

**PRELIMINARY OFFICIAL STATEMENT**

**NEW ISSUE**

**REVENUE ANTICIPATION NOTES**

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

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

**\$5,500,000**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**FOR THE SOLE SUPERVISORY DISTRICT OF**  
**ST. LAWRENCE AND LEWIS COUNTIES, NEW YORK**

**\$5,500,000 Revenue Anticipation Notes, 2023**  
**(the "Notes")**

**Dated: June 15, 2023**

**Due: June 15, 2024**

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

At the option of the successful bidder(s), the Notes will be issued registered in the name of the purchaser, or as stated below, in the denominations of \$5,000 or integral multiples thereof, as determined by the successful bidder(s).

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on or about June 15, 2023.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com), on June 1, 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 26, 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 "APPENDIX – G - MATERIAL EVENT NOTICES" HEREIN.

# BOCES OFFICIALS

## 2022-2023 BOCES BOARD OF EDUCATION

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FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor



ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

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

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**OFFICIAL STATEMENT**  
**of the**  
**BOARD OF COOPERATIVE EDUCATIONAL SERVICES**  
**FOR THE SOLE SUPERVISORY DISTRICT OF**  
**ST. LAWRENCE AND LEWIS COUNTIES, NEW YORK**

**Relating To**  
**\$5,500,000 Revenue Anticipation Notes, 2023**

This Official Statement, which includes the cover page, has been prepared by the Board of Cooperative Educational Services for the Sole Supervisory District of St. Lawrence and Lewis Counties, New York (the "BOCES", "Counties", and "State", respectively) in connection with the sale by the BOCES of \$5,500,000 principal amount of Revenue Anticipation Notes, 2023 (the "Notes").

The factors affecting the BOCES' 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 revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State, and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify.

**THE NOTES**

**Description of the Notes**

The Notes are unsecured obligations of the BOCES, payable as to both principal and interest from any monies of the BOCES legally available thereof. The Notes are issued in anticipation of the receipt of monies from contractual payments of the Component Districts (hereinafter defined). The BOCES has no taxing power. The Notes do not constitute a debt or obligation of any Component District of the BOCES, nor shall the Notes be payable out of any funds other than those of the BOCES. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity

The Notes are dated June 15, 2023 and mature, without option of prior redemption, on June 14, 2024. The Notes will be issued in either (i) registered certificated form, in denominations of \$5,000 or integral multiples thereof, as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See ("BOOK-ENTRY-ONLY SYSTEM" herein.)

**Purpose of Issue**

The Notes are issued pursuant to the Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law, and a revenue anticipation note resolution dated April 5, 2023 to finance expected cash flow requirements not in excess of \$7,000,000 in anticipation of revenues due from the Component Districts during the BOCES' fiscal year, which commences July 1, 2023 and ends June 30, 2024. An estimated cash flow forecast is included in this Official Statement as APPENDIX - F. Such cash flow deficit is the result of timing in the receipt of Component District revenues, which receipt is not congruent with the cash flow needs of the BOCES.

In the event the aforesaid revenues are not received by June 14, 2024, the Notes may be renewed. Revenue anticipation renewal notes may again be renewed in the event such revenues have not been received on the maturity date of such renewal notes. The final renewal of any such revenue anticipation renewal notes must mature not later than the end of the second fiscal year succeeding the fiscal year in which such notes were originally issued. In the event such revenues have not been received by such final maturity date, principal of and interest on such Notes will be paid from other available moneys of the BOCES.

### **BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes if issued in registered non-certificated form and 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, in the aggregate principal amount of such issue, 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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](http://www.dtcc.com).

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 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 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.

Principal and interest 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 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 registered form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the BOCES, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to 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 OR REDEMPTION PREMIUM 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 OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

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

### **Certificated Notes**

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

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

## **BOARD OF COOPERATIVE EDUCATIONAL SERVICES**

### **General Description of BOCES**

The ability to create a Board of Cooperative Educational Services was first established in 1948 and is found in sections 1950 and 1951 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 as a consortium of the public school districts within the region. At present there are 37 BOCES, serving 688 of the 697 school districts in the State. BOCES membership is not available to the five large city school districts in the State: New York City, Buffalo, Rochester, Yonkers and Syracuse.

A BOCES is formed under the State Education Law by the school districts of a supervisory BOCES 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 established by an order of the Commissioner of Education (the "Commissioner") after a petition has been made to him 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 each 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 any lease agreements due to the Dormitory Authority under an applicable agreement if the BOCES has entered into a capital financing agreement with the Dormitory Authority.).

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 the Authority 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

## **ST. LAWRENCE-LEWIS BOCES**

### **History**

The St. Lawrence-Lewis BOCES was established in the early 1950s and provides shared services to 18 school districts in St. Lawrence and Lewis Counties, New York that together have approximately 15,133 students. The St. Lawrence-Lewis BOCES shared services are intended to enhance local district educational programs and to provide educational programs to component school districts which individual school districts could not themselves provide efficiently or economically. Thus, BOCES programs generally offer advantages to school districts of specialization and economy of scale. The St. Lawrence-Lewis BOCES is one of 37 BOCES in New York State.

### **Operations**

St. Lawrence-Lewis BOCES programs and services for school districts are divided into seven departments as follows:

*Special Education* – Offers a spectrum of programs for children who are moderately to severely impaired, from age 3 to age 21. Center-based programs serve children with appropriate educational programs and a full range of therapies, with the goal of equipping children to live productive and independent lives. This department also provides support services to help districts meet their special education students' needs in their own schools.

*Career and Technical Education and Alternative Education* – There are currently 16 different CTE programs available at the three Centers. The CTE program strives to provide relevant career and college preparation to secondary students and adult residents of the SLL BOCES region. In addition, many articulation agreements and dual enrollment agreements between colleges, in and out of state, and the St. Lawrence-Lewis BOCES are in effect to grant academic credit to CTE Center graduates. Evening CTE courses are offered to adults in conjunction with the Adult and Continuing Education program of study. A Unique Occupations program, designed to provide career exploration and community-based work experience to interested high school seniors throughout the county offers opportunities in career areas that could not otherwise be studied in the CTE Centers or the traditional high school setting. Allied Health, a college prep course offered at the CTE Centers, provides an opportunity for interested senior students to explore careers in health occupations.

*Curriculum, Instruction and Technology* – Integrates the areas of curriculum, instruction and instructional technology. Designed to be a cohesive force for instructional planning with school districts, the department is able to address district needs and provide a single clear-cut line of access for support in related areas. Staff members within the department work together to help local districts integrate technology into instructional programs. Seeking to assist educators in their efforts to help students meet the new higher standards, the department’s comprehensive, year round, professional development program provides teachers and administrators with the latest information about instructional strategies, new assessment tools and curriculum development. The department’s services are loosely grouped as: 1) Planning and Assessment, 2) Professional Development, 3) Instructional Technology, and 4) Library Resources and Educational Communications.

*Communications and Agency Planning* – Offers school districts professional resources in public relations. The department brings together teams of experts, and can plan and implement comprehensive communications programs including budget campaigns, electronic media, special events and crisis consulting.

*Business Services* – Comprises all of the functions related to the financial management of St. Lawrence-Lewis BOCES, including budgeting, payroll, billing and purchasing, plus the maintenance and food services offices. The department includes the Graphic Arts and Printing program which produces a wide variety of printed materials. The department also offers a Co-operative Bidding Program that offers school districts access to joint, high-volume bids.

*Human Resources* – Manages the recruitment, hiring and retention of St. Lawrence-Lewis BOCES personnel, and provides support to all St. Lawrence-Lewis BOCES departments in employee relations, staff development and other human resources concerns. The department also makes available several services to school districts: the Regional Certification Office, Labor Relations Management, Teacher Recruitment, and an employee assistance program consortium.

## **Component School Districts**

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

Brasher Falls	Hammond	Massena
Canton	Harrisville	Morristown
Clifton-Fine	Hermon-DeKalb	Norwood-Norfolk
Colton-Pierrepont	Heuvelton	Ogdensburg
Edwards-Knox	Lisbon	Parishville-Hopkinton
Gouverneur	Madrid-Waddington	Potsdam

## **Form of BOCES Administration**

The St. Lawrence-Lewis BOCES carries out its programs through a nine-member board and a staff of approximately 624 salaried staff members. The St. Lawrence-Lewis BOCES Board members are elected by the boards of education of the 18 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 a St. Lawrence-Lewis 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 St. Lawrence-Lewis BOCES Board as a whole, and not with any individual member or any group of members in any committee. The St. Lawrence-Lewis BOCES Board has responsibility for the governance of St. Lawrence-Lewis BOCES and for all final policy decisions.

St. Lawrence-Lewis BOCES Board Members serve at large; each term of office is for three years. BOCES Board Members either currently sit on component school Boards of Education or are retired from a component school Board of Education.



## **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 budget is voted on in April by the Component School Districts.

Such budget, when so adopted, after deducting applicable State aid grants and other revenues is charged against all of the Component School Districts in accordance with applicable provisions of the Education Law. The school authorities of each Component School District are required to add such amount to the budget of such Component School District, levy and collect the same at the same time and in the same manner as such BOCES 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 District as an ordinary contingent expense in a like manner as if the same had been voted by the voters.

## **Investment Policy**

Pursuant to the statutes of the State of New York, the BOCES is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the BOCES; (6) obligations of a New York public corporation which are made lawful investments by the BOCES pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of BOCES moneys held in certain reserve funds established pursuant to law, obligations issued by the BOCES. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

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

The Treasurer is authorized to contract for the purchase of investments, including through a written repurchase agreement with a third party custodian, from an authorized trading partner. The BOCES does not invest in reverse repurchase agreement on other derivative type investments.

## **Contractual Agreement**

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

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

All contracts and COSER forms for the 2019-20, 2020-21, 2021-2022 fiscal years have been approved by the Component School Districts and will be submitted to the State Commissioner of Education for her approval.

## Percentage of Contractual Liability

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

<u>Component School District</u>	<u>Total Amount Paid to SLL BOCES</u>	<u>Percentage Share of Total SLL BOCES Receipts</u>	<u>Amount Allocated to Administrative Expenses</u>	<u>Percentage Share of Administrative Expenses</u>
Brasher Falls	\$3,855,821	5.11%	\$648,756	7.01%
Canton	5,784,592	7.67%	\$755,253	8.16%
Clifton-Fine	1,625,014	2.15%	\$154,456	1.67%
Colton-Pierrepont	1,814,220	2.41%	\$249,372	2.69%
Edwards-Knox	2,559,225	3.39%	\$318,406	3.44%
Gouverneur	5,947,728	7.88%	\$924,102	9.98%
Hammond	1,801,829	2.39%	\$159,750	1.73%
Harrisville	1,628,334	2.16%	\$220,797	2.39%
Hermon-Dekalb	2,681,494	3.55%	\$254,372	2.75%
Heuvelton	4,447,470	5.90%	\$350,218	3.78%
Lisbon	3,482,259	4.62%	\$361,719	3.91%
Madrid-Waddington	2,918,412	3.87%	\$425,358	4.60%
Massena	10,577,293	14.02%	\$1,556,612	16.82%
Morristown	2,488,797	3.30%	\$223,398	2.41%
Norwood-Norfolk	5,157,761	6.84%	\$622,773	6.73%
Ogdensburg	8,626,868	11.44%	\$980,594	10.59%
Parishville-	2,533,435	3.36%	\$227,194	2.45%
Hopkinton				
Potsdam	7,504,726	9.95%	\$823,436	8.90%
Total	\$75,435,277	100.00%	\$9,256,566	100.00%

Each Component School District is severally liable for the payment of its own contractual obligation only.

All contracts and COSER forms for the 2019-20, 2020-21, 2021-2022, 2022-2023 fiscal years have been approved by the Component School Districts and will be submitted to the State Commissioner of Education for her approval.

## State Appropriations

The Component School Districts are eligible for State aid for payments made to the BOCES at levels commensurate with other operating expenditures. However, such aid is received in the ensuing fiscal year by the BOCES less deductions for the Retirement Systems. (See "Status and Financing of Employee Pension Benefits")

The BOCES remits the applicable State aid to each Component School District on the following schedule: 25% on or about Feb. 1, 30% in June and the balance in September (of the next fiscal year).

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

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

#### **State Aid Appropriations to St. Lawrence-Lewis BOCES**

<u>School Year</u> <u>Ending June 30,</u>	<u>Accrued Sept. Payment</u> <u>State Aid</u>	<u>Total Annual Payments</u> <u>State Aid</u>	<u>% of General</u> <u>Fund Budget</u>
2013	\$ 7,725,999	\$ 16,381,989	47.16%
2014	9,360,736	18,561,973	50.43%
2015	9,472,698	19,525,456	48.51%
2016	9,435,119	20,531,354	45.95%
2017	9,383,864	20,583,358	45.59%
2018	10,300,893	22,392,788	46.00%
2019	10,367,463	22,613,759	45.80%
2020	10,912,541	23,688,223	46.07%
2021	10,683,957	23,952,155	44.61%
2022	11,372,229	25,545,556	44.50%
2023 (Unaudited)	11,882,284	26,405,076	45.00%

Note: Unaudited figures are subject to change and may differ from 2023 audited financial statements

#### **Recent Events Affecting State Aid to New York School Districts**

*Impact of COVID-19.* The COVID-19 pandemic has affected education, travel, commerce, financial markets globally and economic growth worldwide. Pursuant to Executive Order, the BOCES and component school districts suspended on-site instruction effective March 16, 2020, which suspension was extended for the balance of the academic year. For academic year 2020-2021, decisions about on-site instruction are administered by the BOCES and component school districts, subject to approval of a school district's reopening plans by the State's Education Department, the implementation of COVID-19 mitigation measures and testing protocols, and maintenance of a school district's 7-day average infection rate at or below 9%. The degree of the impact of COVID-19 on the operations and finances of the BOCES and component school districts is extremely difficult to predict due to the dynamic nature of the COVID-19 pandemic, including uncertainties relating to its duration and severity, as well as with regard to what additional actions may be taken by governmental authorities to contain or mitigate its impact. There can be no assurances that the continuance of COVID-19 will not result in additional delays and/or reductions in State aid paid to the component school districts, or that such delays and/or reductions will be sufficiently counterbalanced by Federal aid. Any delay or reduction in State aid payments to the component school districts would have a negative impact on the component school districts' finances and operations.

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, SLL 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 SLL BOCES and its component school districts.

*School District fiscal year (2015-2016):* The State 2015-2016 Enacted Budget included a partial reduction in the Gap Elimination Adjustment with \$603 million in GEA cuts being restored, and provided an additional \$428 million in foundation aid and \$268 million in expense base aids which reimbursed school districts for prior year expenses in school construction, transportation, school district and special education services.

*School District fiscal year (2016-2017):* The State 2016-2017 Enacted Budget included a school aid increase of \$991 million over 2015-2016, \$863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids (\$408 million), the budget also included a \$266 million increase in Foundation Aid and an \$189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included \$100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

*School District fiscal year (2017-2018):* The State 2017-2018 Enacted Budget increased State aid to education by \$1.1 billion, including a \$700 million increase in Foundation Aid, bringing the total amount of State aid to education to \$25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-2018 Enacted Budget continued to link school aid increases for 2017-2018 and 2018-2019 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-2018 Enacted Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

*School District fiscal year (2018-2019):* The State's 2018-2019 Enacted Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately \$859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at \$26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-2019 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's 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. \$50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served 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 2018-2019. The State 2018-2019 Enacted Budget continued to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected.

*School District fiscal year (2019-2020):* The State's 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 provided 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 increased the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding was targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-2020 Enacted Budget increased the minimum community schools funding amount from \$75,000 to \$100,000. This ensured all high-need districts across the State could apply the funds to a wide-range of activities.

*School district fiscal year (2020-2021):* Due to significant State revenue loss as a result of the impact of the COVID-19 pandemic, State aid in the State's 2020-21 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget, which was approximately \$27.9 billion. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES). With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. The State's 2020-21 Enacted Budget also authorized the State's Budget Director to make periodic adjustments to State aid in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. In December 2020, a second federal stimulus bill was enacted and provided additional funding for schools in the State. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received, with the State released the withheld funds on or about June 30, 2021.

*School district fiscal year (2021-2022):* The State's 2021-22 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 includes the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which includes, 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 are to be allocated to expand full-day kindergarten programs. Under the budget, school districts are to be 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.

*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 \$2.63 billion, 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

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

### **Obligations of Component School Districts**

All component School Districts are required to pay their allocable share of BOCES administrative and capital expenses notwithstanding that they may elect not to participate in any of BOCES educational programs. Each component school district pays a proportional share of BOCES administrative and capital expenses (based on attendance or enrollment formulas or property values) through tax levies and local school boards vote on BOCES administrative and capital budgets each spring. The portion of the budget allocated to payments to the Authority, however, is not subject to such vote of the local school boards. The Education Law requires that each component school district add the amount of its share of BOCES administrative expenses to its budget and pay such amount to BOCES. The moneys collected for and on behalf of a BOCES by each component school district are required by law to be paid by the school districts 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.

## Employees

SLL BOCES employs a total of 575 employees. Instructional employees are represented as follows:

<u>Employees</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
174	St. Lawrence - Lewis BOCES Teachers' Association	June 30, 2025
215	St. Lawrence - Lewis BOCES Federation of Instructional Support Personnel	June 30, 2023 <sup>(1)</sup>
81	St. Lawrence-Lewis BOCES Non-Instructional Support Staff Association	June 30, 2024

<sup>(1)</sup> Currently under negotiations

## 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.

The BOCES payments to ERS and TRS since the 2016-17 fiscal year, the unaudited payments for the 2022-23 fiscal year and budgeted payments for the 2023-24 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2016-17	\$ 1,116,579	\$ 2,681,207
2017-18	1,124,922	1,643,437
2018-19	1,152,802	1,786,172
2019-20	1,212,909	1,527,997
2020-21	1,190,960	1,519,940
2021-22	1,253,237	1,525,393
2022-23 (Unaudited)	1,577,837	909,589
2023-24 (Budgeted)	1,173,753	1,906,063

Note: Unaudited figures are subject to change and may differ from 2023 audited financial statements

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 (2019 to 2024) is shown below:

<u>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

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. For the fiscal year ended June 30, 2018, the BOCES implemented GASB 75. The implementation of this statement requires BOCES’s 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.

The BOCES contracted with Armory Associates, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2021 and 2022. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

	Balance beginning at:	June 30, 2020	June 30, 2021
		<u>\$ 211,310,261</u>	<u>\$ 278,813,365</u>
<u>Changes for the year:</u>			
Service cost		6,489,325	11,681,087
Interest		7,528,898	6,349,620
Differences between expected and actual experience		10,275,126	-
Changes in benefit terms		(5,034,789)	-
Changes in assumptions or other inputs		53,620,922	3,668,656
Benefit payments		<u>(5,376,378)</u>	<u>(6,362,587)</u>
Net Changes		<u>\$ 67,503,104</u>	<u>\$ 15,336,776</u>
	Balance ending at:	June 30, 2021	June 30, 2022
		<u><b>\$ 278,813,365</b></u>	<u><b>\$ 294,150,141</b></u>

Note: The above table is not audited. For additional information see “APPENDIX - H” attached hereto.

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

SLL BOCES’ unfunded actuarial accrued OPEB liability could have a material adverse impact upon SLL BOCES’ finances and could force SLL BOCES to reduce services.

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

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state’s OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller’s proposal, there were no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law. It is not possible to predict whether the Comptroller’s proposed legislation will be reintroduced or enacted if introduced.

## 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.

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

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

## Financial Statements

The BOCES retains Independent Certified Public Accountants. The last audited report covers the period ending June 30, 2022 and may be found attached hereto as “APPENDIX-H” to this Official Statement.

Certain summary financial information of the BOCES can also be found attached as Appendices to this Official Statement. This Official Statement also includes a summary of financial data of each Component School District having power to levy taxes within its respective school district.

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

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

### **The State Comptroller's Fiscal Stress Monitoring System**

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school districts 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 districts ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The BOCES itself has not been classified pursuant to this system.

The most recent applicable report of the State Comptroller for fiscal year ending 2022 classifies all component school districts of the BOCES under the category of "No Designation" except for the District's listed below:

<u>Component School District</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
Colton-Pierrepont CSD	Susceptible	33.3
Harrisville CSD	Moderate	55.0

Additional details regarding the Fiscal Stress Monitoring System can be found on the New York State Comptroller's official website. Reference to websites implies no warranty of accuracy of information therein, nor inclusion herein by reference.

## **New York State Comptroller Report of Examination**

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

The State Comptroller's office released an audit report of the BOCES on December 23, 2016. The purpose of the audit was to evaluate the accuracy of BOCES' payroll payments for the period July 1, 2014 through May 31, 2016.

### Key Findings:

- BOCES officials established and adhered to good procedures for processing and verifying payroll payments.

### Key Recommendations:

- There were no recommendations as a result of this audit.

The BOCES provided a complete response to the State Comptroller's office on December 5, 2016. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

The BOCES recently underwent an audit from the State Comptroller's Office for the time period July 1, 2021 – present. The scope of the audit was an evaluation of the fixed asset inventory for technology equipment. The Comptroller's Office is currently working on the draft copy of the report.

