



ONONDAGA-CORTLAND-
MADISON BOCES

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2023

**ONONDAGA-CORTLAND-MADISON BOCES
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Independent Auditor's Report

Board of Education
Onondaga – Cortland – Madison BOCES

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Onondaga-Cortland-Madison BOCES, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Onondaga-Cortland-Madison BOCES's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Onondaga-Cortland-Madison BOCES, as of June 30, 2023, and the respective changes in financial position, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of a Matter - Prior Period Adjustment

As discussed in Note 12 to the financial statements, the BOCES made an adjustment to the beginning net position to correct the net right to use asset balance and lease liability amounts previously reported at June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Onondaga-Cortland-Madison BOCES's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2023, on our consideration of the Onondaga-Cortland-Madison BOCES internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Onondaga-Cortland-Madison BOCES internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Onondaga-Cortland-Madison BOCES's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 19, 2023

Rome, New York

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

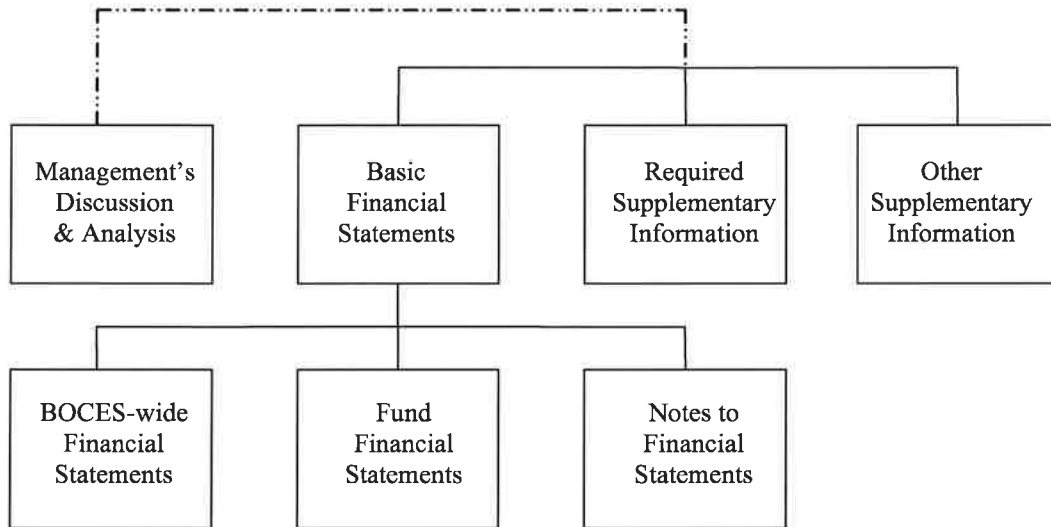
The following is a discussion and analysis of the BOCES' financial performance for the year ended June 30, 2023. This section is a summary of the BOCES' financial activities based on currently known facts, decisions and conditions. It is also based on both the BOCES-wide and fund-based financial statements. This section is only an introduction and should be read in conjunction with the BOCES' financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- The BOCES' total net position, as reflected in the BOCES-wide financial statements, increased by \$2,847,669. This is the result of revenues exceeding expenditures for the year on the full accrual basis of accounting.
- Program revenues included \$150,559,690 in Charges for Services and \$7,243,514 in Operating Grants and Contributions, which together comprise approximately 94.3% of total revenues.
- The total expenses of BOCES' programs were \$164,479,224, which is an increase of \$17,088,974, or 11.6%, from the prior year, primarily due to a net increase in the allocations for employee benefits expense due to other postemployment benefits and retirement.
- The BOCES total General Fund revenue for 2022-2023 was \$167,148,131. Approximately 95% of these revenues are from the billings for administration and other services, including leases, to the component districts of the BOCES, other BOCES, and non-component districts.
- The BOCES is required to return surplus billings in the subsequent year. During 2023-2024, the surplus of \$11,716,210 from 2022-2023 will be returned. During 2022-2023, the surplus of \$14,070,227 from the prior year was returned.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

(Continued)

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

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

BOCES-wide Statements

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

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

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

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

Fund Financial Statements

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

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

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

(Continued)

The BOCES has two types of funds:

- **Governmental Funds:** All of the BOCES' basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that allows the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the BOCES' programs. Because this information does not encompass the additional long-term focus of the BOCES-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The BOCES is the fiduciary for assets that belong to others, such as the student activities funds and state aid. The BOCES is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The BOCES excludes these activities from the BOCES-wide financial statements because it cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE BOCES AS A WHOLE

A. Net Position

The BOCES' total net position increased by \$2,847,669 between fiscal year 2022 and 2023. A summary of the BOCES Statement of Net Position for the June 30, 2023 and 2022, is as follows:

	<u>2023</u>	<u>Restated 2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 89,252,863	\$ 87,777,892	\$ 1,474,971	1.7%
Net Pension Asset- Proportionate Share		38,707,632	(38,707,632)	(100.0%)
Capital and Intangible Right-to-use Lease Assets, Net	<u>79,996,805</u>	<u>80,757,929</u>	<u>(761,124)</u>	<u>(0.9%)</u>
Total Assets	<u>169,249,668</u>	<u>207,243,453</u>	<u>(37,993,785)</u>	<u>(18.3%)</u>
Deferred Outflow - OPEB	33,470,065	39,470,566	(6,000,501)	(15.2%)
Deferred Outflow - Pensions	<u>28,414,408</u>	<u>29,207,896</u>	<u>(793,488)</u>	<u>(2.7%)</u>
Total Deferred Outflows of Resources	<u>61,884,473</u>	<u>68,678,462</u>	<u>(6,793,989)</u>	<u>(9.9%)</u>
Other Liabilities	35,665,250	38,673,994	(3,008,744)	(7.8%)
Net Pension Liability- Proportionate Share	15,626,354		15,626,354	100.0%
Non-Current Liabilities	<u>265,022,117</u>	<u>294,696,857</u>	<u>(29,674,740)</u>	<u>(10.1%)</u>
Total Liabilities	<u>316,313,721</u>	<u>333,370,851</u>	<u>(17,057,130)</u>	<u>(5.1%)</u>
Deferred Inflow - Leases	32,277,338	34,850,287	(2,572,949)	(7.4%)
Deferred Inflow - OPEB	70,962,203	46,856,227	24,105,976	51.4%
Deferred Inflow - Pensions	<u>2,452,618</u>	<u>54,563,958</u>	<u>(52,111,340)</u>	<u>(95.5%)</u>
Total Deferred Inflows of Resources	<u>105,692,159</u>	<u>136,270,472</u>	<u>(30,578,313)</u>	<u>(22.4%)</u>
Net Position				
Net Investment in Capital and Intangible Right-to-use Lease Assets	37,570,727	42,960,946	(5,390,219)	(12.5%)
Restricted Net Position	24,464,040	22,548,990	1,915,050	8.5%
Unrestricted Net Position (Deficit)	<u>(252,906,506)</u>	<u>(259,229,344)</u>	<u>6,322,838</u>	<u>2.4%</u>
Total Net Position (Deficit)	<u>\$ (190,871,739)</u>	<u>\$ (193,719,408)</u>	<u>\$ 2,847,669</u>	<u>1.5%</u>

See Independent Auditor's Report

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

(Continued)

Current and other assets increased by \$1,474,971 as compared to the prior year. The primary reasons for the increase were increases in the restricted cash and cash equivalents of \$1,442,038 and an increase in lease receivables of \$1,019,599, offset by decreases in unrestricted cash and cash equivalents of \$797,439, and amounts due from components of \$550,166.

Accounting standards required the recognition of the BOCES' proportionate share of net liabilities/assets and deferred outflows/inflows for the New York State Employees' and Teachers' retirement systems. This year the total pension liability for both retirement systems changed from a net pension asset to a net pension liability, a decrease of \$54,333,986.

Capital and right-to-use lease assets decreased by \$761,124 as compared to the prior year. This decrease is primarily due to depreciation and amortization expense exceeding amounts expended for capital and leased assets in the current year. Note 3 (d) and (e) to the Financial Statements provides additional information.

Deferred outflows of resources relating to OPEB decreased by \$6,000,501 as compared to the prior year due to changes of assumptions and other inputs and changes in employer contributions subsequent to the measurement date.

Deferred outflows of resources relating to pensions decreased by \$793,488 as compared to the prior year due to deferred amounts provided by the Retirement Systems.

Other Liabilities decreased by \$3,008,744 as compared to the prior year, primarily due to a decrease in the amount due to components of \$2,354,017, revenue anticipation notes payable of \$2,000,000, and accounts payable of \$940,358, offset by increases in amounts due to the retirement systems of \$513,644 and accrued liabilities of \$1,689,079.

Non-current liabilities decreased by \$29,674,740, as compared to the prior year. This decrease is primarily the result of a decrease in the liability for other postemployment benefits of \$32,835,880 due primarily to changes in assumptions.

Deferred inflows of resources relating to leases decreased by \$2,572,949 due to new agreements entered into during the year to lease technology equipment and printers to Districts totaling \$14,228,359, offset by amortization of the recognition of the lease revenue of \$16,801,308.

Deferred inflows of resources relating to OPEB increased by \$24,105,976 as compared to the prior year, due to changes in actuarial assumptions and other inputs, and differences between expected and actual experience.

Deferred inflows of resources relating to pensions decreased by \$52,111,340 as compared to the prior year due to deferred amounts provided by the Retirement Systems.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct, improve, and lease buildings, and purchase and lease vehicles, equipment and furniture to support BOCES operations.

The restricted portion of the net position at June 30, 2023 is \$24,464,040, which represents the amount of the BOCES' restricted funds in the General, Miscellaneous Special Revenue, Capital, and Debt Service funds. See the chart on page 11 for additional details.

The unrestricted net position at June 30, 2023, is a deficit of \$252,906,506, which represents the amount by which the BOCES' liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources, other than capital assets, net of related debt, and restricted assets. This deficit is primarily due to the accrual of \$214,784,224 in a liability for OPEB expenses as required by GASB 75.

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

(Continued)

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended June 30, 2023 and 2022 is as follows:

Revenues	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Program Revenues				
Charges for Services	\$ 150,559,690	\$ 136,713,283	\$ 13,846,407	10.1%
Operating Grants	7,243,514	10,021,500	(2,777,986)	(27.7%)
General Revenues				
Interest and Earnings	1,452,381	697,506	754,875	108.2%
Interfund Revenues	1,280,106	1,141,373	138,733	12.2%
Miscellaneous	7,223,865	7,010,033	213,832	3.1%
Loss on Sale of Property	(432,663)	(64,150)	(368,513)	(574.5%)
Total Revenues	<u>167,326,893</u>	<u>155,519,545</u>	<u>11,807,348</u>	7.6%
Expenses				
Administration	9,885,308	8,453,543	1,431,765	16.9%
Administration - Capital	2,416,886	2,256,055	160,831	7.1%
Occupational Instruction	15,041,576	13,102,824	1,938,752	14.8%
Instruction for Special Needs	45,397,584	39,475,918	5,921,666	15.0%
Itinerant Services	3,166,436	2,872,988	293,448	10.2%
General Instruction	18,884,261	16,438,359	2,445,902	14.9%
Instructional Support	25,812,883	26,454,278	(641,395)	(2.4%)
Debt Service- Unallocated Interest	629,329	646,613	(17,284)	(2.7%)
Other Services	43,244,961	37,689,672	5,555,289	14.7%
Total Expenses	<u>164,479,224</u>	<u>147,390,250</u>	<u>17,088,974</u>	11.6%
Total Change in Net Position	<u>\$ 2,847,669</u>	<u>\$ 8,129,295</u>	<u>\$ (5,281,626)</u>	(65.0%)

The BOCES' revenues increased by \$11,807,348 in 2023 or 7.6%. This increase was primarily due to the following:

- an increase of \$13.8 million in charges for services due to increased requests for services from components for special needs, general instruction, and instructional support.
- Operating Grants decreased by \$2,777,986 due to a decrease of \$2,651,294 in the COVID-10 Education Stabilization Funding from the prior year.

