

CAYUGA-ONONDAGA BOCES

Auburn, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2023**



CAYUGA-ONONDAGA BOCES

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INDEPENDENT AUDITORS' REPORT

Board of Education
Cayuga-Onondaga BOCES
Auburn, New York

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 BOCES' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Analysis of Account A431 School Districts; Schedules of Change from Adopted Budget to Final Budget; and the Schedule of Project Expenditures - Capital Projects Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 September 15, 2023, on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BOCES' internal control over financial reporting and compliance.

Respectfully submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 15, 2023

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

The following is a discussion and analysis of Cayuga-Onondaga BOCES' (BOCES) financial performance for the fiscal year ended June 30, 2023. This section is a summary of the BOCES' financial activities based on currently known facts, decisions, or conditions. It is also based on both the Government-wide and Governmental Fund financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the BOCES' financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of BOCES.

- The first two statements are Government-wide financial statements that provide both short-term and long-term information about BOCES' overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of BOCES, reporting BOCES' operations in greater detail than the Government-wide financial statements. The Governmental Fund financial statements concentrate on BOCES' most significant funds with all other Non-Major Funds listed in total in one column.

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 BOCES' budget for the year and a Schedule of Changes in BOCES' Total Other Postemployment Benefits (OPEB) Liability and Related Ratios related to BOCES' unfunded actuarial liability for postemployment benefits and information related to BOCES' pension obligations.

Government-Wide Financial Statements

The Government-wide financial statements report information about BOCES as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of 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 Government-wide financial statements report BOCES' net position and how it has changed. Net Position (the difference between BOCES' assets and deferred outflows of resources and BOCES' liabilities and deferred inflows of resources) is one way to measure BOCES' financial health or position. Over time, increases or decreases in BOCES' net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess BOCES' overall health, one needs to consider additional nonfinancial factors such as the condition of school buildings and other facilities.

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

In the Government-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, transportation, and administration. Charges for services to school districts finance most of these activities.

Governmental Fund Financial Statements

The Governmental Fund financial statements provide more detailed information about BOCES' funds, focusing on its most significant or "Major" Funds, not on BOCES as a whole. Funds are accounting devices BOCES' uses to keep track of specific sources of funding and spending on particular programs. BOCES has two kinds of funds:

- **Governmental Funds:** Most of 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 helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance BOCES' programs. Because this information does not encompass the additional long-term focus of the Government-wide financial statements, additional information following the Governmental Fund financial statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** BOCES is the trustee, or fiduciary, for assets that belong to others, such as the Student Activities Funds. 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. BOCES uses these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

FINANCIAL ANALYSIS OF BOCES AS A WHOLE

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of BOCES' Governmental Activities.

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and BOCES</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Current Assets</i>	\$ 15,075,253	\$ 11,742,001	\$ 3,333,252
<i>Noncurrent Assets</i>	2,021,150	13,332,516	(11,311,366)
<i>Capital Assets, Net</i>	30,668,311	31,121,009	(452,698)
<i>Total Assets</i>	47,764,714	56,195,526	(8,430,812)
<i>Pensions</i>	8,898,338	8,552,658	345,680
<i>Other Postemployment Benefits</i>	7,010,803	8,180,790	(1,169,987)
<i>Total Deferred Outflows of Resources</i>	15,909,141	16,733,448	(824,307)
<i>Current Liabilities</i>	10,738,659	9,035,815	1,702,844
<i>Noncurrent Liabilities</i>	47,034,052	44,057,292	2,976,760
<i>Total Liabilities</i>	57,772,711	53,093,107	4,679,604
<i>Pensions</i>	995,981	16,639,680	(15,643,699)
<i>Other Postemployment Benefits</i>	20,599,371	21,421,533	(822,162)
<i>Total Deferred Inflows of Resources</i>	21,595,352	38,061,213	(16,465,861)
<i>Net Investment in Capital Assets</i>	27,385,578	27,933,752	(548,174)
<i>Restricted</i>	6,964,652	4,687,632	2,277,020
<i>Unrestricted (Deficit)</i>	(50,044,438)	(50,846,730)	802,292
<i>Total Net Position (Deficit)</i>	\$ (15,694,208)	\$ (18,225,346)	\$ 2,531,138

Total assets decreased 15.00%. The decrease in noncurrent assets is primarily the result of a the NYSLRS and NYSTRS net pension asset becoming a net pension liability in the current year. The decrease in capital assets, net, reflects current year amortization and depreciation exceeding additions.

Deferred outflows of resources and deferred inflows of resources decreased as a result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well actuarial assumptions related to other postemployment benefits.

Current liabilities increased from 2022; this increase is largely related to the following changes:

Amounts Due to School Districts	\$ 1,182,107
Overpayments and Collections in Advance	393,389
Due to Teachers' Retirement System	111,896

Noncurrent liabilities increased due to the NYSLRS and NYSTRS net pension asset becoming a net pension liability in the current year.

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

The largest component of BOCES' net position reflects its net investment in capital assets. BOCES uses capital assets to provide programs and services to its component districts and students. Consequently, these assets are not available for future spending.

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

Figure 2

Changes in Net Position	Governmental Activities and BOCES		Total Dollar Change
	2023	2022	
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 47,407,812	\$ 45,240,963	\$ 2,166,849
<i>Operating Grants</i>	1,037,926	1,160,963	(123,037)
<i>General Revenues:</i>			
<i>Use of Money and Property</i>	249,183	24,510	224,673
<i>Refund of Prior Year's Expenses</i>	1,091,788	842,116	249,672
<i>Net Change in Reserves</i>	438,482	90,084	348,398
<i>Other Unclassified Revenue</i>	653,432	518,992	134,440
Total Revenues	\$ 50,878,623	\$ 47,877,628	\$ 3,000,995
PROGRAM EXPENSES			
<i>Administration</i>	2,129,027	2,261,126	(132,099)
<i>Career and Technical Education</i>	7,096,799	5,957,998	1,138,801
<i>Instruction for Special Education</i>	13,351,001	12,047,470	1,303,531
<i>Itinerant Services</i>	778,769	694,884	83,885
<i>General Instruction</i>	4,449,164	4,203,343	245,821
<i>Instructional Support</i>	11,987,483	11,021,452	966,031
<i>Other Services</i>	8,490,837	8,836,120	(345,283)
<i>Interest on Debt</i>	64,405	60,966	3,439
Total Expenses	\$ 48,347,485	\$ 45,083,359	\$ 3,264,126
Change in Net Position	\$ 2,531,138	\$ 2,794,269	\$ (263,131)

Total revenues for BOCES' Governmental Activities increased 6.27%, largely due to an increase in Charges for Services, while total expenses increased by 7.24%, corresponding with the change in inflows.

Sources of Revenue

The primary source of revenue for BOCES is charges for services, which provided 93.18% of total revenue in 2023. BOCES also obtains operating grants from federal, state, and local governments. These revenues, most of which are received to support particular programs, represented 2.04% of total revenue for the 2023 fiscal year.

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

FINANCIAL ANALYSIS OF BOCES' FUNDS

Governmental Funds

As noted earlier, BOCES uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The General Fund is the chief operating fund of BOCES. No unassigned fund balances can be retained in a BOCES General Fund.

Figure 3 shows the changes in fund balances for the year for BOCES' funds. As BOCES completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a combined fund balance of \$6,964,652, which is an increase of 48.58% from last year's total of \$4,687,632. These changes reflect an increase in BOCES' reserves in the General Fund, and capital project reserves.

Figure 3

<i>Governmental Fund Balances</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>General Fund</i>	\$ 2,021,150	\$ 1,582,668	\$ 438,482
<i>Capital Projects Fund</i>	4,881,869	3,052,469	1,829,400
<i>Miscellaneous Special Revenue Fund</i>	61,633	52,495	9,138
<i>Total Governmental Funds</i>	\$ 6,964,652	\$ 4,687,632	\$ 2,277,020

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 4 summarizes the original and final budgets, the actual expenditures (including encumbrances, if applicable), and variances for the year ended June 30, 2023.