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

## **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.

## **Capital Projects and Financings**

Outstanding Debt. On June 14, 2007 DASNY issued the Series 2007 Bonds. On June 5, 2015, DASNY issued the Series 2015 Bonds, the proceeds of which were used to refund the Series 2007 Bonds. The proceeds of the Series 2007 Bonds were used together with other available moneys to (i) pay costs of a capital reconstruction project and (ii) pay all or a portion of the costs of issuance of the Series 2007 Bonds, including the payment of the premium for the reserve fund facility and payment of the premium for the municipal bond insurance policy. The project consisted of repairs, renovations and alterations to the Southwest Tech, Seaway Tech and Northwest Tech campuses.

On July 22, 2011 DASNY issued the Series 2011 Bonds. The proceeds of the Series 2011 Bonds were used together with other available moneys to finance an additional project, which consists of the acquisition of an approximately 69,966 square foot office building located on a 5.56 acre parcel of land at 40 West Main Street, Canton, New York for use as a primary administrative office building for SLL BOCES. The Series 2011 Bonds were refunded with the proceeds of the Series 2021 Bonds issued on May 19, 2021.

SLL BOCES issues revenue anticipation notes on an annual basis in anticipation of revenues due from Component Districts. On June 18, 2020 SLL BOCES issued \$7,000,000 revenue anticipation notes to June 18, 2021. SLL BOCES anticipates repaying the outstanding revenue anticipation notes in full at maturity.

On July 17, 2020, DASNY issued \$18,980,000 of Series 2020A Bonds on behalf of SLL BOCES, the proceeds of which are being used to finance the costs of Phase 1 of the Series 2020A and Series 2020B Master Project.

On December 2, 2020, DASNY issued \$19,655,000 of Series 2020B Bonds on behalf of SLL BOCES, the proceeds of which are being used to finance the costs of Phase 2 of the Series 2020A and Series 2020B Master Project.

SLL BOCES is also considering a smaller capital project to build storage buildings and complete paving at the three technical centers. This project would be funded with capital outlay monies, without any borrowing. The current cost estimate for the project is \$2.4 million.

SLL BOCES completed an energy performance project that is covering energy improvements at all SLL BOCES facilities. Energy savings together with SLL BOCES aid are expected to cover the cost of the project. SLL BOCES received SED approval for this project on March 2, 2021. Financing with a lease purchase transaction was approved by the BOCES Board of Education on January 13, 2022 for \$1,436,617.

Other than noted above, SLL BOCES has no other active capital projects nor any contemplated at this time

### **Bonded Debt Service**

A schedule of bonded debt service may be found in “APPENDIX – B” to this Official Statement.

### **Other Obligations**

SLL BOCES enters into installment purchase contracts and offers lease purchase agreements to its component school districts for the purchase of equipment. While SLL BOCES is obligated under these equipment installment purchase contracts, it expects to be made whole by its agreements with the school districts. SLL BOCES also leases certain equipment, office space and personal property under the terms of various non-cancelable leases.

The following is a summary of debt service requirements for lease and lease purchase liabilities at year-end June 30:

	Principal	Interest	Total
2023	485,609	24,089	509,698
2024	390,965	13,322	404,287
2025	236,428	5,747	242,175
2026	116,985	1,561	118,546
2027	25,275	186	25,461
Total	1,255,262	44,905	1,300,167

Source: Audited financial statements of SLL BOCES for the fiscal year ended June 30, 2022 set forth in Appendix hereto.  
The table itself is not audited.

Note: In 2022, the BOCES entered into a lease agreement for 2 copiers valued at \$106,560 over 60 months.

### **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 now requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020 unless extended by other legislation; it has been made 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.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. 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. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals. See also "State Aid" for a discussion of the New Yorkers for Students' Educational Rights v. State of New York case which included a challenge to the supermajority requirements regarding school district property tax increases.

*Real Property Tax Rebate.* Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly 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 are 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 are 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 must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must 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 agreements 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 this for future tax levies and for operations and services of the Component School District and the BOCES are uncertain at this time.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015. The program applied in the years 2016 through 2019 and included continued tax cap compliance, further details and implications are not available at this time.

See “ST. LAWRENCE LEWIS BOCES – Budgetary Procedures” herein for additional information regarding the Component School Districts’ Tax Levy.

#### **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 municipalities and school districts 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, if this provision were applied to BOCES. The provision does not by its terms include BOCES.

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 and may not be applicable to a BOCES. In any event, no such emergency has been declared with respect to the BOCES.

## CONTINUING DISCLOSURE

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

### 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 collection of revenues to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the BOCES taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the BOCES.

## TAX MATTERS

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

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



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

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

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

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

Although Bond Counsel is of the opinion that interest on the Bonds and Notes is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds and 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.

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

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

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

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

## **LEGAL MATTERS**

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

## **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 "State Aid").

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.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. One recent legislative proposal generally would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Cybersecurity. The BOCES, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. To mitigate the risks of impact on the BOCES operations and/or damage from cyber incidents or cyber-attacks, the BOCES has invested in cybersecurity and other operational controls. While the BOCES continues to review its policies and practices in this regard, there can be no assurances that such security and operational control measures 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.

#### **MUNICIPAL ADVISOR**

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

#### **CUSIP IDENTIFICATION NUMBERS**

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

#### **MISCELLANEOUS**

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

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

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

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

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

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

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

The BOCES contact information is as follows: Nicole Ashley, Director of Financial Affairs, BOCES Educational Service Center, 40 West Main Street, PO Box 231, Canton, New York 13617, Phone: (315) 386-4504 x10172, Fax: (315) 386-3395, email: [nashley@slloboces.org](mailto:nashley@slloboces.org).

Additional information may be obtained upon request from Fiscal Advisors & Marketing, Inc. (315) 752-0051 or from Nicole Ashley the Director of Financial Affairs at (315) 386-4505 x10172.

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

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
OF THE SOLE SUPERVISORY DISTRICT  
ST. LAWRENCE and LEWIS COUNTIES, NEW YORK**

**Dated: May 26, 2023**

**ROGER M. BENNETT  
PRESIDENT OF THE BOARD OF EDUCATION  
AND CHIEF FISCAL OFFICER**

**APPENDIX - A**  
**St. Lawrence and Lewis Counties BOCES**

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending June 30:	<u><b>2018</b></u>	<u><b>2019</b></u>	<u><b>2020</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>
<u><b>ASSETS</b></u>					
Unrestricted Cash	\$ 8,686,573	\$ 9,978,103	\$ 9,066,431	\$ 7,986,889	\$ 11,335,074
Restricted Cash	2,425,677	2,386,182	2,333,295	2,237,376	2,003,728
Restricted Investments	1,179,528	1,192,553	1,214,228	2,083,722	2,810,947
State and Federal Aid Receivables	10,300,893	10,367,463	10,912,541	10,683,956	11,372,229
E-Rate Receivables	286,773	190,874	193,752	185,538	172,912
Due from Other Governments	-	46	199	-	-
Due from Other Funds	1,302,185	1,140,756	2,263,018	3,670,335	2,899,090
Other Receivables	2,301,212	2,756,226	3,443,498	2,539,660	2,633,730
Prepaid Expenditures	14,271	14,271	14,271	14,271	14,271
	<u>14,271</u>	<u>14,271</u>	<u>14,271</u>	<u>14,271</u>	<u>14,271</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 26,497,112</b></u>	<u><b>\$ 28,026,474</b></u>	<u><b>\$ 29,441,233</b></u>	<u><b>\$ 29,401,747</b></u>	<u><b>\$ 33,241,981</b></u>
<u><b>LIABILITIES AND FUND EQUITY</b></u>					
Accounts Payable	\$ 1,056,568	\$ 1,084,003	\$ 995,558	\$ 1,465,157	\$ 1,581,474
Accrued Liabilities	146,888	293,881	64,271	1,438,786	1,452,239
Due to Other Governments	4,847	5,274	5,528	5,865	6,596
Due to Other Funds	208,689	43,211	-	-	1,973
Due to Teachers' Retirement System	2,128,666	2,307,734	2,025,201	1,932,250	1,941,891
Due to Employees' Retirement System	354,290	420,412	390,950	374,078	255,538
Due to School Districts	13,447,688	14,778,953	13,215,423	14,350,242	16,933,963
Bond Interest and Principal Payable	1,179,528	1,192,553	1,214,228	2,083,722	2,810,947
Revenue Anticipation Notes Payable	5,500,000	5,500,000	7,000,000	5,500,000	5,500,000
Deferred Revenue	-	-	2,182,508	-	739,361
	<u>-</u>	<u>-</u>	<u>2,182,508</u>	<u>-</u>	<u>739,361</u>
<b>TOTAL LIABILITIES</b>	<u><b>24,027,164</b></u>	<u><b>25,626,021</b></u>	<u><b>27,093,667</b></u>	<u><b>27,150,100</b></u>	<u><b>31,223,982</b></u>
<u><b>FUND EQUITY</b></u>					
Restricted	\$ 2,425,677	\$ 2,386,182	\$ 2,333,295	\$ 2,237,376	\$ 2,003,728
Nonspendable	14,271	14,271	14,271	14,271	14,271
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND EQUITY</b>	<u><b>2,439,948</b></u>	<u><b>2,400,453</b></u>	<u><b>2,347,566</b></u>	<u><b>2,251,647</b></u>	<u><b>2,017,999</b></u>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<u><b>\$ 26,467,112</b></u>	<u><b>\$ 28,026,474</b></u>	<u><b>\$ 29,441,233</b></u>	<u><b>\$ 29,401,747</b></u>	<u><b>\$ 33,241,981</b></u>

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

**APPENDIX - A1**  
**St. Lawrence and Lewis Counties BOCES**

**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>
<b>REVENUES</b>					
Charges for Services	\$ 50,891	\$ 11,567	\$ 10,901	\$ 16,244	\$ 3,349
Charges to Components	63,733,570	63,577,433	66,973,358	67,579,699	67,395,480
Charges to Other BOCES	695,413	966,619	1,120,488	1,339,990	1,302,092
Interest and Earnings	54,417	15,784	41,823	109,759	39,104
Sale of Property and Compensation for Loss	227,655	265,616	305,943	274,115	217,325
Miscellaneous	1,119,547	1,200,599	872,139	878,878	824,908
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	30,000	11,500	-	-	-
Revenues from Federal Sources	-	-	-	-	-
Total Revenues	<u>\$ 65,911,493</u>	<u>\$ 66,049,118</u>	<u>\$ 69,324,652</u>	<u>\$ 70,198,685</u>	<u>\$ 69,782,258</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>5,000</u>	<u>20,000</u>	<u>106,733</u>	<u>62,950</u>
Total Revenues and Other Sources	<u>\$ 65,911,493</u>	<u>\$ 66,054,118</u>	<u>\$ 69,344,652</u>	<u>\$ 70,305,418</u>	<u>\$ 69,845,208</u>
<b>EXPENDITURES</b>					
Administration	\$ 6,926,651	\$ 7,785,145	\$ 8,093,938	\$ 8,474,986	\$ 10,982,661
Occupational Instruction	9,409,271	9,643,541	9,914,622	10,130,689	10,092,647
Instruction for Special Education	20,109,925	20,450,541	21,491,268	22,246,375	20,121,383
Itinerant Services	3,949,625	3,698,364	3,841,389	3,688,854	3,636,833
General Instruction	2,341,423	2,770,851	1,842,565	1,444,794	1,322,961
Instructional Support	8,632,757	8,849,174	9,599,324	9,224,211	9,068,853
Other Services	9,857,342	9,429,707	9,625,056	9,860,119	10,853,584
Total Expenditures	<u>\$ 61,226,994</u>	<u>\$ 62,627,323</u>	<u>\$ 64,408,162</u>	<u>\$ 65,070,028</u>	<u>\$ 66,078,922</u>
Other Uses:					
Interfund Transfers	<u>550,000</u>	<u>250,000</u>	<u>525,000</u>	<u>750,000</u>	<u>100,000</u>
Total Expenditures and Other Uses	<u>\$ 61,776,994</u>	<u>\$ 62,877,323</u>	<u>\$ 64,933,162</u>	<u>\$ 65,820,028</u>	<u>\$ 66,178,922</u>
Excess (Deficit) Revenues Over Expenditures	<u>4,134,499</u>	<u>3,176,795</u>	<u>4,411,490</u>	<u>4,485,390</u>	<u>3,666,286</u>
<b>OTHER CHANGES IN FUND BALANCE</b>					
Refund of Surplus Unpaid	(4,134,499)	(3,176,795)	4,411,490	4,485,390	(3,666,286)
Employee Benefit Accrued Liability	(30,271)	(107,919)	12,709	15,211	(97,151)
Reserve for Unemployment Insurance	(18,914)	(15,850)	26,786	37,676	1,232
Reserve for Retirement Contributions	-	-	-	-	-
Plus - Encumbrances, Ending	-	-	-	-	-
Plus - Encumbrances, Beginning	-	-	-	-	-
Total Other Changes in Fund Balance	<u>\$ (4,183,684)</u>	<u>\$ (3,300,564)</u>	<u>\$ 4,450,985</u>	<u>\$ 4,538,277</u>	<u>\$ (3,762,205)</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	2,612,902	2,563,717	2,439,948	2,400,453	2,347,566
Prior Period Adjustments (net) (1)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 2,563,717</u>	<u>\$ 2,439,948</u>	<u>\$ 2,400,453</u>	<u>\$ 2,347,566</u>	<u>\$ 2,251,647</u>

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

**GENERAL FUND**

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

Fiscal Years Ending June 30:

	<b>2022</b>		
	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>
<b><u>REVENUES</u></b>			
Charges for Services	\$ -	\$ -	\$ 34,384
Charges to Components	70,872,509	74,234,452	71,881,378
Charges to Other BOCES	-	-	1,042,234
Use of Money and Property	-	-	3,762
Sale of Property and Compensation for Loss	-	-	335,149
Miscellaneous	-	-	775,814
Interfund Revenues	-	-	-
Revenues from State Sources	-	-	-
Revenues from Federal Sources	-	-	161,731
Total Revenues	<u>\$ 70,872,509</u>	<u>\$ 74,234,452</u>	<u>\$ 74,234,452</u>
Other Sources:			
Interfund Transfers	<u>-</u>	<u>106,733</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 70,872,509</u>	<u>\$ 74,341,185</u>	<u>\$ 74,234,452</u>
<b><u>EXPENDITURES</u></b>			
Administration	\$ 12,954,047	\$ 12,254,722	\$ 11,526,186
Occupational Instruction	10,936,992	11,185,173	10,941,799
Instruction for Special Education	23,146,967	22,417,947	19,646,705
Itinerant Services	3,677,954	3,037,665	2,662,624
General Instruction	1,206,950	1,707,765	1,458,769
Instructional Support	8,552,295	11,634,219	11,062,435
Other Services	10,397,304	11,191,961	10,569,200
Total Expenditures	<u>\$ 70,872,509</u>	<u>\$ 73,429,452</u>	<u>\$ 67,867,718</u>
Other Uses:			
Interfund Transfers	<u>-</u>	<u>805,000</u>	<u>805,000</u>
Total Expenditures and Other Uses	<u>\$ 70,872,509</u>	<u>\$ 74,234,452</u>	<u>\$ 68,672,718</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>5,561,734</u>
<b><u>OTHER CHANGES IN FUND BALANCE</u></b>			
Refund of Surplus Unpaid	-	-	(5,561,734)
Employee Benefit Accrued Liability	-	-	(232,099)
Reserve for Unemployment Insurance	-	-	(1,549)
Reserve for Retirement Contributions	-	-	-
Plus - Encumbrances, Ending	-	-	-
Plus - Encumbrances, Beginning	-	-	-
Total Other Changes in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,795,382)</u>
<b><u>FUND BALANCE</u></b>			
Fund Balance - Beginning of Year	-	-	2,251,647
Prior Period Adjustments (net) (1)	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,017,999</u>

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

**APPENDIX - A3**  
**St. Lawrence and Lewis Counties BOCES**

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP)**

Fiscal Years Ending June 30:	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	Adopted <u>Budget</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<b><u>REVENUES</u></b>					
Administration and Capital	\$ 9,761,509	\$ 11,454,211	\$ 12,954,049	\$ 13,344,056	\$ 13,670,725
Occupational Instruction	10,334,370	10,709,078	10,936,992	11,615,593	11,934,830
Instruction for Special Education	23,928,186	23,693,450	23,146,965	24,295,825	26,921,614
Itinerant Services	3,830,120	3,859,972	3,677,954	3,001,170	3,566,576
General Instruction	1,296,711	1,288,613	1,206,950	1,528,793	1,475,929
Instructional Support	7,725,658	8,112,709	8,552,295	9,216,561	10,608,648
Other Services	9,945,613	10,537,312	10,397,304	8,619,815	8,938,361
Total Revenues	<u>\$ 66,822,167</u>	<u>\$ 69,655,346</u>	<u>\$ 70,872,509</u>	<u>\$ 71,621,813</u>	<u>\$ 77,116,683</u>
<b><u>EXPENDITURES</u></b>					
Administration and Capital	\$ 9,761,509	\$ 11,454,211	\$ 12,954,049	\$ 13,344,056	\$ 13,670,725
Occupational Instruction	10,334,370	10,709,078	10,936,992	11,615,593	11,934,830
Instruction for Special Education	23,928,186	23,693,450	23,146,965	24,295,825	26,921,614
Itinerant Services	3,830,120	3,859,972	3,677,954	3,001,170	3,566,576
General Instruction	1,296,711	1,288,613	1,206,950	1,528,793	1,475,929
Instructional Support	7,725,658	8,112,709	8,552,295	9,216,561	10,608,648
Other Services	9,945,613	10,537,312	10,397,304	8,619,815	8,938,361
Total Expenditures	<u>\$ 66,822,167</u>	<u>\$ 69,655,346</u>	<u>\$ 70,872,509</u>	<u>\$ 71,621,813</u>	<u>\$ 77,116,683</u>
Other Financing Sources (Uses):					
Operating Transfers (in)	-	-	-	(14,427,658)	(15,979,333)
Operating Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,427,658</u>	<u>15,979,333</u>
Total Other Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficit) Revenues Over Expenditures and Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	-	-	-	-	-
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Source: Annual budgets of the BOCES. This Appendix is not itself audited.



**Appendix B**

**St. Lawrence - Lewis BOCES**

**BONDED DEBT SERVICE**

	<b>2015 Bonds</b>	<b>2020A Bonds</b>	<b>2020B Bonds</b>	<b>2021 Bonds<sup>(1)</sup></b>	<b>TOTAL</b>
2023	839,456	1,330,000	1,136,550	461,000	3,767,006
2024	836,525	1,332,250	1,135,050	460,800	3,764,625
2025	841,313	1,333,000	1,137,800	461,800	3,773,913
2026	839,450	1,332,250	1,139,550	462,200	3,773,450
2027	-	1,335,000	1,135,300	462,000	2,932,300
2028	-	1,381,000	1,180,300	461,200	3,022,500
2029	-	1,383,000	1,182,050	459,800	3,024,850
2030	-	1,383,000	1,182,550	462,800	3,028,350
2031	-	1,381,000	1,181,800	-	2,562,800
2032	-	1,380,800	1,180,200	-	2,561,000
2033	-	1,379,200	1,182,800	-	2,562,000
2034	-	1,381,200	1,179,400	-	2,560,600
2035	-	1,381,600	1,180,200	-	2,561,800
2036	-	1,380,400	1,180,000	-	2,560,400
2037	-	1,382,600	1,178,800	-	2,561,400
2038	-	1,383,000	1,181,600	-	2,564,600
2039	-	1,381,600	1,183,200	-	2,564,800
2040	-	1,383,400	1,178,600	-	2,562,000
2041	-	1,383,200	1,178,000	-	2,561,200
2042	-	676,000	1,181,200	-	1,857,200
2043	-	-	1,183,000	-	1,183,000
2044	-	-	1,178,400	-	1,178,400
2045	-	-	1,182,600	-	1,182,600
2046	-	-	1,180,200	-	1,180,200
2047	-	-	1,181,400	-	1,181,400
2048	-	-	1,181,000	-	1,181,000
2049	-	-	1,179,000	-	1,179,000
2050	-	-	1,180,400	-	1,180,400
<b>TOTALS</b>	<b>\$ 3,356,744</b>	<b>\$ 26,683,500</b>	<b>\$ 32,840,950</b>	<b>\$ 3,691,600</b>	<b>\$ 66,572,794</b>

<sup>(1)</sup> The BOCES issued \$3,415,000 Refunding Bonds to refinance \$4,180,000 Series 2011 Bonds. The BOCES realized 12.01% savings and budgetary savings of \$502,168.75.

