Community Services	-	-	-	-	-	-	-	74,703,232
Employee Benefits	2,882,442	45,149,329	4,060,128	8,537,693	4,256,472	20,463,494	9,859,322	238,976,251
Capital Outlay	-	-	-	3,569,125	-	-	-	-
Debt Service	1,656,459	6,905,066	2,449,497	214,390	2,065,614	6,858,185	5,214,667	85,323,159
Total Expenditures	\$ 13,072,207	\$ 170,231,898	\$ 21,206,318	\$ 33,149,754	\$ 21,066,286	\$ 90,471,542	\$ 39,350,731	\$ 1,170,073,353
Other Uses:								
Interfund Transfers (out)	109,853	6,211,292	102,301	421,886	-	882,155	182,214	50,204,009
Total Expenditures and Other Uses	13,182,060	176,443,190	21,308,619	33,571,640	21,066,286	91,353,697	39,532,945	1,220,277,362
Excess (Deficit) Revenues Over Expenditures	723,750	(2,582,229)	176,346	1,696,513	655,049	1,239,862	415,520	4,367,509
FUND BALANCE								
Fund Balance - Beginning of Year	5,202,239	36,654,656	5,897,186	14,436,887	6,540,390	14,007,203	9,875,614	287,154,486
Prior Period Adjustments (net)	3	-	-	-	-	-	-	3
Other Adjustments (net)	-	-	-	-	-	-	-	-
Fund Balance - End of Year	\$ 5,925,992	\$ 34,072,427	\$ 6,073,532	\$ 16,133,400	\$ 7,195,439	\$ 15,247,065	\$ 10,291,134	\$ 291,521,998

Source: Audited financial reports of the school districts. This Appendix is not itself audited.

COMPONENT SCHOOL DISTRICTS
STATUS OF INDEBTEDNESS
(Fiscal Year Ending June 30, 2022)

<u>Component School District:</u>	<u>Bonds ⁽¹⁾</u>	<u>Bond Anticipation Notes</u>	<u>Other Debt ⁽²⁾</u>	<u>Total Debt Outstanding</u>
Baldwinsville	\$ 51,272,954	\$ -	\$ 2,605,000	\$ 53,877,954
Cazenovia	9,261,174	15,070,514	-	24,331,688
Chittenango	21,211,669	1,497,547	1,382,394	24,091,610
Cincinnatus	9,775,000	-	-	9,775,000
Cortland	21,139,000	-	8,000,000	29,139,000
DeRuyter	6,270,000	673,400	535,047	7,478,447
East Syracuse-Minoa	14,300,000	40,495,398	2,201,324	56,996,722
Fabius-Pompey	6,835,000	810,000	-	7,645,000
Fayetteville-Manlius	46,104,729	125,400	335,000	46,565,129
Homer	18,880,000	-	1,782,821	20,662,821
Jamesville-DeWitt	17,429,577	20,925,000	1,603,657	39,958,234
LaFayette	14,140,510	8,600,000	3,500,000	26,240,510
Liverpool	52,945,000	41,683,293	-	94,628,293
Lyncourt	2,295,000	-	-	2,295,000
Marathon	13,345,000	-	698,638	14,043,638
Marcellus	31,377,494	955,404	1,340,000	33,672,898
McGraw	10,340,000	660,000	-	11,000,000
North Syracuse	15,535,000	40,300,000	-	55,835,000
Onondaga	8,319,119	16,500,000	-	24,819,119
Solvay	28,260,000	2,812,000	-	31,072,000
Tully	9,065,000	1,869,900	3,400,000	14,334,900
West Genesee	23,690,000	12,723,000	6,455,000	42,868,000
Westhill	27,025,461	18,723,700	-	45,749,161
	<u>\$ 458,816,687</u>	<u>\$ 224,424,556</u>	<u>\$ 33,838,881</u>	<u>\$ 717,080,124</u>

(1) Does not include refunded bonds where applicable. Debt service for these bonds is paid from fully funded escrow accounts, and while not legally defeased, these bonds are considered to be economically defeased.

(2) Includes Contract Leases, Revenue Anticipation Notes and/or Tax Anticipation Notes where applicable.

Source: Audited financial reports of the school districts. This Appendix is not itself audited.

COMPONENT SCHOOL DISTRICTS
TAX INFORMATION
(Fiscal Year Ending June 30, 2022)

Componet School District:	Total Taxable Assessed Valuation Used for Tax Levy	Full Valuation	2023 Property Tax Levy	Property Tax Levy as a Percent of Full Valuation
Baldwinsville	\$ 2,483,478,021	\$ 2,710,433,995	\$ 61,557,316	2.27%
Cazenovia	1,041,279,773	1,086,916,682	19,943,867	1.83%
Chittenango	821,009,945	941,509,443	19,231,775	2.04%
Cincinnatus	190,881,166	244,957,422	3,966,083	1.62%
Cortland	939,703,031	1,068,903,366	18,227,859	1.71%
DeRuyter	223,411,477	259,735,899	4,493,071	1.73%
East Syracuse-Minoa	2,045,578,778	2,054,655,758	51,542,321	2.51%
Fabius-Pompey	326,469,724	366,857,095	9,121,344	2.49%
Fayetteville-Manlius	2,581,326,995	2,626,072,011	67,521,063	2.57%
Homer	829,780,045	947,881,327	17,027,266	1.80%
Jamesville-DeWitt	1,759,485,836	1,792,632,019	43,271,142	2.41%
LaFayette	310,306,113	369,470,973	6,595,164	1.79%
Liverpool	1,461,027,376	3,617,222,379	92,454,745	2.56%
Lyncourt	208,044,656	208,044,656	624,345	0.30%
Marathon	281,087,488	295,920,231	4,303,282	1.45%
Marcellus	812,455,676	937,357,774	20,977,942	2.24%
McGraw	168,735,677	202,025,697	3,309,830	1.64%
North Syracuse	2,508,977,374	4,219,354,922	98,547,755	2.34%
Onondaga	370,554,005	416,175,480	10,626,138	2.55%
Solvay	488,737,546	693,453,014	14,073,264	2.03%
Tully	354,721,922	509,216,033	10,075,749	1.98%
West Genesee	2,304,425,685	2,371,580,198	53,809,708	2.27%
Westhill	739,880,944	874,199,288	23,127,966	2.65%
Totals	\$ 23,251,359,253	\$ 28,814,575,662	\$ 654,428,995	

⁽¹⁾ Calculated using Regular State Equalization Rates.

Source: Continuing Disclosure Statement of the school district for the Fiscal Year End June 30, 2022.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
OF
THE SOLE SUPERVISORY DISTRICT,
ONONDAGA, CORTLAND, MADISON COUNTIES, NEW YORK
ESTIMATED MONTHLY CASH FLOW (GENERAL FUND)
(000'S OMITTED)

CASH FLOW	2023							2024							12 MONTH TOTAL
	July	August	September	October	November	December		January	February	March	April	May	June		
Beginning Balance:	\$ 15,792	\$ 15,486	\$ 4,056	\$ (5,951)	\$ 728	\$ (7,671)		\$ (2,749)	\$ 4,888	\$ 8,136	\$ 21,204	\$ 27,378	\$ 35,980	\$ -	
Receipts:															
School Districts	\$ 11,824	\$ 6,393	\$ 3,246	\$ 17,818	\$ 17,826	\$ 17,233		\$ 26,208	\$ 25,250	\$ 34,347	\$ 16,516	\$ 18,785	\$ 35,666	\$ 231,112	
Other Income	15	24	20	19	21	25		64	139	154	2	2	3		
State Aid	-	-	16,508	-	-	-		-	7,024	-	-	-	24,537	48,069	
RAN Proceeds	-	-	-	-	-	-		-	-	-	-	-	-	-	
Total Receipts	\$ 11,839	\$ 6,417	\$ 19,774	\$ 17,837	\$ 17,847	\$ 17,258		\$ 26,272	\$ 32,413	\$ 34,501	\$ 16,518	\$ 18,787	\$ 60,206	\$ 279,181	
Total Available Cash	\$ 27,631	\$ 21,903	\$ 23,830	\$ 11,886	\$ 18,575	\$ 9,587		\$ 23,523	\$ 37,301	\$ 42,637	\$ 37,722	\$ 46,165	\$ 96,186	\$ -	
Disbursements:															
Payroll & Warrants	\$ 12,145	\$ 17,847	\$ 12,110	\$ 11,158	\$ 26,246	\$ 12,336		\$ 18,635	\$ 18,706	\$ 21,433	\$ 10,344	\$ 10,185	\$ 47,902	\$ 219,047	
District Aid	-	-	17,671	-	-	-		-	10,459	-	-	-	25,596	53,726	
Interfund	-	-	-	-	-	-		-	-	-	-	-	-	-	
RAN Repayment	-	-	-	-	-	-		-	-	-	-	-	-	-	
Total Disbursements	12,145	17,847	29,781	11,158	26,246	12,336		18,635	29,165	21,433	10,344	10,185	73,498	272,773	
Ending Balance:	\$ 15,486	\$ 4,056	\$ (5,951)	\$ 728	\$ (7,671)	\$ (2,749)		\$ 4,888	\$ 8,136	\$ 21,204	\$ 27,378	\$ 35,980	\$ 22,688	\$ (272,773)	

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

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 Commission 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 EMMA system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission 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) 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 Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (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" 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 security 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.

For the purposes of the event identified in paragraph (l) of this section, 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 governmental 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 BOCES 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.

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
FOR THE SOLE SUPERVISORY DISTRICT OF
ONONDAGA, CORTLAND and MADISON COUNTIES, NEW YORK**

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDING 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.



ONONDAGA-CORTLAND-
MADISON BOCES

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2022

**ONONDAGA-CORTLAND-MADISON BOCES
TABLE OF CONTENTS**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-13
BASIC FINANCIAL STATEMENTS	
BOCES-Wide Financial Statements	
• Statement of Net Position	14
• Statement of Activities	15
Fund Financial Statements	
• Balance Sheet – Governmental Funds	16
• Reconciliation of the Governmental Fund Balances to the BOCES-Wide Net Position	17
• Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Funds	18
• Reconciliation of the Statement of Revenues and Expenditures of the Governmental Funds to the Statement of Activities	19
Fiduciary Fund Financial Statements	
• Statement of Fiduciary Net Position	20
• Statement of Changes in Fiduciary Net Position	21
Notes to Basic Financial Statements	22-47
REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS	
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	48
Schedules of Changes in the BOCES' Total OPEB Liability and Related Ratios	49
Schedules of BOCES Pension Contributions	50
Schedules of the BOCES' Proportionate Share of the Net Pension Asset/Liability	51
OTHER SUPPLEMENTARY INFORMATION	
Schedules of A431 School District Account	52
Schedule of Project Expenditures – Capital Projects Fund	53
Net Investment in Capital Assets	54
SINGLE AUDIT REPORTS AND SCHEDULES	
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	55
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	56-57
Schedule of Expenditures of Federal Awards	58
Notes to Schedule of Expenditures of Federal Awards	59
Schedule of Findings and Questioned Costs – Federal Compliance Requirements	60-61
Status of Prior Year's Findings and Questioned Costs – Federal Compliance Requirements	62

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

Onondaga – Cortland – Madison BOCES

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Onondaga-Cortland-Madison BOCES, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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.