The BOCES' expenses for the year increased by \$17,088,974, or 11.6%. This increase is primarily due to the following:

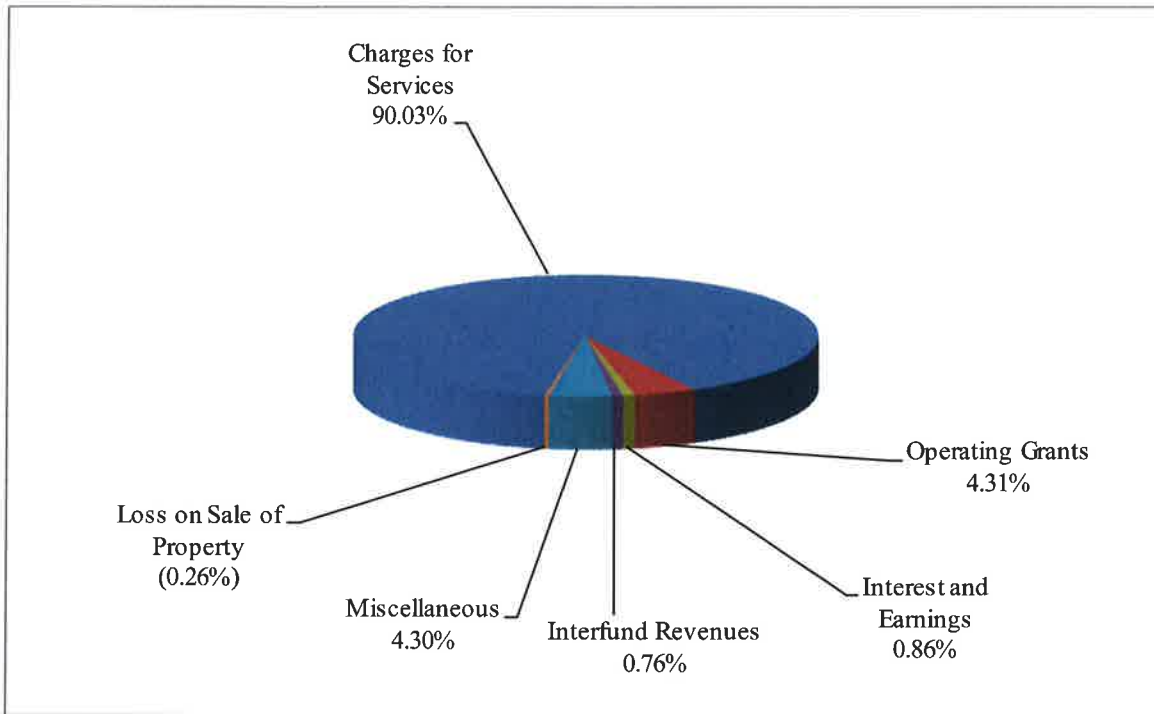
- an increase of \$13.9 million in program expenses primarily in special needs, general instruction, and other services.
- a net increase in the allocations for employee benefits expense due to actuarially determined increases in pension costs.

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

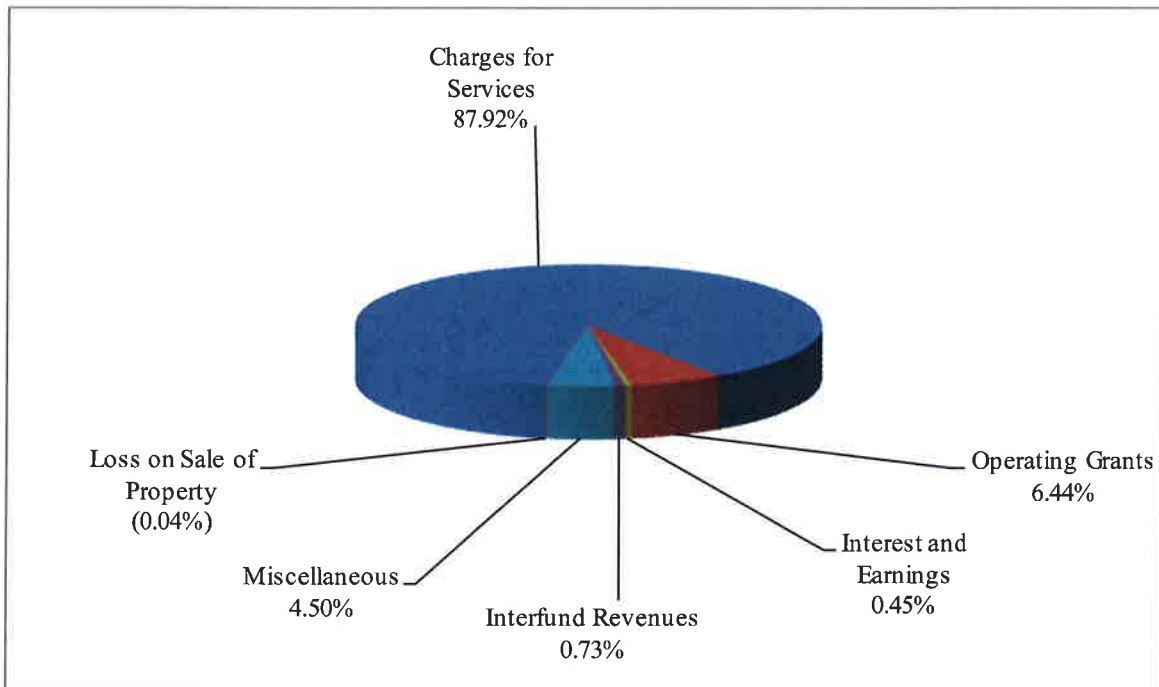
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A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2023



For the Year Ended June 30, 2022



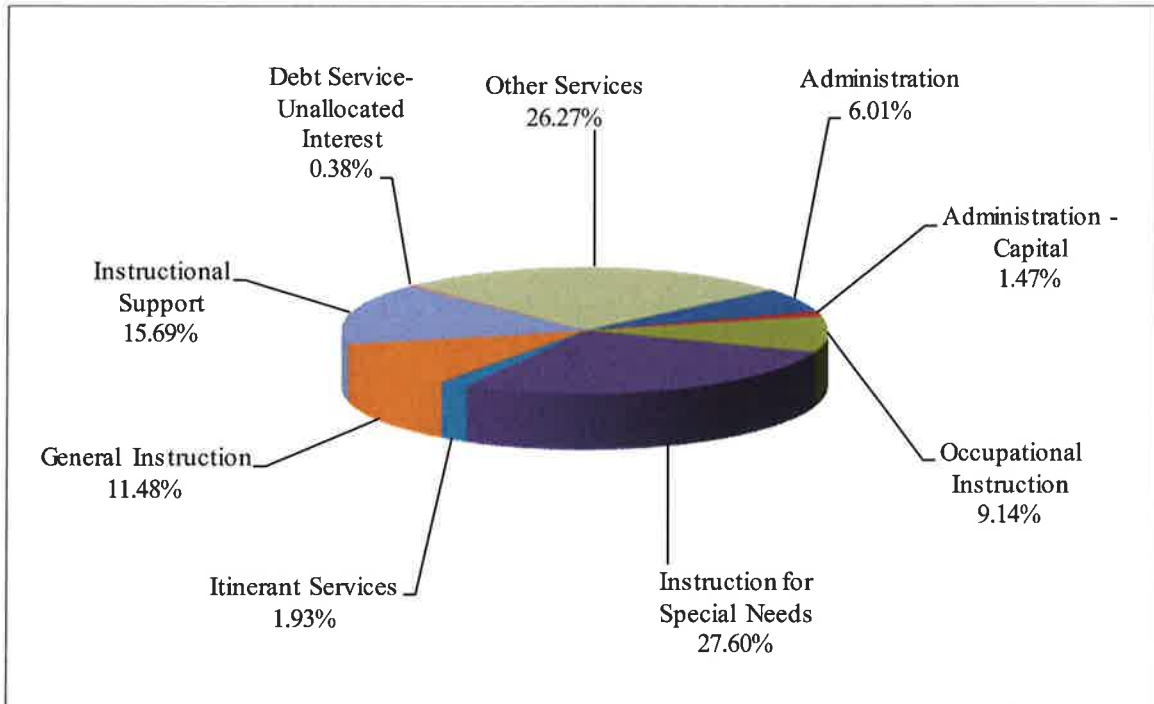
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**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

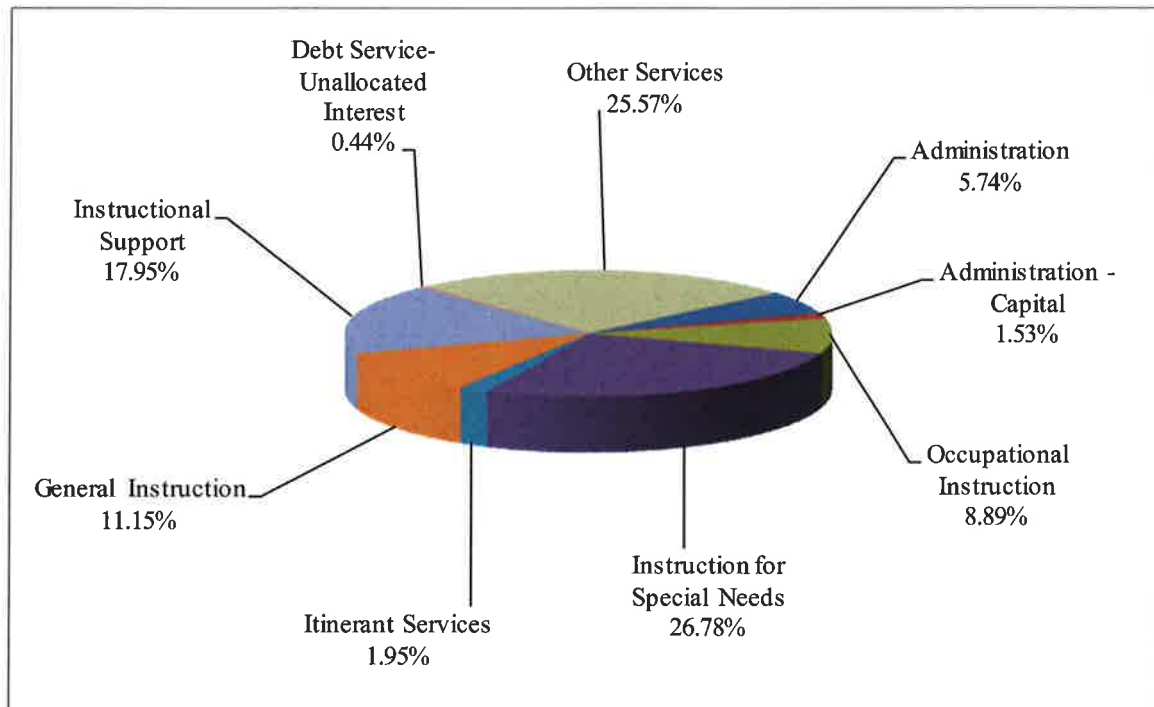
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A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2023