**COMPONENT SCHOOL DISTRICTS**

**FINANCIAL INFORMATION - FISCAL YEAR ENDING 2022**

**GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance**

	Brasher Falls C.S.D.	Canton C.S.D.	Clifton-Fine C.S.D.	Colton- Pierrepont C.S.D.	Edwards- Knox C.S.D.
<b>REVENUES</b>					
Real Property Taxes	\$ 4,197,722	\$ 9,149,501	\$ 4,121,629	\$ 7,424,724	\$ 1,988,784
Real Property Tax Items	1,210,024	1,447,106	215,399	426,097	-
Non-Property Tax Items	-	-	-	-	-
Charges for Services	162,100	115,828	238,535	30,251	184,323
Use of Money & Property	16,890	8,652	17,005	15,769	11,601
Sale of Property and Compensation for Loss	45,755	-	83	4,953	61,900
Miscellaneous	257,886	461,536	196,499	174,003	212,366
Interfund Revenues	-	-	-	-	-
Medicaid Reimbursement	-	-	-	-	-
Revenues from State Sources	19,076,820	18,915,788	5,464,333	3,108,699	12,730,987
Revenues from Federal Sources	161,437	35,843	42,300	46,876	-
Total Revenues	\$ 25,128,634	\$ 30,134,254	\$ 10,295,783	\$ 11,231,372	\$ 15,189,961
Other Sources:					
Interfund Transfers	96,577	44,000	23,000	335,377	-
Total Revenues and Other Sources	25,225,211	30,178,254	10,318,783	11,566,749	15,189,961
<b>EXPENDITURES</b>					
General Support	\$ 2,770,570	\$ 3,311,487	\$ 1,294,580	\$ 1,679,072	\$ 1,892,612
Instruction	10,378,702	13,481,907	3,587,140	4,804,240	6,012,032
Pupil Transportation	1,394,672	1,354,838	452,001	632,151	945,320
Community Services	-	-	56	-	-
Employee Benefits	6,634,277	8,273,836	3,102,527	2,906,815	4,107,870
Debt Service	2,967,497	2,622,295	704,325	483,863	2,050,774
Total Expenditures	\$ 24,145,718	\$ 29,044,363	\$ 9,140,629	\$ 10,506,141	\$ 15,008,608
Other Uses:					
Interfund Transfers	194,904	52,663	140,192	141,114	62,903
Total Expenditures and Other Uses	24,340,622	29,097,026	9,280,821	10,647,255	15,071,511
Excess (Deficit) Revenues Over Expenditures	884,589	1,081,228	1,037,962	919,494	118,450
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	11,475,367	8,408,458	5,447,599	5,208,483	8,152,638
Prior Period Adjustments (net)					-
Fund Balance - End of Year	\$ 12,359,956	\$ 9,489,686	\$ 6,485,561	\$ 6,127,977	\$ 8,271,088

Source: Audited financial reports of the Component School Districts. This Appendix is not itself audited.

**COMPONENT SCHOOL DISTRICTS**

**FINANCIAL INFORMATION - FISCAL YEAR ENDING 2022**

**GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance**

	Gouverneur C.S.D.	Hammond C.S.D.	Harrisville C.S.D.	Hermon- Dekalb C.S.D.	Heuvelton C.S.D.
<b>REVENUES</b>					
Real Property Taxes	\$ 6,686,829	\$ 3,614,857	\$ 3,663,901	\$ 2,244,945	\$ 3,725,351
Real Property Tax Items	27,893	242,747	370,090	377,173	8,433
Non-Property Tax Items	-	-	-	-	-
Charges for Services	266,991	6,060	2,113	101,996	102,360
Use of Money & Property	49,165	15,861	5,668	9,552	79,153
Sale of Property and Compensation for Loss	17,389	-	5,824	23,012	-
Miscellaneous	465,123	170,862	102,110	184,586	253,416
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	29,292,764	4,212,762	6,074,600	8,393,098	10,437,829
Revenues from Federal Sources	121,371	948,628	75,987	15,970	-
Total Revenues	\$ 36,927,525	\$ 9,211,777	\$ 10,300,293	\$ 11,350,332	\$ 14,606,542
Other Sources:					
Proceeds of Debt	-	-	-	-	-
Interfund Transfers	456,871	-	256,422	151,181	-
Total Revenues and Other Sources	37,384,396	9,211,777	10,556,715	11,501,513	14,606,542
<b>EXPENDITURES</b>					
General Support	\$ 5,393,654	\$ 1,207,217	\$ 1,542,305	\$ 1,451,838	\$ 1,687,930
Instruction	14,783,843	4,927,691	4,465,768	5,277,241	6,313,496
Pupil Transportation	2,640,303	9,793	621,892	477,091	651,884
Community Services	-	1,320	-	2,361	61
Employee Benefits	7,949,490	2,282,866	2,978,940	2,407,028	2,749,840
Debt Service	3,810,456	-	1,017,013	1,849,294	1,589,068
Total Expenditures	\$ 34,577,746	\$ 8,428,887	\$ 10,625,918	\$ 11,464,853	\$ 12,992,279
Other Uses:					
Interfund Transfers	1,090,071	-	295,953	3,427	9,285
Total Expenditures and Other Uses	35,667,817	8,428,887	10,921,871	11,468,280	13,001,564
Excess (Deficit) Revenues Over Expenditures	1,716,579	782,890	(365,156)	33,233	1,604,978
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	16,311,199	4,569,486	2,224,929	3,097,324	5,620,229
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ 18,027,778	\$ 5,352,376	\$ 1,859,773	\$ 3,130,557	\$ 7,225,207

Source: Audited financial reports of the Component School Districts and Office of State Comptroller's financial report for Hammond CSD.  
This Appendix is not itself audited.

**COMPONENT SCHOOL DISTRICTS**

**FINANCIAL INFORMATION - FISCAL YEAR ENDING 2021**

**GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance**

	Lisbon C.S.D.	Madrid- Waddington C.S.D.	Massena C.S.D.	Morristown C.S.D.	Norwood- Norfolk C.S.D.
<b>REVENUES</b>					
Real Property Taxes	\$ 3,239,048	\$ 4,621,886	\$ 12,357,716	\$ 3,950,483	\$ 5,080,690
Real Property Tax Items	597,058	-	2,799,352	-	1,530,768
Non-Property Tax Items	-	-	-	-	-
Charges for Services	183,088	22,115	2,723,097	-	118,736
Use of Money & Property	14,096	821	84,026	13,669	22,485
Sale of Property and Compensation for Loss	141	4,540	57,745	81,370	36,681
Miscellaneous	216,787	441,639	1,660,420	162,534	442,067
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	9,504,376	10,727,154	38,600,226	5,904,810	17,136,904
Revenues from Federal Sources	-	153,753	78,706	97,860	283,498
<b>Total Revenues</b>	<b>\$ 13,754,594</b>	<b>\$ 15,971,908</b>	<b>\$ 58,361,288</b>	<b>\$ 10,210,726</b>	<b>\$ 24,651,829</b>
<b>Other Sources:</b>					
Interfund Transfers	500,000	788,879	-	-	79,633
<b>Total Revenues and Other Sources</b>	<b>14,254,594</b>	<b>16,760,787</b>	<b>58,361,288</b>	<b>10,210,726</b>	<b>24,731,462</b>
<b>EXPENDITURES</b>					
General Support	\$ 1,752,717	\$ 2,354,572	\$ 6,199,196	\$ 1,307,204	\$ 2,553,107
Instruction	6,360,970	7,623,180	23,706,886	4,593,808	10,706,151
Pupil Transportation	1,726,554	740,383	2,431,278	666,904	1,017,272
Community Services	-	23,311	14,761,481	3,500	-
Employee Benefits	3,719,638	4,132,953	-	1,883,775	7,033,734
Debt Service	812,947	849,378	2,919,515	244,271	1,957,742
<b>Total Expenditures</b>	<b>\$ 14,372,826</b>	<b>\$ 15,723,777</b>	<b>\$ 50,018,356</b>	<b>\$ 8,699,462</b>	<b>\$ 23,268,006</b>
<b>Other Uses:</b>					
Interfund Transfers	27,343	577,490	1,121,223	133,645	31,984
<b>Total Expenditures and Other Uses</b>	<b>14,400,169</b>	<b>16,301,267</b>	<b>51,139,579</b>	<b>8,833,107</b>	<b>23,299,990</b>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<b>(145,575)</b>	<b>459,520</b>	<b>7,221,709</b>	<b>1,377,619</b>	<b>1,431,472</b>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	3,897,685	3,502,021	25,437,131	3,994,683	7,930,262
Prior Period Adjustments (net)	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ 3,752,110</b>	<b>\$ 3,961,541</b>	<b>\$ 32,658,840</b>	<b>\$ 5,372,302</b>	<b>\$ 9,361,734</b>

Source: Audited financial reports of the Component School Districts. This Appendix is not itself audited.

**COMPONENT SCHOOL DISTRICTS**

**FINANCIAL INFORMATION - FISCAL YEAR ENDING 2021**

**GENERAL FUND: Revenues, Expenditures and Changes in Fund Balance**

	Ogdensburg C.S.D.	Parishville- Hopkinton C.S.D.	Potsdam C.S.D.	<b>TOTAL OF 18 COMPONENT SCHOOL DISTRICTS</b>
<b><u>REVENUES</u></b>				
Real Property Taxes	\$ 8,653,346	\$ 3,788,973	\$ 12,644,739	\$ 101,155,124
Real Property Tax Items	2,371,144	377,318	1,590,300	13,590,902
Non-Property Tax Items	-	-	-	-
Charges for Services	899,788	41,800	158,465	5,357,646
Use of Money & Property	122,451	13,367	546,567	1,046,798
Sale of Property and Compensation for Loss	7,871	-	37,380	384,644
Miscellaneous	1,015,974	220,051	479,407	7,117,266
Interfund Revenues	-	-	-	12,730,987
Revenues from State Sources	31,260,210	6,752,043	17,972,399	255,565,802
Revenues from Federal Sources	66,728	-	141,329	2,270,286
Total Revenues	<u>\$ 44,397,512</u>	<u>\$ 11,193,552</u>	<u>\$ 33,570,586</u>	<u>\$ 399,219,455</u>
Other Sources:				
Interfund Transfers	421,036	30,000	-	3,182,976
Total Revenues and Other Sources	<u>44,818,548</u>	<u>11,223,552</u>	<u>33,570,586</u>	<u>402,402,431</u>
<b><u>EXPENDITURES</u></b>				
General Support	\$ 5,333,400	\$ 1,364,859	\$ 3,620,062	\$ 46,716,382
Instruction	19,958,839	5,393,727	15,704,707	168,080,328
Pupil Transportation	1,109,751	647,070	1,182,150	18,701,307
Community Services	37,331	1,960	-	14,831,381
Employee Benefits	9,681,473	2,934,192	9,172,347	81,951,601
Debt Service	5,161,281	628,690	3,842,761	33,511,170
Total Expenditures	<u>\$ 41,282,075</u>	<u>\$ 10,970,498</u>	<u>\$ 33,522,027</u>	<u>\$ 363,792,169</u>
Other Uses:				
Interfund Transfers	107,821	142,175	169,018	4,301,211
Total Expenditures and Other Uses	<u>41,389,896</u>	<u>11,112,673</u>	<u>33,691,045</u>	<u>368,093,380</u>
Excess (Deficit) Revenues Over Expenditures	<u>3,428,652</u>	<u>110,879</u>	<u>(120,459)</u>	<u>34,309,051</u>
<b><u>FUND BALANCE</u></b>				
Fund Balance - Beginning of Year	14,223,577	4,105,791	9,701,801	143,308,663
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	<u>\$ 17,652,229</u>	<u>\$ 4,216,670</u>	<u>\$ 9,581,342</u>	<u>\$ 177,617,714</u>

Source: Audited financial reports of the Component School Districts. This Appendix is not itself audited.

**COMPONENT SCHOOL DISTRICTS**  
**STATUS OF INDEBTEDNESS**  
**FISCAL YEAR ENDING JUNE 30, 2022**

Component School District	Bonds	Bond Anticipation Notes	Revenue Anticipation Notes	Other Debt	Total Debt Outstanding
Brasher Falls	\$ 19,665,000	\$ 16,487,378	\$ -	\$ -	\$ 36,152,378
Canton	14,130,000	3,699,000	-	-	17,829,000
Clifton-Fine	1,100,000	3,590,000	-	-	4,690,000
Colton-Pierrepont	1,380,000	-	-	-	1,380,000
Edwards-Knox	6,745,625	4,250,000	-	-	10,995,625
Gouverneur	20,490,000	-	-	-	20,490,000
Hammond	-	-	-	-	-
Harrisville	6,495,000	684,200	-	-	7,179,200
Hermon-Dekalb	1,510,000	13,250,000	-	-	14,760,000
Heuvelton	6,430,000	-	-	-	6,430,000
Lisbon	5,215,000	5,200,000	-	-	10,415,000
Madrid-Waddington	3,470,000	4,310,133	-	-	7,780,133
Massena	20,320,000	24,800,000	-	-	45,120,000
Morristown	620,000	-	-	-	620,000
Norwood-Norfolk	10,136,000	8,112,040	-	-	18,248,040
Ogdensburg City SD	34,805,000	-	-	-	34,805,000
Parishville-Hopkinton	2,655,000	-	-	-	2,655,000
Potsdam	11,165,000	-	-	-	11,165,000
Totals:	<u>\$ 166,331,625</u>	<u>\$ 84,382,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,714,376</u>

Note: Other debt includes energy performance contracts and installment purchase contracts.

Source: Audited financial reports of the Component School Districts. This Appendix is not itself audited.

**COMPONENT SCHOOL DISTRICTS**

**TAX INFORMATION**

**FISCAL YEAR ENDING JUNE 30, 2023**

Component 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
Brasher Falls	\$ 258,383,490	\$ 298,925,669	\$ 5,365,223	1.79%
Canton	457,304,940	538,369,532	10,758,792	2.00%
Clifton-Fine	367,393,966	401,384,252	4,375,500	1.09%
Colton-Pierrepont	436,669,376	515,258,591	8,043,159	1.56%
Edwards-Knox	143,550,318	238,989,682	1,985,312	0.83%
Gouverneur	330,500,487	573,728,813	6,860,162	1.20%
Hammond <sup>(1)</sup>	239,685,681	274,903,417	3,844,694	1.40%
Harrisville	246,529,043	255,484,393	4,099,729	1.60%
Hermon-DeKalb	160,878,008	176,667,790	2,664,018	1.51%
Heuvelton	171,904,189	213,873,580	3,828,084	1.79%
Lisbon	164,246,775	233,220,271	3,907,019	1.68%
Madrid-Waddington	240,146,507	305,092,885	4,719,627	1.55%
Massena	757,852,092	669,791,450	14,831,697	2.21%
Morristown	255,725,429	296,067,816	4,043,230	1.37%
Norwood-Norfolk	240,135,935	304,339,793	6,534,756	2.15%
Ogdensburg	392,675,571	408,040,694	10,598,360	2.60%
Parishville-Hopkinton	106,733,292	265,020,313	4,282,178	1.62%
Potsdam	563,823,796	682,148,528	14,740,107	2.16%
Totals:	<u>\$ 5,534,138,895</u>	<u>\$ 6,651,307,469</u>	<u>\$ 115,481,647</u>	

<sup>(1)</sup> Fiscal Year Ending June 30, 2022

Source: School District Tax Rolls

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
OF  
THE SOLE SUPERVISORY DISTRICT  
ST. LAWRENCE & LEWIS COUNTIES, NEW YORK  
2022-2023 ACTUAL MONTHLY CASH FLOW (GENERAL & FEDERAL FUNDS)**

APPENDIX -F

	<i>2022-2023</i>												<i>12 MONTH TOTAL</i>
<i>CASH FLOW</i>	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>	<i>December</i>	<i>January</i>	<i>February</i>	<i>March</i>	<i>April</i>	<i>May (est.)</i>	<i>June (est.)</i>	
<b>Beginning Balance:</b>	11,380,435.76	10,886,473	9,951,950	15,462,148	13,326,579	15,340,784	16,369,814	18,040,784	16,586,150	16,162,022	12,058,731	11,321,191	166,887,062
<b><u>Cash Receipts</u></b>													
Charges to Components	0	\$0.00	\$9,521,741	\$7,147,487	\$6,613,504	\$6,821,493	\$6,925,719	\$6,760,213	\$6,664,665	\$5,530,544	\$4,930,591	\$8,730,591.00	69,646,548
State & Federal Aid	477,305	\$845,593.74	\$211,368.44	\$289,927.77	\$823,420.07	\$272,019.87	\$273,757.57	\$262,908.21	\$344,817.59	\$173,603.54	\$8,676.00	\$8,500.00	3,991,898
Other Programs	2,023,397	\$1,859,414.80	\$823,424.34	\$6,246,057.17	\$(938,606.94)	\$90,798.45	\$(815,184.81)	\$2,795,621.83	\$1,612,356.08	\$1,530,617.52	\$2,473,193.21	\$0.00	17,701,089
RAN Proceeds													0
Total Cash Receipts	2,500,702	2,705,009	10,556,534	13,683,472	6,498,317	7,184,311	6,384,292	9,818,743	8,621,838	7,234,765	7,412,460	8,739,091	91,339,534
<b>Total available Cash</b>	13,881,138	13,591,481	20,508,483	29,145,620	19,824,896	22,525,095	22,754,106	27,859,528	25,207,989	23,396,787	19,471,191	20,060,282	
<b><u>Disbursements</u></b>													
Disbursements	(2,994,665)	\$(3,639,531.82)	\$(5,046,335.25)	\$(15,819,041.29)	\$(4,484,112.06)	\$(6,155,281.13)	\$(4,713,321.56)	\$(11,273,377.16)	\$(9,045,966.74)	\$(11,338,055.88)	\$(8,150,000.00)	\$(12,651,795.00)	(95,311,483)
RAN Repayment Acct.												\$(5,555,000.00)	(5,555,000)
<b>Total Disbursements</b>	(2,994,665)	(3,639,532)	(5,046,335)	(15,819,041)	(4,484,112)	(6,155,281)	(4,713,322)	(11,273,377)	(9,045,967)	(11,338,056)	(8,150,000)	(18,206,795)	(100,866,483)
<b>Ending Balance:</b>	10,886,473	9,951,950	15,462,148	13,326,579	15,340,784	16,369,814	18,040,784	16,586,150	16,162,022	12,058,731	11,321,191	1,853,487	



BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
OF  
THE SOLE SUPERVISORY DISTRICT  
ST. LAWRENCE & LEWIS COUNTIES, NEW YORK  
2023-2024 ESTIMATED MONTHLY CASH FLOW (GENERAL & FEDERAL FUNDS)

APPENDIX - F1

	2023-2024												12 MONTH TOTAL
CASH FLOW	July	August	September	October	November	December	January	February	March	April	May	June	
Beginning Balance:	1,853,487	1,253,487	(221,513)	3,266,487	(568,513)	3,196,487	4,851,987	7,907,487	6,972,487	7,337,487	5,202,487	7,072,487	48,124,345
<b>Cash Receipts</b>													
Charges to Components			7,565,000	7,565,000	7,565,000	7,565,000	7,565,000	7,565,000	7,565,000	7,565,000	7,565,000	7,565,000	75,650,000
State & Federal Aid	400,000	500,000	200,000	200,000	700,000	200,000	200,000	200,000	300,000	200,000	5,000	5,000	3,110,000
Other Programs	2,100,000	1,800,000	\$823,000.00	\$4,300,000.00	\$100,000.00	\$90,500.00	\$90,500.00	\$2,800,000.00	\$1,700,000.00	\$1,600,000.00	\$2,500,000.00	\$1,800,000.00	19,704,000
RAN Proceeds												5,500,000.00	5,500,000.00
Total Cash Receipts	2,500,000	2,300,000	8,588,000	12,065,000	8,365,000	7,855,500	7,855,500	10,565,000	9,565,000	9,365,000	10,070,000	14,870,000	103,964,000
<b>Total available Cash</b>	4,353,487	3,553,487	8,366,487	15,331,487	7,796,487	11,051,987	12,707,487	18,472,487	16,537,487	16,702,487	15,272,487	21,942,487	
<b>Disbursements</b>													
Disbursements	(3,100,000)	(3,775,000)	(5,100,000)	(15,900,000)	(4,600,000)	(6,200,000)	(4,800,000)	(11,500,000)	(9,200,000)	(11,500,000)	(8,200,000)	(13,925,000)	(97,800,000)
RAN Repayment Acct.	-	-	-	-	-	-	-	-	-	-	-	(5,550,000.00)	(5,550,000)
<b>Total Disbursements</b>	(3,100,000)	(3,775,000)	(5,100,000)	(15,900,000)	(4,600,000)	(6,200,000)	(4,800,000)	(11,500,000)	(9,200,000)	(11,500,000)	(8,200,000)	(19,475,000)	(103,350,000)
<b>Ending Balance:</b>	1,253,487	(221,513)	3,266,487	(568,513)	3,196,487	4,851,987	7,907,487	6,972,487	7,337,487	5,202,487	7,072,487	2,467,487	

**MATERIAL EVENT NOTICES**

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

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Noteholders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the BOCES
- (m) the consummation of a merger, consolidation, or acquisition involving the BOCES or the sale of all or substantially all of the assets of the BOCES, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a “financial obligation” (as defined in the Rule) of the BOCES, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the BOCES, any of which affect Note holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the BOCES, any of which reflect financial difficulties.