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 opinions are 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 Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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 October 20, 2022, on our consideration of the Onondaga-Cortland-Madison BOCES internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Onondaga-Cortland-Madison BOCES internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Onondaga-Cortland-Madison BOCES's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 20, 2022

Rome, New York

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

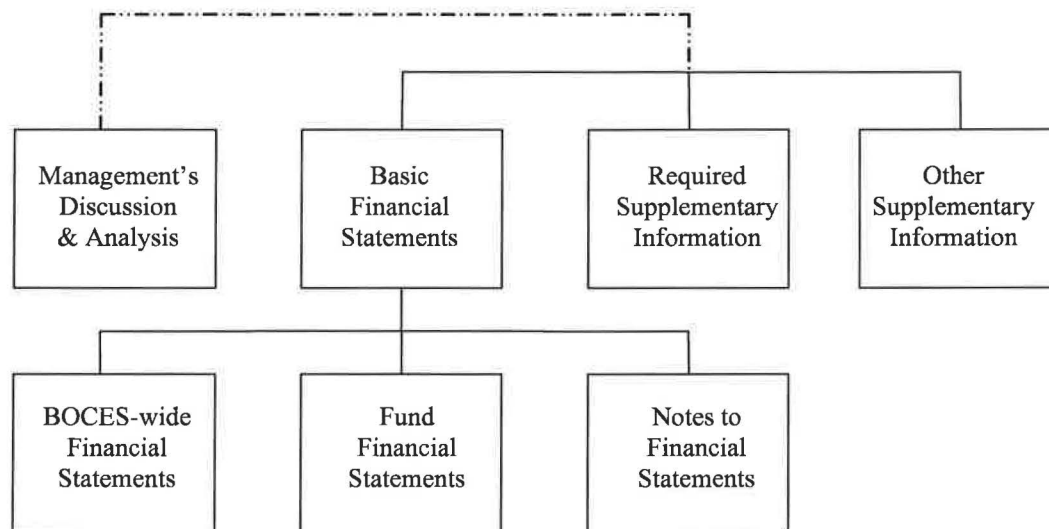
The following is a discussion and analysis of the BOCES' financial performance for the year ended June 30, 2022. This section is a summary of the BOCES' financial activities based on currently known facts, decisions and conditions. It is also based on both the BOCES-wide and fund-based financial statements. 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 \$8,129,295. This is the result of revenues exceeding expenditures for the year on the full accrual basis of accounting.
- Program revenues included \$136,713,283 in Charges for Services and \$10,021,500 in Operating Grants and Contributions, which together comprise approximately 94.4% of total revenues.
- The total expenses of BOCES' programs were \$147,390,250, which is a decrease of \$7,975,966, or 5.1%, from the prior year, primarily due to a net decrease in the allocations for employee benefits expense due to other postemployment benefits and retirement.
- The BOCES total General Fund revenue for 2021-2022 was \$154,715,009. Approximately 95% of these revenues are from the billings for administration and other services, including leases, to the component districts of the BOCES, other BOCES, and non-component districts.
- The BOCES is required to return surplus billings in the subsequent year. During 2022-2023, the surplus of \$14,070,227 from 2021-2022 will be returned. During 2021-2022, the surplus of \$7,132,820 from the prior year was 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:



**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

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

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

BOCES-wide Statements

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

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

- Over time, increases 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).

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

The BOCES has two types of funds:

- **Governmental Funds:** All of the BOCES' basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that allows the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the BOCES' programs. Because this information does not encompass the additional long-term focus of the BOCES-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The BOCES is the 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 Amount between fiscal year 2021 and 2022. A summary of the BOCES Statement of Net Position for the June 30, 2022 and 2021, is as follows:

	<u>2022</u>	<u>Restated 2021</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 87,777,892	\$ 75,653,678	\$ 12,124,214	16.0%
Net Pension Asset- Proportionate Share	38,707,632		38,707,632	100.0%
Capital and Intangible Right-to-use Lease Assets, Net	<u>83,375,215</u>	<u>82,671,257</u>	<u>703,958</u>	0.9%
Total Assets	<u>209,860,739</u>	<u>158,324,935</u>	<u>51,535,804</u>	32.6%
Deferred Outflow - OPEB	39,470,566	42,515,343	(3,044,777)	(7.2%)
Deferred Outflow - Pensions	<u>29,207,896</u>	<u>31,757,412</u>	<u>(2,549,516)</u>	(8.0%)
Total Deferred Outflows of Resources	<u>68,678,462</u>	<u>74,272,755</u>	<u>(5,594,293)</u>	(7.5%)
Other Liabilities	38,673,994	33,540,556	5,133,438	15.3%
Net Pension Liability- Proportionate Share		5,729,315	(5,729,315)	(100.0%)
Non-Current Liabilities	<u>295,595,142</u>	<u>281,636,886</u>	<u>13,958,256</u>	5.0%
Total Liabilities	<u>334,269,136</u>	<u>320,906,757</u>	<u>13,362,379</u>	4.2%
Deferred Inflow - Leases	34,850,287	30,440,499	4,409,788	14.5%
Deferred Inflow - OPEB	46,856,227	60,842,412	(13,986,185)	(23.0%)
Deferred Inflow - Pensions	<u>54,563,958</u>	<u>20,537,724</u>	<u>34,026,234</u>	165.7%
Total Deferred Inflows of Resources	<u>136,270,472</u>	<u>111,820,635</u>	<u>24,449,837</u>	21.9%
Net Position				
Net Investment in Capital and Intangible Right-to-use Lease Assets	42,960,946	37,512,388	5,448,558	14.5%
Restricted Net Position	22,548,990	17,744,539	4,804,451	27.1%
Unrestricted Net Position (Deficit)	<u>(257,510,343)</u>	<u>(255,386,629)</u>	<u>(2,123,714)</u>	(0.8%)
Total Net Position (Deficit)	<u>\$ (192,000,407)</u>	<u>\$ (200,129,702)</u>	<u>\$ 8,129,295</u>	4.1%

See Independent Auditor's Report

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

Current and other assets increased by \$12,124,214 as compared to the prior year. The primary reasons for the increase were due to an increase in cash and cash equivalents of \$8,347,432, and the increase in lease receivables of \$1,224,470.

Accounting standards required the recognition of the BOCES' proportionate share of net liabilities/assets and deferred outflows/inflows for the New York State Employees' and Teachers' retirement systems. This year the total pension liability for both retirement systems changed from a net pension liability to a net pension asset, an increase of \$44,436,947.

Capital and right-to-use lease assets increased by \$703,958 as compared to the prior year. This increase is primarily due to amounts expended for capital assets exceeding depreciation expense in the current year by \$1,236,058, offset by the decrease in the right-to-use lease assets, net of \$532,100. Note 3 (d) to the Financial Statements provides additional information.

Deferred outflows of resources relating to OPEB decreased by \$3,044,777 as compared to the prior year due to changes of assumptions and other inputs and changes in employer contributions subsequent to the measurement date.

Deferred outflows of resources relating to pensions decreased by \$2,549,516 as compared to the prior year due to deferred amounts provided by the Retirement Systems.

Other Liabilities increased by \$5,133,438 as compared to the prior year, primarily due to an increase in the amount due to components of \$6,937,406, offset by decreases in accounts payable of \$1,776,632.

Non-current liabilities increased by \$13,958,256, as compared to the prior year. This increase is primarily the result of an increase in the liability for other postemployment benefits of \$15,196,604 due primarily to changes in assumptions.

Deferred inflows of resources relating to leases increased by \$4,409,788 due to new agreements entered into during the year to lease technology equipment and printers to Districts totaling \$17,021,557, offset by the current year amortization recognized of the lease receivable of \$12,611,769.

Deferred inflows of resources relating to OPEB decreased by \$13,986,185 as compared to the prior year, due to changes in actuarial assumptions and other inputs, and differences between expected and actual experience.

Deferred inflows of resources relating to pensions increased by \$34,026,234 as compared to the prior year due to deferred amounts provided by the Retirement Systems.

The net investment 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 and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct, improve, and lease buildings, and purchase and lease vehicles, equipment and furniture to support BOCES operations.

The restricted portion of the net position at June 30, 2022 is \$22,548,990, which represents the amount of the BOCES' restricted funds in the General, Miscellaneous Special Revenue, Capital, and Debt Service funds. See the chart on page 11 for additional details.

The unrestricted net position at June 30, 2022, is a deficit of \$257,510,343, which represents the amount by which the BOCES' liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources, other than capital assets, net of related debt, and restricted assets. This deficit is primarily due to the accrual of \$247,620,104 in a liability for OPEB expenses as required by GASB 75.

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

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:

Revenues	2022	2021	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	\$ 136,713,283	\$ 137,771,690	\$ (1,058,407)	(0.8%)
Operating Grants	10,021,500	7,633,885	2,387,615	31.3%
General Revenues				
Interest and Earnings	697,506	14,110	683,396	4843.3%
Interfund Revenues	1,141,373	830,263	311,110	37.5%
Miscellaneous	7,010,033	6,958,922	51,111	0.7%
Loss on Sale of Property	<u>(64,150)</u>	<u>(115,184)</u>	<u>51,034</u>	44.3%
Total Revenues	<u>155,519,545</u>	<u>153,093,686</u>	<u>2,425,859</u>	1.6%
Expenses				
Administration	8,453,543	9,047,732	(594,189)	(6.6%)
Administration - Capital	2,256,055	1,896,353	359,702	19.0%
Occupational Instruction	13,102,824	13,955,888	(853,064)	(6.1%)
Instruction for Special Needs	39,475,918	42,674,312	(3,198,394)	(7.5%)
Itinerant Services	2,872,988	3,141,116	(268,128)	(8.5%)
General Instruction	16,438,359	14,495,595	1,942,764	13.4%
Instructional Support	26,454,278	28,140,506	(1,686,228)	(6.0%)
Debt Service- Unallocated Interest	646,613	616,201	30,412	4.9%
Other Services	<u>37,689,672</u>	<u>41,398,513</u>	<u>(3,708,841)</u>	(9.0%)
Total Expenses	<u>147,390,250</u>	<u>155,366,216</u>	<u>(7,975,966)</u>	(5.1%)
Total Change in Net Position	<u>\$ 8,129,295</u>	<u>\$ (2,272,530)</u>	<u>\$ 10,401,825</u>	457.7%

The BOCES' revenues increased by \$2,425,859 in 2022 or 1.6%. This increase was primarily due to an increase of \$2,387,615 in operating grants due to the COVID-19 Education Stabilization Funding.

Interest and Earnings increased by \$683,396 due to imputed interest recognized on lease receivables, that had previously been reported as charges for services.

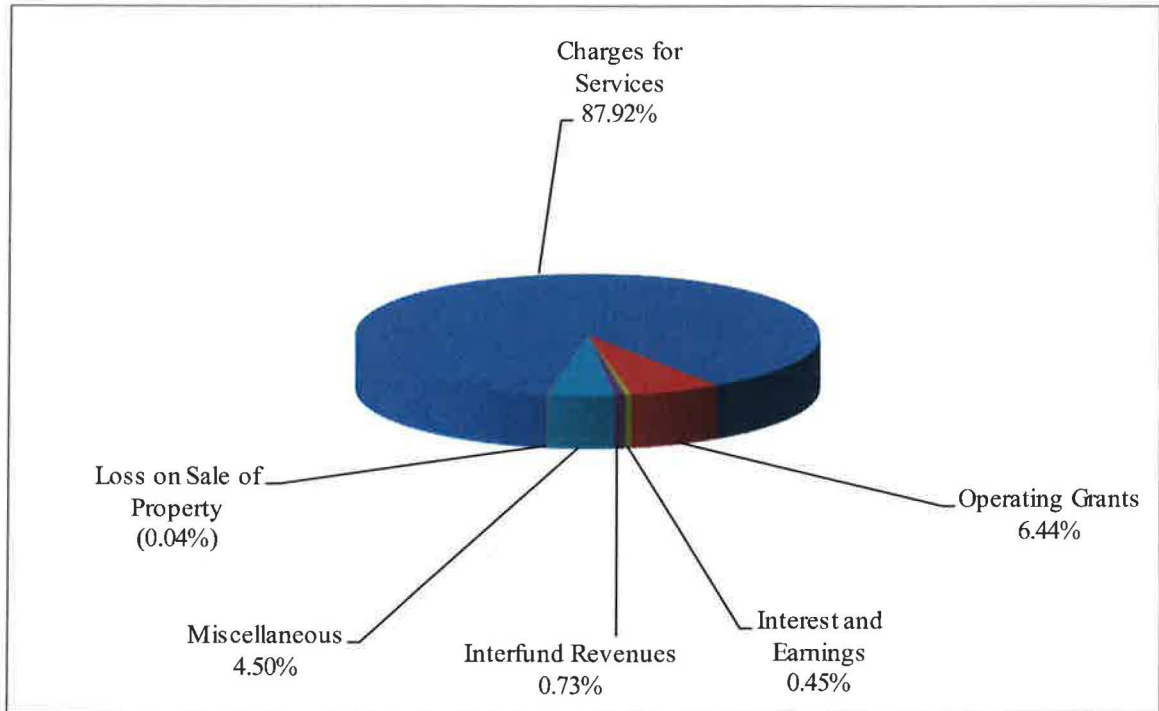
The BOCES' expenses for the year decreased by \$7,975,966, or 5.1%. This decrease is primarily due to a net decrease in the allocations for employee benefits expense due to other postemployment benefits and retirement.