For the Year Ended June 30, 2022



See Independent Auditor's Report

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

(Continued)

4. FINANCIAL ANALYSIS OF THE BOCES' FUND BALANCES

At June 30, 2023, the BOCES' governmental funds reported combined fund balance of \$21,566,294, which is an increase of \$7,046,400 from the prior year. This increase is primarily due to increases in the General Fund's assigned and unassigned fund balance, as well as increases in the General Fund Reserves for Retirement Contributions for ERS and TRS, as well as an increase in Special Aid fund assigned fund balance. A summary of the change in fund balance by fund is as follows:

	2023	2022	Increase (Decrease)
General Fund			
Nonspendable	\$ 292,741	\$ 88,545	\$ 204,196
Restricted For			
Unemployment Insurance	1,463,535	1,471,452	(7,917)
Employee Benefit Accrued Liability	4,541,410	4,651,064	(109,654)
Retirement Contribution			
Employees' Retirement System	10,392,778	9,591,809	800,969
Teachers' Retirement System	3,426,014	2,735,822	690,192
Liability	808,034	788,183	19,851
Total Restricted	20,631,771	19,238,330	1,393,441
Assigned	1,601,732	697,977	903,755
Unassigned (Deficit)	(11,585,920)	(14,974,272)	3,388,352
Total General Fund	10,940,324	5,050,580	5,889,744
Special Aid Fund			
Nonspendable	10,090		10,090
Assigned	6,783,611	6,158,654	624,957
Total Special Aid Fund	6,793,701	6,158,654	635,047
Miscellaneous Special Revenue Fund			
Restricted	239,934	198,331	41,603
Total Miscellaneous Special Revenue Fund	239,934	198,331	41,603
Debt Service Fund			
Restricted	234,349	202,624	31,725
Total Debt Service Fund	234,349	202,624	31,725
Capital Projects Fund			
Restricted	3,357,986	2,909,705	448,281
Total Capital Projects Fund	3,357,986	2,909,705	448,281
 Total Fund Balance	 \$ 21,566,294	 \$ 14,519,894	 \$ 7,046,400

The BOCES leases various technology equipment to school districts and other BOCES. Frequently, the BOCES receives payment of the full lease amount at the beginning of the term of the lease. These funds are used to purchase the assets being leased and expensed in the General Fund. However, accounting standards require these funds collected be a deferred revenue and recognized as revenue over the term of the lease. This accounting treatment resulted in the recording of a Deferred Outflow of Resources at June 30, 2023 and 2022 in the amount of \$32,277,338 and \$34,850,287, respectively. The deferral results in a General Fund unassigned deficit fund balance at June 30, 2023 and 2022 in the amount of \$11,585,920 and \$14,974,272, respectively.

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

(Continued)

5. GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original approved budget of \$154,059,021 and the amended budget of \$164,243,830 is 6.1%, or \$9,486,822. The increase is due to encumbrances and the request for additional services from component and non-component school districts. The budgetary comparison information can be found on Page 48 which presents both original and amended budget totals compared with actual results for the General Fund for the year ended June 30, 2023.

Actual expenditures and encumbrances were under the amended budget by 8.0%, or \$13,099,917, and actual revenues were above the amended budget 1.8%, or \$2,904,305.

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

A. Capital Assets

At June 30, 2023 and 2022, the BOCES had \$69,569,906 and \$71,227,465, respectively, in a broad range of capital assets including buildings, transportation equipment, computer equipment, and furniture and fixtures. A summary of the BOCES' capital assets, net of accumulated depreciation at June 30, 2023 and 2022, is as follows:

	2023	2022	Increase (Decrease)
Land	\$ 3,927,515	\$ 3,927,515	\$
Construction in Process	75,505	452,028	(376,523)
Buildings	29,638,107	30,036,421	(398,314)
Vehicles, Furniture, and Equipment	35,928,779	36,811,501	(882,722)
Capital Assets, Net	<u>\$ 69,569,906</u>	<u>\$ 71,227,465</u>	<u>\$ (1,657,559)</u>

The BOCES' Capital Assets, Net of Accumulated Depreciation is, for the purpose of this report, the assets owned and purchased by the BOCES less the depreciated value over the useful life of the item. Depreciation expense for the BOCES totaled \$14,356,125 and \$14,745,750 for June 30, 2023 and 2022, respectively.

B. Right-to-use Assets

At June 30, 2023 and 2022, the BOCES had intangible right-to-use leased assets, net of accumulated amortization, as follows:

	2023	Restated 2022	Increase (Decrease)
Leased Buildings, Net	\$ 2,845,535	\$ 3,711,746	\$ (866,211)
Leased Equipment, Net	7,581,364	5,818,719	1,762,645
Right to Use Leased Assets, Net	<u>\$ 10,426,899</u>	<u>\$ 9,530,465</u>	<u>\$ 896,434</u>

C. Long-Term Debt

At June 30 2023, the BOCES had total long-term debt of \$265,022,117. A summary of the long-term debt at June 30, 2023 and 2022, is as follows:

	2023	Restated 2022	Increase (Decrease)
Revenue Bonds	\$ 15,940,000	\$ 16,480,000	\$ (540,000)
Energy Performance Contract	2,337,927		2,337,927
Premium on Bonds	1,446,418	1,526,775	(80,357)
Installment Purchase Debt	15,437,302	14,570,570	866,732
Lease Liability	10,622,417	9,848,344	774,073
Compensated Absences	4,453,829	4,651,064	(197,235)
OPEB liability	214,784,224	247,620,104	(32,835,880)
Total Long-Term Debt	<u>\$ 265,022,117</u>	<u>\$ 294,696,857</u>	<u>\$ (29,674,740)</u>

See Independent Auditor's Report

**ONONDAGA-CORTLAND-MADISON BOCES
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

(Continued)

7. FACTORS BEARING ON THE BOCES FUTURE

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

- During the spring of 2023, the Boards of Education of the component school districts approved the BOCES administrative budget for the 2023-2024 fiscal year.
- In March 2020, the world was upended by the COVID-19 pandemic. The financial impact of the pandemic lingers as inflation continues to rise. During the last few years, the BOCES and our component districts incurred additional costs related to COVID such as PPE, additional cleaning and sanitizing, technology costs, and the impact of human resources/personnel costs for mandates in the Families First Coronavirus Response Act (FFCRA), including but not limited to vaccination leave and paid time off for quarantine. BOCES supported districts through these uncertain times by providing information and cost-effective shared services. In spring 2021, districts received an influx of federal funding and an increase in state aid to unprecedented levels. Even though districts received this additional funding, the BOCES decided to limit their unit cost increases in subsequent budgets to be fiscally responsible. As costs continue to rise in the economy and federal funding is expiring, future participation in BOCES programs could be impacted making budgeting more challenging in the future.
- The number of retirees and current employees eligible to retire continues to grow creating a significant burden for the BOCES and its component school districts. Over the past few years, the BOCES moved employees from a two-tier prescription drug plan to a three-tier prescription drug plan and increased the employee co-pay. They also increased the required number of years of employment to be eligible for health insurance into retirement from ten years to fifteen years with the two largest bargaining units. Settlements with the Mid-Level and OCMBFT bargaining units and Board of Education policy for non-Represented staff also decreases the amount of BOCES contribution towards retirement in the future.
- Projected employer retirement system costs continue to be a significant part of the BOCES budget. Rates are expected to increase in the coming years, due to changes in the economy. The uncertainty and fluctuations of these rates, makes budgeting challenging. The creation of new tiers in the retirement system should help the BOCES contain costs as new employees are added in tiers with less costly benefits.
- Staffing shortages continue to be a problem across our programs. BOCES increased salaries in the latest Collective Bargaining Agreements in hopes of retaining and attracting new employees going forward. All Collective Bargaining Agreements are current and have expiration dates in 2025.
- Based on information reported by the U.S. Bureau of Labor Statistics, the regional unemployment rate for the Syracuse region remains low at approximately 3.1%. There is a direct relationship between unemployment rates and adult education program enrollment. Student recruitment initiatives are a high priority for adult education program administrators. Federal COVID stimulus monies, in the form of Higher Education Emergency Relief Fund (HEERF) grants, that were used to offset enrollment declines in the last few years have now been fully spent down. Program modifications will be made as necessary during 2023-24 to reduce expenditures and increase revenues.
- The BOCES deficit in Net Position is directly related to the accrual of OPEB as required by GASB 75. There is currently no method to fund this liability. Changes in legislation could allow for the establishment and funding of OPEB reserves.

8. CONTACTING THE BOCES' FINANCIAL MANAGEMENT

This financial report is designed to provide the BOCES' citizens, taxpayers, customers, investors, and creditors with a general overview of the BOCES' finances and to demonstrate the BOCES' accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at Onondaga-Cortland-Madison BOCES, 110 Elwood Davis Rd., Liverpool, NY 13088.