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

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

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the BOCES in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the BOCES, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the BOCES.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

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

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

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

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES  
FOR THE SOLE SUPERVISORY DISTRICT OF  
ST. LAWRENCE AND LEWIS COUNTIES, NEW YORK**

**FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**JUNE 30, 2022**

**The 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.**

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## **INDEPENDENT AUDITOR'S REPORT**

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### **BOARD OF EDUCATION ST LAWRENCE-LEWIS COUNTIES BOCES**

#### **Report on the Audit of the Financial Statements**

##### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Lawrence-Lewis Counties BOCES as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the St. Lawrence Lewis Counties 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 General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the St. Lawrence Lewis Counties BOCES and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management is responsible for the preparation and fair presentation of these 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 St. Lawrence Lewis Counties 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 St. Lawrence Lewis Counties 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 St. Lawrence Lewis Counties 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 (pages 5-21), Schedule of Changes in the BOCES' Total OPEB Liability and Related Ratios (page 82), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) Basis and Actual – General Fund (page 84-85), Schedule of the BOCES' Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 86), and Schedule of the BOCES' Contributions – NYSLRS Pension Plan (page 87) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

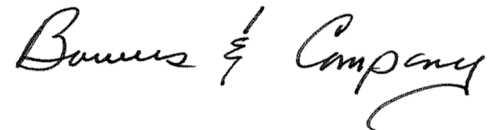
## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Lawrence-Lewis Counties BOCES' basic financial statements. The Schedule of Change from Adopted Budget to Final Budget – General Fund, Analysis of Account A431 School Districts, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, and Net Investment in Capital Assets (pages 88-91) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards (Page 98) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financials statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Change from Adopted Budget to Final Budget – General Fund, Analysis of Account A431 School Districts, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Net Investment in Capital Assets (pages 88-91) and the Schedule of Expenditures of Federal Awards (Page 98) are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022 on our consideration of the St. Lawrence-Lewis Counties 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 St. Lawrence-Lewis Counties 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 St. Lawrence-Lewis Counties BOCES' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned to the right of the main body of text.

Watertown, New York  
October 17, 2022

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2022

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

---

The following is a discussion and analysis of the St. Lawrence-Lewis Board of Cooperative Educational Services (BOCES) financial performance for the fiscal year ended June 30, 2022. This section is a summary of the BOCES’ financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the BOCES’ financial statements, which immediately follow this section.

**ORGANIZATIONAL PURPOSE AND DETAILED MISSION**

---

The BOCES is formed, pursuant to New York State Education Law, by two or more school districts and a supervisory district for the purpose of providing various educational services on a cooperative or shared basis which services would either be economically unfeasible or duplicative for each school district to provide for itself. The State Legislature created Boards of Cooperative Educational Services in 1948 to operate as an extension of the public-school system.

This BOCES is a cooperative association of eighteen school districts, encompassing a land area of over 2,500 square miles in Upstate New York with administration offices located in the Village of Canton.

Member school districts participate in specific programs and services on a cost-sharing basis. In addition, they are eligible for state aid for all services they contract. The services that BOCES offers cover a wide spectrum of public education:

- Consolidated educational services and shared personnel, such as occupational and physical therapists;
- Specialized curriculum, including career and technical education courses, and curriculum development;
- Administrative support personnel;
- Technological support, such as the distance learning network, which uses fiber-optic cables to electronically connect school districts for audiovisual communication;
- Regional planning and coordination, which includes services such as the School Library System (an automated, computerized interlibrary loan system), and other programs and events, including Odyssey of the Mind and grant writing coordination;
- Community resource services, such as programs for mentally and physically handicapped students, career education, and adult GED and job skill courses.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2022

**ORGANIZATIONAL PURPOSE AND DETAILED MISSION -**

Continued

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One of the unique aspects of the BOCES operation is the high degree of client representation in planning and decision-making. This involvement assures that new services are developed to meet the specific needs of the component schools while maintaining efficiency and allow school districts to utilize state BOCES aid.

The component school districts that comprise the BOCES are as follows:

Brasher Falls	Hammond	Massena
Canton	Harrisville	Morristown
Clifton-Fine	Hermon-DeKalb	Norwood-Norfolk
Colton-Pierrepont	Heuvelton	Ogdensburg
Edwards-Knox	Lisbon	Parishville-Hopkinton
Gouverneur	Madrid-Waddington	Potsdam

**FINANCIAL HIGHLIGHTS**

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The BOCES’ total net position of governmental activities decreased \$14,006,184 during the fiscal year ended June 30, 2022, which represents a 6.81% decrease in net position, as restated, from fiscal year ended June 30, 2021. The majority of this decrease can be attributed to the net expense related to the BOCES’ postemployment benefit obligation and related deferred outflows/inflows of resources.

Overall expenditures of \$82,311,220 exceeded revenues of \$77,752,850 by \$4,558,370 in the governmental fund financial statements.

On October 9, 2018, voters approved a \$43,500,000 capital project for additions and reconstruction of the BOCES career and technical education centers. A total of \$9,185,599 was expended in the Capital Projects Fund in 2021-2022 related to the capital project.

The fund balance of the BOCES has decreased to \$4,669,185 in 2022 from \$13,290,271 in 2021. A majority of this decrease can be attributed to the capital project fund.

Among major funds, the General Fund had \$74,234,452 in revenues compared to \$67,867,718 in expenditures in fiscal year 2022. The General Fund also reported a net transfer out to the Capital Projects Fund of \$805,000. The General Fund does not retain operating surplus and any excess monies are refunded in the subsequent fiscal year to the component school districts. The amount to be refunded for fiscal year 2022 is \$5,561,734, which is an increase of \$1,895,448 from fiscal year 2021.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

June 30, 2022

### OVERVIEW OF THE FINANCIAL STATEMENTS

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This annual report consists of three parts: MD&A (this section), the audited basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the BOCES.

The first two statements are *BOCES-wide* financial statements that provide both short-term and long-term information about the BOCES’ overall financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the BOCES, reporting the BOCES’ operations in *more detail* than the BOCES-wide statements. The fund financial statements concentrate on the BOCES’ most significant funds with all other non-major funds listed in total in one column. The BOCES did not have any non-major funds in the current fiscal year.

The *governmental funds statements* tell 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 comparison of the BOCES’ budget for the year.

Figure A-1 summarizes the major features of the BOCES’ financial statements, including the portion of the BOCES activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

## ST. LAWRENCE-LEWIS COUNTIES BOCES

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

### OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Table A-1	Major Features of the BOCES-Wide and Fund Financial Statement		
		Fund Financial Statements	
	BOCES-Wide	Governmental Funds	Fiduciary Funds
<b>Scope</b>	Entire BOCES (except fiduciary funds)	The activities of the BOCES that are not fiduciary, such as instruction, special education and building maintenance	Instances in which the BOCES administers resources on behalf of someone else, such as Medical Plan and Workers Compensation Plan
<b>Required Financial Statements</b>	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures and Changes in Fund Balance	5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic focus
<b>Type of Asset / Liability Information</b>	All assets and liabilities, both financial and capital, short term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities both short-term and long-term; funds do not currently contain capital assets, although they can
<b>Type of Inflow / Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

### 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.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2022

**OVERVIEW OF FINANCIAL STATEMENTS - Continued**

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**BOCES-Wide Statements - Continued**

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 the BOCES’ 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 is an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the BOCES’ overall health, additional non-financial factors such as changes in the BOCES component districts’ finances and the condition of school buildings and other facilities, need to be considered.

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 occupational and special education, instructional support and administration. Billings to component districts and state formula aid 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 “major” funds – not the BOCES’ as a whole. Funds are accounting devices the BOCES’ uses to keep track of specific sources of funding and spending on particular programs:

Some 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).

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2022

**OVERVIEW OF FINANCIAL STATEMENTS - Continued**

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**Fund Financial Statements - Continued**

The BOCES has two kinds of funds:

**Governmental Funds:** Most of the BOCES’ basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 helps you 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 trustee, or fiduciary, for assets that belong to others, such as the St. Lawrence-Lewis Counties School District Employees Medical and Workers’ Compensation Plan assets. 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.

**FINANCIAL ANALYSIS OF THE BOCES FUNDS AS A WHOLE**

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Net position may serve over time as a useful indicator of a government’s financial condition. In the case of the BOCES, liabilities and deferred inflows exceeded assets and deferred outflows by \$219,592,292 at the close of the most recent fiscal year. This represents a \$14,006,184 decrease in the Statement of Net Position. The overall deficit is largely due to the BOCES other postemployment benefit (“OPEB”) liability. As of June 30, 2022, the OPEB liability was \$294,150,141 compared to \$278,813,365 reported at the close of the prior fiscal year.



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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2022

**FINANCIAL ANALYSIS OF THE BOCES FUNDS AS A WHOLE -**Continued

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The following table presents a condensed statement of net position for the fiscal year ended June 30, 2022 and June 30, 2021, respectively:

**Condensed Statement of Net Position**

	<b>June 30, 2022</b>	<b>June 30, 2021 (Restated)</b>	<b>% Change</b>
<b>ASSETS</b>			
Current Assets	\$ 36,629,758	\$ 43,773,893	-16.32%
Net Pension Asset - Proportionate Share	20,624,027	-	100.00%
Capital Assets, Net	65,060,948	60,239,427	8.00%
<b>TOTAL ASSETS</b>	<b>\$ 122,314,733</b>	<b>\$ 104,013,320</b>	<b>17.60%</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Other Postemployment Benefits	\$ 57,637,297	\$ 63,918,874	-9.83%
Pensions	15,635,401	21,618,571	-27.68%
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 73,272,698</b>	<b>\$ 85,537,445</b>	<b>-14.34%</b>
<b>LIABILITIES</b>			
Current Liabilities	\$ 33,838,744	\$ 34,880,938	-2.99%
Long-Term Debt Outstanding	344,939,314	331,015,849	4.21%
Net Pension Liability - Proportionate Share	-	3,243,526	-100.00%
<b>TOTAL LIABILITIES</b>	<b>\$ 378,778,058</b>	<b>\$ 369,140,313</b>	<b>2.61%</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Leases	\$ 739,361	\$ -	100.00%
Other Postemployment Benefits	6,511,887	10,934,605	-40.45%
Pensions	29,150,417	15,061,955	93.54%
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 36,401,665</b>	<b>\$ 25,996,560</b>	<b>40.02%</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 15,385,844	\$ 18,023,843	-14.64%
Restricted	4,742,546	13,312,094	-64.37%
Unrestricted (Deficit)	(239,720,682)	(236,922,045)	1.18%
<b>TOTAL NET POSITION</b>	<b>\$ (219,592,292)</b>	<b>\$ (205,586,108)</b>	<b>-6.81%</b>

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**MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2022

**FINANCIAL ANALYSIS OF THE BOCES FUNDS AS A WHOLE -**

Continued

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By far, the largest portion of the BOCES’ net position reflects its investment in capital assets (e.g., land and site improvements, buildings and fixtures, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The BOCES uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the BOCES’ investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition to assets, the *Statement of Net Position* reports 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. Included in deferred outflows of resources in the current year is \$15,635,401 related to the BOCES’ participation in the NYS TRS and ERS pension systems and \$57,637,297 related to the BOCES’ OPEB Plan.

In addition to liabilities, the *Statement of Net Position* or Balance Sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is \$29,150,417 related to the BOCES’ participation in the NYS TRS and ERS pension systems, \$6,511,887 related to the BOCES’ OPEB Plan and \$739,361 related to leases.

The BOCES’ financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, actuary post-retirement health insurance valuation, and the depreciation of capital assets.

**Changes in Net Position from Operating Results**

The BOCES’ total revenues for the fiscal year ended June 30, 2022 and June 30, 2021, were \$77,700,077 and \$73,621,623, respectively. The total cost of all programs and services was \$85,910,879 for the year ended June 30, 2022 and \$80,962,427 for the year ended June 30, 2021. The following table presents a summary of the changes in net position from operating results for the fiscal years ended June 30, 2022 and June 30, 2021, respectively:

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2022

**FINANCIAL ANALYSIS OF THE BOCES FUNDS AS A WHOLE -**Continued

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**Changes in Net Position from Operating Results - Continued**

	<b>June 30, 2022</b>	<b>June 30, 2021 *</b>	<b>% Change</b>
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	\$ 73,119,728	\$ 68,700,921	6.43%
Operating Grants	3,413,893	3,563,854	-4.21%
General Revenues			
Sale of Property & Compensation for Loss	297,560	226,588	31.32%
Investment Income	44,080	90,325	-51.20%
Miscellaneous	824,816	1,039,935	-20.69%
<b>Total Revenues</b>	<b>\$ 77,700,077</b>	<b>\$ 73,621,623</b>	<b>5.54%</b>
<b>Expenses:</b>			
Instruction for Handicapped	\$ 26,641,512	\$ 25,652,793	3.85%
General & Occupational Instruction	20,446,883	17,574,557	16.34%
Itinerant Services	3,536,456	4,504,522	-21.49%
Other Services	12,047,170	12,135,901	-0.73%
Instruction Support Services	13,467,296	11,195,502	20.29%
Support Services - Administrative	9,771,562	9,898,972	-1.29%
<b>Total Expenses</b>	<b>\$ 85,910,879</b>	<b>\$ 80,962,247</b>	<b>6.11%</b>
 <b>Change in Net Position</b>	 <b>\$ (8,210,802)</b>	 <b>\$ (7,340,624)</b>	 <b>11.85%</b>

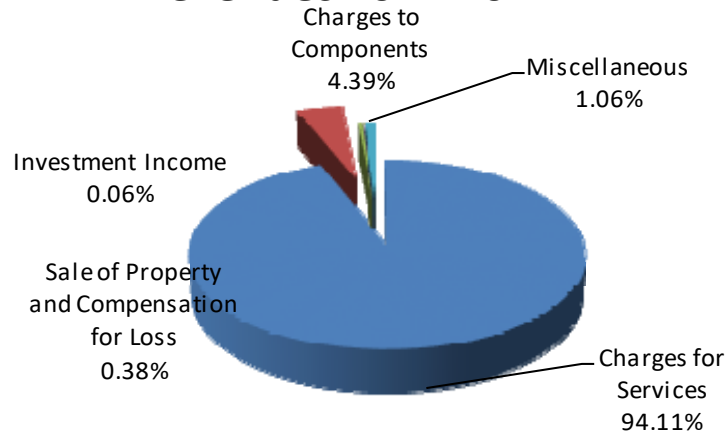
\*2020-2021 information has not been restated as the required information for GASB 87, *Leases*, is only available for fiscal year ending June 30, 2022 and forward.

MANAGEMENT'S DISCUSSION AND ANALYSIS

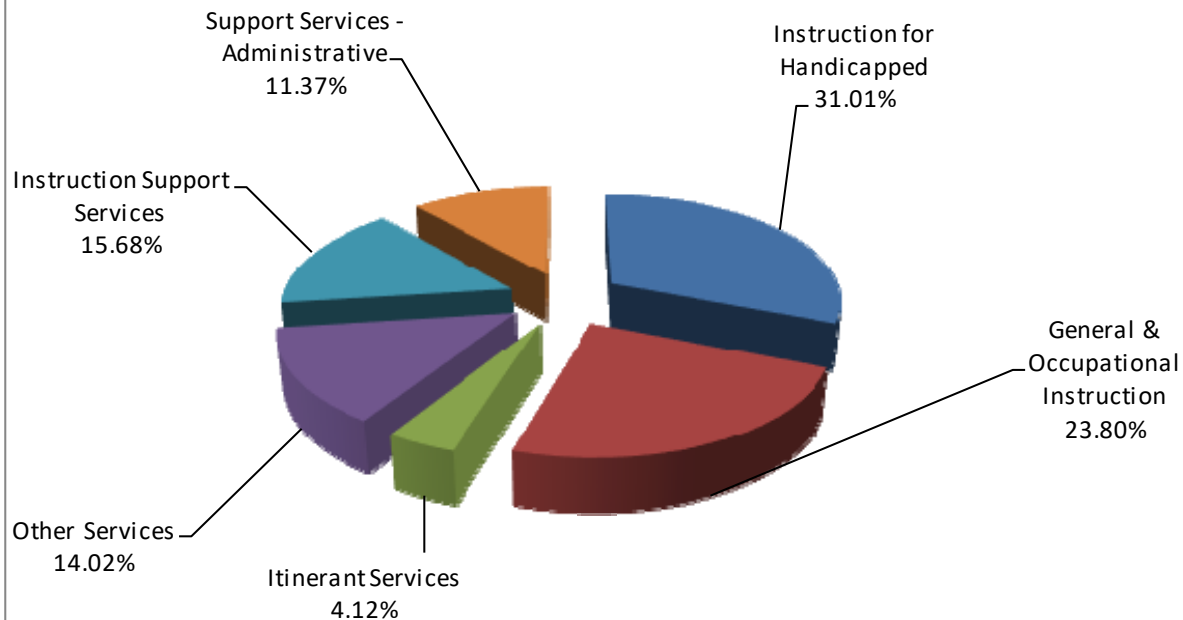
June 30, 2022

FINANCIAL ANALYSIS OF THE BOCES FUNDS AS A WHOLE -  
Continued

**Revenues 2021-2022**



**Expenditures 2021-2022**



\*\* Percentage may not total to 100% due to rounding\*\*

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2022

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**BUDGETARY HIGHLIGHTS**

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Over the course of the year, the BOCES revised the annual revenue budget for student and program growth. In order to revise budgets, School Districts request the change in writing to the BOCES. The difference between the original budget and the final amended budget was 4.7%. The \$3,361,943 increase can be briefly summarized as follows:

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Increase (Decrease)</b>
Administration	\$ 12,954,049	\$ 13,059,726	\$ 105,677
Occupational Instruction	10,936,992	11,185,173	248,181
Instruction for Special Education	23,146,963	22,417,947	(729,016)
Itinerant Services	3,677,954	3,037,665	(640,289)
General Instruction	1,206,950	1,707,764	500,814
Instructional Support	8,552,295	11,634,219	3,081,924
Other Services	10,397,306	11,191,958	794,652
<b>Total</b>	<b>\$ 70,872,509</b>	<b>\$ 74,234,452</b>	<b>\$3,361,943</b>

Instructional Support saw the largest budget increase. This can be attributed to increased requests for technology and increased professional development training. A larger school district transferred their administrative computing oversight from NERIC to the BOCES. Attendance at professional workshops also increased as teaching staff returned to in-person workshops after the pandemic.

The table below shows how the actual expenditures compare to budget amounts:

	<b>Final Budget</b>	<b>Actual Expenditures</b>	<b>Variance</b>
Administration	\$ 12,254,722	\$ 11,526,186	\$ 728,536
Occupational Instruction	11,185,173	10,941,799	243,374
Instruction for Special Education	22,417,947	19,646,705	2,771,242
Itinerant Services	3,037,665	2,662,624	375,041
General Instruction	1,707,765	1,458,769	248,996
Instructional Support	11,634,219	11,062,435	571,784
Other Services	11,191,961	10,569,200	622,761
<b>Total</b>	<b>\$ 73,429,452</b>	<b>\$ 67,867,718</b>	<b>\$5,561,734</b>

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2022

**BUDGETARY HIGHLIGHTS - Continued**

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There were budget variances in several categories in 2021-2022. Special Education saw the largest variance with a positive amount of \$2,771,242 under budget. A majority of this variance was in the salary, benefits, and contractual categories. The BOCES has been working to eliminate the package options that have been available under each special education program. Instead, each district is committing to more appropriate related services categories based on individual student needs. This involved budgeting a surplus to ensure that changes in district commitments can be accommodated. We anticipate that the budget surplus will be less each year as the BOCES and districts get used to budgeting for each students’ needs.

**ANALYSIS OF THE BOCES’ FUNDS**

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**General Fund**

The General Fund had total expenditures (including net interfund transfers) of \$68,672,718 and total revenues of \$74,234,452. The General Fund does not retain surplus and any excess monies are refunded in the subsequent fiscal year to the component school districts. The amount to be refunded from the 2021-2022 budget is \$5,561,734, which is an increase of \$1,895,448 from the previous fiscal year refund. A majority of this decrease is attributable to the fluctuation in special education enrollments throughout the year.

The major portion of the General Fund expenditures goes directly to the Instruction for Special Education programs- \$19,646,705 (29.0%). Other major categories in the General Fund are General and Occupational Instruction - \$10,941,799 (16.12%), Other Services - \$10,569,200 (15.57%) and Instructional Support - \$11,062,435 (16.30%).

Charges to component districts comprise the largest portion of revenues in the General Fund. From 2021 to 2022, there was an increase of \$4,485,898, or 6.7%. in this category. This increase can be attributed to increased requests for special education related services along with increased technology requests.