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

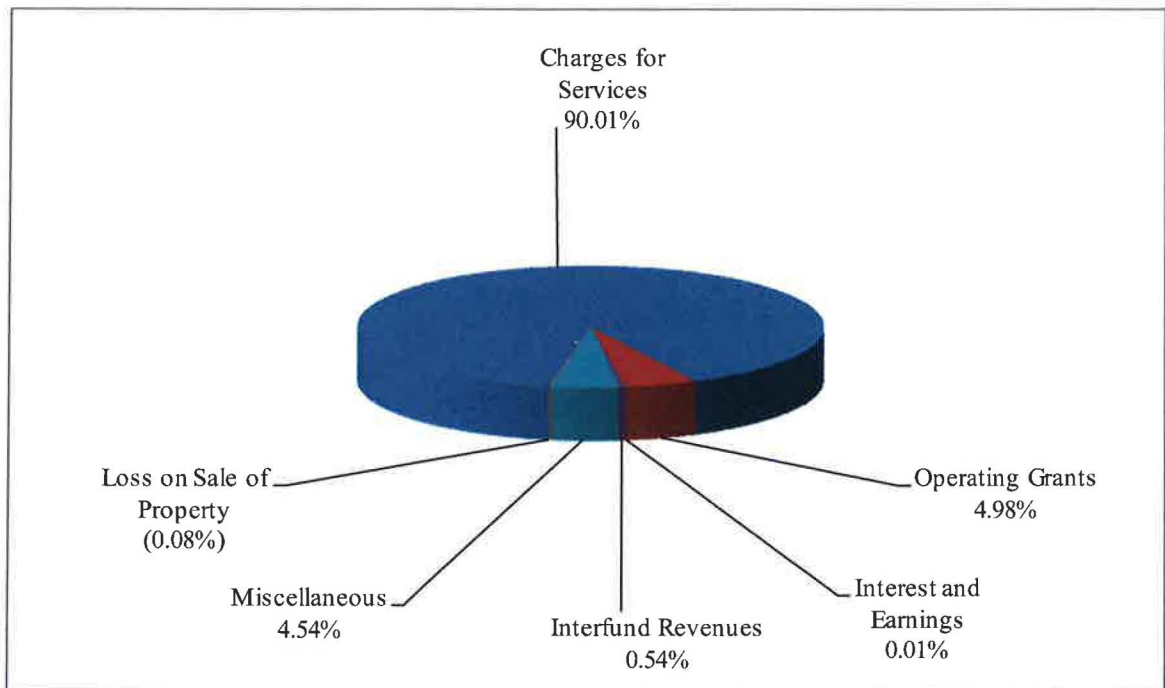
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A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2022



For the Year Ended June 30, 2021



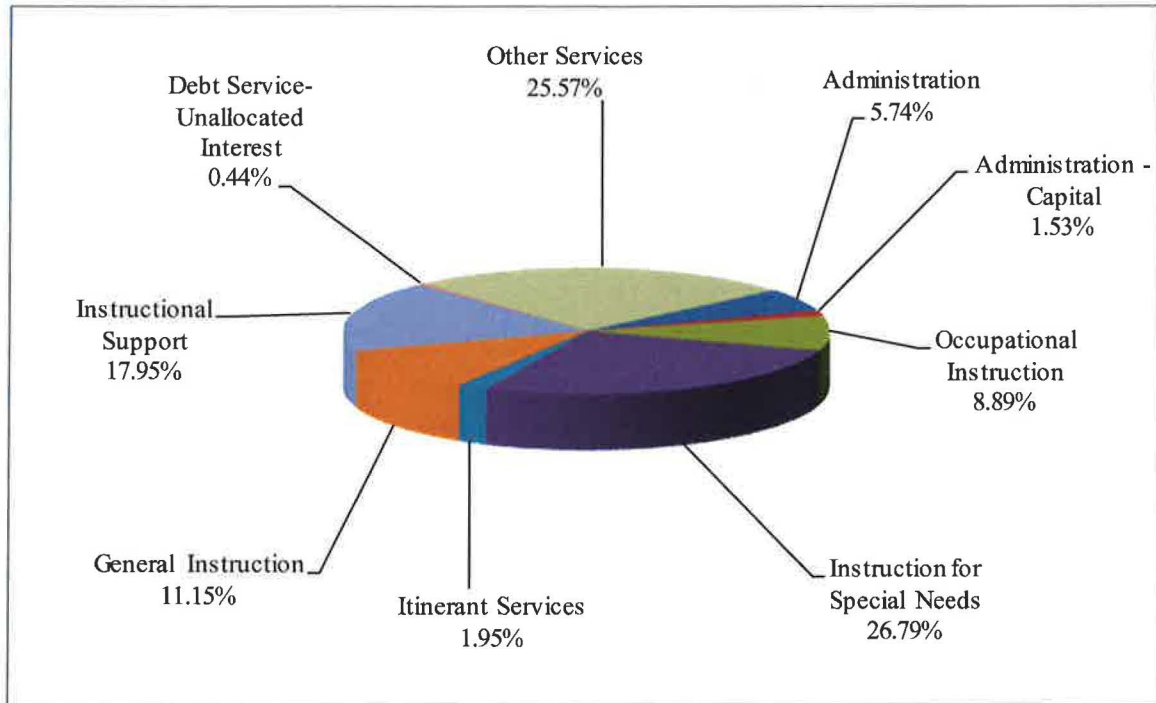
See Independent Auditor's Report

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

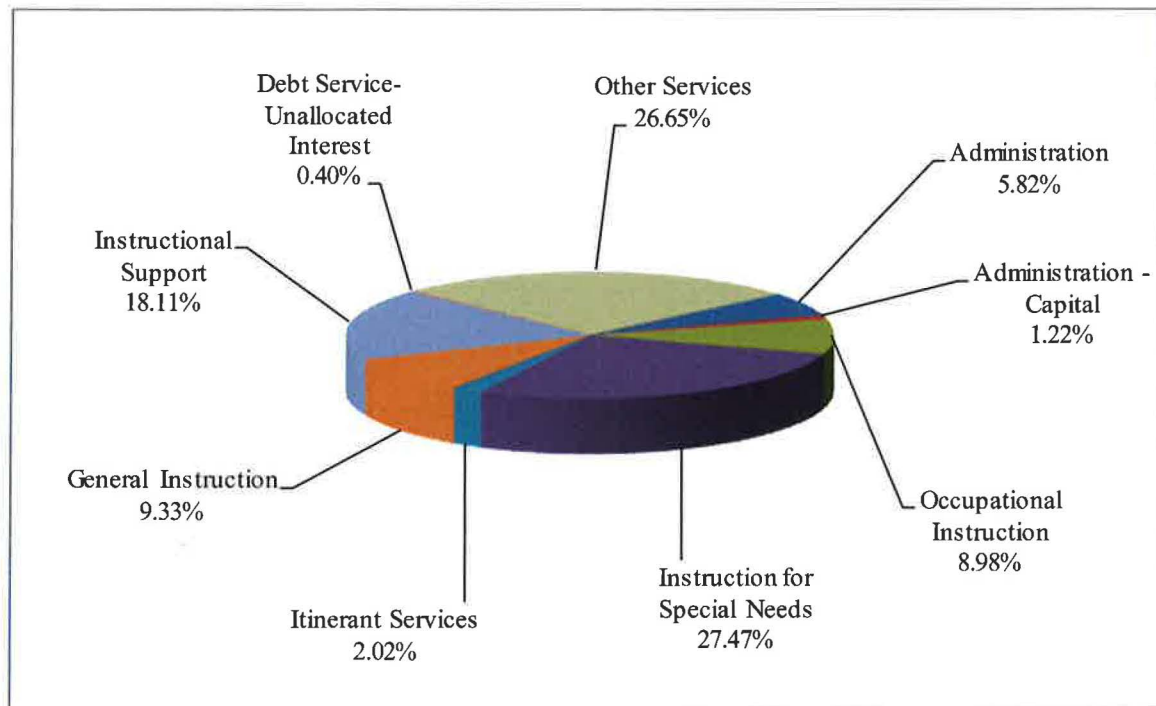
(Continued)

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

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

4. FINANCIAL ANALYSIS OF THE BOCES' FUND BALANCES

At June 30, 2022, the BOCES' governmental funds reported combined fund balance of \$14,519,894, which is an increase of \$2,565,383 from the prior year. This increase is primarily due to board approved increases in the BOCES' General fund reserves and an increase in Special Aid fund assigned fund balance. A summary of the change in fund balance by fund is as follows:

	2022	Restated 2021	Increase (Decrease)
General Fund			
Nonspendable	\$ 88,545	\$ 87,222	\$ 1,323
Restricted For			
Unemployment Insurance	1,471,452	1,087,516	383,936
Employee Benefit Accrued Liability	4,651,064	4,706,117	(55,053)
Retirement Contribution			
Employees' Retirement System	9,591,809	8,089,924	1,501,885
Teachers' Retirement System	2,735,822	2,071,976	663,846
Liability	788,183	787,747	436
Total Restricted	19,238,330	16,743,280	2,495,050
Assigned	697,977	1,039,446	(341,469)
Unassigned (Deficit)	(14,974,272)	(11,787,631)	(3,186,641)
Total General Fund	5,050,580	6,082,317	(1,031,737)
Special Aid Fund			
Assigned	6,158,654	4,870,935	1,287,719
Total Special Aid Fund	6,158,654	4,870,935	1,287,719
Miscellaneous Special Revenue Fund			
Restricted	198,331	117,684	80,647
Total Miscellaneous Special Revenue Fund	198,331	117,684	80,647
Debt Service Fund			
Restricted	202,624	215,926	(13,302)
Total Debt Service Fund	202,624	215,926	(13,302)
Capital Projects Fund			
Restricted	2,909,705	667,649	2,242,056
Total Capital Projects Fund	2,909,705	667,649	2,242,056
Total Fund Balance	<u>\$ 14,519,894</u>	<u>\$ 11,954,511</u>	<u>\$ 2,565,383</u>

The BOCES has implemented the new accounting standard for leases. The BOCES leases various technology equipment to school districts and other BOCES. Frequently, the BOCES receives payment for the full lease at the beginning of the term of the lease. These funds are used to purchase the assets being leased and expensed in the General Fund. However, accounting standards require these funds collected be a deferred revenue and recognized as revenue over the term of the lease. This accounting treatment resulted in the recording of a Deferred Outflow of Resources at June 30, 2022 and 2021 in the amount of \$34,850,287 and \$30,440,499, respectively. The deferral results in a General Fund unassigned deficit fund balance at June 30, 2022 and 2021 in the amount of \$14,974,272 and \$11,787,631, respectively.

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

5. GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original approved budget of \$146,727,406 and the amended budget of \$159,679,528 is 8.8%, or \$12,952,122. The increase is due to the request for additional services from component and non-component school districts. 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 expenditures and encumbrances were under the amended budget by 10.8%, or \$17,305,030, and actual revenues were below the amended budget 3.1%, or \$4,964,519.

6. CAPITAL ASSET, RIGHT-TO-USE ASSET, AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2022 and 2021, the BOCES had \$71,227,465 and \$69,991,407, respectively, 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:

	2022	2021	Increase (Decrease)
Land	\$ 3,927,515	\$ 3,927,515	\$
Construction in Process	452,028	633,898	(181,870)
Buildings	30,036,421	29,875,884	160,537
Vehicles, Furniture, and Equipment	36,811,501	35,554,110	1,257,391
Capital Assets, Net	<u>\$ 71,227,465</u>	<u>\$ 69,991,407</u>	<u>\$ 1,236,058</u>

The BOCES' Capital Assets, Net of Accumulated Depreciation is, for the purpose of this report, the assets owned and purchased by the BOCES less the depreciated value over the useful life of the item.

Depreciation expense for the BOCES totaled \$14,745,750 and \$13,702,622 for June 30, 2022 and 2021, respectively.