Figure 4

Condensed Budgetary Comparison General Fund - 2023	Original Budget	Revised Budget	Actual w/ Encumbrances	Favorable (Unfavorable) Variance
REVENUES				
<i>Charges to Components - Administration</i>	\$ 2,821,248	\$ 2,844,766	\$ 2,844,766	\$ -
<i>Charges to Components - Services</i>	44,233,403	46,606,419	45,611,728	(994,691)
<i>Charges to Other BOCES and Non-Components</i>	2,417,251	2,949,421	2,949,421	-
<i>Interest and Earnings</i>	5,000	5,000	186,899	181,899
<i>Other Revenues</i>	499,544	20,000	1,623,922	1,603,922
<i>Other Financing Sources</i>	-	-	5,203	5,203
Total Revenues and Other Financing Sources	\$ 49,976,446	\$ 52,425,606	\$ 53,221,939	\$ 796,333
EXPENDITURES				
<i>Administration and Facility Rental</i>	\$ 2,282,760	\$ 2,611,675	\$ 2,537,203	\$ 74,472
<i>Career and Technical Education</i>	7,261,099	7,035,259	6,780,708	254,551
<i>Instruction for Special Education</i>	17,207,538	15,582,579	12,785,710	2,796,869
<i>Itinerant Services</i>	1,014,113	942,094	793,982	148,112
<i>General Instruction</i>	4,504,503	4,532,134	3,956,213	575,921
<i>Instructional Support</i>	9,425,824	12,278,711	11,654,144	624,567
<i>Other Services</i>	7,722,121	7,714,913	7,546,680	168,233
<i>Debt Service</i>	558,488	208,241	208,241	-
<i>Other Financing Uses</i>	-	1,520,000	1,520,000	-
Total Expenditures and Other Financing Uses	\$ 49,976,446	\$ 52,425,606	\$ 47,782,881	\$ 4,642,725

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

CAPITAL ASSETS

At June 30, 2023, BOCES had invested in a broad range of capital assets totaling \$53,308,489 offset by accumulated depreciation of \$23,660,999. In addition, BOCES reported intangible assets of \$1,854,900, offset by accumulated amortization of \$834,709. *Figure 5* shows the changes in BOCES' capital assets.

Figure 5

<i>Changes in Capital Assets, Net</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>Land</i>	\$ 483,629	\$ 483,629	\$ -
<i>Intangible Assets, Net</i>	1,020,821	782,214	238,607
<i>Buildings, Net</i>	27,879,209	28,951,742	(1,072,533)
<i>Equipment, Net</i>	1,284,652	903,424	381,228
<i>Total</i>	\$ 30,668,311	\$ 31,121,009	\$ (452,698)

Capital asset activity for the year ended June 30, 2023 included the following:

Capital Outlay, Net	\$ 746,588
Intangible Assets	677,285
(Less) Amortization Expense	(438,678)
(Less) Depreciation Expense	<u>(1,437,893)</u>
Net Change in Capital Assets	<u><u>\$ (452,698)</u></u>

DEBT ADMINISTRATION

Debt, both short and long-term, is considered a liability of Governmental Activities. *Figure 6* shows the changes in debt.

Figure 6

<i>Outstanding Debt</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>EPC Leases/Installment Purchase Debt</i>	\$ 2,227,358	\$ 2,392,164	\$ (164,806)
<i>Lease Liabilities</i>	1,055,375	795,093	260,282
<i>Total</i>	\$ 3,282,733	\$ 3,187,257	\$ 3,187,257

Additional information on the maturities and terms of the BOCES' outstanding debt can be found in the notes to the financial statements.

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FACTORS BEARING ON BOCES' FUTURE

Cayuga-Onondaga BOCES serves nine component school districts with a total Resident Weighted Average Daily Attendance (RWADA) enrollment in 2022-23 of 11,198 students. BOCES provides shared programs and services to component school districts that they could not provide as efficiently or cost-effectively as individual districts.

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

ENROLLMENT AND SPACE

In terms of regional trend, the component districts have seen an overall decline in enrollment. Enrollment is measured in two (2) ways; actual enrollment K-12, and RWADA as defined by additional weighting for those students enrolled in programs in grades 7-12. A review of actual enrollment of the combined component districts shows a decline from 10,797 as of 8/4/2022 and 10,602 as of 7/28/23; a drop of 195 students region-wide.

From a RWADA perspective over the same period, the components showed a decline from 11,792 in 2021-22 to 11,198 in 2022-23; a drop of 594 region-wide. Currently, the projected RWADA count for 2023-24 is 10,890; a decline of 308 or 2.75% fewer than 2022-23. Management believes it should anticipate the current trend of declining enrollment to continue.

However, during the same period of time discussed above, student enrollment in BOCES Career Technical Education, Alternative Education, and Special Education programs have remained stable or have increased. Management believes that it should anticipate stable BOCES program enrollment, or at least a decline at a lesser rate within the next five (5) years. Given these factors, changes in staffing levels and increased needs for space and facilities will continue to put strain on the financial models used to budget for programs in future years.

CONTACTING BOCES FINANCIAL MANAGEMENT

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

Cayuga-Onondaga BOCES
Attn: Douglas Tomandl
Assistant Superintendent for Management, Regional Services, and Finance
1879 West Genesee Street Road
Auburn, New York 13021

CAYUGA-ONONDAGA BOCES

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 9,768,146
Cash and Cash Equivalents - Restricted	4,943,502
Receivables - State and Federal Aid	222,896
Receivables - Other	140,709
Total Current Assets	15,075,253

Noncurrent Assets

Restricted Cash	2,021,150
Capital Assets, Net:	
Land and Construction in Progress	483,629
Depreciable Capital Assets, Net	29,163,861
Intangible Lease Assets, Net	1,020,821
Total Noncurrent Assets	32,689,461

Total Assets	47,764,714
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Deferred Outflows of Resources

Pensions	8,898,338
Other Postemployment Benefits	7,010,803
Total Deferred Outflows of Resources	15,909,141

LIABILITIES

Current Liabilities

Payables:

Due to School Districts	1,498,991
State Aid Due to School Districts	5,316,780
Accrued Liabilities	239,381
Due to Other Governments	531
Accrued Interest Payable	3,371
Overpayments and Collections in Advance	1,614,475
Due to Teacher Retirement System	1,264,341
Due to Employee Retirement System	197,252
Current Portion of Long-Term Liabilities:	
Lease Liabilities	435,738
Installment Purchase Debt	167,799
Total Current Liabilities	10,738,659

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

STATEMENT OF NET POSITION (CONTINUED) **JUNE 30, 2023**

LIABILITIES (Continued)

Noncurrent Liabilities

Installment Purchase Debt	\$ 2,059,559
Lease Liabilities	619,637
Other Postemployment Benefits Liability	39,041,600
Net Pension Liability - Proportionate Share	5,313,256
Total Noncurrent Liabilities	47,034,052

Total Liabilities	57,772,711
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Deferred Inflows of Resources

Pensions	995,981
Other Postemployment Benefits	20,599,371

Total Deferred Inflows of Resources	21,595,352
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Net Position

Net Investment in Capital Assets	27,385,578
Restricted	6,964,652
Unrestricted (Deficit)	(50,044,438)