The overall fund balance of the BOCES decreased in 2022 by \$8,621,086. The majority of this decrease can be attributed to the timing of the financing for the Capital Fund where financing was finalized in 2021 for the \$43.5 million renovation project but project expenditures continued into 2022.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

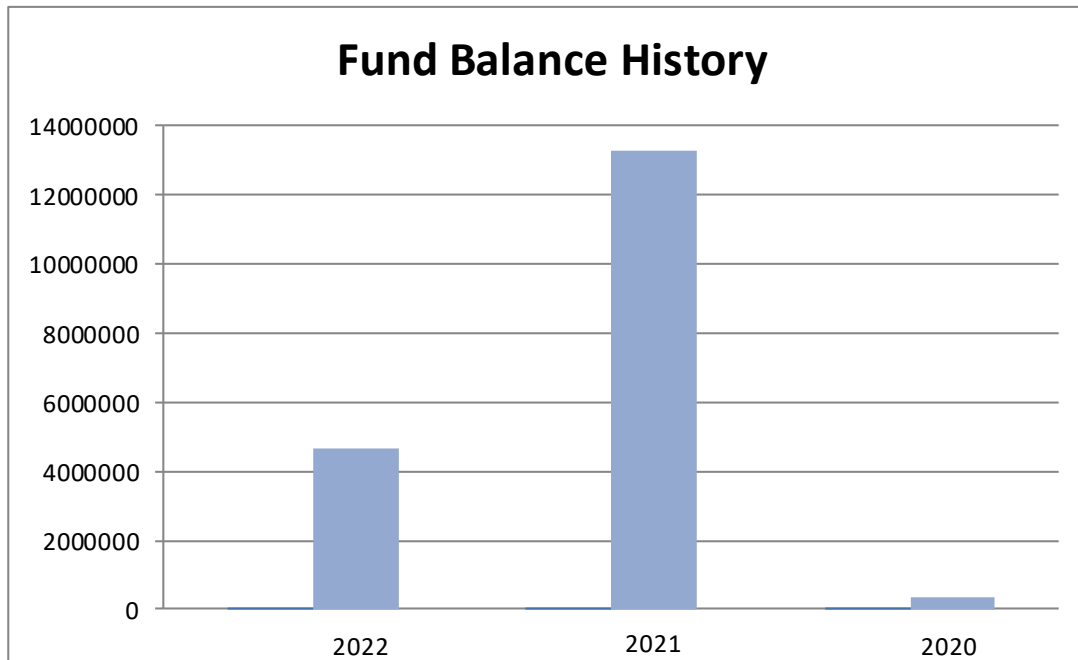
June 30, 2022

**ANALYSIS OF THE BOCES’ FUNDS - Continued**

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**General Fund - Continued**

Following is a chart showing the fund balance at year-end for the last three years:



**Special Aid Fund**

There was a decrease in revenues from both state and federal sources from fiscal year 2021 to fiscal year 2022. It should be noted that some of the grants are based on contact hours with students. The number of contact hours decreased during the COVID-19 Pandemic and is slowly picking back up.

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2022

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**ANALYSIS OF THE BOCES' FUNDS - Continued**

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**Special Aid Fund - Continued**

The table below shows the revenues and expenditures recorded in the Special Aid Fund for the fiscal years ended June 30, 2022 and 2021.

	2022	2021
<b>Revenues:</b>		
Charges for Services	\$ 282,645	\$ 402,497
Sale of Property & Compensation for Loss	1,204	2,850
Miscellaneous	1,243,039	1,486,791
State Sources	1,139,971	1,549,519
Federal Sources	811,221	790,921
<b>Total Revenues</b>	<b>\$ 3,478,080</b>	<b>\$ 4,232,578</b>
<b>Expenses:</b>		
Occupational Instruction	\$ 844,776	\$ 890,284
Instruction for Special Education	1,213,739	1,233,085
General Instruction	376,916	647,251
Instructional Support	1,094,187	811,534
Other Services	-	82,568
<b>Total Expenses</b>	<b>\$ 3,529,618</b>	<b>\$ 3,664,722</b>

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

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**Capital Assets**

As of June 30, 2022, the BOCES had invested \$65,060,948 in capital assets, net of accumulated depreciation and amortization, including school buildings, site improvements, fixtures, vehicles, and office, computers, shop equipment and intangible leases.



**ST. LAWRENCE-LEWIS COUNTIES BOCES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2022

**CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued**

**Capital Assets - Continued**

The following schedule presents changes in capital asset balances, net of depreciation, for the fiscal year ended June 30, 2022.

	<b>Balance 6/30/2021</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Balance 6/30/2022</b>
Land	\$ 576,295	\$ -	\$ -	\$ 576,295
Construction-in-Progress	35,971,480	7,056,715	(43,028,195)	-
Site Improvements	2,382,952	996,742	-	3,379,694
Buildings	30,836,815	-	43,028,195	73,865,010
Furniture and Equipment	9,528,659	756,548	(1,280,482)	9,004,725
Capital Leases, as Restated	-	-	-	-
Intangible Lease Assets, as Restated	1,386,844	296,049	-	1,682,893
Less: Accumulated Depreciation and Amortization	(20,443,617)	(4,245,741)	1,241,689	(23,447,669)
<b>Total</b>	<b>\$ 60,239,428</b>	<b>\$ 4,860,313</b>	<b>\$ (38,793)</b>	<b>\$ 65,060,948</b>

**Long-Term Debt**

At year-end, the BOCES had \$347,789,881 in NYS Dormitory Authority Bonds, Installment Purchase Debt, and other long-term debt outstanding, of which \$2,850,567 is due within one year.

The following table presents a summary of changes in the BOCES' outstanding long-term debt for the fiscal year ended June 30, 2022:

	<b>Balance 6/30/2021</b>	<b>Issues/ Increases</b>	<b>Reductions</b>	<b>Balance 6/30/2022</b>
NYS Dormitory Authority	\$ 45,475,000	\$ -	\$ (1,885,000)	\$ 43,590,000
Installment Purchase Debt	-	1,436,617	-	1,436,617
Lease - Purchase Obligations, as Restated	-	-	-	-
Compensated Absences	1,596,565	-	(121,622)	1,474,943
Premium on Bonds	6,185,876	-	(302,958)	5,882,918
Other Postemployment Benefits Liability	278,813,365	15,336,776	-	294,150,141
Net Pension Liability - Proportionate Share	3,243,526	-	(3,243,526)	-
Lease Liability, As Restated	1,420,863	296,049	(461,650)	1,255,262
<b>Total</b>	<b>\$ 336,735,195</b>	<b>\$ 17,069,442</b>	<b>\$ (6,014,756)</b>	<b>\$ 347,789,881</b>

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2022

**CAPITAL ASSETS AND DEBT ADMINISTRATION - Continued**

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**Long-Term Debt - Continued**

The BOCES carries a Moody’s rating of “Aa3” currently, as a new general obligation debt exists.

State statutes currently limit the amount of general obligation debt a BOCES may issue to a maximum of the unencumbered constitutional debt limits remaining among the component districts. The current debt limitation for the BOCES is substantially more than the BOCES outstanding general obligation debt.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

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The uncertainty of federal and state funding can have a profound impact on the financial health of the component districts. The component districts received federal funding under the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act) and the American Rescue Plan Act of 2021 (ARP). The BOCES experienced a few districts taking back BOCES services due to these new funds. The funds are set to expire in the next few years, and it is unknown whether these district takebacks will be sustainable without the federal monies.

Student enrollment in the component districts has been decreasing at a rate of 1% to 1½% per year. This continuous decline in enrollment could negatively impact the enrollment in the BOCES programs over time.

The BOCES recently completed an Energy Performance Contract of \$1.4 million. This project provided upgrades to LED lighting and the Building Management System at all three technical centers. Financing for this project was completed in 2021-2022.

The BOCES is a member of a health care consortium with other component school districts. The financial outlook of the consortium is positive and funds were added to the overall fund balance in 2021-2022. This increase in fund balance will help keep the increase in premiums stable for the next few years.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

June 30, 2022

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET-**

Continued

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The COVID-19 Pandemic has had an impact on the operations of the BOCES. The BOCES is still experiencing longer than normal lead times on technology, equipment, and furniture.

The labor contract with the Teachers’ Association expired June 20, 2022, and a new contract was recently ratified in October 2022 that extends the contract through June 30, 2025. The labor contract with the Non-Instructional Support Staff Association was also recently settled and now extends through June 30, 2024. The contract with the Federation of Instructional Support Personnel is set to expire June 30, 2023.

Inflation is affecting supply costs as well as energy costs for the BOCES in 2022-2023. Any budget shortfalls will need to be balanced with budget surpluses from other categories. This may result in a reduced operating surplus which will impact the BOCES refunds, and the amount returned to districts in the subsequent year.

The BOCES is experiencing labor shortages in many areas. This could impact the level of service provided to the districts if staffing levels are not adequate.

**CONTACTING THE BOCES’ FINANCIAL MANAGEMENT**

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This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the BOCES’ finances and to demonstrate the BOCES’ accountability for the resources it receives. If you have questions about this report or need additional information, contact:

Director of Financial Affairs  
St. Lawrence-Lewis Board of Cooperative Educational Services  
PO Box 231  
40 West Main Street  
Canton, New York 13617

**ST. LAWRENCE-LEWIS COUNTIES BOCES**

**AUDITED BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**

June 30, 2022

<b>ASSETS</b>	
Cash and Cash Equivalents	
Unrestricted	\$ 11,557,741
Restricted	6,107,256
Investments	
Restricted	3,528,180
Receivables	
Lease Receivable	749,936
State and Federal Aid	12,356,702
E-rate Receivable	172,912
Due from Other Governments	212,185
Due from Fiduciary Funds	4,860
Other Receivables	1,925,715
Prepaid Expenditures	14,271
Capital Assets, Net	65,060,948
Net Pension Asset - Proportionate Share	20,624,027
<b>TOTAL ASSETS</b>	<b>\$ 122,314,733</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Other Postemployment Benefits	\$ 57,637,297
Pensions	15,635,401
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 73,272,698</b>
<b>LIABILITIES</b>	
Payables	
Accounts Payable	\$ 2,202,486
Accrued Liabilities	1,473,083
Due to Other Governments	101,331
Due to Fiduciary Funds	1,973
Due to Teachers' Retirement System	1,941,891
Due to Employees' Retirement System	255,538
Due to School Districts	16,933,963
Bond Interest and Principal Payable	2,577,912
Notes Payable	
Revenue Anticipation	5,500,000
Long-Term Liabilities	
Due and Payable Within One Year	
Bonds Payable, Net of Unamortized Premiums	2,282,958
Lease Liability	485,609
Installment Purchase Debt Payable	82,000
Due and Payable After One Year	
Bonds Payable, Net of Unamortized Premiums	47,189,960
Lease Liability	769,653
Installment Purchase Debt Payable	1,354,617
Compensated Absences Payable	1,474,943
Other Postemployment Benefits Payable	294,150,141
<b>TOTAL LIABILITIES</b>	<b>\$ 378,778,058</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Leases	\$ 739,361
Other Postemployment Benefits	6,511,887
Pensions	29,150,417
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 36,401,665</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 15,385,844
Restricted for	
Capital Projects	2,489,936
Other Legal Restrictions	2,252,610
Unrestricted (Deficit)	(239,720,682)
<b>TOTAL NET POSITION</b>	<b>\$ (219,592,292)</b>

See notes to audited basic financial statements.

**ST. LAWRENCE-LEWIS COUNTIES BOCES**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES**

Year Ended June 30, 2022

		<b>Program Revenues</b>		<b>Net (Expenses) Revenues and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants</b>	
<b>FUNCTIONS/PROGRAMS</b>				
Administration	\$ 9,771,562	\$ 12,754,049	\$ -	\$ 2,982,487
Occupational Instruction	18,041,882	10,864,165	773,068	(6,404,649)
Instruction for Special Education	26,641,512	22,399,298	1,092,464	(3,149,750)
Itinerant Services	3,536,456	3,037,491	-	(498,965)
General Instruction	2,405,001	1,491,657	679,873	(233,471)
Instructional Support	13,467,296	11,485,346	868,488	(1,113,462)
Other Services	12,047,170	11,087,722	-	(959,448)
Total Functions and Programs	<u>\$ 85,910,879</u>	<u>\$ 73,119,728</u>	<u>\$ 3,413,893</u>	<u>(9,377,258)</u>
<b>GENERAL REVENUES</b>				
Use of Money and Property				44,080
Gain on Disposition of Property				297,560
Miscellaneous				<u>824,816</u>
Total General Revenues				<u>1,166,456</u>
Other Changes in Net Position				<u>(5,795,382)</u>
Change in Net Position				<u>(14,006,184)</u>
Net Position - Beginning of Year, as Restated				<u>(205,586,108)</u>
Net Position - End of Year				<u>\$ (219,592,292)</u>

See notes to audited basic financial statements.

**ST. LAWRENCE-LEWIS COUNTIES BOCES**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

June 30, 2022

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents				
Unrestricted	\$ 11,335,074	\$ 222,667	\$ -	\$ 11,557,741
Restricted	2,003,728	-	4,103,528	6,107,256
Investments				
Restricted	2,810,947	-	717,233	3,528,180
Receivables				
Lease Receivable	749,936	-	-	749,936
State and Federal Aid	11,372,229	984,473	-	12,356,702
E-Rate	172,912	-	-	172,912
Due from Other Governments	-	212,185	-	212,185
Due from Other Funds	2,894,230	-	-	2,894,230
Due from Fiduciary Funds	4,860	-	-	4,860
Other	1,883,794	41,921	-	1,925,715
Prepaid Expenditures	14,271	-	-	14,271
<b>TOTAL ASSETS</b>	<u><u>\$ 33,241,981</u></u>	<u><u>\$ 1,461,246</u></u>	<u><u>\$ 4,820,761</u></u>	<u><u>\$ 39,523,988</u></u>
<b>LIABILITIES</b>				
Payables				
Accounts Payable	\$ 1,581,474	\$ 76,176	\$ 544,836	\$ 2,202,486
Accrued Liabilities	1,452,239	20,844	-	1,473,083
Due to Other Governments	6,596	94,735	-	101,331
Due to Other Funds	-	1,357,123	1,537,107	2,894,230
Due to Fiduciary Fund	1,973	-	-	1,973
Due to Teachers' Retirement System	1,941,891	-	-	1,941,891
Due to Employees' Retirement System	255,538	-	-	255,538
Due to School Districts	16,933,963	-	-	16,933,963
Bond Interest and Principal Payable	2,810,947	-	-	2,810,947
Note Payable				
Revenue Anticipation	5,500,000	-	-	5,500,000
<b>Total Liabilities</b>	<u>30,484,621</u>	<u>1,548,878</u>	<u>2,081,943</u>	<u>34,115,442</u>
<b>Deferred Inflow of Resources</b>				
Deferred Inflow of Resources - Leases	739,361	-	-	739,361
Total Deferred Inflows of Resources	<u>739,361</u>	<u>-</u>	<u>-</u>	<u>739,361</u>
<b>FUND BALANCES (DEFICIT)</b>				
Nonspendable	14,271	-	-	14,271
Restricted	2,003,728	-	2,738,818	4,742,546
Unassigned (Deficit)	-	(87,632)	-	(87,632)
Total Fund Balances (Deficit)	<u>2,017,999</u>	<u>(87,632)</u>	<u>2,738,818</u>	<u>4,669,185</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES (DEFICIT)</b>	<u><u>\$ 33,241,981</u></u>	<u><u>\$ 1,461,246</u></u>	<u><u>\$ 4,820,761</u></u>	<u><u>\$ 39,523,988</u></u>

See notes to audited basic financial statements.

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION**

June 30, 2022

**Total Fund Balance - Governmental Funds** **\$ 4,669,185**

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

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

Net Pension Asset - Proportionate Share - TRS 17,977,716

Net Pension Asset - Proportionate Share - ERS 2,646,311

Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

Other Postemployment Benefits	\$ 6,511,887	
Pensions	<u>29,150,417</u>	(35,662,304)

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

Other Postemployment Benefits	\$ 57,637,297	
Pensions	<u>15,635,401</u>	73,272,698

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds:

The Cost of Capital Assets is	\$ 88,508,617	
Accumulated Depreciation and		
Amortization is	<u>(23,447,669)</u>	65,060,948

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF  
NET POSITION - CONTINUED**

June 30, 2022

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

Bonds Payable	\$ 43,590,000	
(Prepaid) Interest on Bonds Payable	(233,035)	
Installment Purchase Debt Payable	1,436,617	
Lease Liability	1,255,262	
Compensated Absences Payable	1,474,943	
Other Postemployment Benefits Payable	294,150,141	
Premium on Bond Issue	<u>5,882,918</u>	<u>(347,556,846)</u>
<b>Total Net Position - Governmental Activities</b>		<u><u>\$ (219,592,292)</u></u>



**ST. LAWRENCE-LEWIS COUNTIES BOCES**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS**

Year Ended June 30, 2022

	<b>General</b>	<b>Special Aid</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>				
Charges for Services	\$ 34,384	\$ 282,645	\$ -	\$ 317,029
Charges to Components	71,881,378	-	-	71,881,378
Charges to Other BOCES	1,042,234	-	-	1,042,234
Use of Money and Property	3,762	-	40,318	44,080
Sale of Property and Compensation for Loss	335,149	1,204	-	336,353
Miscellaneous	775,814	1,243,039	-	2,018,853
State Sources	-	1,139,971	-	1,139,971
Federal Sources	161,731	811,221	-	972,952
Total Revenues	<u>74,234,452</u>	<u>3,478,080</u>	<u>40,318</u>	<u>77,752,850</u>
<b>EXPENDITURES</b>				
Administration	11,526,186	-	577,894	12,104,080
Occupational Instruction	10,941,799	844,776	-	11,786,575
Instruction for Special Education	19,646,705	1,213,739	-	20,860,444
Itinerant Services	2,662,624	-	-	2,662,624
General Instruction	1,458,769	376,916	-	1,835,685
Instructional Support	11,062,435	1,094,187	296,049	12,452,671
Other Services	10,569,200	-	-	10,569,200
Capital Outlay	-	-	10,039,941	10,039,941
Total Expenditures	<u>67,867,718</u>	<u>3,529,618</u>	<u>10,913,884</u>	<u>82,311,220</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,366,734</u>	<u>(51,538)</u>	<u>(10,873,566)</u>	<u>(4,558,370)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Proceeds from Debt - Leases	-	-	296,049	296,049
Proceeds from Debt	-	-	1,436,617	1,436,617
Operating Transfers In	-	-	805,000	805,000
Operating Transfers (Out)	(805,000)	-	-	(805,000)
Total Other Financing Sources and (Uses)	<u>(805,000)</u>	<u>-</u>	<u>2,537,666</u>	<u>1,732,666</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other (Uses)	<u>5,561,734</u>	<u>(51,538)</u>	<u>(8,335,900)</u>	<u>(2,825,704)</u>
<b>OTHER CHANGES IN FUND BALANCES</b>				
Refund of Surplus Unpaid	(5,561,734)	-	-	(5,561,734)
Employee Benefit Accrued Liability	(232,099)	-	-	(232,099)
Reserve for Unemployment Insurance	(1,549)	-	-	(1,549)
Total Other Changes in Fund Balances	<u>(5,795,382)</u>	<u>-</u>	<u>-</u>	<u>(5,795,382)</u>
Net Change in Fund Balances	<u>(233,648)</u>	<u>(51,538)</u>	<u>(8,335,900)</u>	<u>(8,621,086)</u>
Fund Balances (Deficit) - Beginning of Year	<u>2,251,647</u>	<u>(36,094)</u>	<u>11,074,718</u>	<u>13,290,271</u>
Fund Balances (Deficit) - End of Year	<u>\$ 2,017,999</u>	<u>\$ (87,632)</u>	<u>\$ 2,738,818</u>	<u>\$ 4,669,185</u>

See notes to audited basic financial statements.

# RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

**Net Change in Fund Balances - Total Governmental Funds** **\$ (8,621,086)**

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, assets with an initial, individual cost of more than \$5,000 are capitalized and in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays exceeded loss on disposals and depreciation in the current period.

Capital Outlays	\$ 9,106,054	
Loss on Disposal	(38,793)	
Depreciation and Amortization Expense	<u>(4,245,741)</u>	4,821,520

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt and lease repayments made in the current period. 2,346,650

Expenses related to retainage payable are not recognized until earned by the contractor and are not due until completion of the project. Expenses related to the capital project for retainage were reported as expense in the Statement of Activities in the prior year. The capital project was substantially completed this year, therefore reported as an expenditure in the governmental funds. This amount represents prior year retainage recorded in the governmental funds. 1,550,989

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The following items resulted in increased interest expense being reported on the Statement of Activities:

Increase in Prepaid Interest	\$ 233,035	
Decrease in Accrued Interest	370,508	
Amortization of Bond Premium	<u>302,958</u>	906,501

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES  
- CONTINUED**

Year Ended June 30, 2022

Proceeds of long-term debt and lease obligations are recorded as revenue for governmental funds but are not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received and lease obligations in the current year.

(1,732,666)

On the Statement of Activities, certain operating expenses--compensated absences (vacations and certain sick pay), special termination benefits (early retirement) -- are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

121,622

On the Statement of Activities, the actual and projected long-term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits.

(17,195,635)

(Increases) decreases in proportionate share of net pension asset (liability) and related deferred outflows/inflows 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	\$ 2,605,795	
Employees' Retirement System	1,190,126	3,795,921

**Change in Net Position of Governmental Activities****\$ (14,006,184)**

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2022

	<b>Custodial</b>
<b>Assets</b>	
Cash and Cash Equivalents	
Restricted	\$ 34,477,137
Due from Governmental Funds	1,973
Total Assets	<u>\$ 34,479,110</u>
<b>Liabilities</b>	
Due to Governmental Funds	<u>\$ 4,860</u>
<b>Net Position</b>	
Restricted	
Medical Plan	29,481,447
Workers' Compensation Plan	4,992,803
Total Net Position	<u>34,474,250</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 34,479,110</u>

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See notes to audited basic financial statements.