B. Right-to-use Assets

At June 30, 2022 and 2021, the BOCES had Intangible right-to-use leased assets, net of accumulated amortization, as follows:

	Restated 2021	2022	Increase (Decrease)
Leased Buildings, Net	4,577,957	3,711,746	866,211
Leased Equipment, Net	8,101,893	8,436,004	(334,111)
Right to Use Leased Assets, Net	<u>\$ 12,679,850</u>	<u>\$ 12,147,750</u>	<u>\$ 532,100</u>

C. Long-Term Debt

At June 30 2022, the BOCES had total long-term debt of \$295,595,142. A summary of the long-term debt at June 30, 2022 and 2021, is as followed:

	2022	Restated 2021	Increase (Decrease)
Revenue Bonds	\$ 16,480,000	\$ 16,845,000	\$ (365,000)
Premium on Bonds	1,526,775	1,607,132	(80,357)
Installment Purchase Debt	14,570,570	14,026,887	543,683
Lease Liability	10,746,629	11,649,381	(902,752)
Compensated Absences	4,651,064	5,084,986	(433,922)
OPEB liability	247,620,104	232,423,500	15,196,604
Total Long-Term Debt	<u>\$ 295,595,142</u>	<u>\$ 281,636,886</u>	<u>\$ 13,958,256</u>

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022**

(Continued)

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 affect BOCES in the future:

- During the spring of 2022, the Boards of Education of the component school districts approved the BOCES' administrative budget for the 2022-2023 fiscal year.
- In March 2020, the world was upended by the COVID-19 pandemic. The financial impact of the pandemic lingers as inflation continues to rise. During the last few years, the BOCES and our component districts incurred additional costs related to COVID such as PPE, additional cleaning and sanitizing, technology costs, and the impact of human resources/personnel costs related to mandates related to FFCRA, vaccination leave, and quarantines. BOCES supported districts through these uncertain times by providing information and cost-effective shared services. In spring 2021, districts received an influx of federal funding and an increase in state aid to unprecedented levels. Even though districts received this additional funding, the BOCES decided to limit their unit cost increases to be fiscally responsible. As costs continue to rise in the economy and federal funding goes away, future participation in BOCES programs could be impacted making budgeting more challenging in the future.
- The number of retirees and current employees eligible to retire continues to grow creating a significant burden for the BOCES and its component school districts. Over the past few years, the BOCES moved employees from a two-tier prescription drug plan to a three-tier prescription drug plan and increased the employee co-pay. They also increased the required number of years of employment to be eligible for health insurance into retirement from ten years to fifteen years with the two largest bargaining units. Settlements with the Mid-Level and OCMBFT bargaining units and Board of Education policy for non-represented staff also decreases the amount of BOCES contribution towards retirement in the future.
- Projected employer retirement system costs continue to be a significant part of the BOCES budget. Rates are expected to increase in the coming years, due to changes in the economy. The uncertainty and fluctuations of these rates, makes budgeting challenging. The creation of new tiers in the retirement system should help the BOCES contain costs as new employees are added in tiers with less costly benefits.
- Staffing shortages continue to be a problem across our programs. BOCES increased salaries in the latest Collective Bargaining Agreements in hopes to retain and attract new employees going forward. All Collective Bargaining Agreements are current and have expiration dates in 2025.
- The BOCES' deficit in Net Position is directly related to the accrual of OPEB as required by GASB 75. There is currently no method to fund this liability. The BOCES is seeking legislative relief to allow for the establishment and funding of OPEB reserves.

8. CONTACTING THE BOCES' FINANCIAL MANAGEMENT

This financial report is designed to provide the BOCES' citizens, taxpayers, 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, at Onondaga-Cortland-Madison BOCES, 110 Elwood Davis Rd., Liverpool, NY 13088.

ONONDAGA-CORTLAND-MADISON BOCES

STATEMENT OF NET POSITION

June 30, 2022

Assets	
Cash and Cash Equivalents	\$ 30,285,683
Restricted Cash and Cash Equivalents	19,651,344
Cash Held with Fiscal Agent	2,496,718
Investments - Restricted	1,108,988
Receivables	
State and Federal Aid	1,273,218
Due from Components	12,645,459
Lease Receivables	19,964,560
Accounts Receivable	253,281
Prepaid Expenditures	88,545
Other Assets	10,096
Net Pension Asset - Proportionate Share	38,707,632
Intangible Right-to-use Lease Assets, Net	12,147,750
Capital Assets, Net	71,227,465
Total Assets	<u>209,860,739</u>
Deferred Outflows of Resources	
Other Postemployment Benefits	39,470,566
Pensions	29,207,896
Total Deferred Outflows of Resources	<u>68,678,462</u>
Total Assets and Deferred Outflows	<u>\$ 278,539,201</u>
Liabilities	
Due to Components - Refund of Surplus	\$ 14,070,227
Due to	
Teachers' Retirement System	3,981,244
Employees' Retirement System	524,300
Short-Term Notes Payable	
Revenue Anticipation Note	9,500,000
Accounts Payable	2,541,560
Accrued Liabilities	5,449,257
Payroll Withholdings	478,800
Accrued Interest	266,283
Overpayments and Collections in Advance	1,426,886
Unearned Revenues	435,437
Noncurrent Liabilities	
Due Within One Year	11,097,792
Due in More Than One Year	284,497,350
Total Liabilities	<u>334,269,136</u>
Deferred Inflows of Resources	
Leases	34,850,287
Other Postemployment Benefits	46,856,227
Pensions	54,563,958
Total Deferred Inflows of Resources	<u>136,270,472</u>
Total Liabilities and Deferred Inflows	<u>470,539,608</u>
Net Position	
Net Investment in Capital Assets	42,960,946
Restricted	22,548,990
Unrestricted (Deficit)	(257,510,343)
Total Net Position (Deficit)	<u>(192,000,407)</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 278,539,201</u>

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

ONONDAGA-CORTLAND-MADISON 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	\$ 8,453,543	\$ 2,326,339	\$	\$ (6,127,204)
Administration - Capital	2,256,055	2,709,935		453,880
Occupational Instruction	13,102,824	10,187,166	1,335,206	(1,580,452)
Instruction for Special Needs	39,475,918	39,223,252	4,022,680	3,770,014
Itinerant Services	2,872,988	1,784,416	292,764	(795,809)
General Instruction	16,438,359	14,751,748	1,675,104	(11,507)
Instructional Support	26,454,278	32,319,367	2,695,747	8,560,836
Debt Service - Unallocated Interest Expense	646,613			(646,613)
Other Services	37,689,672	33,411,060		(4,278,612)
Total Functions/Programs	<u>\$ 147,390,250</u>	<u>\$ 136,713,283</u>	<u>\$ 10,021,500</u>	<u>(655,467)</u>
General Revenues				
Interest and Earnings				697,506
(Loss) on Sale of Property and Compensation for Loss				(64,150)
Interfund Revenues				1,141,373
Miscellaneous				<u>7,010,033</u>
Total General Revenues				<u>8,784,762</u>
Change in Net Position				<u>8,129,295</u>
Net Position (Deficit), Beginning of Year				(189,459,762)
Cumulative Effect of Change in Accounting Principle				<u>(10,669,940)</u>
Net Position (Deficit), Beginning of Year (Restated)				<u>(200,129,702)</u>
Net Position (Deficit), End of Year				<u>\$ (192,000,407)</u>

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

ONONDAGA-CORTLAND-MADISON BOCES
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue					Total
	General	Special Aid	Miscellaneous	Debt Service	Capital	
Assets						
Unrestricted Cash and Cash Equivalents	\$ 25,658,342	\$ 4,323,744		\$	\$ 303,597	\$ 30,285,683
Restricted Cash and Cash Equivalents	19,238,330		198,411	362	214,241	19,651,344
Cash Held with Fiscal Agent					2,496,718	2,496,718
Investments - Restricted				1,108,988		1,108,988
Receivables						
State and Federal Aid		1,273,218				1,273,218
Due from Components	12,645,459					12,645,459
Due from Other Funds		950,690				950,690
Lease Receivables	19,964,560					19,964,560
Accounts Receivable	6,548	246,733				253,281
Prepaid Expenditures	88,545					88,545
Other Assets	6,358	3,738				10,096
Total Assets	<u>\$ 77,608,142</u>	<u>\$ 6,798,123</u>	<u>\$ 198,411</u>	<u>\$ 1,109,350</u>	<u>\$ 3,014,556</u>	<u>\$ 88,728,582</u>
Liabilities						
Due to Components - Refund of Surplus	\$ 14,070,227	\$	\$	\$	\$	\$ 14,070,227
Accounts Payable	2,315,070	121,559	80		104,851	2,541,560
Accrued Liabilities	5,290,308	158,949				5,449,257
Payroll Withholdings	478,800					478,800
Due To						
Other Funds	950,690					950,690
Teachers' Retirement System	3,981,244					3,981,244
Employees' Retirement System	524,300					524,300
Revenue Anticipation Note	9,500,000					9,500,000
Overpayments and Collections in Advance	520,160			906,726		1,426,886
Unearned Revenue	76,476	358,961				435,437
Total Liabilities	<u>37,707,275</u>	<u>639,469</u>	<u>80</u>	<u>906,726</u>	<u>104,851</u>	<u>39,358,401</u>
Deferred Inflow of Resources - Leases	<u>34,850,287</u>					<u>34,850,287</u>
Fund Balances (Deficit)						
Nonspendable	88,545					88,545
Restricted	19,238,330		198,331	202,624	2,909,705	22,548,990
Assigned	697,977	6,158,654				6,856,631
Unassigned (Deficit)	(14,974,272)					(14,974,272)
Total Fund Balances	<u>5,050,580</u>	<u>6,158,654</u>	<u>198,331</u>	<u>202,624</u>	<u>2,909,705</u>	<u>14,519,894</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 77,608,142</u>	<u>\$ 6,798,123</u>	<u>\$ 198,411</u>	<u>\$ 1,109,350</u>	<u>\$ 3,014,556</u>	<u>\$ 88,728,582</u>

ONONDAGA-CORTLAND-MADISON BOCES
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE BOCES-WIDE NET POSITION
June 30, 2021

Total Governmental Fund Balances	\$ 14,519,894
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Amounts reported for governmental activities in the Statement of Net Position differ as follows:

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.

Original Cost of Capital Assets	197,937,070
Accumulated Depreciation	(126,709,605)
Original Cost of Intangible Right-to-use Lease Assets	26,832,913
Accumulated Amortization	(14,685,163)
	83,375,215

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	38,707,632
Deferred Outflows - Pensions	29,207,896
Deferred Inflows - Pensions	(54,563,958)
	13,351,570

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:

Revenue Bonds Payable	(16,480,000)
Premium on Bonds	(1,526,775)
Accrued Interest Payable	(266,283)
Installment Purchase Agreements	(14,570,570)
Lease Liability	(10,746,629)
Deferred Outflows - OPEB	39,470,566
Other Postemployment Liabilities	(247,620,104)
Deferred Inflows - OPEB	(46,856,227)
Compensated Absences Payable	(4,651,064)
	(303,247,086)

Total Net Position (Deficit)	\$ (192,000,407)
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The Accompanying Notes are an Integral Part of These Financial Statements.