Total Net Position (Deficit)	\$ (15,694,208)
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See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Capital Grants	
Functions/Programs					
Administration	\$ 2,129,027	\$ 2,411,870	\$ -	\$ -	\$ 282,843
Career and Technical Education	7,096,799	8,191,649	-	-	1,094,850
Instruction for Special Education	13,351,001	13,297,082	-	-	(53,919)
Itinerant Services	778,769	771,795	-	-	(6,974)
General Instruction	4,449,164	3,826,364	459,955	-	(162,845)
Instructional Support	11,987,483	11,141,870	402,153	-	(443,460)
Other Services	8,490,837	7,767,182	175,818	-	(547,837)
Interest on Debt	64,405	-	-	-	(64,405)
Total Functions and Programs	\$ 48,347,485	\$ 47,407,812	\$ 1,037,926	\$ -	98,253
General Revenues					
Use of Money and Property					249,183
Refund of Prior Year Expenses					1,091,788
Net Change in Reserves					438,482
Other Unclassified Revenue					653,432
Total General Revenues					2,432,885
Change in Net Position					2,531,138
Total Net Position (Deficit) - Beginning of Year					(18,225,346)
Total Net Position (Deficit) - End of Year					\$ (15,694,208)

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	Major Funds				
		Special Revenue Fund			
	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Governmental Fund	Total Governmental Funds
Assets					
Cash and Cash Equivalents - Unrestricted	\$ 8,934,293	\$ 833,853	\$ -	\$ -	\$ 9,768,146
Cash and Cash Equivalents - Restricted	2,021,150	-	4,881,869	61,633	6,964,652
Receivables:					
Due From Other Funds	2,836	90,000	-	-	92,836
Due From State and Federal	-	222,896	-	-	222,896
Due From School Districts	3,940,067	-	-	-	3,940,067
Other	15,609	125,100	-	-	140,709
Total Assets	\$ 14,913,955	\$ 1,271,849	\$ 4,881,869	\$ 61,633	\$ 21,129,306
Liabilities					
Payables:					
State Aid Due to School Districts	\$ 5,316,780	\$ -	\$ -	\$ -	\$ 5,316,780
Refunds Due to School Districts	5,439,058	-	-	-	5,439,058
Accrued Liabilities	239,381	-	-	-	239,381
Due to Other Funds	90,000	2,836	-	-	92,836
Due to Other Governments	531	-	-	-	531
Overpayments and Collections in Advance	345,462	1,269,013	-	-	1,614,475
Due to Teacher Retirement System	1,264,341	-	-	-	1,264,341
Due to Employee Retirement System	197,252	-	-	-	197,252
Total Liabilities	12,892,805	1,271,849	-	-	14,164,654
Fund Balances					
Restricted	2,021,150	-	4,881,869	61,633	6,964,652
Total Fund Balances	2,021,150	-	4,881,869	61,633	6,964,652
Total Liabilities and Fund Balances	\$ 14,913,955	\$ 1,271,849	\$ 4,881,869	\$ 61,633	\$ 21,129,306

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Fund Balances - Total Governmental Funds **\$ 6,964,652**

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

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

Total Historical Cost	\$ 55,163,389	
Less Accumulated Depreciation	<u>(24,495,078)</u>	30,668,311

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

TRS Net Pension Liability - Proportionate Share	\$ (1,140,471)	
ERS Net Pension Liability - Proportionate Share	<u>(4,172,785)</u>	(5,313,256)

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

Deferred Outflows of Resources - Other Postemployment Benefits	\$ 7,010,803	
ERS Deferred Outflows of Resources - Pension	2,763,393	
TRS Deferred Outflows of Resources - Pension	6,134,945	
Deferred Inflows of Resources - Other Postemployment Benefits	(20,599,371)	
ERS Deferred Inflows of Resources - Pension	(332,442)	
TRS Deferred Inflows of Resources - Pension	<u>(663,539)</u>	(5,686,211)

Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds.

Other Postemployment Benefits Liability	\$ (39,041,600)	
Lease Liabilities	(1,055,375)	
Installment Purchase Debt Payable	<u>(2,227,358)</u>	(42,324,333)

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Accrued Interest on Installment Purchase Debt		<u>(3,371)</u>
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Net Position (Deficit) of Governmental Activities **\$ (15,694,208)**

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds				
		Special Revenue Fund			
	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Governmental Fund	Total Governmental Funds
Revenues					
Local Sources:					
Charges to Components - Administrative	\$ 2,844,766	\$ -	\$ -	\$ -	\$ 2,844,766
Charges to Components - Services	45,611,728	-	-	-	45,611,728
Charges to Other BOCES and Non-Components	2,949,421	-	-	-	2,949,421
Interest and Earnings	186,899	-	62,102	2,240	251,241
Miscellaneous	417,294	1,322,719	247,298	9,848	1,997,159
Refund of Prior Year's Expenses	1,091,788	-	-	-	1,091,788
Sales	17,612	-	-	-	17,612
State Sources	-	1,037,926	-	-	1,037,926
Federal Sources	97,228	-	-	-	97,228
Total Revenues	53,216,736	2,360,645	309,400	12,088	55,898,869
Expenditures					
Administration	2,537,203	-	-	-	2,537,203
Career and Technical Education	6,780,708	-	-	-	6,780,708
Instruction for Special Education	12,785,710	629,735	-	-	13,415,445
Itinerant Services	793,982	-	-	-	793,982
General Instruction	3,956,213	580,729	-	-	4,536,942
Instructional Support	11,654,144	265,189	-	-	11,919,333
Other Services	7,546,680	879,789	-	2,950	8,429,419
Capital Outlay	-	-	677,285	-	677,285
Debt Service					
Principal	164,806	-	-	-	164,806
Interest	43,435	-	-	-	43,435
Total Expenditures	46,262,881	2,355,442	677,285	2,950	49,298,558
Excess of Revenues Over (Expenditures)	6,953,855	5,203	(367,885)	9,138	6,600,311
Other Financing Sources and (Uses)					
Operating Transfers In	5,203	-	1,520,000	-	1,525,203
Operating Transfers (Out)	(1,520,000)	(5,203)	-	-	(1,525,203)
Proceeds of Obligations	-	-	677,285	-	677,285
Refunds of Surplus to School Districts	(5,439,058)	-	-	-	(5,439,058)
Net Change in Reserves	438,482	-	-	-	438,482
Total Other Financing Sources (Uses)	(6,515,373)	(5,203)	2,197,285	-	(4,323,291)
Net Change in Fund Balances	438,482	-	1,829,400	9,138	2,277,020
Fund Balances - Beginning of Year	1,582,668	-	3,052,469	52,495	4,687,632
Fund Balances - End of Year	\$ 2,021,150	\$ -	\$ 4,881,869	\$ 61,633	\$ 6,964,652

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds **\$ 2,277,020**

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

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

Capital Outlay, Net	\$ 746,588	
Intangible Additions	677,285	
Amortization Expense	(438,678)	
Depreciation Expense	<u>(1,437,893)</u>	(452,698)

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

ERS	\$ (810,716)	
TRS	<u>(263,009)</u>	(1,073,725)

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

Repayments of Installment Purchase Debt Principal	\$ 164,806	
Change in Accrued Interest Payable	249	
Proceeds of Leases	(677,285)	
Principal Payment - Leases	417,003	
Other Postemployment Benefits Liability	<u>1,875,768</u>	<u>1,780,541</u>

Change in Net Position (Deficit) of Governmental Activities **\$ 2,531,138**

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2023

	Custodial Fund
Assets	
Cash and Cash Equivalents - Unrestricted	\$ 20,077
Cash and Cash Equivalents - Restricted	348,669
Total Assets	\$ 368,746
Liabilities	
Article 5G Funds	\$ 348,669
Due to Other Governments	367
Total Liabilities	349,036
Net Position	
Unrestricted	19,710
Total Liabilities and Net Position	\$ 368,746

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund
Additions	
Extraclassroom Receipts	\$ 22,436
Deductions	
Extraclassroom Disbursements	<u>23,236</u>
Change in Net Position	(800)
Net Position - Beginning of Year	<u>20,510</u>
Net Position - End of Year	<u>\$ 19,710</u>

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

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

Financial Reporting Entity

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

Essentially, the primary function of BOCES is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

BOCES were established by New York State Legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, legislation was passed allowing BOCES to provide vocational and special education. A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs to provide educational and support activities more economically, efficiently and equitably than could be provided locally. BOCES provides instructional and support programs and services to the following nine school districts in New York's Cayuga and Onondaga counties: Auburn, Cato-Meridian, Jordan-Elbridge, Moravia, Port Byron, Skaneateles, Southern Cayuga, Union Springs, and Weedsport.