ONONDAGA-CORTLAND-MADISON BOCES
STATEMENT OF NET POSITION
June 30, 2023

Assets		
Cash and Cash Equivalents	\$	28,757,973
Restricted Cash and Cash Equivalents		21,823,653
Cash Held with Fiscal Agent		2,411,642
Investments - Restricted		1,150,229
Receivables		
State and Federal Aid		1,397,388
Due from Components		12,095,293
Lease Receivables		20,984,159
Accounts Receivable		282,991
Prepaid Expenditures		302,831
Other Assets		46,704
Intangible Right-to-use Lease Assets, Net		10,426,899
Capital Assets, Net		<u>69,569,906</u>
Total Assets		<u>169,249,668</u>
Deferred Outflows of Resources		
Other Postemployment Benefits		33,470,065
Pensions		<u>28,414,408</u>
Total Deferred Outflows of Resources		<u>61,884,473</u>
Total Assets and Deferred Outflows	\$	<u>231,134,141</u>
Liabilities		
Due to Components - Refund of Surplus	\$	11,716,210
Due to		
Teachers' Retirement System		4,436,656
Employees' Retirement System		582,532
Short-Term Notes Payable		
Revenue Anticipation Note		7,500,000
Accounts Payable		1,601,202
Accrued Liabilities		7,138,336
Payroll Withholdings		481,160
Accrued Interest		256,019
Overpayments and Collections in Advance		1,483,567
Unearned Revenues		469,568
Net Pension Liability - Proportionate Share		15,626,354
Noncurrent Liabilities		
Due Within One Year		10,827,566
Due in More Than One Year		<u>254,194,551</u>
Total Liabilities		<u>316,313,721</u>
Deferred Inflows of Resources		
Leases		32,277,338
Other Postemployment Benefits		70,962,203
Pensions		<u>2,452,618</u>
Total Deferred Inflows of Resources		<u>105,692,159</u>
Total Liabilities and Deferred Inflows		<u>422,005,880</u>
Net Position		
Net Investment in Capital Assets		37,570,727
Restricted		24,464,040
Unrestricted (Deficit)		<u>(252,906,506)</u>
Total Net Position (Deficit)		<u>(190,871,739)</u>
Total Liabilities, Deferred Inflows, and Net Position	\$	<u>231,134,141</u>

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

ONONDAGA-CORTLAND-MADISON BOCES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense)
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
Administration	\$ 9,885,308	\$ 2,256,432	\$	\$ (7,628,876)
Administration - Capital	2,416,886	3,044,233		627,347
Occupational Instruction	15,041,576	10,908,293	1,006,012	(3,127,271)
Instruction for Special Needs	45,397,584	41,242,752	3,036,285	(1,118,547)
Itinerant Services	3,166,436	2,077,068	211,778	(877,590)
General Instruction	18,884,261	15,257,202	1,263,019	(2,364,040)
Instructional Support	25,812,883	33,520,451	1,726,420	9,433,988
Debt Service - Unallocated Interest Expense	629,329			(629,329)
Other Services	43,244,961	42,253,258		(991,703)
Total Functions/Programs	<u>\$ 164,479,224</u>	<u>\$ 150,559,690</u>	<u>\$ 7,243,514</u>	<u>(6,676,020)</u>
General Revenues				
Interest and Earnings				1,452,381
(Loss) on Sale of Property and Compensation for Loss				(432,663)
Interfund Revenues				1,280,106
Miscellaneous				<u>7,223,865</u>
Total General Revenues				<u>9,523,689</u>
Change in Net Position				<u>2,847,669</u>
Net Position (Deficit), Beginning of Year				(192,000,407)
Prior Period Adjustment				<u>(1,719,001)</u>
Net Position (Deficit), Beginning of Year (Restated)				<u>(193,719,408)</u>
Net Position (Deficit), End of Year				<u>\$ (190,871,739)</u>

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

ONONDAGA-CORTLAND-MADISON BOCES
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	General	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Assets						
Unrestricted Cash and Cash Equivalents	\$ 28,288,928	\$ 469,045	\$	\$	\$	\$ 28,757,973
Restricted Cash and Cash Equivalents	20,631,771		237,593	7,345	946,944	21,823,653
Cash Held with Fiscal Agent					2,411,642	2,411,642
Investments - Restricted Receivables				1,150,229		1,150,229
State and Federal Aid		1,397,388				1,397,388
Due from Components	12,095,293					12,095,293
Due from Other Funds	470,423	5,855,005	2,341			6,327,769
Lease Receivables	20,984,159					20,984,159
Accounts Receivable	769	282,222				282,991
Prepaid Expenditures	292,741	10,090				302,831
Other Assets	46,704					46,704
Total Assets	\$ 82,810,788	\$ 8,013,750	\$ 239,934	\$ 1,157,574	\$ 3,358,586	\$ 95,580,632
Liabilities						
Due to Components - Refund of Surplus	\$ 11,716,210	\$	\$	\$	\$	\$ 11,716,210
Accounts Payable	1,423,681	176,921			600	1,601,202
Accrued Liabilities	7,037,499	100,837				7,138,336
Payroll Withholdings	481,160					481,160
Due To						
Other Funds	5,855,046	472,723				6,327,769
Teachers' Retirement System	4,436,656					4,436,656
Employees' Retirement System	582,532					582,532
Revenue Anticipation Note	7,500,000					7,500,000
Overpayments and Collections in Advance	560,342			923,225		1,483,567
Unearned Revenue		469,568				469,568
Total Liabilities	39,593,126	1,220,049		923,225	600	41,737,000
Deferred Inflow of Resources - Leases	32,277,338					32,277,338
Fund Balances (Deficit)						
Nonspendable	292,741	10,090				302,831
Restricted	20,631,771		239,934	234,349	3,357,986	24,464,040
Assigned	1,601,732	6,783,611				8,385,343
Unassigned (Deficit)	(11,585,920)					(11,585,920)
Total Fund Balances	10,940,324	6,793,701	239,934	234,349	3,357,986	21,566,294
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 82,810,788	\$ 8,013,750	\$ 239,934	\$ 1,157,574	\$ 3,358,586	\$ 95,580,632

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

ONONDAGA-CORTLAND-MADISON BOCES
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE BOCES-WIDE NET POSITION

June 30, 2023

Total Governmental Fund Balances \$ 21,566,294

Amounts reported for governmental activities in the Statement of Net Position differ as follows:

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

Original Cost of Capital Assets	198,853,829
Accumulated Depreciation	(129,283,923)
Original Cost of Intangible Right-to-use Lease Assets	20,662,742
Accumulated Amortization	<u>(10,235,843)</u>
	<u>79,996,805</u>

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

Deferred Outflows - Pensions	28,414,408
Net Pension Liability - Proportionate Share	(15,626,354)
Deferred Inflows - Pensions	<u>(2,452,618)</u>
	<u>10,335,436</u>

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

Revenue Bonds Payable	(15,940,000)
Premium on Bonds	(1,446,418)
Accrued Interest Payable	(256,019)
Installment Purchase Agreements	(15,437,302)
Lease Liability	(10,622,417)
Energy Performance Contract	(2,337,927)
Deferred Outflows - OPEB	33,470,065
Other Postemployment Liabilities	(214,784,224)
Deferred Inflows - OPEB	(70,962,203)
Compensated Absences Payable	<u>(4,453,829)</u>
	<u>(302,770,274)</u>

Total Net Position (Deficit) \$ (190,871,739)

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

ONONDAGA-CORTLAND-MADISON BOCES
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues						
Charges for Services	\$ 68,173	\$ 3,717,464	\$	\$	\$	\$ 3,785,637
Charges to Components - Administration	5,193,136					5,193,136
Charges to Components - Service Programs	105,718,131					105,718,131
Charges to Other BOCES	29,357,189					29,357,189
Charges to Noncomponents	1,420,499					1,420,499
Interest and Earnings (Loss)	1,415,225			34,724	2,432	1,452,381
Lease Revenue	16,801,308					16,801,308
Miscellaneous	6,874,728	46,364	72,550			6,993,642
Refund of Prior Year's Expenditures	276,587					276,587
Interfund Revenues	23,155			1,256,951	700,000	1,980,106
State and Local Sources		5,088,033				5,088,033
Federal Sources		2,109,117				2,109,117
Total Revenues	<u>167,148,131</u>	<u>10,960,978</u>	<u>72,550</u>	<u>1,291,675</u>	<u>702,432</u>	<u>180,175,766</u>
Expenditures						
Administration	8,975,017					8,975,017
Administration - Capital	3,029,060				4,680,449	7,709,509
Occupational Instruction	10,751,412	3,291,772				14,043,184
Instruction for Special Needs	39,797,925	1,979,920				41,777,845
Itinerant Services	2,903,434					2,903,434
General Instruction	13,367,742	4,242,878	30,947			17,641,567
Instructional Support	31,030,620	811,361				31,841,981
Other Services	39,686,967					39,686,967
Capital Outlay					12,459,312	12,459,312
Debt Service - Principal				540,000		540,000
Debt Service - Interest				719,950		719,950
Total Expenditures	<u>149,542,177</u>	<u>10,325,931</u>	<u>30,947</u>	<u>1,259,950</u>	<u>17,139,761</u>	<u>178,298,766</u>
Excess (Deficit) Revenues Over Expenditures	<u>17,605,954</u>	<u>635,047</u>	<u>41,603</u>	<u>31,725</u>	<u>(16,437,329)</u>	<u>1,877,000</u>
Other Financing Sources (Uses)						
Proceeds of Installment Purchase Debt					9,712,707	9,712,707
Proceeds of Leases					4,680,449	4,680,449
Proceeds of Energy Performance Contract					2,492,454	2,492,454
Return of Surplus	(11,716,210)					(11,716,210)
Total Other Financing Sources (Uses)	<u>(11,716,210)</u>				<u>16,885,610</u>	<u>5,169,400</u>
Excess Revenues Over Expenditures and Other Financing Sources	<u>5,889,744</u>	<u>635,047</u>	<u>41,603</u>	<u>31,725</u>	<u>448,281</u>	<u>7,046,400</u>
Fund Balances, Beginning of Year	<u>5,050,580</u>	<u>6,158,654</u>	<u>198,331</u>	<u>202,624</u>	<u>2,909,705</u>	<u>14,519,894</u>
Fund Balances, End of Year	<u>\$ 10,940,324</u>	<u>\$ 6,793,701</u>	<u>\$ 239,934</u>	<u>\$ 234,349</u>	<u>\$ 3,357,986</u>	<u>\$ 21,566,294</u>

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

**ONONDAGA-CORTLAND-MADISON BOCES
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Net Changes in Fund Balance - Total Governmental Funds \$ 7,046,400

Capital Related Differences

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

Right-to-use Lease Assets	4,650,002	
Amortization Expense	(3,753,567)	
Depreciation Expense	(14,356,125)	
Loss on Disposal	(432,663)	
Capital Outlays	<u>13,131,229</u>	(761,124)

Long-Term Debt Transaction Differences

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

Amortization of Premium on Bond	80,357	
Change in Accrued Interest Payable on Bond	10,264	
Principal Payment on Revenue Bond	540,000	
Proceeds of Installment Purchase Debt	(9,712,707)	
Installment Purchase Debt Paid	8,845,975	
Proceeds of Leases	(4,680,449)	
Repayment of Leases	3,906,376	
Proceeds of Energy Performance Contract	(2,492,454)	
Principal Payment on Energy Performance Contract	154,527	
OPEB Liability (including deferred outflows and deferred inflows)	2,729,403	
Compensated Absences	<u>197,235</u>	(421,473)

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

Teachers' Retirement System	(1,155,875)	
Employees' Retirement System	<u>(1,860,259)</u>	(3,016,134)

Change in Net Position Governmental Activities \$ 2,847,669

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

ONONDAGA-CORTLAND-MADISON BOCES
STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2023

	Fiduciary Fund Custodial	Fiduciary Component Unit NYSMEC
Assets		
Cash and Cash Equivalents - Restricted	\$ 15,825	\$ 11,948,333
Accounts Receivable		2,224,791
Total Assets	\$ 15,825	\$ 14,173,124
Liabilities		
Accounts Payable		\$ 3,289,967
Amounts due to Participants		7,653,043
Total Liabilities		10,943,010
Net Position		
Restricted for Extraclassroom Activities	15,825	
Unrestricted		3,230,114
Total Net Position	15,825	3,230,114
Total Liabilities and Net Position	\$ 15,825	\$ 14,173,124

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

ONONDAGA-CORTLAND-MADISON BOCES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2023

	Fiduciary Fund Custodial	Fiduciary Component Unit NYSMEC
Additions		
Charges for Services, Sale of Property, and Miscellaneous	\$ 13,914	\$
State Aid Received for Other Governments	41,738,049	
Billings of Estimated Energy Costs		48,048,687
Interest Income		251,297
Total Additions	<u>41,751,963</u>	<u>48,299,984</u>
Deductions		
Club Activities	14,323	
State Aid Payments Distributed to Other Governments	41,738,049	
Expenditures for Energy		48,048,687
Participant Legal Expense		
Total Deductions	<u>41,752,372</u>	<u>48,048,687</u>
Change in Net Position	(409)	251,297
Net Position, Beginning of Year	<u>16,234</u>	<u>2,978,817</u>
Net Position, End of Year	<u>\$ 15,825</u>	<u>\$ 3,230,114</u>

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

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

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

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

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

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

(a) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of Onondaga-Cortland-Madison BOCES represent funds of the students of BOCES. The Board of Cooperative Educational Services exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of BOCES with respect to its financial transactions and designation of student management. The BOCES accounts for assets held as an agent for the various student organizations in a Fiduciary Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the BOCES' business office at 110 Elwood Davis Road, Liverpool, NY 13088.