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

Year Ended June 30, 2022

	<b>Custodial</b>
<b>ADDITIONS</b>	
Premiums from Districts	\$ 64,917,052
Other Related Additions	6,479,946
Total Additions	<u>71,396,998</u>
<b>DEDUCTIONS</b>	
Claims Paid	67,836,282
Other Related Deductions	3,127,756
Total Deductions	<u>70,964,038</u>
Change in Net Position	432,960
Net Position - Beginning of Year	<u>34,041,290</u>
Net Position - End of Year	<u><u>\$ 34,474,250</u></u>

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See notes to audited basic financial statements.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

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The financial statements of St. Lawrence-Lewis Counties BOCES (the BOCES) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the BOCES are described below:

**Reporting Entity**

Boards of Cooperative Educational Services (BOCES) were established by New York State legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, Legislation was passed allowing BOCES to provide vocational and special education. A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs that provide educational and support activities more economically, efficiently and equitably than could be provided locally. BOCES provides instructional and support programs and services to the following 18 school districts in New York's St. Lawrence and Lewis Counties:

Brasher Falls CSD	Canton CSD
Clifton-Fine CSD	Colton-Pierrepont CSD
Edwards-Knox CSD	Gouverneur CSD
Hammond CSD	Harrisville CSD
Hermon-DeKalb CSD	Heuvelton CSD
Lisbon CSD	Madrid-Waddington CSD
Massena CSD	Morristown CSD
Norwood-Norfolk CSD	Ogdensburg City SD
Parishville-Hopkinton CSD	Potsdam CSD

BOCES programs and services include special education, vocational education, academic and alternative programs, summer schools, staff development, computer services (management and instructional), educational communication, cooperative purchasing and cooperative business office.

The reporting entity of the BOCES is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. 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.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

**Basis of Presentation**

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 State and Federal aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

Fund Statements

The fund statements provide information about the BOCES' funds, including each type of 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.

The BOCES reports the following major governmental funds:

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**Basis of Presentation - Continued**

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Special Aid Fund: Used to account for proceeds received from Federal and State grants that are restricted for specific educational programs.

Capital Projects Fund: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

The BOCES reports the following fiduciary funds:

Fiduciary Funds: 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.

The BOCES only uses one class of fiduciary funds:

Custodial Funds: These funds are limited to assets that are being held for individuals, private organizations, or other governments that are held in a trust. Assets are held by the BOCES as agent for St. Lawrence-Lewis Counties School District Employees Medical Plan and Workers Compensation Plan. BOCES collects the deposits and makes disbursements as directed by the Plans management.

**Measurement Focus and Basis of Accounting**

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



**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

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

The fund 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 collectible within sixty days after the end of the fiscal year at it matches the liquidation of related obligations.

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

**Restricted Resources**

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

**Interfund Transactions**

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**Interfund Transactions – Continued**

In the BOCES-wide statements, the amounts reported on the *Statement of Net Position* for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

Refer to Note 13 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent 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.

**Cash and Cash Equivalents**

The BOCES' cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the BOCES' investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**Investments**

Investments are stated at amortized cost.

**Receivables**

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

**Prepaid Items**

Prepaid items represent payments made by the BOCES for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the BOCES-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

The BOCES' reported prepaid items totaling \$14,271 in the General Fund which represents the BOCES contribution to the School and Municipal Energy Cooperative of WNY ("SMEC"). Contributions made by member districts are recorded by SMEC as a current liability, and members are allocated a share of the organization's net assets based on each participant's share of premiums paid for that year.

**Other Assets/Restricted Assets**

In the BOCES-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

**Capital Assets**

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**Capital Assets - Continued**

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

	<b>Capitalization Threshold</b>	<b>Depreciation Model</b>	<b>Estimated Useful Life</b>
Site Improvements	\$5,000	Straight-line	10-20
Buildings	5,000	Straight-line	15-50
Furniture & Equipment	5,000	Straight-line	3-15
Capital Leases	5,000	Straight-line	2-5

The BOCES does not possess any infrastructure.

**Intangible Lease Assets**

Intangible lease 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, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of \$5,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the lease term consistent with the decrease in the related lease liability or using the straight-line method if there is no corresponding lease liability.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, 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 and Other Postemployment Benefit (OPEB) reported in the BOCES-wide Statement of Net Position. The deferred outflows of resources related to pensions represents the effect of the net change in the BOCES' proportion of the collective net pension asset or liability and difference during the measurement period between the BOCES' contributions and its proportion share of total contributions to the pension systems not included in pension expense. The deferred outflows of resources related to OPEB represents the effect of the differences between expected and actual experience, and changes of assumptions or other inputs. The second item is the BOCES' contributions to the New York State Teachers' and Employees' pension systems and to OPEB plan subsequent to the measurement date.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**Deferred Outflows and Inflows of Resources - Continued**

In addition to liabilities, the Statement of Net Position or Balance Sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The BOCES has three items that qualify for reporting in this category. The first item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension liability (TRS and ERS system) and difference during the measurement periods between the BOCES' contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the BOCES-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The third item is related to leases and represents the present value of future payments the District will collect as lessor over the life of the lease.

**Unearned Revenue**

The BOCES reports unearned revenue on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the BOCES before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the BOCES has legal claim to resources, the liability for unearned revenue is removed and the revenue is recognized.

**Vested Employee Benefits**

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**Vested Employee Benefits - Continued**

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

In the fund 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.

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

In addition to providing pension benefits, the BOCES provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the BOCES' employees may become eligible for these benefits if they reach normal retirement age while working for the BOCES. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the BOCES and the retired employee. The BOCES recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

**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 RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The BOCES may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**Short-Term Debt - Continued**

The BOCES may issue Bond Anticipation Notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The BOCES may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year in which they 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 full, in a timely manner, from current financial resources. Claims and judgments, other postemployment benefits payable, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the BOCES' future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

**Equity Classifications**

**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, constructions or improvements of those assets.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**Equity Classifications - Continued**

**Restricted Net Position** – reports net position when constraints placed on the assets or deferred outflows of resources 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 the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the BOCES.

**Fund Statements**

In the fund basis statements, there are five classifications of fund balance:

**Nonspendable** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes SMEC contributions of \$14,271 recorded in the General Fund.

**Restricted** – 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. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The BOCES has established the following restricted fund balances:

The BOCES has established the following restricted fund balances:

**Employee Benefit 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.



**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**Equity Classifications – Continued**

**Unemployment Insurance**

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.

**Retirement Contributions**

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued****Equity Classifications – Continued****Advanced Technical Equipment**

The reserve is authorized by §1950(4)(ee) of the Education Law. The reserve is established by the Board and a vote of a majority of the Boards of the participating districts. The purpose of the reserve is to purchase advanced technology equipment to be used for instruction in state approved careers and technical education. All purchases are subject to approval by the Commission of Education. The maximum amount that may be retained in the reserve is equal to the greatest of 20% of the current career education services budget or \$500,000, provided the total amount shall not exceed \$2,000,000. Any amounts remaining in the reserve at time of liquidation shall be distributed to the participating districts within 90 days. This reserve is accounted for in the Capital Projects Fund.

Restricted Fund Balance includes the following:

General Fund	
Employee Benefit Accrued Liability	\$ 513,055
Retirement Contributions	682,317
Unemployment Insurance	808,356
Capital Projects Fund	
Advanced Technical Equipment	204,767
Debt Reserve - DASNY	44,115
BOCES-wide Capital Project	2,489,936
	<hr/>
Total Restricted Funds	\$ 4,742,546
	<hr/>

**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. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**Equity Classifications - Continued**

**Unassigned** - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the BOCES and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**New Accounting Standards**

The BOCES has adopted all current Statements of Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2022, the BOCES implemented the following new statements issued by GASB:

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 92, *Omnibus 2020*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates (paragraphs 11b, 13 and 14)*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for the year ending June 30, 2022.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**Future Changes in Accounting Standards**

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 98, *The Annual Comprehensive Financial Report*, effective for the year ended June 30, 2023.

GASB has issued Statement No. 99, *Omnibus 2022*, effective for the year ended June 30, 2023.

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the year ended June 30, 2024.

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ended June 30, 2025.

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

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

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES  
BETWEEN FUND STATEMENTS AND BOCES-WIDE  
STATEMENTS - Continued**

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**Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balances of the BOCES' governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other postemployment benefits payable.

**Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities**

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

1. Long-Term Revenue and Expense Differences:

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

2. Capital Related Differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-Term Debt Transactions Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES  
BETWEEN FUND STATEMENTS AND BOCES-WIDE  
STATEMENTS - Continued**

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**Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities - Continued**

4. 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.

5. OPEB Differences:

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

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES**

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For the fiscal year ended June 30, 2022, the BOCES implemented GASB Statement No. 87, *Leases*. The implementation of the statement establishes a single lease model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. See Note 18 for the financial statement impact of the implementation of the statement.

**NOTE 4 – STEWARDSHIP, COMPLIANCE AND  
ACCOUNTABILITY**

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**Budgets**

Section 1950 of the Education Law requires adoption of final budget by no later than May 15<sup>th</sup> of the ensuing year.

The BOCES administration prepares a proposed administrative, capital and program budget, as applicable, for approval by members of the BOCES board for the General Fund.

Appropriations for educational services are adopted at the program level.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 4 – STEWARDSHIP, COMPLIANCE AND  
ACCOUNTABILITY - Continued**

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**Budgets - Continued**

A tentative administrative budget is provided to the component BOCES for adoption by resolution. Approval of the tentative administrative budget requires the approval of a majority of the component school boards actually voting. During the current year, the administrative budget was approved by a majority of its voting component school boards.

Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. The BOCES Board can approve supplementary appropriations based upon requests for additional services and surplus revenues. See the supplemental information schedule *“Change from Adopted Budget to Final Budget”* for supplementary appropriations during the current year.

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

Budgets are established and used for individual capital projects funds expenditures as approved by the component districts. The maximum project amounts authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Special Revenue Funds have not been included in the comparison because they do not have a legally authorized (appropriated) budget.

**Encumbrances**

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 4 – STEWARDSHIP, COMPLIANCE AND  
ACCOUNTABILITY - Continued**

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**Other**

The Special Aid Fund shows an unassigned deficit fund balance of \$87,632. This deficit results mostly from accumulation of unfunded expenditures relating to the Beginning Years Programs.

**NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL  
CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE,  
AND FOREIGN CURRENCY RISKS**

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**Cash**

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

The BOCES' aggregate bank balances (disclosed in the financial statements) included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	<u><u>\$ -</u></u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the BOCES' name.	<u><u>\$ 51,390,755</u></u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$2,003,728 restricted for various fund balance reserves in the General Fund, \$4,103,528 restricted for the voter approved capital project and reserves in the Capital Projects Fund within the governmental funds and \$34,477,137 restricted for St. Lawrence-Lewis Counties School District Employees Workers' Compensation Plan and Medical Plan in the Fiduciary Fund.



**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL  
CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE,  
AND FOREIGN CURRENCY RISKS - Continued**

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**Cash - Continued**

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the BOCES' agent in the BOCES' name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the BOCES' name, or (3) uncollateralized. At June 30, 2022 all deposits were fully insured and collateralized by the BOCES' agent.

BOCES follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State, and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of BOCES.

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

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

**NOTE 6 – INVESTMENTS**

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The BOCES considers all highly liquid investments (including restricted assets) with original maturities of one year or less when purchased to be cash equivalents. The BOCES' investment policy for these investments is also governed by New York State statutes.

Total investments as of year-end were valued at an amortized cost of \$2,810,947 in the General Fund and \$717,233 in the Capital Projects Fund. Investments consist of United States Treasury Notes/Bonds and are carried at amortized costs due to remaining maturities at time of purchase of one year or less.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 7 – CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS**

Capital asset balances and activity were as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements / Reclassifications</b>	<b>Ending Balance</b>
Capital Assets That Are Not Depreciated:				
Land	\$ 576,295	\$ -	\$ -	\$ 576,295
Construction-in-Progress	35,971,480	7,056,715	(43,028,195)	-
Total Nondepreciable Assets	<u>36,547,775</u>	<u>7,056,715</u>	<u>(43,028,195)</u>	<u>576,295</u>
Other Capital Assets:				
Site Improvements	2,382,952	996,742	-	3,379,694
Buildings & Improvements	30,836,815	-	43,028,195	73,865,010
Furniture and Equipment	9,528,659	756,548	(1,280,482)	9,004,725
Capital Leases, as Restated	-	-	-	-
Intangible Lease Assets, As Restated	1,386,844	296,049	-	1,682,893
Total Depreciable Assets	<u>44,135,270</u>	<u>2,049,339</u>	<u>41,747,713</u>	<u>87,932,322</u>
Less Accumulated Depreciation and Amortization:				
Site Improvements	1,159,861	129,355	-	1,289,216
Buildings & Improvements	11,550,038	3,335,918	-	14,885,956
Furniture and Equipment	7,733,718	317,482	(1,241,689)	6,809,511
Capital Leases, as Restated	-	-	-	-
Intangible Lease Asset, as Restated	-	462,986	-	462,986
Total Accumulated Depreciation and Amortization	<u>20,443,617</u>	<u>4,245,741</u>	<u>(1,241,689)</u>	<u>23,447,669</u>
Total Other Capital Assets, Net	<u>23,691,653</u>	<u>(2,196,402)</u>	<u>42,989,402</u>	<u>64,484,653</u>
Capital Assets, Net	<u>\$ 60,239,428</u>	<u>\$ 4,860,313</u>	<u>\$ (38,793)</u>	<u>\$ 65,060,948</u>

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

Administration	\$ 49,915
Occupational Instruction	3,508,999
Instruction for Special Education	143,583
Itinerant Services	2,582
General Instruction	63,782
Instructional Support	324,016
Other Services	<u>152,864</u>
Total Depreciation and Amortization Expense	<u>\$ 4,245,741</u>

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 8 – LEASE RECEIVABLE**

The BOCES, as a lessor, has entered into various lease agreements involving equipment and property. The leases have 3-5 year terms. In accordance with GASB 87, *Leases*, the lease receivable of \$776,360 was recorded to equal the present value of all payments expected to be received during the lease term with a corresponding offset of \$770,168 to deferred inflow of resources as of July 1, 2021. New leases in the current year were \$225,156 with a corresponding offset to deferred inflow. The total amount of inflows of resources, including lease revenue, interest revenue and other lease related inflows recognized during the fiscal year was \$268,549.

**NOTE 9 – SHORT-TERM DEBT OBLIGATIONS**

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

	<b>Maturity</b>	<b>Stated Interest Rate</b>	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>
RAN	6/17/2022	1.00%	\$ 5,500,000	\$ -	\$ 5,500,000	\$ -
RAN	6/16/2023	2.22%	-	5,500,000	-	5,500,000
			<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>

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

Interest Paid	\$ 55,000
Less: Interest Accrued in the Prior Year	-
Plus: Interest Accrued in the Current Year	<u>-</u>
Total Interest on Short-Term Debt	<u>\$ 55,000</u>

The RAN was issued in anticipation of the collection of Federal and State aid receivables.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 10 – LONG-TERM DEBT OBLIGATIONS**

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In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

**Serial Bonds**

The BOCES borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

**Lease Liabilities**

The BOCES enters into agreements to lease information technology equipment and buildings. Leases with a lease term greater than twelve months are recorded at the present value of the future minimum lease payments as of the date of their inception.

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 10 – LONG-TERM DEBT OBLIGATIONS - Continued**

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Long-term liability balances and activity for the year are summarized below:

<b>Governmental Activities</b>	<b>Beginning Balances</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balances</b>	<b>Amount Due Within One Year</b>
Bonds and Notes Payable					
General Obligation Debt					
NYS Dormitory Authority					
Bonds	\$ 45,475,000	\$ -	\$ 1,885,000	\$ 43,590,000	\$ 1,980,000
Premium on Bonds	6,185,876	-	302,958	5,882,918	302,958
Installment Purchase Debt	-	1,436,617	-	1,436,617	82,000
Lease - Purchase Obligations, as Restated	-	-	-	-	-
Total Bonds & Notes Payable	51,660,876	1,436,617	2,187,958	50,909,535	2,364,958
Other Liabilities					
Compensated Absences					
Payable	1,596,565	-	121,622	1,474,943	-
Other Postemployment					
Benefits Liability	278,813,365	15,336,776	-	294,150,141	-
Net Pension Liability -					
Proportionate Share	3,243,526	-	3,243,526	-	-
Lease Liability, As Restated	1,420,863	296,049	461,650	1,255,262	485,609
Total Other Liabilities	285,074,319	15,632,825	3,826,798	296,880,346	485,609
Total Governmental Activities	\$ 336,735,195	\$ 17,069,442	\$ 6,014,756	\$ 347,789,881	\$ 2,850,567

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences and other postemployment benefits.

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 10 – LONG-TERM DEBT OBLIGATIONS - Continued**

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Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Stated Interest Rate (%)	Balance
NYS Dormitory Authority Bonds - 2015	06/10/15	08/15/26	2-5%	\$ 3,135,000
NYS Dormitory Authority Bonds - 2021 Refunding	05/05/21	08/15/30	2-4%	3,110,000
NYS Dormitory Authority Bonds - Series 2020A	07/17/20	08/15/42	4-5%	18,005,000
NYS Dormitory Authority Bonds - Series 2020B	12/02/20	08/15/50	4-5%	<u>19,340,000</u>
				<u>\$ 43,590,000</u>

The following is a summary of debt service requirements for the year-end June 30:

	Principal	Interest	Total
2023	\$ 1,980,000	\$ 1,787,006	\$ 3,767,006
2024	2,050,000	1,714,625	3,764,625
2025	2,140,000	1,633,913	3,773,913
2026	2,225,000	1,548,450	3,773,450
2027	1,475,000	1,457,300	2,932,300
2028-2032	8,045,000	6,154,500	14,199,500
2033-2037	8,310,000	4,496,200	12,806,200
2038-2042	9,415,000	2,694,800	12,109,800
2043-2047	4,675,000	1,230,600	5,905,600
2048-2051	<u>3,275,000</u>	<u>265,400</u>	<u>3,540,400</u>
Total	<u>\$ 43,590,000</u>	<u>\$ 22,982,794</u>	<u>\$ 66,572,794</u>

Existing lease obligations:

Description	Issue Date	Final Maturity	Stated Interest Rate (%)	Balance
Equipment	2018-2022	2023-2027	2.082 - 2.495%	\$ 359,133
Buildings	2014-2021	2022-2024	2.22 - 2.596%	178,698
Copiers	2018-2022	2023-2026	1.910 - 3.187%	<u>717,431</u>
				<u>\$ 1,255,262</u>

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 10 – LONG-TERM DEBT OBLIGATIONS - Continued**

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The following is a summary of debt service requirements for lease liabilities at year-end June 30:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 485,609	\$ 24,089	\$ 509,698
2024	390,965	13,322	404,287
2025	236,428	5,747	242,175
2026	116,985	1,561	118,546
2027	<u>25,275</u>	<u>186</u>	<u>25,461</u>
Total	<u>\$ 1,255,262</u>	<u>\$ 44,905</u>	<u>\$ 1,300,167</u>

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

Interest Paid	\$ 2,476,145
Less: Interest Accrued in the Prior Year	(370,508)
Less: Interest Prepaid in the Current Year	(233,035)
Less: Amortization of Bond Premium	<u>(302,958)</u>
Total Interest on Long-Term Debt	<u>\$ 1,569,644</u>

**Advanced Refunding and Defeased Bond**

In prior years, the BOCES defeased certain general obligations and other bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the BOCES' financial statements. Bonds outstanding in the amount of \$3,495,000 are considered defeased.

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 11 – INSTALLMENT PURCHASE DEBT OBLIGATION**

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On January 27, 2022, the BOCES entered into an Energy Performance Contract Municipal Lease/Purchase Agreement with Signature Public Funding Corp. The project includes energy efficient improvements to the heating system and BOCES-wide lighting improvements. The estimated value of the capital improvements at completion of the project and at the inception of the lease is \$1,436,617. The project was completed as of June 30, 2022 and resulted in \$1,432,236 of construction costs being capitalized in 2022 as assets placed in service. Balance of the long-term liability at June 30, 2022 is \$1,436,617. The installment purchase debt obligation is amortized at an implicit interest rate of 2.18%.

The future minimum obligations for the installment purchase debt at June 30, 2022 is as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 82,000	\$ 30,274	\$ 112,274
2024	83,000	29,531	112,531
2025	85,000	27,721	112,721
2026	87,000	25,868	112,868
2027	89,000	23,972	112,972
2028-2032	476,000	89,883	565,883
2033-2037	<u>534,617</u>	<u>35,536</u>	<u>570,153</u>
Total	<u>\$ 1,436,617</u>	<u>\$ 262,785</u>	<u>\$ 1,699,402</u>

**NOTE 12 – PENSION PLANS**

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**General Information**

The BOCES participates in the New York State Teachers' Retirement System (NYSTRS) and the New York State Employees' Retirement System (NYSERS). These are cost-sharing multiple employer public employee defined benefit retirement systems. The 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.