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

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is BOCES;
- Organizations for which the primary government is financially accountable; and
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Financial Reporting Entity - Continued

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

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

- **Extraclassroom Activity Funds** - The Extraclassroom Activity Funds of Cayuga-Onondaga BOCES represent funds of the students of BOCES. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of BOCES with respect to its financial transactions and the designation of student management. While the Extraclassroom Activity Funds are not considered a component unit of BOCES, due to BOCES' fiduciary responsibility, they are reported in BOCES' Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from Cayuga-Onondaga BOCES, 1879 West Genesee Street Road, Auburn, New York 13021.
- **Cayuga-Onondaga School Employees' Healthcare Plan** - The Cayuga-Onondaga School Employees' Healthcare Plan (the Plan) represents funds of the Plan, which is a group self-insured plan covering the eligible employees of the participating school districts. BOCES Board of Education exercises general oversight of these funds. The Plan is independent of BOCES with respect to its financial transactions and the designation of management. The Plan is not considered a component unit of BOCES. Separate audited financial statements of the Plan can be obtained from Cayuga-Onondaga BOCES, 1879 West Genesee Street Road, Auburn, New York 13021.

Basis of Presentation - Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about BOCES' Governmental Activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental Activities generally are financed primarily through exchange transactions with component school districts and other BOCES, as well as non-exchange transactions in the form of federal and state grants. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Basis of Presentation - Government-Wide Financial Statements - Continued

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of BOCES' Governmental Activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the BOCES' programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Basis of Presentation - Governmental Fund Financial Statements

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

BOCES reports the following Major Governmental Funds:

- General Fund: This is BOCES' primary operating fund; accounts for all financial transactions not required to be accounted for in another fund.
- Capital Projects Fund: Accounts for and reports financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment.

Special Revenue Funds

- Special Aid Fund: Accounts for the proceeds of specific revenue sources, such as federal, state, and local grants that are legally restricted to expenditures for specified purposes, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Non-Major Funds

- Miscellaneous Special Revenue Fund: Accounts for Scholarship Funds award to individual students.

BOCES reports the following Fiduciary Fund:

- Custodial Fund: Assets are held by the School District as agent for Extraclassroom Activity Funds and Article 5G funds.

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Measurement Focus and Basis of Accounting

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

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

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

Cash and Investments

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

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

Due To/From Other Funds

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

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 1 Summary of Significant Accounting Policies - Continued

Capital Assets

Capital assets are reported at actual cost for acquisitions, including the right to use assets acquired through financed lease arrangements, subsequent to the adoption of GASB Statement No. 34. For assets acquired prior to the adoption of GASB Statement No. 34, capital assets are reported at estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation and amortization methods, and estimated useful lives of capital assets reported in the Government-wide financial statements, are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 5,000	40 Years
Improvements	5,000	40 Years
Furniture and Equipment	5,000	3 - 7 Years

BOCES utilizes the straight-line method of depreciation, including amortization of intangible lease assets.

Vested Employee Benefits - Compensated Absences

Compensated absences consist of unpaid accumulated annual vacation time.

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

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the Government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

Leases

BOCES determines if an arrangement is or contains a lease at inception. BOCES records assets and lease obligations for leases, which are initially based on the discounted future minimum lease payments over the term of the lease. BOCES uses the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the BOCES elects to use its incremental borrowing rate in calculating present value of lease payments. Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position and BOCES will recognize short-term lease expense for these leases on a straight-line basis over the lease term.

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Leases - Continued

BOCES' lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liability and is included in the education expense function, transportation expense function, general or government expense function. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals and payments associated with non-lease components are expensed as incurred.

Postemployment Benefits

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

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and as such will not be recognized as an outflow of resources (expense/expenditure) until then. BOCES reports deferred outflows of resources related to pensions and Other Postemployment Benefits (OPEB) plans in the Government-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 9 and 10, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and as such will not be recognized as an inflow of resources (revenue) until that time. BOCES reports deferred inflows of resources related to pensions and OPEB plans which are further described in Notes 9 and 10, respectively.

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Overpayments and Collections in Advance

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

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

Restricted Resources

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

Equity Classifications - Government-Wide Financial Statements

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

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

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Equity Classifications - Governmental Fund Financial Statements

BOCES reports fund balance in accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which requires the classification of fund balance reflect spending constraints on resources, rather than availability for appropriation. This approach provides users more consistent and understandable information about a fund's net resources.

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

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

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

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Legally Adopted Reserves

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

- Unemployment Insurance Reserve (General Municipal Law [GML] §6-m): Used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.
- Retirement Contribution Reserve (GML §6-r): Used to reserve funds for the purpose of financing retirement contributions. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- Employee Benefit Accrued Liability Reserve (GML §6-p): Used to reserve funds for payment of accrued employee benefits upon termination of an 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.
- Liability Claims and Property Loss Reserve (Education Law §1709(8)(c)): Used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This reserve is accounted for in the General Fund.
- Capital Reserve (Education Law §3651): Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the Capital Projects Fund.

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Interfund Transfers

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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, other postemployment liabilities, potential contingent liabilities, and useful lives of long-lived assets.

New Accounting Standards

BOCES adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) effective for the year ended June 30, 2023:

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

Future Changes in Accounting Standards

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

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

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

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

BOCES' aggregate bank balances of \$18,401,401 are either insured or collateralized with securities held by the pledging financial institution in BOCES' name.

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 2 Cash and Cash Equivalents - Custodial and Concentration of Credit Risk - Continued

From time to time, BOCES may have investments and chooses to disclose its investments by specifically identifying each. BOCES' investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

- Insured or registered, or investments held by BOCES or by BOCES' agent in BOCES' name; or
- Uninsured and unregistered, with investments held by the financial institution's trust department in BOCES' name; or
- Uninsured and unregistered, with investments held by the financial institution or its trust department, but not BOCES' name.

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

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

BOCES did not have any investments at June 30, 2023.

Restricted cash at June 30, 2023 consisted of the following:

General Fund Reserves	\$ 2,021,150
Capital Projects	4,881,869
Scholarships	61,633
Custodial Fund	<u>348,669</u>
Total	<u><u>\$ 7,313,321</u></u>

Note 3 Other Receivables

Other receivables consist primarily of billed non-contract services and amount to \$15,609 in the General Fund and \$125,100 in the Special Aid Fund.