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

	Special Revenue					Total
	General	Special Aid	Miscellaneous	Debt Service	Capital	
Revenues						
Charges for Services	\$ 79,313	\$ 3,736,833	\$	\$	\$	\$ 3,816,146
Charges to Components - Administration	4,970,063					4,970,063
Charges to Components - Service Programs	97,623,064					97,623,064
Charges to Other BOCES	30,611,355					30,611,355
Charges to Noncomponents	1,151,113					1,151,113
Interest and Earnings (Loss)	703,766			(6,302)	42	697,506
Lease Revenue	12,611,769					12,611,769
Sale of Property and Compensation for Loss	26,388					26,388
Miscellaneous	6,227,716	1,677,621	107,601		5,052	8,017,990
Refund of Prior Year's Expenditures	669,664					669,664
Interfund Revenues	40,798			1,100,575	648,295	1,789,668
State and Local Sources		3,572,785				3,572,785
Federal Sources		4,771,094				4,771,094
Total Revenues	<u>154,715,009</u>	<u>13,758,333</u>	<u>107,601</u>	<u>1,094,273</u>	<u>653,389</u>	<u>170,328,605</u>
Expenditures						
Administration	8,385,937					8,385,937
Administration - Capital	2,778,286				3,984,896	6,763,182
Occupational Instruction	9,811,495	3,121,126				12,932,621
Instruction for Special Needs	36,898,899	1,936,926				38,835,825
Itinerant Services	2,823,999					2,823,999
General Instruction	12,176,575	4,023,593	26,954			16,227,122
Instructional Support	31,355,073	3,355,378				34,710,451
Other Services	37,446,255	33,591				37,479,846
Capital Outlay					7,755,122	7,755,122
Debt Service - Principal				365,000		365,000
Debt Service - Interest				742,575		742,575
Total Expenditures	<u>141,676,519</u>	<u>12,470,614</u>	<u>26,954</u>	<u>1,107,575</u>	<u>11,740,018</u>	<u>167,021,680</u>
Excess (Deficit) Revenues Over Expenditures	<u>13,038,490</u>	<u>1,287,719</u>	<u>80,647</u>	<u>(13,302)</u>	<u>(11,086,629)</u>	<u>3,306,925</u>
Other Financing Sources (Uses)						
Proceeds of Installment Purchase Debt					9,343,789	9,343,789
Proceeds of Leases					3,984,896	3,984,896
Return of Surplus	(14,070,227)					(14,070,227)
Total Other Financing Sources (Uses)	<u>(14,070,227)</u>				<u>13,328,685</u>	<u>(741,542)</u>
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources	<u>(1,031,737)</u>	<u>1,287,719</u>	<u>80,647</u>	<u>(13,302)</u>	<u>2,242,056</u>	<u>2,565,383</u>
Fund Balances, Beginning of Year	<u>17,782,726</u>	<u>4,870,935</u>	<u>117,684</u>	<u>215,926</u>	<u>667,649</u>	<u>23,654,920</u>
Cumulative Effect of Change in Accounting Principle	<u>(11,700,409)</u>					<u>(11,700,409)</u>
Fund Balance, Beginning of Year, Restated	<u>6,082,317</u>	<u>4,870,935</u>	<u>117,684</u>	<u>215,926</u>	<u>667,649</u>	<u>11,954,511</u>
Fund Balances, End of Year	<u>\$ 5,050,580</u>	<u>\$ 6,158,654</u>	<u>\$ 198,331</u>	<u>\$ 202,624</u>	<u>\$ 2,909,705</u>	<u>\$ 14,519,894</u>

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

ONONDAGA-CORTLAND-MADISON 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	\$	2,565,383
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Capital Related Differences

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

Right-to-use Lease Assets	0	
Amortization Expense	(4,516,996)	
Depreciation Expense	(14,745,750)	
Loss on Disposal	(90,538)	
Capital Outlays	<u>16,072,346</u>	(3,280,938)

Long-Term Debt Transaction Differences

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

Amortization of Premium on Bond	80,357	
Change in Accrued Interest Payable on Bond	15,605	
Principal Payment on Revenue Bond	365,000	
Proceeds of Installment Purchase Debt	(9,343,789)	
Installment Purchase Debt Paid	8,800,106	
Proceeds of Leases	(3,984,896)	
Repayment of Leases	4,887,648	
OPEB Liability (including deferred outflows and deferred inflows)	(4,255,196)	
Compensated Absences	<u>433,922</u>	(3,001,243)

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

Teachers' Retirement System	2,522,981	
Employees' Retirement System	<u>5,338,216</u>	<u>7,861,197</u>

Change in Net Position Governmental Activities	\$	<u><u>4,144,399</u></u>
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The Accompanying Notes are an Integral Part of These Financial Statements.

ONONDAGA-CORTLAND-MADISON BOCES
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	Fiduciary Fund Custodial	Fiduciary Component Unit NYSMEC
Assets		
Cash and Cash Equivalents - Restricted	\$ 16,234	\$ 4,882,302
Accounts Receivable		5,956,552
Prepaid Expenditures		7,395
Total Assets	<u>\$ 16,234</u>	<u>\$ 10,846,249</u>
Liabilities		
Accounts Payable	\$	\$ 3,265,024
Amounts due to Participants		4,602,408
Total Liabilities		<u>7,867,432</u>
Net Position		
Restricted for Extraclassroom Activities	16,234	
Unrestricted		2,978,817
Total Net Position	<u>16,234</u>	<u>2,978,817</u>
Total Liabilities and Net Position	<u>\$ 16,234</u>	<u>\$ 10,846,249</u>

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

ONONDAGA-CORTLAND-MADISON BOCES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2022

	Fiduciary Fund Custodial	Fiduciary Component Unit NYSMEC
Additions		
Charges for Services, Sale of Property, and Miscellaneous	\$ 10,375	\$
State Aid Received for Other Governments	38,879,552	
Billings of Estimated Energy Costs		48,531,455
Interest Income		5,326
Total Additions	<u>38,889,927</u>	<u>48,536,781</u>
Deductions		
Club Activities	9,422	
State Aid Payments Distributed to Other Governments	38,879,552	
Expenditures for Energy		48,531,455
Participant Legal Expense		15,914
Total Deductions	<u>38,888,974</u>	<u>48,547,369</u>
Change in Net Position	953	(10,588)
Net Position, Beginning of Year	<u>15,281</u>	<u>2,989,405</u>
Net Position, End of Year	<u>\$ 16,234</u>	<u>\$ 2,978,817</u>

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

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Onondaga-Cortland-Madison BOCES have been prepared in conformity with accounting principles generally accepted in the United States of America as they 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 consisting of eleven members. The Board is responsible for, and controls all activities related to public school education within the BOCES. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

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

(a) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of Onondaga-Cortland-Madison BOCES represent funds of the students of BOCES. 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. The BOCES accounts for assets held as an agent for the various student organizations in a Fiduciary Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the BOCES' business office at 110 Elwood Davis Road, Liverpool, NY 13088.

(b) Fiduciary Component Unit

The BOCES participates and serves as the administrative participant in the New York School and Municipal Energy Consortium (NYSMEC). This is a cooperative agreement under Article 5(G) of the New York Municipal Law for the purpose of purchasing natural gas and/or electricity. The participating municipal corporations include school districts, BOCES, cities, villages, and county governments. The Consortium was established under a master agreement dated April 2, 1999.

As an administrative participant, BOCES cooperatively negotiates fixed price purchases of natural gas and electricity for itself and 110 other municipalities. A separate account is maintained for each participant. The expenses for the natural gas and electricity are paid by the administrative participant. At the end of the fiscal year, a reconciliation is performed on each participant's account, balancing the amount paid for the six installments and the actual expenditures for the participant's energy usage. The differences are refunded to the participant in the case of an overpayment or collected from the participant in the case of an underpayment.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

All of the financial data for the Consortium was derived from the Consortium's audited financial statements for its fiscal year ended April 30, 2021. These financial statements can be found at the BOCES' Business Office located at 110 Elwood Davis Road, Liverpool, NY 13088.

Joint Ventures

(a) Insurance Consortium

The BOCES is the sponsoring agency for the Onondaga-Cortland-Madison BOCES Cooperative Health Insurance Fund of Central New York and the Onondaga-Cortland-Madison Workers' Compensation Consortium. Both consortiums are governed by separate Boards that have overall administrative responsibility and make management decisions. Both Consortiums are municipal corporations operating in the Onondaga-Cortland-Madison area to provide cooperative programs for health benefits and workers' compensation benefits, respectively, to municipal employees by entering into intermunicipal agreements pursuant to Article 5-G of the General Municipal Law.

Separate audited financial statements of the Onondaga-Cortland-Madison Cooperative Health Insurance Fund of Central New York and the Onondaga-Cortland-Madison Workers' Compensation Consortium can be found at the BOCES' Business Office located at 110 Elwood Davis Road, Liverpool, NY 13088.

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 for services, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column, if any, reflects capital-specific grants.

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

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as federal and state grants, that are restricted or committed to expenditures for specified purposes other than debt service and capital projects.

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.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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 assets.

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

Fiduciary funds are 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.

Custodial Funds: These funds are strictly custodial in nature. Assets are held by the BOCES as agent for various student groups or extraclassroom activity funds.

Fiduciary Component Unit: A component unit under the criteria of GASB 14 is considered fiduciary in nature if the assets are for the benefit of organizations or other governments that are not part of the BOCES. In addition, the assets are not derived from the BOCES' provision of goods or services to those organizations or other governments. The BOCES has one entity that meets the criterion of a fiduciary component unit, the New York School and Municipal Energy Consortium (NYSMEC). NYSMEC is discussed in more detail in Note 1(b) to the Financial Statements.

Measurement Focus and Basis of Accounting

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds when paid. 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. The unfunded portion has not been actuarially determined and is not recorded as a long-term liability.

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

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 School Board of each component district in May. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

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

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

The Board of Cooperative Educational Services must approve all modifications to the budget. However, the BOCES Superintendent is authorized to transfer certain budgeted amounts within departments. The BOCES' cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the BOCES' investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

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.

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 is recognized as investment income.

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 9 to the financial statements.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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 \$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	3-10 Years	Straight Line
Buildings and Improvements	15-50 Years	Straight Line

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 two items that qualify for reporting in this category. The first item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension asset or liability and difference during the measurement period between the BOCES' contributions and its proportionate share of total contributions not included in pension expense. The second item relates to OPEB reporting in the BOCES-wide Statement of Net Position. This represents the employer contributions subsequent to the measurement date and the effect of the net change in the actual and expected experience and changes in assumptions.

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).

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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.

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 in one year or due within more than one year in the Statement of Net Position.

Unearned Revenue

Unearned revenues 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 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 three items that qualify for reporting in this category. The first item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension 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. The third item is related to agreements in which the BOCES acts as a lessor and is deferring any lease receivable and initial payments received over the term of the lease.

Equity Classifications

(a) BOCES-wide Statements

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

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

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

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(b) Fund Statements

The BOCES follows GASB's authoritative guidance under GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

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

Nonspendable

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 Fund.

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 positions 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.
- ***Reserve for Retirement Contributions*** – The Retirement Contribution Reserve (GML §6-r) (Chapter 260 of the NYS Laws of 2004) is used to reserve funds for the payment of retirement contributions to the New York State and Local Employees' Retirement System. This reserve was established by a Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to New York State Teachers' Retirement System. The Board adopted a resolution in May 2019 to establish a sub-fund for the BOCES. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law 6-r.
- ***Reserve for 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*** – 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. The reserve is accounted for in the General Fund.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

- **Reserve for Career Educational Instructional Equipment** – This reserve is available only to BOCES for the replacement and purchase of advanced technology equipment used in instructional programs conducted by the BOCES. It may be established upon approval of the BOCES and of the school boards of a majority of the districts participating in the instructional programs of the BOCES. This reserve is accounted for in the Capital Fund.
- **Reserve for Scholarships** – This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue Fund.
- **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.
- **Capital Projects Fund** – This fund is used to account for and report the financial resources that are restricted for acquisition, construction or major repair of capital facilities, and is accounted for in the Capital Fund.

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.

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. All encumbrances other than in the Capital Fund are classified as Assigned Fund Balance in the respective fund.

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.

Order of Use of Fund Balance

The BOCES' policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Committed and assigned fund balances are determine 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.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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 vs. 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. The amounts shown represent:

(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 on 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 and amortization expense on those items as recorded in the Statement of Activities.

(c) Long-Term Debt Transaction Differences

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

(d) Pension Differences

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

(e) OPEB Differences

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

(f) Employee Benefit Allocation

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

3. DETAIL NOTES ON ALL FUNDS

Assets

(a) Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents of \$19,238,330 in the General Fund represents funds held in the Liability Reserve, Unemployment Insurance Reserve, Retirement Contribution Reserve, and Employee Benefit Accrued Liability Reserve established by the BOCES.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Restricted cash and cash equivalents of \$198,411 in the Miscellaneous Special Revenue Fund represents funds held by the BOCES for future scholarship awards.

Restricted cash and cash equivalents of \$214,241 in the Capital Fund represents funds held by the BOCES for future capital projects.

Restricted cash and cash equivalents and investments of \$1,109,350 in the Debt Service Fund represents funds held by the BOCES for future debt service payments.

Restricted cash and cash equivalents of \$16,234 in the Custodial fund represents funds held by the BOCES for the various student club activities.

Restricted cash and cash equivalents of \$4,882,302 in the Fiduciary Component Unit, NYSMEC, represents funds held to pay for natural gas and electricity on behalf of its participants. .

(b) 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. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

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

The BOCES' investment policies are governed by state statutes and BOCES policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities.

As of June 30, 2022, BOCES' bank balances of \$54,553,518 were fully collateralized by FDIC and with securities held by an agent of the pledging financial institution in the BOCES' name.

(c) Investments - Restricted

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

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

The investments are from the intercepted BOCES' State Aid to pay the debt service on revenue bonds. The investments consist of only United States Treasury Bills and Notes. These securities are considered Level 1 because the valuation is based on quoted market prices. The investments are registered and held by the financial institution's trust department in the name of the Dormitory Authority of the State of New York (DASNY) and BOCES. The net change in the unrealized gain or loss is recognized as investment income. The income received from these investments is to be used to offset future debt service costs.