**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued**

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**Teachers' Retirement System (TRS) Plan Description**

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

**Employees' Retirement System (ERS) Plan Description**

The BOCES participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer 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 is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued**

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**TRS Benefits Provided**

Benefits

The benefits provided to members of the System are established by 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 are subdivided into the following six classes:

*Tier 1*

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

*Tier 2*

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

*Tier 3*

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

*Tier 4*

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

*Tier 5*

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

*Tier 6*

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued**

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**TRS Benefits Provided - Continued**

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credited service times final average salary.

Under Article 19 of the RSSL, eligible Tier 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of 2 additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at age 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service for the first 20 years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55-62 regardless of service credit.

Vested Benefits

Retirement benefits vest after 5 years of credited service except for Tier 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued**

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**TRS Benefits Provided - Continued**

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

Prior Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of annual benefit. The applicable percentage payable beginning September 2019 is 1.0%. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

**ERS Benefits Provided**

Benefits

The System provides retirement benefits as well as death and disability benefits.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued**

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**ERS Benefits Provided - Continued**

*Tier 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

*Tier 3, 4, and 5*

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 2 years.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued**

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**ERS Benefits Provided - Continued**

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous four years.

Vested Benefits

Members who joined the System prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100 percent vested.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued**

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**ERS Benefits Provided - Continued**Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

**Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The BOCES paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The BOCES chose to prepay the required contributions by December 15, 2021 and received an overall discount of \$11,664.)

The BOCES' share of the required contributions, based on covered payroll paid for the current and two preceding years were:

	<b>NYSTRS</b>	<b>NYSERS</b>
2021-2022	\$ 1,678,096	\$ 1,412,650
2020-2021	1,748,103	1,250,225
2019-2020	2,043,352	1,200,403

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued****Funding Policies - Continued**

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ended March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the BOCES exercised.

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

At June 30, 2022, the BOCES' reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The BOCES' proportion of the net pension asset (liability) was based on a projection of the BOCES' long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the BOCES.

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2022	June 30, 2021
BOCES' Proportionate Share of the Net Pension		
Asset (Liability)	\$ 2,646,311	\$ 17,977,716
BOCES' Portion (%) of the Plan's Total		
Net Pension Asset (Liability)	0.0323724%	0.103743%
Change in Proportion (%) Since the Prior Measurement Date	0.0008470%	-0.012501%



**ST. LAWRENCE-LEWIS COUNTIES BOCES**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued**

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

For the year ended June 30, 2022, the BOCES' recognized pension expense (credit) of \$(1,190,126) for ERS and (\$2,605,795) for TRS. At June 30, 2022, the BOCES' reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences Between Expected and Actual Experience	\$ 200,409	\$ 2,478,037	\$ 259,942	\$ 93,402
Changes of Assumptions	4,416,396	5,913,247	74,522	1,047,149
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	8,665,559	18,815,540
Changes in Proportion and Differences Between the BOCES' Contributions and Proportionate Share of Contributions	92,100	594,044	141,290	53,013
BOCES' Contributions Subsequent to the Measurement Date	255,538	1,685,630	-	-
Total	<u>\$ 4,964,443</u>	<u>\$ 10,670,958</u>	<u>\$ 9,141,313</u>	<u>\$ 20,009,104</u>

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, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

	<b>ERS</b>	<b>TRS</b>
2023	\$ (690,508)	\$ (2,210,988)
2024	(1,005,737)	(2,611,755)
2025	(2,270,269)	(3,330,611)
2026	(465,894)	(4,434,899)
2027	-	913,905
Thereafter	-	650,572

## NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

## NOTE 12 – PENSION PLANS - Continued

**Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2022	June 30, 2021
Actuarial Valuation Date	April 1, 2021	June 30, 2020
Interest Rate	5.9%	6.95%
Salary Scale	4.4%	1.3%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation Rate	2.7%	2.4%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020.

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

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued****Actuarial Assumptions - Continued**

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

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2022	June 30, 2021
Asset Type		
Domestic Equity	3.30%	6.80%
International Equity	5.85%	7.60%
Private Equity	6.50%	10.00%
Global Equity		7.10%
Real Estate	5.00%	6.50%
Opportunistic / Absolute Return Strategies Portfolio	4.10%	
Credit	3.78%	
Real Assets	5.58%	
Cash	-1.00%	-0.20%
Private Debt		5.90%
Real Estate Debt		3.30%
Domestic Fixed Income Securities		1.30%
Global Bonds		0.80%
High-Yield Bonds		3.80%

**Discount Rate**

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

**ST. LAWRENCE-LEWIS COUNTIES BOCES**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued**

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

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

<b>ERS</b>	<b>1% Decrease (4.9%)</b>	<b>Current Assumption (5.9%)</b>	<b>1% Increase (6.9%)</b>
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (6,811,575)	\$ 2,646,311	\$ (10,557,376)
<b>TRS</b>	<b>1% Decrease (5.95%)</b>	<b>Current Assumption (6.95%)</b>	<b>1% Increase (7.95%)</b>
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ 1,886,499	\$ 17,977,716	\$ 31,501,216

**Pension Plan Fiduciary Net Position**

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

	(Dollars in Thousands)		
	<b>ERS</b>	<b>TRS</b>	<b>Total</b>
Measurement Date	March 31, 2022	June 30, 2021	
Employer's Total Pension Asset (Liability)	\$ (223,874,888)	\$ (130,819,415)	\$ (354,694,303)
Plan Net Position	232,049,473	148,148,457	380,197,930
Employer's Net Pension Asset (Liability)	<u>\$ 8,174,585</u>	<u>\$ 17,329,042</u>	<u>\$ 25,503,627</u>
Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability)	103.65%	113.25%	

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 12 – PENSION PLANS - Continued****Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$255,538. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$1,941,891.

**NOTE 13 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS**

Interfund balances at June 30, 2022 are as follows:

	<b>Interfund</b>		<b>Interfund</b>	
	<b>Receivables</b>	<b>Payables</b>	<b>Revenues</b>	<b>Expenditures</b>
General	\$ 2,899,090	\$ 1,973	\$ -	\$ 805,000
Special Aid	-	1,357,123	-	-
Capital Projects	-	1,537,107	805,000	-
Total Governmental Funds	2,899,090	2,896,203	805,000	805,000
Custodial Fund	1,973	4,860	-	-
Total	<u>\$ 2,901,063</u>	<u>\$2,901,063</u>	<u>\$ 805,000</u>	<u>\$ 805,000</u>

The BOCES typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. The General Fund advanced funds to the Special Aid Fund to provide temporary cash until New York State has reimbursed the grant programs. Unexpended funds from a capital project are transferred to the General Fund upon completion.

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 14 – FUND BALANCE EQUITY**

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The following is a summary of the Governmental Funds fund balances (deficits) of the BOCES at June 30, 2022:

<b>Fund Balances (Deficits)</b>	<b>General</b>	<b>Special Aid</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
Nonspendable	\$ 14,271	\$ -	\$ -	\$ 14,271
Restricted				
Employee Benefit Accrued Liability	513,055	-	-	513,055
Retirement Contributions	682,317	-	-	682,317
Unemployment Insurance	808,356	-	-	808,356
Advanced Technical Equipment	-	-	204,767	204,767
Debt Reserve - DASNY	-	-	44,115	44,115
BOCES-wide Capital Projects	-	-	2,489,936	2,489,936
Unassigned (Deficit)				
Special Aid	-	(87,632)	-	(87,632)
Total Governmental Fund Balances (Deficits)	<u>\$ 2,017,999</u>	<u>\$ (87,632)</u>	<u>\$ 2,738,818</u>	<u>\$ 4,669,185</u>

**NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS**

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**General Information about the OPEB Plan**

*Plan Description* – The BOCES’ defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the BOCES. The plan is a single-employer defined benefit OPEB plan administered by the BOCES. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the BOCES Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits Provided* – The BOCES provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the BOCES offices and are available upon request.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE)****BENEFITS - Continued****General Information about the OPEB Plan - Continued**

*Employees Covered by Benefit Terms* – At July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	431
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>590</u>
Total Covered Employees	<u><u>1,021</u></u>

The BOCES provides two self-insured traditional indemnity plans to eligible retirees and dependents through the St. Lawrence-Lewis Health Insurance Consortium (the Plan). The Plan allows eligible BOCES' employees and spouses to continue health coverage upon retirement. Separate financial statements are issued for the Plan.

All active employees and retirees are subject to the following eligibility and contribution requirements:

Administration

- Eligibility for postretirement benefits for NYS TRS and NYS ERS employees requires a minimum age of 55 with at least 10 years of service with the BOCES or one of its component districts to be eligible for the BOCES post-employment health plan.
- Plan: Rider 11
- All retirees who retire prior to 7/1/2017 are required to contribute 0% of the individual premium. All retirees who retire between 7/1/2017 and 6/30/24 are required to contribute 10% of the individual plan premium amount. All retirees who retire on or after 7/1/2024 are required to contribute 11% of the individual plan premium amount.
- All spouses are required to contribute 75% of the difference between the individual and family premiums.
- Surviving spouses may only continue coverage through COBRA for 18 months.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS - Continued**

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**General Information about the OPEB Plan - Continued**

Non-Unit

- Eligibility for postretirement benefits for NYS TRS and NYS ERS employees must be a least age 55 with at least 10 years of service with the BOCES or one of its component districts to be eligible for the BOCES post-employment health plan.
- Plan: Rider 11
- All retirees who retire prior to 7/1/2017 are required to contribute 0% of the individual premium. All retirees who retire between 7/1/2017 and 6/30/24 are required to contribute 5% of the individual plan premium amount. All retirees who retire on or after 7/1/2024 are required to contribute 6% of the individual plan premium amount.
- All spouses are required to contribute 75% of the difference between the individual and family premiums.
- Surviving spouses may only continue coverage through COBRA for 18 months.

Federation

- NYS TRS members retiring on or after 7/1/2022 must have at least 10 years of continuous service with the BOCES. All other members retiring prior to 7/1/2022 must be at least age 55 with at least 5 years of service with the BOCES to be eligible for the BOCES postemployment health plan.
- Plan: Rider 10
- All retirees are required to contribute 0% of the individual premium.
- All spouses are required to contribute 75% of the difference between the individual and family premiums.
- Surviving spouses may only continue coverage through COBRA for 18 months.



**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS - Continued**

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**General Information about the OPEB Plan - Continued**

Support Staff

- NYS ERS employees hired prior to 7/1/2017 must be at least age 55 with at least 10 years of service with the BOCES to be eligible for the BOCES postemployment health plan. Members hired on or after 7/1/2017 must be at least age 55 with at least 15 years of service with the BOCES to be eligible for the BOCES post-employment health plan.
- Plan: Rider 10
- All retirees who retire prior to 7/1/2017 are required to contribute 0% of the individual premium. All retirees who retire between 7/1/2017 and 6/30/2021 are required to contribute 5% of the individual plan premium amount. All retirees who retire on or after 7/1/2021 are required to contribute 10% of the individual plan premium amount.
- All spouses are required to contribute 75% of the difference between the individual and family premiums.
- Surviving spouses may only continue coverage through COBRA for 18 months.

Teachers

- NYS TRS employees must be at least age 55 with at least 10 years of service with the BOCES to be eligible for the BOCES postemployment health plan.
- Plan: Rider 10
- All retirees are required to contribute 0% of the individual premium.
- All spouses are required to contribute 75% of the difference between the individual and family premiums.
- Surviving spouses may only continue coverage through COBRA for 18 months.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE)****BENEFITS - Continued****General Information about the OPEB Plan - Continued**

The BOCES reimburses the full Medicare Part B amount for all retirees and dependents eligible for postemployment health insurance benefits. Surviving spouses do not receive reimbursements.

The BOCES recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2022, the BOCES recognized \$6,011,142 for its share of insurance premiums for currently retired employees.

**Total OPEB Liability**

The BOCES has obtained an actuarial valuation report as of June 30, 2022 which indicates that the total liability for other postemployment benefits is \$294,150,141 which is reflected in the Statement of Net Position. The OPEB liability was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2020.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Methods and Assumptions**

Measurement Date	07/01/21
Rate of Compensation Increase	3.00%
Discount Rate	2.14%

**Assumed Medical Trend Rates at June 30**

Health Care Cost Trend Rate Assumed for Next Fiscal Year	6.50%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.04%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2091

**Additional Information**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (in Years)	6.86
Method used to determine Actuarial Value of Assets	N/A

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS - Continued**

**Total OPEB Liability - Continued**

The discount rate was based on the Bond Buyer Weekly 20-Bond Go Index as of July 1, 2021.

Mortality rates were based on the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted to 2006 with scale MP-2014, and then projected forward with scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2020.

**Changes in the Total OPEB Liability**

Balance at June 30, 2021	\$ 278,813,365
Changes for the Year	
Service Cost	11,681,087
Interest	6,349,620
Changes of Assumptions or Other Inputs	3,668,656
Benefit Payments	<u>(6,362,587)</u>
Net Changes	<u>15,336,776</u>
Balance at June 30, 2022	<u><u>\$ 294,150,141</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21 percent on July 1, 2020 to 2.14 percent on July 1, 2021.

*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%	Discount Rate 2.14%	1% Increase 3.14%
Total OPEB Liability	<u>\$ 354,133,825</u>	<u>\$ 294,150,141</u>	<u>\$ 247,197,836</u>

## NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

## NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE)

## BENEFITS - Continued

## Changes in the Total OPEB Liability - Continued

*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 (3.04 percent) or 1 percentage point higher (5.04 percent) than the current healthcare cost trend rate:

	1% Decrease Healthcare Cost Trend Rates (Trend Less 1% Decreasing to 3.04%)	Healthcare Cost Trend Rates (Trend Decreasing to 4.04%)	1% Increase Healthcare Cost Trend Rates (Trend Plus 1% Decreasing to 5.04%)
Total OPEB Liability	<u>\$ 239,742,698</u>	<u>\$ 294,150,141</u>	<u>\$ 367,326,420</u>

## 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 \$17,195,635 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
Differences Between Expected and Actual Experience	\$ 8,508,165	\$ -
Changes of Assumptions or Other Inputs	42,447,456	6,511,887
Benefit Payments Subsequent to the Measurement Date	<u>6,681,676</u>	<u>-</u>
	<u>\$ 57,637,297</u>	<u>\$ 6,511,887</u>

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 15 – POSTEMPLOYMENT (HEALTH INSURANCE)****BENEFITS - Continued**

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**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to OPEB – Continued**

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

Fiscal Year Ending June 30,	
2023	\$ 5,846,604
2024	8,220,665
2025	9,899,056
2026	9,507,371
2027	9,521,576
2028 and Thereafter	<u>1,448,462</u>
	<u><u>\$ 44,443,734</u></u>

**NOTE 16 – RISK MANAGEMENT**

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**General Information**

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 16 – RISK MANAGEMENT - Continued**

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**Consortiums and Self-Insured Plans**

The BOCES participates in the St. Lawrence-Lewis Counties School District Healthcare Plan (Plan), a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 18 individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$1,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$1,000,000 limit, and the BOCES has essentially transferred all related risk to the pool.

Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing: St. Lawrence-Lewis Counties School District Employee Medical Plan, Post Office Box 697, Canton, New York 13617.

The BOCES participates in the St. Lawrence-Lewis Counties School District Employees Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The BOCES' share of the liability for unbilled and open claims is \$-0-.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2022

**NOTE 17 – COMMITMENTS AND CONTINGENCIES**

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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 years' experience, the BOCES' administration believes disallowances, if any, will be immaterial.

**NOTE 18 – RESTATEMENT OF NET POSITION**

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Due to the BOCES implementation of GASB Statement No. 87, *Leases*, a one-time prior-period adjustment must be made to Capital Assets, Net and lease liability on the Statement of Net Position to reflect the transition to GASB 87.

The following details the change in the BOCES beginning of year Net Position:

Net Position - Beginning of Year, as Previously Stated	\$ (205,429,427)
Decrease due to adoption of GASB 87, <i>Leases</i> :	<u>(156,681)</u>
Net Position - Beginning of Year, as Restated	<u>\$ (205,586,108)</u>

## REQUIRED SUPPLEMENTARY INFORMATION

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

Ended June 30, 2022

<b>Total OPEB Liability</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 11,681,087	\$ 6,489,325	\$ 6,734,026	\$ 6,113,323	\$ 8,080,556
Interest	6,349,620	7,528,898	7,972,946	6,915,960	6,046,105
Changes of Benefit Terms	-	(5,034,789)	-	(164,648)	-
Difference between Expected and Actual Experience	-	10,275,126	-	2,892,449	-
Changes in Assumptions and Other Inputs	3,668,656	53,620,922	(172,047)	1,997,814	(28,400,816)
Benefit Payments	<u>(6,362,587)</u>	<u>(5,376,378)</u>	<u>(5,019,834)</u>	<u>(3,912,746)</u>	<u>(3,672,669)</u>
<b>Net Change in Total OPEB Liability</b>	15,336,776	67,503,104	9,515,091	13,842,152	(17,946,824)
<b>Total OPEB Liability - Beginning</b>	<u>278,813,365</u>	<u>211,310,261</u>	<u>201,795,170</u>	<u>187,953,018</u>	<u>205,899,842</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$294,150,141</u></u>	<u><u>\$278,813,365</u></u>	<u><u>\$211,310,261</u></u>	<u><u>\$201,795,170</u></u>	<u><u>\$187,953,018</u></u>
<b>Covered Payroll</b>	\$ 26,139,927	\$ 28,412,691	\$ 27,452,616	\$ 23,043,383	\$ 22,333,571
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	1125.29%	981.30%	769.73%	875.72%	841.57%

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.



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**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET (NON-GAAP) BASIS AND ACTUAL – GENERAL FUND**  
Year Ended June 30, 2022

	<b>Original Budget</b>	<b>Final Budget</b>
<b>REVENUES</b>		
Administration: 001	\$ 12,954,049	\$ 13,059,726
Occupational Instruction: 100-199	10,936,992	11,185,173
Instruction for Special Education: 200-299	23,146,963	22,417,947
Itinerant Services: 300-399	3,677,954	3,037,665
General Instruction: 400-499	1,206,950	1,707,764
Instructional Support: 500-599	8,552,295	11,634,219
Other Services: 600-699	10,397,306	11,191,958
Total Revenues	<u>70,872,509</u>	<u>74,234,452</u>
 <b>EXPENDITURES</b>		
Administration: 001	12,954,047	12,254,722
Occupational Instruction: 100-199	10,936,992	11,185,173
Instruction for Special Education: 200-299	23,146,967	22,417,947
Itinerant Services: 300-399	3,677,954	3,037,665
General Instruction: 400-499	1,206,950	1,707,765
Instructional Support: 500-599	8,552,295	11,634,219
Other Services: 600-699	10,397,304	11,191,961
Total Expenditures	<u>70,872,509</u>	<u>73,429,452</u>
 <b>OTHER FINANCING SOURCES (USES)</b>		
Transfers to Other Funds	-	(805,000)
Transfers from Other Funds	-	-
Total Expenditures and Other Financing Sources (Uses)	<u>70,872,509</u>	<u>74,234,452</u>
 <b>OTHER CHANGES IN FUND BALANCE</b>		
Refund of Surplus Unpaid	-	-
Employee Benefit Accrued Liability	-	-
Reserve for Unemployment Insurance	-	-
Plus - Encumbrances, Ending	-	-
Less - Encumbrances, Beginning	-	-
Total Other Changes in Fund Balance	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-
Fund Balance - Beginning of Year	<u>2,251,647</u>	<u>2,251,647</u>
Fund Balance - End of Year	<u>\$ 2,251,647</u>	<u>\$ 2,251,647</u>

**Note to Required Supplementary Information** Budget Basis of Accounting: Budgets are adopted on the modified

**ST. LAWRENCE-LEWIS COUNTIES BOCES**

<u>Actual</u>	<u>Final Budget Variance with Actual</u>
\$ 13,059,726	\$ -
11,185,173	-
22,417,947	-
3,037,665	-
1,707,764	-
11,634,219	-
11,191,958	-
<u>74,234,452</u>	<u>\$ -</u>

	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
11,526,186	-	\$ 728,536
10,941,799	-	243,374
19,646,705	-	2,771,242
2,662,624	-	375,041
1,458,769	-	248,996
11,062,435	-	571,784
10,569,200	-	622,761
<u>67,867,718</u>	<u>-</u>	<u>\$ 5,561,734</u>

(805,000)

-

68,672,718

(5,561,734)

(232,099)

(1,549)

-

-

(5,795,382)

(233,648)

2,251,647

\$ 2,017,999

accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

See paragraph on supplementary schedules included in independent auditor's report.