Note 4 Interfund Balances and Activity

Interfund balances at June 30, 2023, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 2,836	\$ 90,000	\$ 5,203	\$ 1,520,000
Special Aid Fund	90,000	2,836	-	5,203
Capital Projects Fund	-	-	1,520,000	-
Total	<u><u>\$ 92,836</u></u>	<u><u>\$ 92,836</u></u>	<u><u>\$ 1,525,203</u></u>	<u><u>\$ 1,525,203</u></u>

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 4 Interfund Balances and Activity - Continued

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

BOCES transfers funds from the General Fund to the Capital Projects Fund, as needed, to fund capital projects. BOCES typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Note 5 Capital Assets

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

Governmental Activities	Beginning Balance	Additions	Reclassifications/ Disposals	Ending Balance
Capital Assets that are Not Depreciated				
Land	\$ 483,629	\$ -	\$ -	\$ 483,629
Construction in Progress	-	-	-	-
Total Nondepreciable Historical Cost	<u>483,629</u>	<u>-</u>	<u>-</u>	<u>483,629</u>
Capital Assets that are Depreciated				
Buildings	44,383,985	-	39,865	44,423,850
Furniture and Equipment	7,694,287	812,603	(105,880)	8,401,010
Total Depreciable Historical Cost	<u>52,078,272</u>	<u>812,603</u>	<u>(66,015)</u>	<u>52,824,860</u>
Intangible Lease Assets				
Equipment	\$ 1,177,615	\$ 677,285	\$ -	\$ 1,854,900
Total Historical Cost	<u>53,739,516</u>	<u>1,489,888</u>	<u>(66,015)</u>	<u>55,163,389</u>
Less Accumulated Depreciation				
Buildings	(15,432,243)	(1,104,928)	(7,470)	(16,544,641)
Furniture and Equipment	(6,790,863)	(379,310)	53,815	(7,116,358)
Total Accumulated Depreciation	<u>(22,223,106)</u>	<u>(1,484,238)</u>	<u>46,345</u>	<u>(23,660,999)</u>
Intangible Lease Assets Amortization				
Equipment	(395,401)	(438,678)	-	(834,079)
Total Historical Cost, Net	<u>\$ 31,121,009</u>	<u>\$ (433,028)</u>	<u>\$ (19,670)</u>	<u>\$ 30,668,311</u>

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 5 Capital Assets - Continued

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

Administration	\$ 136,388
Capital and Facility Rental	96,942
Career and Technical Education	543,862
Instruction for Special Education	360,079
Itinerant Services	6,229
General Instruction	36,882
Instructional Support	580,052
Other Services	162,482
Total	<u>\$ 1,922,916</u>

Note 6 Short-Term Debt

BOCES may issue revenue anticipation notes (RANs) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. BOCES did not issue or redeem any RANs during the year ended June 30, 2023.

Note 7 Long-Term Debt

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
EPC Leases (Installment Purchase Debt)	\$2,392,164	\$ -	\$ (164,806)	\$2,227,358	\$ 167,799
Total Long-Term Debt	<u>\$2,392,164</u>	<u>\$ -</u>	<u>\$ (164,806)</u>	<u>\$2,227,358</u>	<u>\$ 167,799</u>

Interest paid on long-term debt during the year was comprised of:

Interest Paid on EPC Lease	\$ 43,435
Interest Paid on Copier Leases	21,219
(Less) Interest Accrued in the Prior Year	(3,620)
Plus Interest Accrued in the Current Year	3,371
Total	<u>\$ 64,405</u>

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 7 Long-Term Debt - Continued

BOCES is obligated under certain leases accounted for as installment purchase debt. Net book value of assets purchased under installment purchase debt totaled \$2,632,016 at June 30, 2023.

	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2023
Installment Purchase Debt	09/20	06/35	1.816%	\$ 2,227,358

The following is a schedule of future minimum lease payments under installment purchase debt:

Year	Principal	Interest	Total
2024	\$ 167,799	\$ 40,443	\$ 208,242
2025	170,846	37,396	208,242
2026	173,948	34,293	208,241
2027	177,106	31,135	208,241
2028	180,322	27,920	208,242
2029-2033	951,928	89,281	1,041,209
2034-2035	405,409	11,075	416,484
Total	<u>\$2,227,358</u>	<u>\$271,543</u>	<u>\$2,498,901</u>

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 8 Short-Term Leases

BOCES leases classroom space under short-term operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2023 were as follows:

Description/Address	Term of Lease	Rental Expense
Real Property Leases		
Cayuga Community College	7/1/2022-6/30/2023	\$ 5,500
YMCA of Auburn	7/1/2022-6/30/2023	31,200
Auburn Enlarged City School District	9/1/2022-6/30/2023	6,500
Auburn Enlarged City School District	9/1/2022-6/30/2023	3,000
Cato-Meridian Central School District	9/1/2022-6/30/2023	6,500
Cato-Meridian Central School District	9/1/2022-6/30/2023	35,000
Moravia Central School District	9/1/2022-6/30/2023	6,500
Moravia Central School District	9/1/2022-6/30/2023	25,000
Port Byron Central School District	9/1/2022-6/30/2023	50,000
Port Byron Central School District	9/1/2022-6/30/2023	6,500
Skaneateles Central School District	9/1/2022-6/30/2023	6,500
Skaneateles Central School District	9/1/2022-6/30/2023	35,000
Southern Cayuga Central School District	9/1/2022-6/30/2023	6,500
Union Springs Central School District	9/1/2022-6/30/2023	6,500
Union Springs Central School District	9/1/2022-6/30/2023	20,000
Weedsport Central School District	9/1/2022-6/30/2023	6,500
Jordan-Elbridge Central School District	9/1/2022-6/30/2023	50,000
Jordan-Elbridge Central School District	9/1/2022-6/30/2023	6,500
Total		\$ 313,200

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS) (System)

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

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

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Plan Descriptions and Benefits Provided - Continued

Employees' Retirement System (ERS) (System)

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

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

Summary of Significant Accounting Policies

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

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Contributions

BOCES is required to contribute at an actuarially determined rate. BOCES' contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	ERS	TRS
2023	\$ 559,938	\$ 1,032,331
2022	784,400	968,662
2021	681,704	938,614

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

At June 30, 2023, BOCES reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. BOCES' proportionate share of the net pension (asset)/liability was based on a projection of BOCES' long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to BOCES by the ERS and TRS Systems.

	ERS	TRS
Actuarial Valuation Date	4/1/2022	6/30/2021
Net Pension (Asset)/Liability	\$ 21,444,032,790	\$ 1,918,891,690
BOCES' Proportionate Share of the		
Plan's Total Net Pension (Asset)/Liability	4,172,785	1,140,471
BOCES' Share of the		
Net Pension (Asset)/Liability	0.0194590%	0.059434%

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

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

For the year ended June 30, 2023, BOCES recognized pension expense of \$559,938 for ERS and \$1,397,990 for TRS in the Government-wide financial statements. At June 30, 2023, BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 444,434	\$ 1,195,069	\$ 117,188	\$ 22,853
Changes of Assumptions	2,026,573	2,212,321	22,397	459,414
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,473,597	24,515	-
Changes in Proportion and Differences Between BOCES' Contributions and Proportionate Share of Contributions	123,674	117,974	168,342	181,272
BOCES' Contributions Subsequent to the Measurement Date	168,712	1,135,984	-	-
Total	\$ 2,763,393	\$ 6,134,945	\$ 332,442	\$ 663,539

BOCES contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension 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:

Year Ending	ERS	TRS
2024	\$ 505,588	\$ 817,201
2025	(235,644)	410,743
2026	845,135	(216,470)
2027	1,147,160	2,916,865
2028	-	387,256
Thereafter	-	19,827

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Interest Rate of Return	5.90%	6.95%
Salary Increases	4.40%	1.95% - 5.18%
Cost of Living Adjustments	1.50%	1.30%
Inflation Rate	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021, applied on a generational basis.

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

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

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Actuarial Assumptions - Continued

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below.

Measurement Date	ERS March 31, 2023	TRS June 30, 2022
Asset Type		
Domestic Equity	4.30%	6.50%
International Equity	6.85%	7.20%
Global Equity	-	6.90%
Real Estate	4.60%	6.20%
Private Equity	7.50%	9.90%
Opportunistic/Absolute Return Strategy	5.38%	-
Real Assets	5.84%	-
Cash	0.00%	-
Credit	5.43%	-
Fixed Income	1.50%	-
Domestic Fixed Income	-	1.10%
Global Bonds	-	0.60%
Private Debt	-	5.30%
Real Estate Debt	-	2.40%
High-Yield Bonds	-	3.30%
Cash Investments	-	(0.30)%

Discount Rate

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

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

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

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

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
BOCES' Proportionate Share of the Net Pension (Asset)/Liability	\$ 10,083,831	\$ 4,172,785	\$ (766,582)
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
BOCES' Proportionate Share of the Net Pension (Asset)/Liability	\$ 10,515,678	\$ 1,140,471	\$ (6,744,016)

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands	
	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Employers' Total Pension (Asset)/Liability	\$ 232,627,259	\$ 133,883,474
Plan Net Position	(211,183,223)	(131,964,582)
Employers' Net Pension (Asset)/Liability	<u><u>\$ 21,444,036</u></u>	<u><u>\$ 1,918,892</u></u>
Ratio of Plan Net Position to the Employers' Total Pension (Asset)/Liability	90.8%	98.6%

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are submitted monthly. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$197,252.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employee and employer retirement contributions as of June 30, 2023 amounted to \$1,264,341.