(b) Fiduciary Component Unit

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

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

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

Joint Ventures

(a) *Insurance Consortium*

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

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

Basis of Presentation

(a) *BOCES-Wide Statements*

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

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

(b) *Fund Financial Statements*

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

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

Special Revenue Funds –

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

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

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

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

(c) Fiduciary Funds

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

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

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

Measurement Focus and Basis of Accounting

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds when paid. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Postretirement health insurance costs are recognized as an expenditure when funded. The unfunded portion has not been actuarially determined and is not recorded as a long-term liability.

Estimates

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

Budgetary Procedures and Budgetary Accounting

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

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

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

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

Receivables

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

Investments

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

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

The net change in the unrealized gain or loss is recognized as investment income.

Prepaid Items

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

Insurance

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

Interfund Transactions and Transfers

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

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 9 to the financial statements.

**ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023**

Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The BOCES uses capitalization thresholds of \$500 (the dollar value above which assets acquisitions are added to the capital assets accounts for grouped-like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the BOCES-wide statements are as follows:

	<u>Lives</u>	<u>Depreciation Method</u>
Furniture, Equipment, and Vehicles	3-10 Years	Straight Line
Buildings and Improvements	15-50 Years	Straight Line

Right to Use Leased Assets

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

Deferred Outflow of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The BOCES has two items that qualify for reporting in this category. The first item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportion of the collective net pension asset or liability and difference during the measurement period between the BOCES' contributions and its proportionate share of total contributions not included in pension expense. The second item relates to OPEB reporting in the BOCES-wide Statement of Net Position. This represents the employer contributions subsequent to the measurement date and the effect of the net change in the actual and expected experience and changes in assumptions.

Vested Employee Benefits

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

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

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

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

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

Other Benefits

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

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

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Short-Term Debt

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

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the BOCES-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the 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.

Unearned Revenue

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

Deferred Inflows of Resources

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

Equity Classifications

(a) BOCES-wide Statements

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

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

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

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

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
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(b) Fund Statements

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

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

Nonspendable

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

Restricted Fund Balance

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

The BOCES has established the following restricted fund balances:

- ***Unemployment Insurance Reserve*** – According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the BOCES elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.
- ***Reserve for Retirement Contributions*** – The Retirement Contribution Reserve (GML §6-r) (Chapter 260 of the NYS Laws of 2004) is used to reserve funds for the payment of retirement contributions to the New York State and Local Employees' Retirement System. This reserve was established by a Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to New York State Teachers' Retirement System. The Board adopted a resolution in May 2019 to establish a sub-fund for the BOCES. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law 6-r.
- ***Reserve for Employee Benefits Accrued Liability*** – According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- ***Reserve for Liability*** – This reserve is used to pay for liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. The reserve is accounted for in the General Fund.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

Unrestricted Resources

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

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the BOCES' highest level of decision making authority; i.e. the Board of Education. The BOCES has no committed fund balances as of June 30, 2023.

Assigned - Includes amounts that are constrained by the BOCES' intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances other than in the Capital Fund are classified as Assigned Fund Balance in the respective fund.

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

Order of Use of Fund Balance

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

**ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023**

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

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

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

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

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

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

(a) *Long-Term Revenue/Expenditure Differences*

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

(b) *Capital Related Differences*

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

(c) *Long-Term Debt Transaction Differences*

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

(d) *Pension Differences*

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

(e) *OPEB Differences*

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

(f) *Employee Benefit Allocation*

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

3. DETAIL NOTES ON ALL FUNDS

Assets

(a) *Restricted Cash and Cash Equivalents*

Restricted cash and cash equivalents of \$20,631,771 in the General Fund represents funds held in the Liability Reserve, Unemployment Insurance Reserve, Retirement Contribution Reserve, and Employee Benefit Accrued Liability Reserve established by the BOCES.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Restricted cash and cash equivalents of \$237,593 in the Miscellaneous Special Revenue Fund represents funds held by the BOCES for future scholarship awards.

Restricted cash and cash equivalents of \$946,944 in the Capital Fund represents \$730,271 held by the BOCES for capital projects and \$216,673 in the Career Educational Instructional Equipment Reserve.

Restricted cash and cash equivalents and investments of \$1,157,574 in the Debt Service Fund represents funds held by the BOCES for future debt service payments.

Restricted cash and cash equivalents of \$15,826 in the Custodial fund represents funds held by the BOCES for the various student club activities.

Restricted cash and cash equivalents of \$11,948,333 in the Fiduciary Component Unit, NYSMEC, represents funds held to pay for natural gas and electricity on behalf of its participants. .

(b) Custodial Credit Risk

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

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

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

As of June 30, 2023, BOCES' bank balances of \$55,665,318 were fully collateralized by FDIC and with securities held by an agent of the pledging financial institution in the BOCES' name.

(c) Investments - Restricted

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

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

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

The investments at June 30, 2023, are as follows:

Description	Quantity	Cost	Fair Value	Gain (Loss)
Debt Service Fund				
U.S. Treasury Note, 2.50%, Due 08/15/2023 Level 1	301,000	\$ 298,299	\$ 300,004	\$ 1,705
U.S. Treasury Note, 2.50% Due 08/15/2023, Level 1	651,000	645,145	648,845	3,700
U.S. Treasury Bill, 0.00% Due 11/02/2023, Level 1	205,000	199,985	201,380	1,395
Total Investments		\$ 1,143,429	\$ 1,150,229	\$ 6,800

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

(d) Capital Assets

Capital asset activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 3,927,515	\$	\$	\$ 3,927,515
Construction In Progress	<u>452,028</u>	<u>75,505</u>	<u>452,028</u>	<u>75,505</u>
Total	<u>4,379,543</u>	<u>75,505</u>	<u>452,028</u>	<u>4,003,020</u>
Capital Assets Being Depreciated				
Buildings and Improvements	43,928,451	544,823		44,473,274
Furniture, Equipment and Vehicles	<u>149,629,076</u>	<u>12,962,929</u>	<u>12,214,470</u>	<u>150,377,535</u>
Total	<u>193,557,527</u>	<u>13,507,752</u>	<u>12,214,470</u>	<u>194,850,809</u>
Accumulated Depreciation				
Buildings and Improvements	13,892,030	943,137		14,835,167
Furniture, Equipment and Vehicles	<u>112,817,575</u>	<u>13,412,988</u>	<u>11,781,807</u>	<u>114,448,756</u>
Total	<u>126,709,605</u>	<u>14,356,125</u>	<u>11,781,807</u>	<u>129,283,923</u>
Net Capital Assets Being Depreciated	<u>66,847,922</u>	<u>(848,373)</u>	<u>432,663</u>	<u>65,566,886</u>
Net Capital Assets	<u>\$ 71,227,465</u>	<u>\$ (772,868)</u>	<u>\$ 884,691</u>	<u>\$ 69,569,906</u>

Depreciation expense \$14,356,125 is charged as follows:

Function/Program	
Administration	\$ 782,883
Administration-Capital	672,494
Occupational Instruction	1,224,975
Instruction for Special Needs	3,644,245
Itinerant Services	253,264
General Instruction	1,538,858
Instructional Support	2,777,548
Other Services	<u>3,461,859</u>
Total Depreciation	<u>\$ 14,356,125</u>

(e) Intangible Right-to-use Lease Assets

Right to use lease asset activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Prior Period Adjustment	Restated Beginning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets						
Leased Buildings	\$ 6,655,699		\$ 6,655,699	\$	\$	\$ 6,655,699
Leased Equipment	<u>20,177,214</u>	<u>(6,072,066)</u>	<u>14,105,148</u>	<u>4,650,001</u>	<u>4,748,107</u>	<u>14,007,042</u>
Total	<u>26,832,913</u>	<u>(6,072,066)</u>	<u>20,760,847</u>	<u>4,650,001</u>	<u>4,748,107</u>	<u>20,662,741</u>
Accumulated Amortization						
Leased Buildings	2,943,953		2,943,953	866,210		3,810,163
Leased Equipment	<u>11,741,210</u>	<u>(3,454,781)</u>	<u>8,286,429</u>	<u>2,887,357</u>	<u>4,748,107</u>	<u>6,425,679</u>
Total	<u>14,685,163</u>	<u>(3,454,781)</u>	<u>11,230,382</u>	<u>3,753,567</u>	<u>4,748,107</u>	<u>10,235,842</u>
Net Right to Use Leased Assets	<u>\$ 12,147,750</u>	<u>\$ (2,617,285)</u>	<u>\$ 9,530,465</u>	<u>\$ 896,434</u>	<u>\$</u>	<u>\$ 10,426,899</u>

Amortization expense is charged as follows:

Function/Program	
Other Services	<u>\$ 3,753,567</u>

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

(f) Lease Receivable and Lessor Agreements

The BOCES has entered into agreements with School Districts and other BOCES to lease various technology equipment and digital printers. These lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded as a receivable at the present value of the future minimum lease payments as of the date of the inception of the agreements. The agreements were executed on various dates from 2019 to 2023 and are for a term of 3-5 years. The interest rates on the receivables range from 0.326% to 4.827%. However, for some of the agreements the payments are received up front and therefore there no receivables are due from the lessee.

As a result of these lease agreements, the BOCES has recorded a deferred inflow of resources at June 30, 2023 of \$32,277,338. For the year ended June 30, 2023, the BOCES recognized \$11,154,780 in lease revenue and \$751,677 in lease interest revenue. Also, during the year ended June 30, 2023, the BOCES issued new leases resulting in new receivable additions of \$12,174,379.

Future payments due to the BOCES under these agreements are as follows:

For the Year Ending	Lease Receivables		
June 30,	Principal	Interest	Total
2024	\$ 8,705,470	\$ 459,294	\$ 9,164,764
2025	6,786,676	301,879	7,088,555
2026	3,897,892	126,031	4,023,923
2027	1,542,100	40,808	1,582,908
2028	52,020	224	52,244
Total	\$ 20,984,158	\$ 928,236	\$ 21,912,394

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

For the Year Ending	Deferred
June 30,	Inflow
2024	11,561,934
2025	8,335,341
2026	7,102,937
2027	4,688,329
2028	588,797
Total	\$ 32,277,338

Liabilities

(a) Short-Term Debt

Revenue Anticipation Notes (RANs) – For Governmental funds, notes issued in anticipation of the receipt of revenues is recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes.