The investments at June 30, 2022, are as follows:

Description	Quantity	Cost	Fair Value	Gain (Loss)
Debt Service Fund				
U.S. Treasury Note, 1.625% Due 8/12/2022, Level 1	281,000	\$ 285,000	\$ 281,062	\$ (3,938)
U.S. Treasury Note, 1.625% Due 8/15/2022, Level 1	623,000	631,845	623,137	(8,708)
U.S. Treasury Bill, 0.00% Due 10/20/2022, Level 1	206,000	204,719	204,789	70
Total Investments		<u>\$ 1,121,564</u>	<u>\$ 1,108,988</u>	<u>\$ (12,576)</u>

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(d) Capital 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				
Land	\$ 3,927,515	\$	\$	\$ 3,927,515
Construction In Progress	633,898	452,028	633,898	452,028
Total	4,561,413	452,028	633,898	4,379,543
Capital Assets Being Depreciated				
Buildings and Improvements	42,836,081	1,092,370		43,928,451
Furniture, Equipment and Vehicles	142,170,426	15,161,846	7,703,196	149,629,076
Total	185,006,507	16,254,216	7,703,196	193,557,527
Accumulated Depreciation				
Buildings and Improvements	12,960,197	931,833		13,892,030
Furniture, Equipment and Vehicles	106,616,316	13,813,917	7,612,658	112,817,575
Total	119,576,513	14,745,750	7,612,658	126,709,605
Net Capital Assets Being Depreciated	65,429,994	1,508,466	90,538	66,847,922
Net Capital Assets	<u>\$ 69,991,407</u>	<u>\$ 1,960,494</u>	<u>\$ 724,436</u>	<u>\$ 71,227,465</u>

Depreciation expense \$14,745,750 is charged as follows:

Function/Program	
Administration	\$ 872,812
Administration-Capital	289,165
Occupational Instruction	1,021,184
Instruction for Special Needs	3,840,447
Itinerant Services	293,923
General Instruction	1,267,348
Instructional Support	3,263,449
Other Services	3,897,422
Total Depreciation	<u>\$ 14,745,750</u>

(e) Intangible Right-to-use Lease Assets

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

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Buildings	\$ 6,655,699	\$	\$	\$ 6,655,699
Leased Equipment	16,192,318	3,984,896		20,177,214
Total	22,848,017	3,984,896		26,832,913
Accumulated Amortization				
Leased Buildings	2,077,742	866,211		2,943,953
Leased Equipment	8,090,425	3,650,785		11,741,210
Total	10,168,167	4,516,996		14,685,163
Net Right to Use Leased Assets	<u>\$ 12,679,850</u>	<u>\$ (532,100)</u>	<u>\$</u>	<u>\$ 12,147,750</u>

Amortization expense is charged as follows:

Function/Program	
Other Services	<u>\$ 4,516,996</u>

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(f) Lease Receivable and Lessor Agreements

The BOCES has entered into agreements with districts and other BOCES to lease various technology equipment and digital printers. These lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded as a receivable at the present value of the future minimum lease payments as of the date of the inception of the agreements. The agreements were executed on various dates from 2017 to 2022 and are for a term of 3-5 years. The interest rates on the receivables range from 0.326% to 4.250%. However, for some of the agreements the payments are received up front and therefore there no receivables are due from the lessee.

As a result of these lease agreements, the BOCES has recorded a deferred inflow of resources at June 30, 2022. For the year ended June 30, 2022, the BOCES recognized \$11,710,353 in lease revenue and \$694,569 in lease interest revenue. Also, during the year ended June 30, 2022, the BOCES issued new leases resulting in new receivable additions of \$12,934,823. Future payments due to the BOCES under these agreements are as follows:

For the Year Ending June 30,	Lease Receivables		
	Principal	Interest	Total
2023	\$ 8,770,662	\$ 456,558	\$ 9,227,220
2024	6,391,357	249,345	6,640,702
2025	3,328,716	101,992	3,430,708
2026	1,429,974	30,452	1,460,426
2027	43,851	1,316	45,167
Total	<u>\$ 19,964,560</u>	<u>\$ 839,663</u>	<u>\$ 20,804,223</u>

Recognition of the deferred inflows under these agreements will be as follows:

For the Year Ending June 30,	Deferred Inflow
2023	\$ 13,317,743
2024	9,752,173
2025	6,767,721
2026	4,065,434
2027	947,216
Total	<u>\$ 34,850,287</u>

Liabilities

(a) Short-Term Debt

Revenue Anticipation Notes (RANs) – 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 following is a description of the RAN outstanding during the year ended June 30, 2022:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
General Fund RAN	6/21/2022	<u>\$ 9,500,000</u>	6/21/2023	3.00	<u>\$ 9,500,000</u>

The change in the short-term debt is as follows:

Description	Balance 07/01/21	Issued	Paid	Balance 06/30/22
General Fund				
RAN- Due 6/17/2022	\$ 9,500,000	\$	\$ 9,500,000	\$
RAN- Due 6/21/2023		9,500,000		9,500,000
Total Governmental Activities	<u>\$ 9,500,000</u>	<u>\$ 9,500,000</u>	<u>\$ 9,500,000</u>	<u>\$ 9,500,000</u>

Interest expense for the RAN totaled \$84,600 and is included in the BOCES' administrative expenditures.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(b) Long-Term Debt

Long-Term Debt balances and activity are as follows:

Description	Restated Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Bonds Payable					
Revenue Bonds Payable	\$ 16,845,000	\$	\$ 365,000	\$ 16,480,000	\$ 540,000
Premium on Bond	1,607,132		80,357	1,526,775	80,357
Other Liabilities					
Installment Purchase Obligations	14,026,887	9,343,789	8,800,106	14,570,570	6,443,033
Lease Liability	11,649,381	3,984,896	4,887,648	10,746,629	4,034,402
Other Postemployment Benefits	232,423,500	20,350,591	5,153,987	247,620,104	
Compensated Absences	<u>5,084,986</u>		<u>433,922</u>	<u>4,651,064</u>	
Total Noncurrent Liabilities	<u>\$ 281,636,886</u>	<u>\$ 33,679,276</u>	<u>\$ 19,721,020</u>	<u>\$ 295,595,142</u>	<u>\$ 11,097,792</u>

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

	Revenue Bonds				Installment Purchase Agreements		
	Principal	Interest	Total		Principal	Interest	Total
2023	\$ 540,000	\$ 719,950	\$ 1,259,950	2023	\$ 6,443,033	\$ 294,738	\$ 6,737,771
2024	570,000	692,200	1,262,200	2024	4,937,818	157,354	5,095,172
2025	600,000	662,950	1,262,950	2025	2,292,393	53,607	2,346,000
2026	630,000	632,200	1,262,200	2026	897,326	13,157	910,483
2027	660,000	599,950	1,259,950	Total	<u>\$ 14,570,570</u>	<u>\$ 518,856</u>	<u>\$ 15,089,426</u>
2028-2032	3,835,000	2,459,300	6,294,300				
2033-2037	4,785,000	1,490,675	6,275,675				
2038-2042	<u>4,860,000</u>	<u>425,200</u>	<u>5,285,200</u>				
Total	<u>\$ 16,480,000</u>	<u>\$ 7,682,425</u>	<u>\$ 24,162,425</u>				

Revenue Bonds – In June 2015, 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 financing agreement is part of a building expansion and alteration project approved by a majority vote of the residents of the component districts.

In April 2020, the BOCES entered into a financing agreement with the Dormitory Authority of the State of New York (DASNY) consisting of DASNY issuing tax-exempt program lease revenue bonds on behalf of the BOCES, the proceeds of which were used to finance a voter approved capital project to acquire land and a building on Crown Road, in the Town of Clay, New York. The terms of the DASNY revenue bonds are as follows:

Description	Date of Issuance	Original Amount	Date of Maturity	Interest Rate	Outstanding Amount
Education Center	6/30/2015	\$ 5,890,000	8/15/2040	4.0-5.0%	\$ 5,070,000
Crown Road Building	4/24/2020	\$ 11,615,000	8/15/2041	1.50-2.74%	11,410,000
Total					<u>\$ 16,480,000</u>

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

Revenue Bond Premiums

The Revenue bonds issued in 2020 and 2015 for \$11,615,000 and \$5,890,000 were issued at a premium of \$1,235,000 and \$561,122, respectively. While these amounts were recognized as revenue in the Debt Service Fund, they are considered unearned revenue on the BOCES-wide financial statements. The premiums are being amortized until the bonds mature in 2041. The total premiums amortized for the year ending June 30, 2022, was \$80,357, and the remaining unamortized balance is reported as a deferred bond premium in the amount of \$1,526,775.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Installment Purchase Agreements

The BOCES is obligated under certain installment purchase agreements at various incremental interest rates ranging from 1.320% to 4.250%. Assets purchased under the agreements totaled \$52,132,629 at June 30, 2022. This equipment is leased to the various participants at the cost of the lease agreement.

Interest expense on installment purchase agreements for the year ended June 30, 2022, was \$566,083 and is reported as a program expenditure.

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	Term	Annual
	Year	(In Years)	Payment
			Amount
Digital Printing	2017-2022	3-5	\$792-\$237,960
Vehicles	2018-2022	2-5	\$1,631-\$11,753
Technology Equipment	2018-2021	4-5	\$12,160-\$169,553
Facilities	2016-2020	5-15	\$40,657-\$635,152

The lease liability has been measured at a discount rate ranging from 1.57%-3.00%. As a result of these leases, the BOCES has recorded a right to use asset with a net book value of \$12,147,750 at June 30, 2022. Future lease payments are as follows:

For the Year Ending	Lease Liability		
June 30,	Principal	Interest	Total
2023	\$ 4,034,402	\$ 243,247	\$ 4,277,649
2024	2,804,289	144,389	2,948,678
2025	1,895,860	80,093	1,975,953
2026	1,305,816	41,842	1,347,658
2027	168,696	21,090	189,786
2028	128,493	16,127	144,620
2029	132,348	12,272	144,620
2030	136,318	8,302	144,620
2031	140,407	4,212	144,619
Total	\$ 10,746,629	\$ 571,574	\$ 11,318,203

Total interest for the year was as follows:

Interest Paid	\$ 742,575
Less: Interest Accrued in the Prior Year	(281,888)
Less: Current Year Amortization on	
Bond Premium	(80,357)
Plus: Interest Accrued in the Current Year	266,283
Total Interest Expense on Long-Term Debt	<u>\$ 646,613</u>

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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. 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 prior to April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 contribute must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2022, were paid. The required contributions for the current year and two preceding years were:

	<u>Amount</u>
2020	\$ 2,632,349
2021	\$ 2,652,322
2022	\$ 2,980,703

(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 \$4,819,471 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 .058957% and .058078%.

For the year ended June 30, 2022, the BOCES recognized a pension credit of \$5,338,216. At June 30, 2022, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 364,985	\$ 473,407
Change of assumptions	8,043,157	135,720
Net difference between projected and actual earnings on pension plan investments		15,781,748
Changes in proportion and differences between contributions and proportionate share of contributions	629,716	379,011
Contributions subsequent to the measurement date	524,300	
Total	<u>\$ 9,562,158</u>	<u>\$ 16,769,886</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	\$ (1,209,741)
2024	\$ (1,711,105)
2025	\$ (4,031,636)
2026	\$ (779,546)

(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:

(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.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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>100.00%</u>	

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

(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 liability (asset)	\$ 12,405,267	\$ (4,819,471)	\$ (19,227,133)

(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 \$524,300 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.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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.

(b) Contributions

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

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

	Amount
2020	\$ 3,636,598
2021	\$ 3,163,226
2022	\$ 3,382,296

(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 \$33,888,161 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, the BOCES' proportion was .195557%, which was a decrease of .009688% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the BOCES recognized a pension credit of \$2,522,987. At June 30, 2022, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,671,123	\$ 176,063
Changes of assumptions	11,146,524	1,973,885
Net difference between projected and actual earnings on Pensions plan investments		35,467,466
Changes in proportion and differences between contributions and proportionate share of contributions	445,795	176,658
Contributions subsequent to the measurement date	3,382,296	
Total	<u>\$ 19,645,738</u>	<u>\$ 37,794,072</u>

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from BOCES contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension asset/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	\$ (4,385,933)
2023	\$ (5,124,676)
2024	\$ (6,411,562)
2025	\$ (8,462,140)
2026	\$ 1,681,772
Thereafter	\$ 1,171,909

(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	2.4%

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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:

Asset Class	Target Allocation	Long-Term Expected 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%
	<u>100.0%</u>	

* 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 liability (asset)	\$ (3,556,068)	\$ (33,888,161)	\$ (59,380,083)

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(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 \$3,382,296 (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.