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/Liability	\$ (1,375,062)	\$ 5,547,847	\$ 4,172,785
Deferred Outflows of Resources	(2,555,523)	(207,870)	(2,763,393)
Deferred Inflows of Resources	4,861,703	(4,529,261)	332,442
Subtotal	<u>931,118</u>	<u>810,716</u>	<u>1,741,834</u>
TRS			
Net Pension (Asset)/Liability	(10,374,786)	11,515,257	1,140,471
Deferred Outflows of Resources	(5,997,135)	(137,810)	(6,134,945)
Deferred Inflows of Resources	11,777,977	(11,114,438)	663,539
Subtotal	<u>(4,593,944)</u>	<u>263,009</u>	<u>(4,330,935)</u>
Total Effect on Net Position	<u>\$ (3,662,826)</u>	<u>\$ 1,073,725</u>	<u>\$ (2,589,101)</u>

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 10 Postemployment Benefits Other than Pensions (OPEB)

General Information about the OPEB Plan

Plan Description - BOCES' defined OPEB plan provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The plan is a single-employer defined benefit healthcare plan administered by BOCES. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the BOCES Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

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

Employees Covered by Benefit Terms - At June 30, 2023, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	107
Active Employees	<u>283</u>
Total	<u>390</u>

Total OPEB Liability

BOCES' total OPEB liability of \$39,041,600 was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate	3.54%
Single Discount Rate	3.54%
Salary Scale	3.0%
Rate of Inflation	2.5%
Marital Assumption	70.0%
Participation Rate	100.0%
Healthcare Cost Trend Rates	6.0% for 2023, decreasing to an ultimate rate of 3.94% for 2092 and later years

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Total OPEB Liability - Continued

The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index as of the measurement date (or the nearest business day thereto).

Mortality rates were based on the sex-distinct, job category-specific, headcount weighted Pub-2010 Mortality Tables for employees, and adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a generational basis.

Rates of turnover and retirement rates are based on the experience under the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). The ERS rates are based on the experience study released by the Retirement Systems Actuary and published in their 2020 report. The TRS rates are based on the experience study released by the Office of the Actuary and published in their October 19, 2021 report.

Election percentage: It was assumed 100% of future retirees eligible for coverage will elect retiree group benefits. It was assumed participants who are currently enrolled in coverage will remain in their current plan in retirement. It was assumed 70% of members not currently enrolled in coverage will elect coverage in the Traditional plan (Major Medical Rx). It was assumed 30% of members not currently enrolled in coverage will elect coverage in the Modified Traditional Plan.

Spousal Coverage: It was assumed 80% of future retirees will elect spousal coverage upon retirement.

The annual rate of increase in healthcare costs were developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model.

The actuarial assumptions used in the July 1, 2021 valuation were consistent with the requirements of GASB Statement No. 75 and ASOPs.

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 41,265,193</u>
Changes For The Year	
Service Cost	1,940,725
Interest Cost	916,158
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(4,290,895)
Benefit Payments	<u>(789,581)</u>
Total Changes for the Year	<u>(2,223,593)</u>
Balance at June 30, 2023	<u><u>\$ 39,041,600</u></u>

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

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 46,212,246	\$ 39,041,600	\$ 33,310,328

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 32,110,465	\$ 39,041,600	\$ 48,068,773

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

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

For the year ended June 30, 2023, BOCES recognized OPEB expense of (\$1,019,226).

At June 30, 2023, BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$12,722,877
Changes in Assumptions or Other Inputs	6,154,261	7,876,494
Contributions Subsequent to Measurement Date	856,542	-
Total	\$ 7,010,803	\$20,599,371

BOCES contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

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

Fiscal Year Ending June 30,	Amount
2024	\$ (3,876,109)
2025	(3,876,109)
2026	(2,545,240)
2027	(1,974,383)
2028	(561,740)
2029 and Thereafter	(1,611,529)

Effect on Net Position

Changes in the OPEB liability and deferred outflows and deferred inflows of resources for the year ended June 30, 2023 are as follows:

	Beginning Balance	Change	Ending Balance
Other Postemployment Benefits Liability	\$ 41,265,193	\$ (2,223,593)	\$ 39,041,600
Deferred Outflows of Resources	(8,180,790)	1,169,987	(7,010,803)
Deferred Inflows of Resources	21,421,533	(822,162)	20,599,371
Total Effect on Net Position	\$ 54,505,936	\$ (1,875,768)	\$ 52,630,168

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 11* Commitments and Contingencies**

Risk Financing and Related Insurance - General Information

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

Risk Financing and Related Insurance - Health Insurance

BOCES participates in the Cayuga-Onondaga School Employees' Healthcare Plan, a non-risk retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 10 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members up to \$200,000 per insured event. The pool obtains independent coverage for insured events in excess of that limit. BOCES has essentially transferred all related risk to the pool.

During the year ended June 30, 2023, BOCES incurred premiums or contribution expenditures totaling \$3,316,133.

Financial statements for the Plan can be obtained by contacting the BOCES Business Office, 1879 West Genesee Street Road, Auburn, New York 13021.

Other Item

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

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Restricted Fund Balance

Portions of fund balance are restricted and not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity for the year ended June 30, 2023 of the restricted reserves were as follows:

Restricted Fund Balances	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
General Fund					
Unemployment Insurance Reserve	\$ 765,457	\$ 468,588	\$ 11,673	\$ (155,108)	\$ 1,090,610
Liability Claims and Property Loss Reserve	253,797	-	3,947	-	257,744
Retirement Contribution Reserve	400,984	100,000	6,856	-	507,840
Employee Benefit Accrued Liability Reserve	162,430	-	2,526	-	164,956
Total General Fund Reserves	<u>1,582,668</u>	<u>568,588</u>	<u>25,002</u>	<u>(155,108)</u>	<u>2,021,150</u>
Capital Projects Fund					
Equipment Reserve	369,422	20,000	5,832	-	395,254
Capital Project Reserve	169,392	-	2,635	-	172,027
Capital Project Reserve - Generation	2,513,655	1,747,298	53,635	-	4,314,588
Total Capital Fund Reserves	<u>3,052,469</u>	<u>1,767,298</u>	<u>62,102</u>	<u>-</u>	<u>4,881,869</u>
Miscellaneous Special Revenue Fund	<u>52,495</u>	<u>9,848</u>	<u>2,240</u>	<u>(2,950)</u>	<u>61,633</u>
Total Restricted Fund Balances	<u>\$ 4,687,632</u>	<u>\$ 2,345,734</u>	<u>\$ 89,344</u>	<u>\$ (158,058)</u>	<u>\$ 6,964,652</u>

Note 13 Lease Liabilities

The BOCES enters into lease agreements for certain equipment that are considered leases. BOCES is not part to any material short term leases other than those stated in Note 8 to the financial statements.

At June 30, 2023, BOCES reported \$1,854,900, offset by accumulated amortization of \$834,079, in intangible assets that were not included in the lease liability below.

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 13 Lease Liabilities

The following is a summary of the BOCES' leases for the year ended June 30, 2023:

Description of Lease	Issue Date	Final Maturity	Discount Rate	Outstanding June 30, 2023
Copiers - 2022	1/31/2022	1/31/2027	1.82%	\$ 66,741
Copiers - 2021	5/1/2021	1/31/2025	1.82%	47,245
Copiers - 2021	3/18/2021	3/18/2026	1.82%	57,491
Copiers - 2021	3/22/2021	6/26/2026	1.82%	119,006
Copiers - 2020	12/18/2020	4/18/2026	1.82%	274,258
Copiers - 2019	4/25/2019	4/25/2023	1.82%	-
Newfield	10/3/2022	10/3/2025	1.82%	100,407
Union Springs	7/1/2022	7/1/2025	1.82%	102,074
South Seneca	8/31/2022	8/31/2027	1.82%	29,076
Skaneateles	9/1/2022	9/1/2026	1.82%	159,384
West Genesee	11/1/2022	10/31/2024	1.82%	36,722
MC Owasco	7/1/2022	7/1/2024	1.82%	62,971
Total				<u>\$ 1,055,375</u>

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

Year	Principal	Interest	Total
2024	\$ 435,738	\$ 15,569	\$ 451,307
2025	364,900	8,120	373,020
2026	225,057	2,440	227,497
2027	28,970	177	29,147
2028	710	1	711
Total	<u>\$1,055,375</u>	<u>\$ 26,307</u>	<u>\$1,081,682</u>

Interest paid for the current year amounted to \$21,219.

CAYUGA-ONONDAGA BOCES

SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Favorable (Unfavorable)
Revenues					
Local Sources:					
Charges to Components - Administrative	\$ 2,821,248	\$ 2,844,766	\$ 2,844,766	\$ -	\$ -
Charges to Components - Services	44,233,403	46,606,419	45,611,728	-	(994,691)
Charges to Other BOCES	2,417,251	2,949,421	2,949,421	-	-
Interest and Earnings	5,000	5,000	186,899	-	181,899
Miscellaneous	499,544	20,000	417,294	-	397,294
Refund of Prior Year's Expenses	-	-	1,091,788	-	1,091,788
Sales	-	-	17,612	-	17,612
Federal Sources	-	-	97,228	-	97,228
Total Revenues	49,976,446	52,425,606	53,216,736	-	791,130
Expenditures					
Administration and Facility Rental	2,282,760	2,611,675	2,537,203	-	74,472
Career and Technical Education	7,261,099	7,035,259	6,780,708	-	254,551
Instruction for Special Education	17,207,538	15,582,579	12,785,710	-	2,796,869
Itinerant Services	1,014,113	942,094	793,982	-	148,112
General Instruction	4,504,503	4,532,134	3,956,213	-	575,921
Instructional Support	9,425,824	12,278,711	11,654,144	-	624,567
Other Services	7,722,121	7,714,913	7,546,680	-	168,233
Debt Service					
Principal	558,488	164,806	164,806	-	-
Interest	-	43,435	43,435	-	-
Total Expenditures	49,976,446	50,905,606	46,262,881	-	4,642,725
Excess of Revenues (Expenditures)	-	1,520,000	6,953,855	-	5,433,855
Other Financing Sources (Uses)					
Operating Transfers In	-	-	5,203	-	5,203
Operating Transfers Out	-	(1,520,000)	(1,520,000)	-	-
Refunds of Surplus to Districts	-	-	(5,439,058)	-	(5,439,058)
Net Change in Reserves	-	-	438,482	-	438,482
Total Other Financing Sources (Uses)	-	(1,520,000)	(6,515,373)	-	(4,995,373)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	-	-	438,482	\$ -	\$ 438,482
Net Change in Fund Balance	\$ -	\$ -	\$ 438,482		

See Notes to Required Supplementary Information

CAYUGA-ONONDAGA BOCES

SCHEDULE OF CHANGES IN BOCES' TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS ENDED JUNE 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service Cost	\$ 1,940,725	\$ 2,611,442	\$ 1,914,876	\$ 2,095,786	\$ 2,411,662	\$ 2,961,434	\$ *	\$ *	\$ *	\$ *
Interest Cost	916,158	1,096,976	1,281,408	1,727,722	1,573,916	1,543,251	*	*	*	*
Changes of Benefit Terms	-	-	-	-	-	-	*	*	*	*
Differences Between Expected and Actual Experience	-	(7,116,733)	-	(11,208,121)	-	(7,074,603)	*	*	*	*
Changes in Assumptions or Other Inputs	(4,290,895)	(2,032,516)	9,738,516	144,699	(2,112,078)	(6,756,297)	*	*	*	*
Benefit Payments	(789,581)	(638,925)	(573,216)	(649,830)	(617,263)	(489,272)	*	*	*	*
Net Changes	(2,223,593)	(6,079,756)	12,361,584	(7,889,744)	1,256,237	(9,815,487)	*	*	*	*
Total OPEB Liability - Beginning of Year	41,265,193	47,344,949	34,983,365	42,873,109	41,616,872	51,432,359	*	*	*	*
Total OPEB Liability - End of Year	\$ 39,041,600	\$ 41,265,193	\$ 47,344,949	\$ 34,983,365	\$42,873,109	\$41,616,872	\$51,432,359	\$ *	\$ *	\$ *
Covered Employee Payroll	\$ 16,321,035	\$ 15,479,804	\$ 15,962,381	\$ 15,411,441	\$ 16,280,306	\$ 15,922,203	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	239%	267%	297%	227%	263%	261%	*	*	*	*
The Following is a Summary of Changes of Assumptions										
Healthcare Cost Trend Rates	6.0%- 3.9%	6.0% - 3.9%	3.0% - 3.9%	3.0% - 4.0%	2.5% - 4.0%	2.5% - 4.0%	*	*	*	*
Salary Increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	*	*	*	*
Discount Rate	3.54%	2.14%	2.20%	3.50%	3.90%	3.60%	*	*	*	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2021	MP-2019	MP-2017	MP-2017	MP-2017	*	*	*	*

**Information is unavailable and will be presented as it becomes available.*

See Notes to Required Supplementary Information

CAYUGA-ONONDAGA BOCES

SCHEDULE OF BOCES' CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 559,938	\$ 784,400	\$ 681,704	\$ 735,814	\$ 774,539	\$ 768,589	\$ 726,494	\$ 841,988	\$ 796,273	\$ 883,948
Contributions in Relation to the Contractually Required Contribution	(559,938)	(784,400)	(681,704)	(735,814)	(774,539)	(768,589)	(726,494)	(841,988)	(796,273)	(883,948)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
BOCES' Covered Employee Payroll	5,464,158	5,385,213	5,259,586	5,243,731	5,838,451	5,268,010	5,040,290	4,699,813	4,402,761	4,214,680
Contributions as a Percentage of Covered Employee Payroll	10.2%	14.6%	13.0%	14.0%	13.3%	14.7%	14.4%	17.9%	18.1%	21.0%

SCHEDULE OF BOCES' CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,135,984	\$ 1,032,331	\$ 968,662	\$ 938,614	\$ 1,115,817	\$ 921,139	\$ 1,063,048	\$ 1,165,798	\$ 1,448,969	\$ 1,381,742
Contributions in Relation to the Contractually Required Contribution	(1,135,984)	(1,032,331)	(968,662)	(938,614)	(1,115,817)	(921,139)	(1,063,048)	(1,165,798)	(1,448,969)	(1,381,742)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
BOCES' Covered Employee Payroll	11,039,689	10,533,990	9,884,306	10,593,837	10,496,867	9,399,367	9,070,375	8,791,840	8,265,653	8,503,028
Contributions as a Percentage of Covered Employee Payroll	10.3%	9.8%	9.8%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.2%