The following is a description of the RAN outstanding during the year ended June 30, 2023:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
General Fund RAN	6/22/2023	\$ 7,500,000	6/20/2024	4.34	\$ 7,500,000

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

Description	Balance 07/01/22	Issued	Paid	Balance 06/30/23
General Fund				
RAN- Due 6/20/2024	\$	\$ 7,500,000	\$	\$ 7,500,000
RAN- Due 6/21/2023	9,500,000		9,500,000	
Total Governmental Activities	\$ 9,500,000	\$ 7,500,000	\$ 9,500,000	\$ 7,500,000

Interest expense for the RAN totaled \$285,000 and is included in the BOCES' administrative expenditures.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

(b) Long-Term Debt

Long-Term Debt balances and activity are as follows:

Description	Beginning Balance	Prior Period Adjustment	Restated Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Bonds Payable							
Revenue Bonds Payable	\$ 16,480,000		\$ 16,480,000	\$	\$ 540,000	\$ 15,940,000	\$ 570,000
Premium on Bond	1,526,775		1,526,775		80,357	1,446,418	80,357
Other Liabilities							
Installment Purchase Obligations	14,570,570		14,570,570	9,712,707	8,845,975	15,437,302	7,414,941
Energy Performance Contract				2,492,454	154,527	2,337,927	136,552
Lease Liability	10,746,629	(898,285)	9,848,344	4,680,449	3,906,376	10,622,417	2,625,716
Other Postemployment Benefits	247,620,104		247,620,104		32,835,880	214,784,224	
Compensated Absences	4,651,064		4,651,064		197,235	4,453,829	
Total Noncurrent Liabilities	<u>\$ 295,595,142</u>	<u>\$ (898,285)</u>	<u>\$ 294,696,857</u>	<u>\$ 16,885,610</u>	<u>\$ 46,560,350</u>	<u>\$ 265,022,117</u>	<u>\$ 10,827,566</u>

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

	Revenue Bonds			Installment Purchase Agreements			
	Principal	Interest	Total	Principal	Interest	Total	
2024	\$ 570,000	\$ 692,200	\$ 1,262,200	2024	\$ 7,414,941	\$ 385,546	\$ 7,800,487
2025	600,000	662,950	1,262,950	2025	4,846,846	204,469	5,051,315
2026	630,000	632,200	1,262,200	2026	2,180,171	84,276	2,264,447
2027	660,000	599,950	1,259,950	2027	995,344	31,072	1,026,416
2028	695,000	566,075	1,261,075	Total	<u>\$ 15,437,302</u>	<u>\$ 705,363</u>	<u>\$ 16,142,665</u>
2029-2033	4,020,000	2,271,800	6,291,800				
2034-2038	4,985,000	1,284,900	6,269,900				
2039-2042	3,780,000	252,400	4,032,400				
Total	<u>\$ 15,940,000</u>	<u>\$ 6,962,475</u>	<u>\$ 22,902,475</u>				

Revenue Bonds – In June 2015, the BOCES entered into a financing agreement with the Dormitory Authority of the State of New York (DASNY) consisting of program lease revenue bonds in which the BOCES guarantees the payment of principal and interest on bonds issued by the DASNY. The financing agreement is part of a building expansion and alteration project approved by a majority vote of the residents of the component districts.

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

Description	Date of Issuance	Original Amount	Date of Maturity	Interest Rate	Outstanding Amount
Education Center	6/30/2015	\$ 5,890,000	8/15/2040	4.0-5.0%	\$ 4,905,000
Crown Road Building	4/24/2020	\$ 11,615,000	8/15/2041	1.50-2.74%	11,035,000
Total					<u>\$ 15,940,000</u>

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

Revenue Bond Premiums

The Revenue bonds issued in 2020 and 2015 for \$11,615,000 and \$5,890,000 were issued at a premium of \$1,235,000 and \$561,122, respectively. While these amounts were recognized as revenue in the Debt Service Fund, they are considered unearned revenue on the BOCES-wide financial statements. The premiums are being amortized until the bonds mature in 2041. The total premiums amortized for the year ending June 30, 2023, was \$80,357, and the remaining unamortized balance is reported as a deferred bond premium in the amount of \$1,446,418.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Total interest for the year was as follows:

Interest Paid	\$ 719,950
Less: Interest Accrued in the Prior Year	(266,283)
Less: Current Year Amortization on Bond Premium	(80,357)
Plus: Interest Accrued in the Current Year	<u>256,019</u>
Total Interest Expense on Long-Term Debt	<u><u>\$ 629,329</u></u>

Installment Purchase Agreements

The BOCES is obligated under certain installment purchase agreements at various incremental interest rates ranging from 1.320% to 4.827%. Assets purchased under the agreements totaled \$43,926,316 at June 30, 2023. This equipment is leased to the various participants at the cost of the lease agreement.

Interest expense on installment purchase agreements for the year ended June 30, 2023, was \$566,083 and is reported as a program expenditure.

Lease Liability

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

	Commencement Year	Term (In Years)	Annual Payment Amount
Digital Printing	2019-2023	3-5	\$802-\$237,960
Vehicles	2019-2023	3-5	\$1,563-\$11,990
Facilities	2016-2020	5-15	\$40,657-\$635,152

The lease liability has been measured at a discount rate ranging from 1.57%-3.00%. As a result of these leases, the BOCES has recorded a right to use asset with a net book value of \$10,426,899 at June 30, 2023. Future lease payments are as follows:

For the Year Ending June 30,	Lease Liability		
	Principal	Interest	Total
2024	\$ 2,625,716	\$ 132,202	\$ 2,757,918
2025	3,324,501	164,474	3,488,975
2026	2,981,884	87,148	3,069,032
2027	995,649	38,575	1,034,224
2028	263,747	18,374	282,121
2029	154,196	12,431	166,627
2030	136,318	8,302	144,620
2031	<u>140,406</u>	<u>4,212</u>	<u>144,618</u>
Total	<u>\$ 10,622,417</u>	<u>\$ 465,718</u>	<u>\$ 11,088,135</u>

**ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023**

4. PENSION PLANS

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

(a) Plan Description

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

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

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010, but prior to April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 contribute must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2023, were paid. The required contributions for the current year and two preceding years were:

	<u>Amount</u>
2021	\$ 2,652,322
2022	\$ 2,980,703
2023	\$ 2,097,135

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

At June 30, 2023, the BOCES reported liability of \$11,888,326 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2022. The BOCES' proportion of the net pension liability was based on a projection of the BOCES' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, and 2022, the BOCES' proportion was .055439% and 058957%.

For the year ended June 30, 2023, the BOCES recognized a pension expense of \$1,860,259. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,266,200	\$ 333,869
Change of assumptions	5,773,738	63,811
Net difference between projected and actual earnings on pension plan investments		69,843
Changes in proportion and differences between contributions and proportionate share of contributions	632,087	321,984
Contributions subsequent to the measurement date	582,532	
Total	\$ 8,254,557	\$ 789,507

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from BOCES contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended June 30:

2023	\$ 1,645,840
2024	\$ (535,810)
2025	\$ 2,522,084
2026	\$ 3,250,404

(d) Actuarial Assumptions

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022 with update procedures used to roll forward the total pension liability to March 31, 2023.

Significant actuarial assumptions used in the April 1, 2022 valuation were as follows:

(net of investment expense, including inflation)	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience
Inflation rate	2.90%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized below.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32.00%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Opportunistic/ARS portfolio	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed Income	23.00%	1.50%
Cash	1.00%	0.00%
	100.00%	

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

(e) Discount Rate

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

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

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

	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Proportionate share of the net pension liability (asset)	\$ 28,728,984	\$ 11,888,326	\$ (2,184,004)

(g) Pension Plan Fiduciary Net Position

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

(h) Payables to the Pension Plan

The BOCES has recorded an amount due to ERS in the General Fund of \$582,532 at June 30, 2023. This amount represents the three months of the BOCES's fiscal year that will be covered in the ERS 2023-2024 billing cycle and has been accrued as an expenditure in the current year.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

(a) Plan Description

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

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

(b) Contributions

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

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

	<u>Amount</u>
2021	\$ 3,163,226
2022	\$ 3,382,296
2023	\$ 3,758,314

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

At June 30, 2023, the BOCES reported a liability of \$3,738,028 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The BOCES' proportion of the net pension liability was based on a projection of the BOCES' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, the BOCES' proportion was .194801%, which was a decrease of .000756% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the BOCES recognized a pension expense of \$1,155,875. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,916,981	\$ 74,904
Changes of assumptions	7,251,143	1,505,784
Net difference between projected and actual earnings on Pensions plan investments	4,829,887	
Changes in proportion and differences between contributions and proportionate share of contributions	403,526	82,423
Contributions subsequent to the measurement date	3,758,314	
Total	\$ 20,159,851	\$ 1,663,111

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

Year ended June 30:

2023	\$ 2,808,326
2024	\$ 1,526,609
2025	\$ (515,988)
2026	\$ 9,588,705
2027	\$ 1,269,564
Thereafter	\$ 61,210

(d) Actuarial Assumptions

The total pension liability at June 30, 2022 measurement date was determined by using an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The actuarial valuation used the following actuarial assumptions.

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

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

Projected COLAs	1.3% compounded annually.
Inflation rate	2.4%

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2021 valuations were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2021.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	33.0%	6.5%
International equity	16.0%	7.2%
Global equity	4.0%	6.9%
Real estate equity	11.0%	6.2%
Private equity	8.0%	9.9%
Domestic fixed income securities	16.0%	1.1%
Global Bonds	2.0%	0.6%
High-yield Bonds	1.0%	3.3%
Private debt	2.0%	5.3%
Real estate debt	6.0%	2.4%
Cash equivalents	<u>1.0%</u>	-0.3%
	<u>100.0%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.4% for 2022.

(e) Discount Rate

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

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

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

	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Proportionate share of the net pension liability (asset)	\$ 34,466,374	\$ 3,738,028	\$ (22,104,309)

**ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023**

(g) Pension Plan Fiduciary Net Position

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

(h) Payables to the Pension Plan

The BOCES has recorded an amount due to TRS of \$3,758,314 (excluding the employees' share) in the General Fund at June 30, 2023. This amount represents the contribution for the 2022-2023 fiscal year that will be made in 2023-2024 and has been accrued as an expenditure in the current year.

5. POSTRETIREMENT HEALTH CARE BENEFITS

(a) Plan Description and Benefits Provided

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

Eligibility:

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

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

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

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

(b) Employees Covered by Benefit Terms

	Total
Inactive employees currently receiving benefit payments	527
Active employees	918
Total	1,445

(c) Total OPEB Liability

The BOCES' total OPEB liability of \$214,784,224 was measured as of July 1, 2022, and based upon an actuarial valuation as of that date.

(d) Changes in the Total OPEB Liability

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

Balances, June 30, 2022	\$ 247,620,104
Changes recognized for the year:	
Service cost	11,606,077
Interest on Total OPEB Liability	5,489,150
Changes between expected and actual experience	(18,921,554)
Changes in assumptions and other inputs	(25,561,909)
Benefit payments	(5,447,644)
Net changes	(32,835,880)
Balances, June 30, 2023	\$ 214,784,224

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

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

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

	1% Decrease (2.54%)	Current Assumption (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 253,128,239	\$ 214,784,224	\$ 184,170,257

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

The following presents the total OPEB liability of the BOCES, as well as what the BOCES' total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.80-2.94 percent) or 1 percentage point higher (7.80-4.94 percent) than the current healthcare cost trend rate:

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

	1% Decrease <u>(6.80%-2.94%)</u>	Current Assumption <u>(7.80%-3.94%)</u>	1% Increase <u>(8.80%-4.94%)</u>
Total OPEB liability	\$ 180,993,140	\$ 214,784,224	\$ 258,561,704

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

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

For the year ended June 30, 2023, the BOCES recognized OPEB expense of \$2,729,403. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 27,695,536	\$ 30,605,701
Differences between expected and actual experience		40,356,502
Contributions subsequent to the measurement date	<u>5,774,529</u>	
Total	<u>\$ 33,470,065</u>	<u>\$ 70,962,203</u>

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

Year ended June 30:	<u>Amount</u>
2024	\$ (14,050,101)
2025	(11,077,989)
2026	(4,534,086)
2027	(2,671,984)
2028	(4,927,519)
2029 and thereafter	(6,004,988)

(h) Actuarial Methods and Assumptions

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

Inflation rate	2.50%
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Healthcare Cost Trend Rates	6.25 percent for 2022, decreasing to 3.94% for 2089 and later
Valuation Date	July 1, 2022
Measurement Date	July 1, 2022
Reporting Date	June 30, 2023
Salary Changes	3.00%
Discount Rate	3.54%
Mortality	Pub-2010 Mortality Table for employees and healthy annuitants, sex distinct, job category-specific, headcount weighted, and adjusted with scale MP-2021 on a generational basis

The selected discount rate of 3.54% is an input taken from the rate for a 20-year high quality tax-exempt municipal bond index as of the measurement date.

**ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023**

Mortality tables were updated to the RPH-2014 SOA Mortality Tables adjusted back to 2006 using scale MP-2014 and projected forward using scale MP-2021.

The discount rate changed from 2.14% to 3.54%, which is a prescribed discount rate under GASB 75 (taken from the rate for a 20-year high-quality tax-exempt municipal bond index).

6. BUDGET REVISIONS

The budget was increased by \$697,979 for 2022 encumbrances and \$9,486,822 to provide for changes in program services by the component districts. The increases were approved by the Board.

7. RISK MANAGEMENT

Risk Financing and Related Insurance

Onondaga-Cortland-Madison BOCES is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. BOCES administers and participates in the Onondaga-Cortland-Madison Consortium consisting of 24 other governmental entities for their health insurance coverage, as well as, in the Onondaga-Cortland-Madison Workers' Compensation Consortium consisting of Onondaga-Cortland-Madison BOCES and various other school districts for its workers' compensation insurance coverage.

Onondaga-Cortland-Madison BOCES participates in a non-risk retained public entity risk pool for its employee health insurance coverage. A member of the Health Consortium may withdraw from the plan by submitting a notice of withdrawal by May 1 preceding the school year of withdrawal. Upon withdrawal, the Board will determine amounts owed by the member or amounts that may be due to the withdrawing member. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Premiums paid to the health consortium totaled \$17,615,607 for the year ended June 30, 2023.

Onondaga-Cortland-Madison BOCES participates in a Workers' Compensation Consortium for its employees. Benefits are provided through self-funding by the individual participants through the purchase of insurance and through the purchase of "stop-loss" coverage. A member may withdraw from the Plan by submitting a notice of withdrawal by May 1 preceding the school year of withdrawal. Upon withdrawal, the Board will determine amounts owed by the member or amounts that may be due to the withdrawing member. The BOCES funds its portion of the program through the General Fund and premiums due to the Workers' Compensation Consortium totaled \$866,328 for the year ended June 30, 2023.

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

8. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

Interfund activity at June 30, 2023, were as follows:

Fund	Receivables	Payables
General	\$ 470,423	\$ 5,855,046
Special Aid	5,855,005	472,723
Miscellaneous Special Revenue	2,341	
Total	\$ 6,327,769	\$ 6,327,769

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

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

9. FUND BALANCE

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

	General	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Nonspendable	\$ 292,741	\$ 10,090	\$ _____	\$ _____	\$ _____	\$ 302,831
Restricted						
Unemployment Insurance Reserve	1,463,535					1,463,535
Retirement Contribution Reserve-ERS	10,392,778					10,392,778
Retirement Contribution Reserve-TRS	3,426,014					3,426,014
Liability Reserve	808,034					808,034
Employee Benefit Accrued Liability Reserve	4,541,410					4,541,410
Career Educational Instructional Equipment Reserve					216,673	216,673
Scholarships			239,934			239,934
Capital Projects					3,141,313	3,141,313
Reserve for Debt Service				234,349		234,349
Total Restricted	<u>20,631,771</u>	<u>_____</u>	<u>239,934</u>	<u>234,349</u>	<u>3,357,986</u>	<u>24,464,040</u>
Assigned						
Nonspendable Special Aid Fund		6,783,611				6,783,611
Encumbrances	1,601,732					1,601,732
Total Assigned	<u>1,601,732</u>	<u>6,783,611</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>8,385,343</u>
Unassigned (Deficit)	<u>(11,585,920)</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>(11,585,920)</u>
Total Fund Balance	<u>\$ 10,940,324</u>	<u>\$ 6,793,701</u>	<u>\$ 239,934</u>	<u>\$ 234,349</u>	<u>\$ 3,357,986</u>	<u>\$ 21,566,294</u>

The following is a summary of the change in selected general fund restricted fund balance during the year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Unemployment Insurance Reserve	\$ 1,471,452	\$ 38,010	\$ 45,928	\$ 1,463,534
Retirement Contribution Reserve - ERS	9,591,809	800,969		10,392,778
Retirement Contribution Reserve - TRS	2,735,822	690,193		3,426,015
Liability Reserve	788,183	19,851		808,034
Employee Benefit Accrued Liability Reserve	4,651,064	116,018	225,672	4,541,410
	<u>\$ 19,238,330</u>	<u>\$ 1,665,041</u>	<u>\$ 271,600</u>	<u>\$ 20,631,771</u>

10. CONTINGENCIES AND COMMITMENTS

Potential Grantor Liability

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

11. NET POSITION DEFICIT – BOCES-WIDE

The BOCES-wide net position had an unrestricted deficit at June 30, 2023 of \$250,474,857 and a total net position deficit of \$188,440,090. The deficit is primarily the result of the recognition of an unfunded OPEB liability of \$214,784,224 at June 30, 2023, as required by GASB Statement No. 75. Since New York State Law provides no mechanism for funding the liability, any subsequent accruals are expected to increase the deficit.

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

12. PRIOR PERIOD ADJUSTMENT

The following adjustments were made to the prior year's net position to correct the right to use leased assets and accumulated amortization, and lease liability as calculated using the LeaseQuery software:

	<u>Government-Wide</u>
Net Position (Deficit) Beginning of Year, As Previously Stated	\$ <u>(192,000,407)</u>
Right to Use Leased Assets	(6,072,066)
Accumulated Amortization	3,454,780
Lease Liability	<u>898,285</u>
Prior Period Adjustment	<u>(1,719,001)</u>
Net Position Beginning of Year, As Restated	<u>\$ (193,719,408)</u>

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
Revenues					
Administration	\$ 9,300,563	\$ 9,316,146	\$ 9,735,903	\$	419,757
Administration - Capital	3,088,973	3,088,973	3,088,973		
Occupational Instruction	10,670,019	10,670,314	10,730,573		60,259
Instruction for Special Needs	40,466,710	42,322,184	42,312,221		(9,963)
Itinerant Services	3,220,160	3,288,745	3,293,983		5,238
General Instruction	14,029,719	14,910,976	14,978,929		67,953
Instruction Support	30,858,174	35,654,455	35,440,917		(213,538)
Other Services and Internal Services	43,122,686	44,992,033	47,566,632		2,574,599
Total Revenues	<u>\$ 154,757,004</u>	<u>\$ 164,243,826</u>	<u>\$ 167,148,131</u>		<u>\$ 2,904,305</u>
Expenditures					
Administration	\$ 9,300,563	\$ 9,316,141	\$ 8,975,017	\$ 9,203	\$ 331,921
Administration - Capital	3,088,973	3,088,973	3,029,060		59,913
Occupational Instruction	10,670,019	10,670,315	10,751,412	26	(81,123)
Instruction for Special Needs	40,466,710	42,322,183	39,797,925	269,434	2,254,824
Itinerant Services	3,220,160	3,288,746	2,903,434		385,312
General Instruction	14,029,719	14,910,979	13,367,742	120,784	1,422,453
Instructional Support	30,858,174	35,654,459	31,030,620	1,086,362	3,537,477
Other Services and Internal Services	43,122,686	44,992,030	39,686,967	115,923	5,189,140
Total Expenditures	<u>\$ 154,757,004</u>	<u>\$ 164,243,826</u>	149,542,177	<u>\$ 1,601,732</u>	<u>\$ 13,099,917</u>
Other Financing Uses (Sources)					
Return of Surplus			11,716,210		
Total Expenditures and Other Financing Uses			<u>161,258,387</u>		
Net Change in Fund Balances			5,889,744		
Fund Balances - Beginning of Year			<u>5,050,580</u>		
Fund Balances - End of Year			<u>\$ 10,940,324</u>		

Notes to Required Supplementary Information:

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

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

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULES OF CHANGES IN THE BOCES' TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2023

Measurement Date	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017*
Total OPEB Liability						
Service cost	\$ 11,606,077	\$ 12,016,468	\$ 8,175,306	\$ 8,894,182	\$ 11,150,990	\$ 15,006,090
Interest on Total OPEB Liability	5,489,150	5,345,171	7,127,409	7,585,018	8,624,734	7,405,423
Changes in benefit terms	(25,561,909)	2,988,952	42,996,010	(3,575,816)	(7,061,501)	(34,179,264)
Changes in assumptions and other inputs	(18,921,554)	(5,153,987)	(18,852,398)	(4,762,909)	(41,596,751)	(4,492,447)
Differences between expected and actual experience in the measurement of the total OPEB liability	(5,447,644)	15,196,604	(4,975,542)	8,470,167	(4,788,659)	(16,260,198)
Benefit payments	(32,835,880)	232,423,500	34,470,785	189,482,548	230,819,283	247,079,481
Net change in total OPEB Liability	247,620,104	247,620,104	197,952,715	189,482,548	230,819,283	247,079,481
Total OPEB Liability - Beginning	\$ 214,784,224	\$ 247,620,104	\$ 232,423,500	\$ 197,952,715	\$ 189,482,548	\$ 230,819,283
Total OPEB Liability - Ending	\$ 51,296,542	\$ 51,296,542	\$ 51,791,816	\$ 51,012,568	\$ 50,626,550	\$ 51,541,915
Covered payroll						
Total OPEB Liability as a percentage of covered payroll	419%	483%	449%	388%	374%	448%

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

Notes to Required Supplementary Information:

The BOCES does not currently maintain assets in an OPEB trust.