5. POSTRETIREMENT HEALTH CARE BENEFITS

(a) Plan Description and Benefits Provided

The BOCES provides a self-insured traditional indemnity plan to eligible retirees and dependents through the Cooperative Health Insurance Fund of CNY. All active employees and retirees are subject to the eligibility requirements set forth by their respective New York State Retirement Systems and employee groups. Contribution amounts are determined by contract through respective employee groups.

Eligibility:

- All Teachers and COMBO Unit members hired on/after January 1, 2005 must attain a minimum age of 55 and provide a minimum of 15 years of service with the BOCES.
- All other members must be at least 55 years of age and have at least 10 years of service with the BOCES.
- For all retirees who were hired prior to April 1, 1983, the BOCES provides full Medicare Part B premium reimbursement for both retirees and spouses.

Benefit Cost Sharing: Retiree contribution requirements are dependent on the members' employee group and date of retirement as follows:

Contribution (Ind./Fam.)	Available to:
0%/25%	Mid-Level Administrators who retired prior to January 1, 2007
	Non-Rep Admin, Confidential, and Non-Rep retired prior to January 1, 2007
	COMBO retired prior to July 1, 2003
	OCMBFT retired prior to July 1, 2003
0%/0%	Former Superintendents
5%/25%	OCMBFT retired between July 1, 2003-June 30, 2007
\$150/25%	COMBO retired between July 1, 2003-December 31, 2007
10%/25%	Mid-Level Administrators retired between January 1, 2007- June 30, 2015
	COMBO retired on/after January 1, 2008
	OCMBFT retired between July 1, 2015 and June 30, 2017
	Non-Rep Admin, Confidential, and Non-Rep retired between January 1, 2007 - June 30, 2015
15%/30%	OCMBFT retired on/after July 1, 2017
	Mid-Level Administrators, Non-Rep Admin, and Non-Rep retired between July 1, 2015-June 30, 2017
15%/35%	Mid-Level Administrators, Non-Rep Admin, and Non-Rep retired on/after July 1, 2017

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

(b) Employees Covered by Benefit Terms

	Total
Inactive employees currently receiving benefit payments	510
Active employees	943
Total	1,453

(c) Total OPEB Liability

The BOCES' total OPEB liability of \$247,620,104 was based upon an actuarial valuation as of July 1, 2020, and financial data and roll forward techniques to calculate the results as of July 1, 2021 (the measurement date).

(d) Changes in the Total OPEB Liability

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

Balances, June 30, 2021	\$ 232,423,500
Changes recognized for the year:	
Service cost	12,016,468
Interest on Total OPEB Liability	5,345,171
Changes in assumptions and other inputs	2,988,952
Benefit payments	(5,153,987)
Net changes	15,196,604
Balances, June 30, 2022	\$ 247,620,104

Changes of assumptions and other inputs reflect changes in assumptions regarding inflation, healthcare cost trends, salary changes, ad hoc postemployment benefit changes (including ad hoc COLAs), and the sharing of benefit-related costs with inactive employees.

(e) 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 (1.14 percent) or 1 percentage point higher (3.14 percent) than the current discount rate:

	1% Decrease (1.14%)	Current Assumption (2.14%)	1% Increase (3.14%)
Total OPEB liability	\$ 296,199,883	\$ 247,620,104	\$ 209,196,233

(f) 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 (5.25-2.94 percent) or 1 percentage point higher (7.25-4.94 percent) than the current healthcare cost trend rate:

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

	1% Decrease <u>(5.25%-2.94%)</u>	Current Assumption <u>(6.25%-3.94%)</u>	1% Increase <u>(7.25%-4.94%)</u>
Total OPEB liability	\$ 202,513,740	\$ 247,620,104	\$ 307,803,833

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

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

For the year ended June 30, 2022, the BOCES recognized OPEB expense of \$4,255,196. At June 30, 2022, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 34,022,922	\$ 14,413,362
Differences between expected and actual experience		32,442,865
Contributions subsequent to the measurement date	<u>5,447,644</u>	
Total	<u>\$ 39,470,566</u>	<u>\$ 46,856,227</u>

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

Year ended June 30:	<u>Amount</u>
2023	\$ (7,658,799)
2024	(7,658,799)
2025	(4,686,687)
2026	1,857,216
2027	3,719,318
2028 and thereafter	1,594,446

(h) Actuarial Methods and Assumptions

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

Inflation rate	2.20%
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Healthcare Cost Trend Rates	6.25 percent for 2022, decreasing to 3.94% for 2089 and later
Valuation Date	July 1, 2020
Measurement Date	July 1, 2021
Reporting Date	June 30, 2022
Salary Changes	3.50%
Discount Rate	2.14%, as of measurement date
Mortality	RPB 2014 Mortality Table for employees and Healthy Annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2020.

The selected discount rate of 2.14% is an input taken from the rate for a 20-year high quality tax-exempt municipal bond index as of the measurement date.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

Mortality tables were updated to the RPH-2014 SOA Mortality Tables adjusted back to 2006 using scale MP-2014 and projected forward using scale MP-2020.

The discount rate changed from 2.21% to 2.14%, which is a prescribed discount rate under GASB 75 (taken from the rate for a 20-year high-quality tax-exempt municipal bond index).

6. BUDGET REVISIONS

The budget was increased by \$12,952,122 to provide for changes in program services by the component districts. The increases were approved by the Board.

7. RISK MANAGEMENT

Risk Financing and Related Insurance

Onondaga-Cortland-Madison 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. BOCES administers and participates in the Onondaga-Cortland-Madison Consortium consisting of 24 other governmental entities for their health insurance coverage, as well as, in the Onondaga-Cortland-Madison Workers' Compensation Consortium consisting of Onondaga-Cortland-Madison BOCES and various other school districts for its workers' compensation insurance coverage.

Onondaga-Cortland-Madison BOCES participates in a non-risk retained public entity risk pool for its employee health insurance coverage. A member of the Health Consortium may withdraw from the plan by submitting a notice of withdrawal by May 1 preceding the school year of withdrawal. Upon withdrawal, the Board will determine amounts owed by the member or amounts that may be due to the withdrawing member. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Premiums paid to the health consortium totaled \$16,394,049 for the year ended June 30, 2022.

Onondaga-Cortland-Madison BOCES participates in a Workers' Compensation Consortium for its employees. Benefits are provided through self-funding by the individual participants through the purchase of insurance and through the purchase of "stop-loss" coverage. A member may withdraw from the Plan by submitting a notice of withdrawal by May 1 preceding the school year of withdrawal. Upon withdrawal, the Board will determine amounts owed by the member or amounts that may be due to the withdrawing member. The BOCES funds its portion of the program through the General Fund and premiums due to the Workers' Compensation Consortium totaled \$648,295 for the year ended June 30, 2022.

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

8. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

Interfund activity at June 30, 2022, were as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payables</u>
General	\$	\$ 950,690
Special Aid	950,690	
Total	<u>\$ 950,690</u>	<u>\$ 950,690</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.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Nonspendable	\$ 88,545	\$	\$	\$	\$	\$ 88,545
Restricted						
Unemployment Insurance Reserve	1,471,452					1,471,452
Retirement Contribution Reserve-ERS	9,591,809					9,591,809
Retirement Contribution Reserve-TRS	2,735,822					2,735,822
Liability Reserve	788,183					788,183
Employee Benefit Accrued Liability Reserve	4,651,064					4,651,064
Career Educational Instructional Equipment Reserve					214,241	214,241
Scholarships			198,331			198,331
Capital Projects					2,695,464	2,695,464
Reserve for Debt Service				202,624		202,624
Total Restricted	<u>19,238,330</u>		<u>198,331</u>	<u>202,624</u>	<u>2,909,705</u>	<u>22,548,990</u>
Assigned						
Special Aid Fund		6,158,654				6,158,654
Encumbrances	697,977					697,977
Total Assigned	<u>697,977</u>	<u>6,158,654</u>				<u>6,856,631</u>
Unassigned (Deficit)	<u>(14,974,272)</u>					<u>(14,974,272)</u>
Total Fund Balance	<u>\$ 5,050,580</u>	<u>\$ 6,158,654</u>	<u>\$ 198,331</u>	<u>\$ 202,624</u>	<u>\$ 2,909,705</u>	<u>\$ 14,519,894</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	Increases	Decreases	Ending Balance
Unemployment Insurance Reserve	\$ 1,087,516	\$ 388,265	\$ 4,329	\$ 1,471,452
Retirement Contribution Reserve - ERS	8,089,924	4,482,584	2,980,699	9,591,809
Retirement Contribution Reserve - TRS	2,071,976	684,118	20,272	2,735,822
Liability Reserve	787,747	436		788,183
Employee Benefit Accrued Liability Reserve	4,706,117	589,904	644,957	4,651,064
	<u>\$ 16,743,280</u>	<u>\$ 6,145,307</u>	<u>\$ 3,650,257</u>	<u>\$ 19,238,330</u>

10. CONTINGENCIES AND COMMITMENTS

Potential Grantor Liability

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

11. NET POSITION DEFICIT – BOCES-WIDE

The BOCES-wide net position had an unrestricted deficit at June 30, 2022 of \$257,510,343 and a total net position deficit of \$192,000,407. The deficit is primarily the result of the recognition of an unfunded OPEB liability of \$247,620,104 at June 30, 2022, as required by GASB Statement No. 75. Since New York State Law provides no mechanism for funding the liability, any subsequent accruals are expected to increase the deficit.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

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:

	<u>General Fund</u>	<u>Government-Wide</u>
Fund Balance/Net Position (Deficit) Beginning of Year, As Previously Stated	\$ 17,782,726	\$ (189,459,762)
GASB Statement No. 87 Implementation:		
Net Book Value Leased Asset		12,679,850
Lease Receivable	18,740,090	18,740,090
Deferred Inflows of Resources - Leases	(30,440,499)	(30,440,499)
Lease Liability		(11,649,381)
Cummlative Effect of Implementing New Account Standard	(11,700,409)	(10,669,940)
Net Position Beginning of Year, As Restated	<u>\$ 6,082,317</u>	<u>\$ (200,129,702)</u>

ONONDAGA-CORTLAND-MADISON 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	\$ 8,943,187	\$ 8,925,158	\$ 9,076,016		\$ 150,858
Administration - Capital	2,779,991	2,779,991	2,779,991		
Occupational Instruction	9,966,698	10,042,511	10,023,556		(18,955)
Instruction for Special Needs	39,573,297	40,697,400	40,657,443		(39,957)
Itinerant Services	3,302,255	3,249,718	3,255,325		5,607
General Instruction	10,902,185	14,445,536	14,404,855		(40,681)
Instruction Support	29,975,368	35,088,471	34,628,707		(459,764)
Other Services and Internal Services	41,284,425	44,450,743	39,889,116		(4,561,627)
Total Revenues	<u>\$ 146,727,406</u>	<u>\$ 159,679,528</u>	<u>\$ 154,715,009</u>		<u>\$ (4,964,519)</u>
Expenditures					
Administration	\$ 8,943,187	\$ 8,925,158	\$ 8,385,937		\$ 539,221
Administration - Capital	2,779,991	2,779,991	2,778,286		1,705
Occupational Instruction	9,966,698	10,042,511	9,811,495	11,911	219,105
Instruction for Special Needs	39,573,297	40,697,395	36,898,899	31,800	3,766,696
Itinerant Services	3,302,255	3,249,718	2,823,999		425,719
General Instruction	10,902,185	14,445,536	12,176,575	3,290	2,265,671
Instructional Support	29,975,368	35,088,475	31,355,073	248,145	3,485,257
Other Services and Internal Services	41,284,425	44,450,744	37,446,255	402,831	6,601,658
Total Expenditures	<u>\$ 146,727,406</u>	<u>\$ 159,679,528</u>	141,676,519	<u>\$ 697,977</u>	<u>\$ 17,305,032</u>
Other Financing Uses (Sources)					
Return of Surplus			14,070,227		
Total Expenditures and Other Financing Uses			155,746,746		
Net Change in Fund Balances			(1,031,737)		
Fund Balances - Beginning of Year			17,782,726		
Cumulative Effect of Change in Accounting Principle			(11,700,409)		
Fund Balance, Beginning of Year, Restated			6,082,317		
Fund Balances - End of Year			<u>\$ 5,050,580</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 on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULES OF CHANGES IN THE BOCES' TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2022

Measurement Date	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017*
Total OPEB Liability					
Service cost	\$ 12,016,468	\$ 8,175,306	\$ 8,894,182	\$ 11,150,990	\$ 15,006,090
Interest on Total OPEB Liability	5,345,171	7,127,409	7,585,018	8,624,734	7,405,423
Changes in benefit terms			(3,575,816)	(7,061,501)	
Changes in assumptions and other inputs	2,988,952	42,996,010	329,692	(7,665,548)	(34,179,264)
Differences between expected and actual experience in the measurement of the total OPEB liability		(18,852,398)		(41,596,751)	
Benefit payments	(5,153,987)	(4,975,542)	(4,762,909)	(4,788,659)	(4,492,447)
Net change in total OPEB Liability	15,196,604	34,470,785	8,470,167	(41,336,735)	(16,260,198)
Total OPEB Liability - Beginning	232,423,500	197,952,715	189,482,548	230,819,283	247,079,481
Total OPEB Liability - Ending	\$ 247,620,104	\$ 232,423,500	\$ 197,952,715	\$ 189,482,548	\$ 230,819,283
Covered payroll	\$ 51,296,542	\$ 51,791,816	\$ 51,012,568	\$ 50,626,550	\$ 51,541,915
Total OPEB Liability as a percentage of covered payroll	483%	449%	388%	374%	448%

* 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 does not currently maintain assets in an OPEB trust.