See Notes to Required Supplementary Information

CAYUGA-ONONDAGA BOCES

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

	2023	2022	2021	2020	2019	2018	2017	2016
BOCES' Proportion of the Net Pension (Asset)/Liability	0.0194590%	0.0168212%	0.0173748%	0.0174533%	0.0204699%	0.0215201%	0.0202126%	0.0192230%
BOCES' Proportionate Share of the Net Pension (Asset)/Liability	\$ 4,172,785	\$ (1,375,062)	\$ 17,301	\$ 4,621,748	\$ 1,450,354	\$ 694,549	\$ 1,899,224	\$ 3,085,229
BOCES' Covered Employee Payroll During the Measurement Period	5,365,509	5,471,805	5,188,847	5,160,826	5,747,300	5,108,246	5,017,637	4,593,872
BOCES' Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	77.8%	(25.1%)	0.3%	89.6%	25.2%	13.6%	37.9%	67.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	90.8%	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%
The Following is a Summary of Changes of Assumptions								
Inflation	2.90%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	4.40%	4.40%	4.50%	4.20%	3.80%	3.80%	3.80%	3.80%
Cost of Living Adjustments	1.50%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Investment Rate of Return	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%
Discount Rate	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%
Society of Actuaries' Mortality Scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014

See Notes to Required Supplementary Information

CAYUGA-ONONDAGA BOCES

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

	2023	2022	2021	2020	2019	2018	2017	2016
BOCES' Proportion of the Net Pension (Asset)/Liability	0.059434%	0.059869%	0.062415%	0.062946%	0.057704%	0.057234%	0.057109%	0.055026%
BOCES' Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,141,471	\$ (10,374,786)	\$ 1,724,701	\$ (1,635,347)	\$ (1,043,444)	\$ (435,038)	\$ 611,664	\$ (5,715,448)
BOCES' Covered Employee Payroll During the Measurement Period	10,533,990	9,884,306	10,593,837	10,496,867	9,399,367	9,070,375	8,791,840	8,265,653
BOCES' Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	10.83%	(105.00%)	16.3%	15.6%	11.1%	4.80%	6.96%	69.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%
The Following is a Summary of Changes of Assumptions								
Inflation	2.40%	2.40%	2.20%	2.25%	2.25%	2.50%	3.00%	3.00%
Salary Increases	1.95% - 5.18%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	4.0% - 10.9%	4.0% - 10.9%
Cost of Living Adjustments	1.30%	1.30%	1.30%	1.50%	1.50%	1.50%	1.50%	1.63%
Investment Rate of Return	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	7.50%	8.00%
Discount Rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	7.50%	8.00%
Society of Actuaries' Mortality Scale	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA

See Notes to Required Supplementary Information

CAYUGA-ONONDAGA BOCES

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

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

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

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

The following supplemental appropriations occurred during the year:

Original Adopted Budget	\$ 49,976,446
Board Authorized Increases:	
Charges to Component School Districts and Other BOCES	<u>2,449,160</u>
Final Budget	<u>\$ 52,425,606</u>

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. No encumbrances were carried forward from the prior year.

Annual legal budgets are not adopted for the Special Aid Fund or the Capital Projects Fund. Budgetary controls for the Special Aid Fund are established in accordance with applicable grant agreements. Budgetary controls for the Capital Projects Fund are developed internally.

***Note 2* Reconciliation of the Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are shown in a separate column and are not included in the actual results at June 30, 2023.

***Note 3* Schedule of BOCES' Proportionate Share of the Net Pension (Asset)/Liability**

The Schedule of the BOCES' Proportionate Share of the Net Pension (Asset)/Liability, required supplementary information, present eight years of information. These schedules will present ten years of information as it becomes available from the pension plans.

CAYUGA-ONONDAGA BOCES

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) JUNE 30, 2023

***Note 4* Schedules of BOCES' Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of BOCES' Proportionate Share of the Net Pension (Asset)/Liability**

NYSLRS

Changes in Benefit Terms

The New York State Legislature lowered the vesting requirement for Tier 5 and Tier 6 from ten years to five years (Chapter 56 of the Laws of 2022), prior to the April 1, 2022 actuarial valuation.

NYSTRS

Changes in Benefit Terms

Effective with the 2022 actuarial valuation, the following plan change was effective: The number of years of credited service required for vesting changed from ten years to five years for Tier 5 and 6 members for purposes of eligibility for a service retirement benefit or a deferred-vested benefit.

CAYUGA-ONONDAGA BOCES

ANALYSIS OF ACCOUNT A431 SCHOOL DISTRICTS FOR THE YEAR ENDED JUNE 30, 2023

July 1, Debit (Credit) Balance	<u>\$ (804,775)</u>
Debits	
Billings to School Districts	<u>51,383,271</u>
Refund of Balances Due School Districts	<u>6,248,218</u>
Other Adjustments:	
2022-2023 E-Rate Refunds in Advance	<u>264</u>
Total Debits	<u>57,631,753</u>
Credits	
Collection From School Districts	<u>(52,886,911)</u>
Adjustment - Credits to School Districts - Revenues in Excess of Expenditures	<u>(5,439,058)</u>
Total Credits	<u>(58,325,969)</u>
June 30, Debit (Credit) Balance	<u><u>\$ (1,498,991)</u></u>

CAYUGA-ONONDAGA BOCES

SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURES COMPARED TO BUDGET FOR THE YEAR ENDED JUNE 30, 2023

	Revenues				Expenditures			
	Original Budget	Final Budget	Current Year's Revenues	Over (Under) Final Budget	Original Budget	Final Budget	Current Year's Expenditures	Unencumbered Balances
Administration 001	\$ 2,282,760	\$ 2,611,675	\$ 2,557,445	\$ (54,230)	\$ 2,282,760	\$ 2,611,675	\$ 1,574,004	\$ 1,037,671
Capital and Facility Rental 002	558,488	208,241	620,895	412,654	558,488	208,241	1,171,440	(963,199)
Career and Technical Education 100-199	7,261,098	8,555,259	7,423,509	(1,131,750)	7,261,099	8,555,259	8,300,708	254,551
Instruction for Special Education 200-299	17,207,539	15,582,579	15,944,945	362,366	17,207,538	15,582,579	12,785,710	2,796,869
Itinerant Services 300-399	1,014,113	942,094	964,410	22,316	1,014,113	942,094	793,982	148,112
General Instruction 400-499	4,504,503	4,532,134	4,471,158	(60,976)	4,504,503	4,532,134	3,956,213	575,921
Instructional Support 500-599	9,425,824	12,278,711	12,754,117	475,406	9,425,824	12,278,711	11,654,144	624,567
Other Services 600-699	7,722,121	7,714,913	8,485,460	770,547	7,722,121	7,714,913	7,546,680	168,233
Totals	\$49,976,446	\$52,425,606	\$53,221,939	\$ 796,333	\$49,976,446	\$52,425,606	47,782,881	\$ 4,642,725
Revenues in Excess of Expenditures							<u>\$ 5,439,058</u>	

CAYUGA-ONONDAGA BOCES

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2023

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Total	Fund Balance
			Prior Years	Current Year	Total			State Aid	Local Sources	Transfers to Other Funds		
Leases 2023	N/A	N/A	\$ -	\$ 677,285	\$ 677,285	N/A	\$ 677,285	\$ -	\$ -	\$ -	\$ 677,285	\$ -
Equipment Reserve	-	-	11,800	-	11,800	-	-	-	387,054	20,000	407,054	395,254
Capital Project Reserve	-	-	-	-	-	-	-	-	1,097,027	(925,000)	172,027	172,027
Capital Project Reserve - Generations	-	-	-	-	-	-	-	-	3,409,588	905,000	4,314,588	4,314,588
Totals	\$ -	\$ -	\$ 11,800	\$ 677,285	\$ 689,085	\$ -	\$ 677,285	\$ -	\$4,893,669	\$ -	\$5,570,954	\$4,881,869



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Cayuga-Onondaga BOCES
Auburn, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information the Cayuga-Onondaga BOCES (BOCES) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 15, 2023.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether BOCES' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 BOCES' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 15, 2023