Actuarial Assumptions

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

Changes to Assumptions

The discount rate changed from 2.14% to 3.54%. The discount rates are inputs taken from the rate for a 20-year high-quality tax-exempt municipal bond index as of each measurement date.

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULES OF BOCES PENSION CONTRIBUTIONS
For the Year Ended June 30, 2023

ERS Pension Plan
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$2,097,135	\$2,980,703	\$2,652,322	\$2,632,349	\$2,713,740	\$3,024,195	\$3,031,898	\$3,044,945	\$3,400,641	\$3,557,277
Contributions in Relation to the Contractually Required Contribution	2,097,135	2,980,703	2,652,322	2,632,349	2,713,740	3,024,195	3,031,898	3,044,945	3,400,641	3,557,277
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BOCES' Covered-ERS Employee Payroll	\$ 18,176,887	\$ 18,491,345	\$ 19,314,176	\$ 18,903,185	\$ 18,682,624	\$ 21,031,828	\$ 21,031,828	\$ 20,776,607	\$ 16,918,612	\$ 17,020,464
Contributions as a Percentage of Covered-Employee Payroll	11.54%	16.12%	13.73%	13.93%	14.53%	14.38%	14.42%	14.66%	20.10%	20.90%

TRS Pension Plan
Last 10 Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 3,758,314	\$ 3,382,296	\$ 3,163,226	\$ 3,636,598	\$ 3,689,406	\$ 3,334,156	\$ 3,869,215	\$ 4,195,047	\$ 5,313,616	\$ 4,732,906
Contributions in Relation to the Contractually Required Contribution	3,758,314	3,382,296	3,163,226	3,636,598	3,689,406	3,334,156	3,869,215	4,195,047	5,313,616	4,732,906
Contribution Deficiency (Excess)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BOCES' Covered-TRS Employee Payroll	\$ 38,861,883	\$ 34,513,224	\$ 33,192,298	\$ 41,045,124	\$ 34,740,169	\$ 34,022,000	\$ 33,013,780	\$ 31,636,855	\$ 30,311,557	\$ 29,125,575
Contributions as a Percentage of Covered-Employee Payroll	8.70%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

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

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULES OF THE BOCES' PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
For the Year Ended June 30, 2023

ERS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
BOCES' proportion of the net pension (asset) liability	0.055439%	0.058957%	0.058078%	0.060567%	0.065302%	0.073845%	0.075599%	0.073222%	0.070027%	0.070027%
BOCES' proportionate share of the net pension (asset) liability	\$ 11,888,326	\$ (4,819,471)	\$ 57,831	\$ 16,038,578	\$ 4,626,856	\$ 2,383,302	\$ 7,103,476	\$ 11,752,316	\$ 2,365,685	\$ 3,164,425
BOCES' covered-employee payroll	\$ 18,176,887	\$ 18,491,345	\$ 19,314,176	\$ 18,903,185	\$ 18,682,624	\$ 21,031,828	\$ 21,031,828	\$ 20,776,607	\$ 16,918,612	\$ 17,020,464
BOCES' proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	65.40%	26.06%	0.30%	84.85%	24.77%	11.33%	33.77%	56.57%	13.98%	18.59%
Plan fiduciary net position as a percentage of total pension liability	90.78%	103.65%	99.95%	86.59%	96.30%	98.20%	94.70%	90.70%	97.90%	97.20%

TRS Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
BOCES' Proportion of the net pension (asset) liability	0.194801%	0.195557%	0.205245%	0.208129%	0.208866%	0.208329%	0.205021%	0.201773%	0.185467%	0.197173%
BOCES' proportionate share of the net pension (asset) liability	\$ 3,738,028	\$ (33,888,161)	\$ 5,671,484	\$ (5,407,214)	\$ (3,776,856)	\$ (1,583,508)	\$ 2,195,864	\$ (20,957,790)	\$ (21,963,885)	\$ (1,220,839)
BOCES' covered-employee payroll	\$ 38,861,883	\$ 33,192,298	\$ 41,045,124	\$ 34,740,169	\$ 34,022,000	\$ 33,013,780	\$ 31,636,855	\$ 30,311,557	\$ 29,125,575	\$ 27,166,816
BOCES' proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll	9.62%	102.10%	13.82%	15.56%	11.10%	4.80%	6.94%	69.14%	75.41%	4.49%
Plan fiduciary net position as a percentage of total pension (asset) liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULES OF A431 SCHOOL DISTRICT ACCOUNT
For the Year Ended June 30, 2023

Balance, Beginning of Year	\$ <u>(1,424,767)</u>
Debits	
Billings to Components and Noncomponents	155,649,398
Refund Balances Due School Districts - June 30, 2022	14,070,227
Encumbrances - June 30, 2023	<u>1,601,732</u>
Total Debits	<u>171,321,357</u>
Subtotal	<u>169,896,590</u>
Credits	
Collections from Components and Noncomponents	157,103,320
Refund Balances Due School Districts - June 30, 2023	11,716,210
Encumbrances - June 30, 2022	<u>697,977</u>
Total Credits	<u>169,517,507</u>
Balance, End of Year	<u>\$ <u>379,083</u></u>
Summary:	
A431-00 Accounts Receivable Components	\$ 12,095,293
A431-80 School District Accounts	<u>(11,716,210)</u>
Balance, End of Year	<u>\$ <u>379,083</u></u>

ONONDAGA-CORTLAND-MADISON BOCES
 SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
 For the Year Ended June 30, 2023

PROJECT TITLE	Original Authorization	Revised Authorization	Expenditures		Total	Unexpended Balance	Proceeds of Obligations	Methods of Financing		Fund Balance June 30, 2023
			Prior Years	Current Year				Local Sources	Total	
Career Educational Instructional Equipment Reserve	\$ 426,578	\$ 431,140	\$ 216,899	\$ 216,899	\$ 216,899	\$ 214,241	\$	\$ 433,572	\$ 433,572	\$ 216,673
Main Campus Elevator Project - 2022	650,000	650,000	451,254	93,570	544,824	105,176		650,000	650,000	105,176
McEvoy Education Center - 2023 Windows	700,000	700,000		75,505	75,505	624,495		700,000	700,000	624,495
Energy Performance Contract	2,500,000	2,492,454		1,826,067	1,826,067	666,387		2,492,454	2,492,454	666,387
Installment Purchase - 2022	9,343,789	2,496,718		2,496,718	2,496,718			2,496,718	2,496,718	
Installment Purchase - 2023	9,712,707	9,712,707		7,967,452	7,967,452	1,745,255		9,712,707	9,712,707	1,745,255
Totals	\$ 23,333,074	\$ 16,483,019	\$ 668,153	\$ 12,459,312	\$ 13,127,465	\$ 3,355,554	\$ 14,701,879	\$ 1,783,572	\$ 16,485,451	\$ 3,357,986

ONONDAGA-CORTLAND-MADISON BOCES
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2023

Capital Assets, Net	\$ 69,569,906
Intangible Right-to-use Lease Assets, Net	10,426,899
Add:	
Capital Fund Balance	3,357,986
Deduct:	
Premium on Bond	(1,446,418)
Installment Purchase Obligations and Bonds Payable	(31,377,302)
Energy Performance Contract Payable	(2,337,927)
Lease Liability	<u>(10,622,417)</u>
Net Investment in Capital Assets	<u>\$ 37,570,727</u>

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

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

Board of Education
Onondaga – Cortland – Madison BOCES

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Onondaga – Cortland – Madison BOCES, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Onondaga – Cortland – Madison BOCES basic financial statements, and have issued our report thereon dated October __, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

D'Arcangelo + Co., LLP

October 19, 2023

Rome, New York

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

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
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**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Onondaga-Cortland-Madison BOCES's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Onondaga-Cortland-Madison BOCES's major federal programs for the year ended June 30, 2023. Onondaga-Cortland-Madison BOCES's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Onondaga-Cortland-Madison BOCES complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Onondaga-Cortland-Madison BOCES and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Onondaga-Cortland-Madison BOCES's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Onondaga-Cortland-Madison BOCES's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Onondaga-Cortland-Madison BOCES's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Onondaga-Cortland-Madison BOCES's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

D'Arcangelo + Co., LLP

October 19, 2023

Rome, New York

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-Through Number</u>	<u>Current Year Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Education</u>				
(Passed Through the State Education Department of the State of New York)				
Adult Education - WIA Section 225	84.002A	0138-23-4303	\$ 229,431	
Adult Education - WIA Section 225	84.002A	0138-23-4301	1,048	
Adult Education - WIA Adult Literacy	84.002A	2338-23-4102	44,189	
			<u>274,668</u>	
Vocational Education - Basic Grants to States - VATEA II	84.048A	8000-23-0034	410,291	
Vocational Education - Basic Grants to States - VATEA	84.048A	8000-23-9017	146,554	
			<u>556,845</u>	
NCLB - Title III	84.365	0293-22-0697	127,975	
Total Pass-Through Grants			<u>959,488</u>	
(Direct)				
Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act (COVID-19):				
Higher Education Emergency Relief Fund - Institutional Portion	84.425F	P425F203470	393,678	
Total Education Stabilization Fund Cluster			<u>393,678</u>	
Student Financial Aid Cluster:				
Federal Direct Student Loans (Direct Loan)	84.268	N/A	1,584,494	
Federal Pell Grant Program	84.063	N/A	1,141,818	
Total Student Financial Aid Cluster			<u>2,726,312</u>	
Total Direct Grants			<u>3,119,990</u>	
Total U.S. Department of Education			<u>4,079,478</u>	
<u>Department of Health and Human Services</u>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1B08TI084662-01	295,782	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	B08TI085824	366,024	
			<u>661,806</u>	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79SM082151	17,875	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM084532-01	76,270	
Total Department of Health and Human Services			<u>755,951</u>	
<u>Total Federal Financial Assistance</u>			<u>\$ 4,835,429</u>	

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

ONONDAGA-CORTLAND-MADISON BOCES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

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

Basis of Accounting

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the BOCES and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Expenditures are recognized following the cost principles contained in *the Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. CLUSTER PROGRAMS

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

U.S. Department of Education

Student Financial Aid Cluster

ALN #84.268 Federal Direct Student Loans (Direct Loan)

ALN #84.063 Federal Pell Grant Program

3. STUDENT FINANCIAL AID CLUSTER

The Student Financial Aid Cluster revenue of \$2,726,312 is reported by the BOCES as Charges for Services since the amounts are for tuition paid by the program for qualifying students.

4. DE MINIMIS INDIRECT COST RATE

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

5. DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

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

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2023

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	<u>U.S. Department of Education</u> <u>Education Stabilization Funds</u> AL #84.425F HEERF Institutional Portion <u>Student Financial Aid Cluster</u> AL #84.268 Federal Direct Student Loans (Direct Loan) AL #84.063 Federal Pell Grant Program
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

(Continued)

ONONDAGA-CORTLAND-MADISON BOCES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2023
(Continued)

Findings – Financial Statements Audit

No findings noted.

Findings and Questioned Costs – Major Federal Award Programs Audit

No findings noted.

ONONDAGA-CORTLAND-MADISON BOCES
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS - FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2023

Findings – Financial Statements Audit

No findings noted.

Findings and Questioned Costs – Major Federal Award Programs Audit

No findings noted.