Actuarial Assumptions

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 5 to the financial statements.

Changes to Assumptions

The discount rate changed from 2.21% to 2.14%. The discount rates are inputs taken from the rate for a 20-year high-quality tax-exempt municipal bond index as of each measurement date.

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULES OF BOCES PENSION CONTRIBUTIONS
For the Year Ended June 30, 2021

ERS Pension Plan
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$2,980,703	\$ 2,652,322	\$ 2,632,349	\$ 2,713,740	\$ 3,024,195	\$ 3,031,898	\$ 3,044,945	\$ 3,400,641	\$ 3,557,277	\$ 3,385,674
Contributions in Relation to the Contractually Required Contribution	<u>2,980,703</u>	<u>2,652,322</u>	<u>2,632,349</u>	<u>2,713,740</u>	<u>3,024,195</u>	<u>3,031,898</u>	<u>3,044,945</u>	<u>3,400,641</u>	<u>3,557,277</u>	<u>3,385,674</u>
Contribution Deficiency (Excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
BOCES' Covered-ERS Employee Payroll	\$ 18,491,345	\$ 19,314,176	\$ 18,903,185	\$ 18,682,624	\$ 21,031,828	\$ 21,031,828	\$ 20,776,607	\$ 16,918,612	\$ 17,020,464	\$ 17,913,619
Contributions as a Percentage of Covered-Employee Payroll	16.12%	13.73%	13.93%	14.53%	14.38%	14.42%	14.66%	20.10%	20.90%	18.90%

TRS Pension Plan
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 3,382,296	\$ 3,163,226	\$ 3,636,598	\$ 3,689,406	\$ 3,334,156	\$ 3,869,215	\$ 4,195,047	\$ 5,313,616	\$ 4,732,906	\$ 3,216,551
Contributions in Relation to the Contractually Required Contribution	<u>3,382,296</u>	<u>3,163,226</u>	<u>3,636,598</u>	<u>3,689,406</u>	<u>3,334,156</u>	<u>3,869,215</u>	<u>4,195,047</u>	<u>5,313,616</u>	<u>4,732,906</u>	<u>3,216,551</u>
Contribution Deficiency (Excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
BOCES' Covered-TRS Employee Payroll	\$ 34,513,224	\$ 33,192,298	\$ 41,045,124	\$ 34,740,169	\$ 34,022,000	\$ 33,013,780	\$ 31,636,855	\$ 30,311,557	\$ 29,125,575	\$ 27,166,816
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%

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULES OF THE BOCES' PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
For the Year Ended June 30, 2021

ERS Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014
BOCES' proportion of the net pension (asset) liability	0.058957%	0.058078%	0.060567%	0.065302%	0.073845%	0.075599%	0.073222%	0.070027%	0.070027%
BOCES' proportionate share of the net pension (asset) liability	\$ (4,819,471)	\$ 57,831	\$ 16,038,578	\$ 4,626,856	\$ 2,383,302	\$ 7,103,476	\$ 11,752,316	\$ 2,365,685	\$ 3,164,425
BOCES' covered-employee payroll	\$ 18,491,345	\$ 19,314,176	\$ 18,903,185	\$ 18,682,624	\$ 21,031,828	\$ 21,031,828	\$ 20,776,607	\$ 16,918,612	\$ 17,020,464
BOCES' proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	26.06%	0.30%	84.85%	24.77%	11.33%	33.77%	56.57%	13.98%	18.59%
Plan fiduciary net position as a percentage of total pension liability	103.65%	99.95%	86.39%	96.30%	98.20%	94.70%	90.70%	97.90%	97.20%

TRS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013
BOCES' Proportion of the net pension (asset) liability	0.195557%	0.205245%	0.208129%	0.208866%	0.208329%	0.205021%	0.201773%	0.185467%	0.197173%
BOCES' proportionate share of the net pension (asset) liability	\$ (33,888,161)	\$ 5,671,484	\$ (5,407,214)	\$ (3,776,856)	\$ (1,583,508)	\$ 2,195,864	\$ (20,957,790)	\$ (21,963,885)	\$ (1,220,839)
BOCES' covered-employee payroll	\$ 33,192,298	\$ 41,045,124	\$ 34,740,169	\$ 34,022,000	\$ 33,013,780	\$ 31,636,855	\$ 30,311,557	\$ 29,125,575	\$ 27,166,816
BOCES' proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	102.10%	13.82%	15.56%	11.10%	4.80%	6.94%	69.14%	75.41%	4.49%
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%	111.48%	100.70%

Information is presented only for those years available.

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULES OF A431 SCHOOL DISTRICT ACCOUNT
For the Year Ended June 30, 2022

Balance, Beginning of Year	\$ 5,579,098
Debits	
Billings to Components and Noncomponents	150,847,251
Refund Balances Due School Districts - June 30, 2021	7,132,820
Encumbrances - June 30, 2022	<u>697,977</u>
Total Debits	<u>158,678,048</u>
Subtotal	<u>164,257,146</u>
Credits	
Collections from Components and Noncomponents	150,572,241
Refund Balances Due School Districts - June 30, 2022	14,070,227
Encumbrances - June 30, 2021	<u>1,039,446</u>
Total Credits	<u>165,681,914</u>
Balance, End of Year	<u><u>\$ (1,424,768)</u></u>

Summary:

A431-00 Accounts Receivable Components	\$ 12,645,459
A431-80 School District Accounts	<u>(14,070,227)</u>
Balance, End of Year	<u><u>\$ (1,424,768)</u></u>

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

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2022

PROJECT TITLE			Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2022
	Original Authorization	Revised Authorization	Prior Years	Current Year	Total		Proceeds of Obligations	Local Sources	Total	
Career Educational Instructional Equipment Reserve	\$ 426,578	\$ 431,140	\$ 216,899	\$	\$ 216,899	\$ 214,241	\$	\$ 431,140	\$ 431,140	\$ 214,241
McEvoy Education Center - 2020	550,000	550,000	456,382		456,382	93,618		456,382	456,382	
McEvoy Education Center - 2021 Kitchen	600,000	598,295	146,550	451,745	598,295			598,295	598,295	
McEvoy Education Center - 2021 HVAC	350,000	492,400	487,348	5,052	492,400			492,400	492,400	
Main Campus Elevator Project - 2022	650,000	650,000		451,254	451,254	198,746		650,000	650,000	198,746
Installment Purchase - 2022	9,343,789	9,343,789		6,847,071	6,847,071	2,496,718	9,343,789		9,343,789	2,496,718
Totals	\$ 11,920,367	\$ 12,065,624	\$ 1,307,179	\$ 7,755,122	\$ 9,062,301	\$ 3,003,323	\$ 9,343,789	\$ 2,628,217	\$ 11,972,006	\$ 2,909,705

ONONDAGA-CORTLAND-MADISON BOCES
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2022

Capital Assets, Net	\$ 71,227,465
Intangible Right-to-use Lease Assets, Net	12,147,750
Add:	
Capital Fund Balance	2,909,705
Deduct:	
Premium on Bond	(1,526,775)
Installment Purchase Obligations and Bonds Payable	(31,050,570)
Lease Liability	<u>(10,746,629)</u>
Net Investment in Capital Assets	<u>\$ 42,960,946</u>

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

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

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
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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
Onondaga – Cortland – Madison 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 Onondaga – Cortland – Madison BOCES, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Onondaga – Cortland – Madison BOCES basic financial statements, and have issued our report thereon dated October 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Onondaga – Cortland – Madison 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 Onondaga – Cortland – Madison BOCES' internal control. Accordingly, we do not express an opinion on the effectiveness of Onondaga – Cortland – Madison 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 Onondaga – Cortland – Madison 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

October 20, 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
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**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Board of Education
Onondaga-Cortland-Madison BOCES, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison BOCES's major federal programs for the year ended June 30, 2022. Onondaga-Cortland-Madison 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, Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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 Onondaga-Cortland-Madison 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

October 20, 2022

Rome, New York

ONONDAGA-CORTLAND-MADISON 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 Section 225	84.002A	0138-22-2034	\$ 198,242	
Adult Education - WIA Adult Literacy	84.002A	2338-22-3126	50,000	
			<u>248,242</u>	
Vocational Education - Basic Grants to States -VATEA II	84.048A	8000-22-0034	379,256	
Vocational Education - Basic Grants to States - VATEA	84.048A	8000-22-9017	91,327	
			<u>470,583</u>	
NCLB - Title III	84.365	0293-21-0697	68,853	
Total Pass-Through Grants			<u>787,678</u>	
<u>(Direct)</u>				
Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act (COVID-19)				
Discretionary Grants: Rethink K-12 Education Models Grants	84.425B	C014123	215,375	
Higher Education Emergency Relief Fund - Student Portion	84.425E	P425E204766	1,307,340	
Higher Education Emergency Relief Fund - Institutional Portion	84.425F	P425F203470	1,522,257	
Total Education Stabilization Fund Cluster			<u>3,044,972</u>	
Student Financial Aid Cluster				
Federal Direct Student Loans (Direct Loan)	84.268	N/A	1,460,570	
Federal Pell Grant Program	84.063	N/A	1,227,613	
Total Student Financial Aid Cluster			<u>2,688,183</u>	
Total Direct Grants			<u>5,733,155</u>	
Total U.S. Department of Education			<u>6,520,833</u>	
<u>Department of Health and Human Services</u>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B08T1083067-01	285,258	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B08TI083467-01	391,271	
			<u>676,529</u>	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79SM082151	30,977	
Epidemiology and Laboratory Capacity for Prevention and Control of Emerging Infection Disases in New York State	93.323	NU50CK000516	230,938	
Total Department of Health and Human Services			<u>938,444</u>	
<u>Total Federal Financial Assistance</u>			<u>\$ 7,459,277</u>	

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

ONONDAGA-CORTLAND-MADISON 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 Onondaga-Cortland-Madison 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 \$2,688,183 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

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

5. DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of donated PPE, but such amounts are not included in the Schedule of Expenditures of Federal Awards. The BOCES did not receive any donated PPE during the year.

ONONDAGA-CORTLAND-MADISON 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 Education</u> <u>Education Stabilization Funds</u> AL#84.425E HEERF Student Portion AL#84.425F HEERF Institutional Portion AL#84.425B Discretionary Grants: Rethink K-12 Education Models Grants
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

(Continued)

ONONDAGA-CORTLAND-MADISON 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.

ONONDAGA-CORTLAND-MADISON BOCES
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS - FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2022

Findings – Financial Statements Audit

No findings noted.

Findings and Questioned Costs – Major Federal Award Programs Audit

No findings noted.