**ST. LAWRENCE-LEWIS COUNTIES BOCES**

**SCHEDULE OF THE BOCES' PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) – NYSLRS PENSION PLAN  
LAST EIGHT FISCAL YEARS**

Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Teachers' Retirement System (TRS)</b>								
BOCES' Proportion of the Net Pension Asset (Liability)	0.103743%	0.116244%	0.115271%	0.119098%	0.119893%	0.121264%	0.120681%	0.120734%
BOCES' Proportionate Share of the Net Pension Asset (Liability)	\$17,977,716	\$ (3,212,135)	\$ 2,994,748	\$ 2,153,611	\$ 911,303	\$ (1,298,787)	\$12,534,884	\$13,449,053
BOCES' Covered Payroll	\$17,626,373	\$19,751,351	\$19,346,224	\$19,403,963	\$18,993,009	\$18,731,976	\$18,127,290	\$17,849,204
BOCES' Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	<u>101.99%</u>	<u>16.26%</u>	<u>15.48%</u>	<u>11.10%</u>	<u>4.80%</u>	<u>6.93%</u>	<u>69.15%</u>	<u>75.35%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
<b>Employees' Retirement System (ERS)</b>								
BOCES' Proportion of the Net Pension Asset (Liability)	0.0323724%	0.0315254%	0.0320241%	0.0322304%	0.0297029%	0.0291552%	0.0285994%	0.0283649%
BOCES' Proportionate Share of the Net Pension Asset (Liability)	\$ 2,646,311	\$ (31,391)	\$ (8,480,162)	\$ (2,283,625)	\$ (958,646)	\$ (2,739,484)	\$ (4,590,291)	\$ (958,236)
BOCES' Covered Payroll	\$ 9,089,784	\$ 8,837,209	\$ 8,500,249	\$ 8,087,520	\$ 7,782,136	\$ 7,477,025	\$ 7,039,536	\$ 7,410,545
BOCES' Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	<u>29.11%</u>	<u>0.36%</u>	<u>99.76%</u>	<u>28.24%</u>	<u>12.32%</u>	<u>36.64%</u>	<u>65.21%</u>	<u>12.93%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

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.

See paragraph on supplementary schedules included in independent auditor's report.

**SCHEDULE OF THE BOCES' CONTRIBUTIONS – NYSLRS PENSION PLAN**

**LAST EIGHT FISCAL YEARS**

Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Teachers' Retirement System (TRS)</b>								
Contractually Required Contribution	\$ 1,678,096	\$ 1,748,103	\$ 2,043,352	\$ 1,901,178	\$ 2,226,686	\$ 2,481,242	\$ 3,177,819	\$ 2,898,081
Contributions in Relation to the Contractually Required Contribution	<u>1,678,096</u>	<u>1,748,103</u>	<u>2,043,352</u>	<u>1,901,178</u>	<u>2,226,686</u>	<u>2,481,242</u>	<u>3,177,819</u>	<u>2,898,081</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' Covered Payroll	\$ 17,626,373	\$ 19,751,351	\$ 19,346,224	\$ 19,403,963	\$ 18,993,009	\$ 18,731,976	\$ 18,127,290	\$ 17,849,204
Contributions as a Percentage of Covered Payroll	9.52%	8.85%	10.56%	9.80%	11.72%	13.25%	17.53%	16.24%
<b>Employees' Retirement System (ERS)</b>								
Contractually Required Contribution	\$ 1,412,648	\$ 1,250,225	\$ 1,200,403	\$ 1,155,106	\$ 1,152,097	\$ 1,116,579	\$ 1,189,665	\$ 1,363,901
Contributions in Relation to the Contractually Required Contribution	<u>1,412,648</u>	<u>1,250,225</u>	<u>1,200,403</u>	<u>1,155,106</u>	<u>1,152,097</u>	<u>1,116,579</u>	<u>1,189,665</u>	<u>1,363,901</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' Covered Payroll	\$ 9,089,784	\$ 8,837,209	\$ 8,500,249	\$ 8,087,520	\$ 7,782,136	\$ 7,477,025	\$ 7,039,536	\$ 7,410,545
Contributions as a Percentage of Covered Payroll	15.54%	14.15%	14.12%	14.28%	14.80%	14.93%	16.90%	18.40%

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.

## SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET – GENERAL FUND**

Year Ended June 30, 2022

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 70,872,509
Add: Prior Year's Encumbrances	<u>-</u>
Original Budget	70,872,509
Budget Revision	<u>3,361,943</u>
Final Budget	<u>\$ 74,234,452</u>

The Original Budget was Revised for the Following Programs:

Budget Increases (Decreases)	
Administration	\$ 105,675
Occupational Instruction	248,181
Instruction for Special Education	(729,020)
Itinerant Services	(640,289)
General Instruction	500,815
Instructional Support	3,081,924
Other Services	<u>794,657</u>
Total Budget Increase	<u>\$ 3,361,943</u>

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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**ANALYSIS OF ACCOUNT A431 SCHOOL DISTRICTS**

Year Ended June 30, 2022

<b>JULY 1 - CREDIT BALANCE</b>	\$ (3,666,286)
<b>Debits:</b>	
Billings to School Districts	73,085,343
Refund of Balances Due School Districts	3,666,286
Encumbrances - End of Year	<u>-</u>
<b>TOTAL DEBITS</b>	<u>76,751,629</u>
<b>Credits:</b>	
Collection from School Districts	73,085,343
Adjustment - Credits to School Districts: Revenues in Excess of Expenditures	5,561,734
Encumbrance - Beginning of Year	<u>-</u>
<b>TOTAL CREDITS</b>	<u>78,647,077</u>
<b>JUNE 30 - CREDIT BALANCE</b>	<u><u>\$ (5,561,734)</u></u>

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See paragraph on supplementary schedules included in independent auditor's report.

**ST. LAWRENCE-LEWIS COUNTIES BOCES**

**SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES**

Year Ended June 30, 2022

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing			Total	Fund Balance (Deficit) 6/30/2022
			Prior Year	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		
Future Project - CTE Renovation SATC #0012-011	\$ 17,865,446	\$ 17,865,446	\$ 13,871,652	\$ 4,089,661	\$ 17,961,313	\$ (95,867)	\$ 17,913,993	\$ -	\$ 205,350	\$ 18,119,343	\$ 158,030
CTE Renovation NWT #0014-008	16,578,511	16,578,511	13,012,382	3,503,855	16,516,237	62,274	16,326,291		187,150	16,513,441	(2,796)
CTE Renovation SWT #0013-011	9,056,043	9,056,043	7,536,456	1,592,083	9,128,539	(72,496)	9,377,912		107,500	9,485,412	356,873
Energy Performance Contract	1,401,267	1,436,617	-	1,432,237	1,432,237	4,380	1,436,617	-	-	1,436,617	4,380
Future Project - Paving	-	-	-	-	-	-	-	-	805,000	805,000	805,000
Future Project - CTE Storage	-	-	-	-	-	-	-	-	1,168,449	1,168,449	1,168,449
Totals	\$ 44,901,267	\$ 44,936,617	\$ 34,420,490	\$ 10,617,836	\$ 45,038,326	\$ (101,709)	\$ 45,054,813	\$ -	\$ 2,473,449	\$ 47,528,262	\$ 2,489,936

See paragraph on supplementary schedules included in independent auditor's report.



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**ST. LAWRENCE-LEWIS COUNTIES BOCES**

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**NET INVESTMENT IN CAPITAL ASSETS**

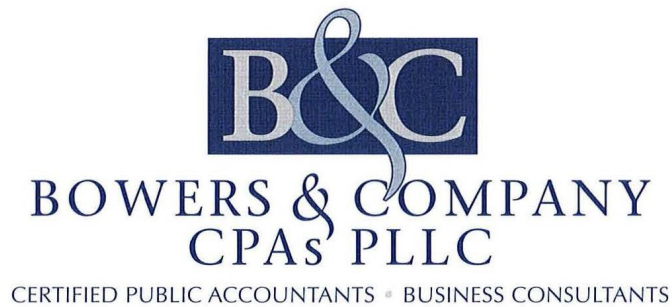
Year Ended June 30, 2022

Capital Assets, Net		\$ 65,060,948
Premium on Bonds Payable	\$ 5,882,918	
Short-Term Portion of Bonds Payable	1,980,000	
Long-Term Portion of Bonds Payable	41,610,000	
Less: Unspent Bond Proceeds	(2,489,693)	
Short-Term Portion of Installment Debt	82,000	
Long-Term Portion of Installment Debt	1,354,617	
Short-Term Portion of Lease Liability	485,609	
Long-Term Portion of Lease Liability	<u>769,653</u>	<u>49,675,104</u>
Net Investment in Capital Assets		<u><u>\$ 15,385,844</u></u>

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See paragraph on supplementary schedules included in independent auditor's report.

## **FEDERAL AWARD PROGRAM INFORMATION**



**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**

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**BOARD OF EDUCATION  
ST. LAWRENCE LEWIS COUNTIES BOCES**

We have audited, in accordance with the auditing standards of generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the St. Lawrence-Lewis Counties BOCES as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the St. Lawrence-Lewis Counties BOCES's basic financial statements and have issued our report thereon dated October 17, 2022.

**Report on Internal Control over Financial Reporting**

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

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

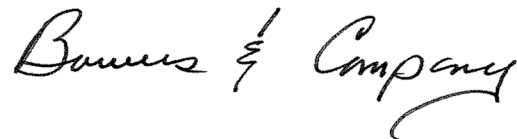
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether St. Lawrence-Lewis Counties BOCES's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bowens & Company". The script is cursive and fluid, with the ampersand being a simple loop.

Watertown, New York  
October 17, 2022



CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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### **BOARD OF EDUCATION ST. LAWRENCE LEWIS COUNTIES BOCES**

#### **Report on Compliance for Each Major Federal Program**

##### **Opinion on Each Major Federal Program**

We have audited St. Lawrence Lewis Counties BOCES's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of St. Lawrence Lewis Counties BOCES's major federal programs for the year ended June 30, 2022. St. Lawrence Lewis Counties 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, St. Lawrence Lewis Counties 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 St. Lawrence Lewis Counties 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 St. Lawrence Lewis Counties 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 St. Lawrence Lewis Counties 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 St. Lawrence Lewis Counties 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 St. Lawrence Lewis Counties 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 St. Lawrence Lewis Counties 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 St. Lawrence Lewis Counties 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 St. Lawrence Lewis Counties 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in cursive script that reads "Bowens & Company". The signature is written in dark ink and is positioned above the printed name and date.

Watertown, New York  
October 17, 2022

**ST. LAWRENCE-LEWIS COUNTIES BOCES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2022

<b>Federal Grantor/Pass-through Grantor Program Title</b>	<b>Assistance Listing</b>	<b>Agency or Pass-Through Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Education</u></b>				
<i>Passed-Through NYS Education Department:</i>				
Adult Education - Basic Grants to States:				
WIA, Title II, Adult Education & Literacy	84.002A	2338-22-3170		\$ 99,076
WIA, Title II, Incarcerated	84.002A	0138-22-2045		176,409
Literacy Zone Initiative	84.002A	2338-22-3244		123,610
Total Adult Education - Basic Grants to States				<u>399,095</u>
Education for Homeless Children and Youth:				
Homeless Children	84.196A	0212-22-3085		43,400
Homeless Children	84.196A	0212-22-3086		43,484
Homeless Children	84.196A	0212-22-3087		43,314
Homeless Children	84.196A	0212-22-3088		43,760
Homeless Children	84.196A	0212-22-3089		43,678
Total Education for Homeless Children and Youth				<u>217,636</u>
Career and Technical Education - Basic Grants to States (Perkins V)	84.048A	8000-22-0015		194,490
Total Passed-through NYS Education Department				<u>811,221</u>
Total U.S. Department of Education				<u>811,221</u>
<b><u>U.S. Federal Communications Commission</u></b>				
<b>Passed-through Universal Service Administration Company</b>				
COVID-19: Emergency Connectivity Fund Program	32.009		161,731	161,731
Total Passed-through Universal Service Administration Company				<u>161,731</u>
Total U.S. Federal Communications Commission			161,731	<u>161,731</u>
<b>Total Federal Assistance</b>				<u><u>\$ 972,952</u></u>

See paragraph on supplementary schedules included in independent auditor's report and accompanying notes to schedule of expenditures of federal awards.



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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2022

**NOTE 1 – BASIS OF PRESENTATION**

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The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of federal award programs administered by BOCES, which is described in Note 1 to the BOCES’s accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the BOCES’s financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the 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* (Uniform Guidance).

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the BOCES’s financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source of the data presented. The BOCES did not elect to use the 10% de minimis cost rate.

Matching costs (the BOCES’s share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

**NOTE 3 – SUBRECIPIENTS**

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Amounts provided to subrecipients during the year were \$161,731.

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**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

June 30, 2022

**NOTE 4 – SCOPE OF AUDIT**

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The BOCES is an independent municipal corporation. All federal grant operations of the BOCES are included in the scope of the single audit.

**NOTE 5 – OTHER DISCLOSURES**

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No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds is covered by the BOCES's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

NOTE A – SUMMARY OF AUDITOR’S RESULTS

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1. The auditor’s report expresses an unmodified opinion on the basic financial statements of St. Lawrence Lewis Counties BOCES.
2. No significant deficiencies were disclosed during the audit of the basic financial statements of St. Lawrence Lewis Counties BOCES.
3. No instances of noncompliance material to the financial statements of St. Lawrence Lewis Counties BOCES, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed during the audit of the major federal award programs of St. Lawrence Lewis Counties BOCES.
5. The auditor’s report on compliance for the major federal award programs for St. Lawrence Lewis Counties BOCES expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR Section 200.516(a) related to the major federal award programs for St. Lawrence Lewis Counties BOCES.
7. The programs tested as a major program includes:

U.S Department of Education

Passed Through New York State Education Department:

Adult Education - Basic Grants to States:

WIA, Title II, Adult Education & Literacy	84.002A
WIA, Title II, Incarcerated	84.002A
Literacy Zone Initiative	84.002A

8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. St. Lawrence Lewis Counties BOCES was determined NOT to be a low-risk auditee.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2022

**NOTE B – FINDINGS – FINANCIAL STATEMENT AUDIT**

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There were no findings to report.

**NOTE C – FINDINGS AND QUESTIONED COSTS – MAJOR  
FEDERAL AWARD PROGRAMS AUDIT**

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There were no findings to report.



CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

October 17, 2022

To the President and Members  
of the Board of Education of the  
St. Lawrence Lewis Counties BOCES

We have audited the financial statements of the governmental activities, and each major fund of St. Lawrence Lewis Counties BOCES for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by St. Lawrence Lewis Counties BOCES are described in Note 1 to the financial statements. As described in Note 3 to the financial statements, the St. Lawrence Lewis Counties BOCES changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases*, in 2022. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 18 of the financial statements. We noted no transactions entered into by St. Lawrence Lewis Counties BOCES during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statement were:

Management's estimate of the depreciation is based on economic useful lives of capital asset classes.

Management estimates actuarial assumptions that are used to determine pension asset (liabilities) and annual pension cost for the year in accordance with GASB Statement No. 68.

Management estimates actuarial assumptions that are used to determine annual postretirement cost for the year in accordance with GASB Statement No. 75.

Management's estimate of present value of right to use leased assets, and lease liability is based on the discount rate or implicit interest rate within the agreements in accordance with GASB Statement No. 87, *Leases*.

We have evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 17, 2022.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to St. Lawrence Lewis Counties BOCES' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

President and Members  
of the Board of Education of the  
St. Lawrence-Lewis Counties BOCES  
October 17, 2022  
Page 3

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as St. Lawrence Lewis Counties BOCES' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to *Management's Discussion and Analysis, Schedule of Changes in the BOCES' Total OPEB Liability and Related Ratios, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund, Schedule of BOCES' Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan*, and the *Schedule of the BOCES' Contributions – NYSLRS Pension Plan*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on *Schedule of Change from Adopted Budget to Final Budget – General Fund, Analysis of Account A431 School Districts, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, and Net Investment in Capital Assets*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Education and management of St. Lawrence Lewis Counties BOCES and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Bauer & Company*

**Material Misstatements Corrected by Management**

**Governmental Funds**

***General Fund***

<b>Adjusting Journal Entries JE # 103</b>			
to reverse client entry to record lease receivable and record 7/1/21 lease receivable and deferred inflow			
A000454-00	Lease Receivable	776,360.00	
A000691-10	Deferred Inflows of Resources	749,937.00	
A000431-80	School District Refund		6,192.00
A000454-00	Lease Receivable		749,937.00
A000691-10	Deferred Inflows of Resources		770,168.00
<b>Total</b>		<b>1,526,297.00</b>	<b>1,526,297.00</b>

***Special Aid Fund***

<b>Adjusting Journal Entries JE # 1</b>			
To roll fund balance			
F00917-00	Unassigned Fund Balance	62,982.00	
F0904.140-2770-000	Unclassified Revenues		62,982.00
<b>Total</b>		<b>62,982.00</b>	<b>62,982.00</b>

***Capital Projects Fund:***

<b>Adjusting Journal Entries JE # 3</b>			
to remove A/R for EPC - cash is in escrow			
00915-00	Assigned Unappropr Fund Bal	1,432,237.00	
00380-00	Accounts Receivable		1,432,237.00
<b>Total</b>		<b>1,432,237.00</b>	<b>1,432,237.00</b>

<b>Adjusting Journal Entries JE # 5</b>			
to record balance of 2020B DASNY investment			
00452-08	Investment, 2020B Construction Fund	635,798.00	
750.450-2401-000-20	Interest and Earnings		635,798.00
<b>Total</b>		<b>635,798.00</b>	<b>635,798.00</b>



**Material Misstatements Corrected by Management - Continued**

***Capital Projects Fund - Continued:***

<b>Adjusting Journal Entries JE # 6</b>			
to eliminate revenue and expense related to DASNY			
750.451-2770-000-22	Financing or Other Local Sources	12,917,219.00	
750.451-2401-000-21	Interest and Earnings		12,917,219.00
<b>Total</b>		<b>12,917,219.00</b>	<b>12,917,219.00</b>
<b>Adjusting Journal Entries JE # 7</b>			
to adjust investment income to actual			
750.450-2401-000-20	Interest and Earnings	643,519.00	
750.451-2401-000-21	Interest and Earnings		643,519.00
<b>Total</b>		<b>643,519.00</b>	<b>643,519.00</b>
<b>Adjusting Journal Entries JE # 10</b>			
To remove A/R, record interest expense			
750.450-2401-000-20	Interest and Earnings	1,629.00	
9711	Interest Expense	577,894.00	
00380-00	Accounts Receivable		119,419.00
750.451-2401-000-21	Interest and Earnings		460,104.00
<b>Total</b>		<b>579,523.00</b>	<b>579,523.00</b>
<b>Adjusting Journal Entries JE # 11</b>			
to record CY lease additions as revenue/expense			
2110.200	Equipment	296,049.00	
5788	Leases		296,049.00
<b>Total</b>		<b>296,049.00</b>	<b>296,049.00</b>
<b>Adjusting Journal Entries JE # 12</b>			
to record retainage in AP			
750-1000-240-00	SATC Other Expenses	533,423.00	
00600-99	Accounts Payable		533,423.00
<b>Total</b>		<b>533,423.00</b>	<b>533,423.00</b>

## **Fiduciary Fund**

### ***Custodial Fund***

#### **Adjusting Journal Entries JE # 1**

to move liabilities to net position

TA689-FL	FLEX	126,985.00	
TA689-HC	Healthcare	29,354,462.00	
TA689-WC	Workers Compensation	4,992,803.00	
TC923	Restricted Net Position		34,474,250.00
<b>Total</b>		<b>34,474,250.00</b>	<b>34,474,250.00</b>

#### **Adjusting Journal Entries JE # 2**

to record OT fund revenue and expenditures

TC1935.0	Claims Paid	67,836,282.00	
TC1935.1	Other Related Deductions	3,127,756.00	
TC923	Restricted Net Position	430,987.00	
TC2770.0	Premiums from Districts		64,917,052.00
TC2770.1	Other Related Additions		6,477,973.00
<b>Total</b>		<b>71,395,025.00</b>	<b>71,395,025.00</b>

## **Government-Wide**

### ***Non-Current Governmental Assets:***

#### **Adjusting Journal Entries JE # 3**

Adjust FA to actual

K00102 Buildings	533,424.00	
K00114 Accumulated Depreciation - Equipment	1,392,619.00	
K00159 Total Non-Current Governmental Assets	155,840.00	
K00104 Equipment		2,049,287.00
K00112 Accumulated Depreciation - Buildings		32,596.00
<b>Total</b>	<b>2,081,883.00</b>	<b>2,081,883.00</b>

**Material Misstatements Corrected by Management - Continued**

***Non-Current Governmental Liabilities:***

Adjusting Journal Entries JE # 2			
To record EPC as IPD			
W00628	Bonds Payable	1,436,617.00	
W00685	Installment Purchase Debt		1,436,617.00
<b>Total</b>		<b>1,436,617.00</b>	<b>1,436,617.00</b>

**FORM OF BOND COUNSEL'S OPINION**

June 15, 2023

Board of Cooperative Educational Services for the Sole Supervisory District of  
St. Lawrence and Lewis Counties  
State of New York

Re: Board of Cooperative Educational Services for the Sole Supervisory District of  
St. Lawrence and Lewis Counties, New York  
\$5,500,000 Revenue Anticipation Notes, 2023

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$5,500,000 Revenue Anticipation Notes, 2023 (the "Obligations"), of the Board of Cooperative Educational Services for the Sole Supervisory District, St. Lawrence and Lewis Counties, State of New York (the "Obligor"), dated June 15, 2023, in the denomination of \$\_\_\_\_\_, bearing interest at the rate of (\_\_\_\_\_) (%) per annum, payable at maturity, and maturing June 14, 2024.

We have examined:

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

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

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

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

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP