

CAYUGA-ONONDAGA BOCES

Auburn, New York

FINANCIAL REPORT

For the Year Ended
June 30, 2022



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 (the BOCES) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the BOCES' basic financial statements as listed in the table of contents.

In our opinion, the 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 the BOCES', as of June 30, 2022, 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 the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 the 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 the 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; the Schedule of Changes in BOCES' Total OPEB Liability and Related Ratios; the Schedules of BOCES' Contributions - NYSLRS and NYSTRS Pension Plans; the 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; Schedule of Project Expenditures - Capital Projects Fund (supplementary information); and Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022, 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 effectiveness of the BOCES' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BOCES' internal control over financial reporting and compliance.

Respectfully submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 22, 2022

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

The following discussion and analysis of Cayuga-Onondaga BOCES (BOCES) financial performance provides an overview of BOCES' financial activities for the year ended June 30, 2022 and discusses results of the current year in comparison with the prior year, with an emphasis placed on the current year. It should be read in conjunction with the basic financial statements to enhance understanding of BOCES' financial performance, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended June 30, 2022 are as follows:

- Cayuga-Onondaga BOCES (BOCES) is an educational institution formed under New York State Public Education Law No. 1950. It was formed to provide educational and management services to its nine component school districts in New York's Cayuga and Onondaga counties. Additionally, other school districts may purchase services from BOCES by "cross-contracting" through their own local BOCES.
- BOCES receives no state aid and has no taxing authority; therefore, the majority of its revenues are derived from charges for its services to school districts. Billings for services provided to school districts and other BOCES totaled \$50,070,111 in the General Fund for the current fiscal year. In accordance with New York State Public Education Law, BOCES does not maintain a General Fund unassigned fund balance. Instead, all revenue collected in excess of annual expenditures is returned to participating school districts in direct proportion to the revenues collected from those districts. The refund for the fiscal year ended June 30, 2022 totaled \$6,248,218.
- In accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date," BOCES has recorded their proportionate share of the net pension liability of the ERS and TRS pension plans. Additionally, deferred inflows and deferred outflows of resources were recognized. Adopting these statements effectively decreased pension expense in the Government-wide financial statements by \$2,348,545. See Note 9 for more detailed information.
- In addition, BOCES recognized its total other postemployment benefits (OPEB) liability, as well as deferred outflows and deferred inflows of resources related to the OPEB plan, in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." Current year recognition resulted in an increase of Government-wide expenses of \$407,157 and a net liability of \$41,265,193.
- During 2022, the BOCES implemented GASB Statement No. 87, "Leases," which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The School District's intangible lease assets amounted to \$1,177,615, an increase of \$88,238 for the year. Amortization amounted to \$395,401, an increase of \$232,676 for the year. The lease liability decreased \$131,559 to 795,093 at year end.

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to BOCES' basic financial statements. BOCES' basic financial statements are comprised of four components: (1) Government-wide Financial Statements, (2) Governmental Fund Financial Statements, (3) Fiduciary Funds, and (4) Notes to the Financial Statements. This report also contains budgetary comparison statements for the General Fund, a Schedule of Changes in BOCES' Total OPEB Liability and Related Ratios related to the unfunded actuarial accrued liability related to postemployment benefits, schedules related to pension obligations, which are required by the GASB, and other supplementary financial information, in addition to the basic financial statements and Government-wide financial statements.

These two statements are Government-wide financial statements that provide both short-term and long-term information about BOCES' overall financial status in a manner similar to private-sector business.

- The **Statement of Net Position** presents information on all of BOCES' assets, deferred outflows of resources, liabilities, and deferred outflows of resources, with the difference reported as net position. Although the purpose of BOCES is not to accumulate net resources, over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of BOCES is improving or deteriorating.
- The **Statement of Activities** presents the revenue, expenses, and corresponding change in net position of BOCES during the most recent fiscal year. All revenues are reported when earned and expenses are reported when incurred, regardless of the timing of related cash flows.

The Governmental Activities of BOCES include administration, capital improvements, career and technical education, instruction for special education, itinerant services, general instruction, instructional support, and other services.

Governmental Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is considered a separate accounting entity with a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. BOCES, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds are used to account for essentially the same functions reported as Governmental Activities in the Government-wide financial statements. However, they are prepared on an accounting basis that is significantly different from that used to prepare the Government-wide financial statements. In general, the Governmental Fund financial statements have a short-term emphasis. They measure and account for cash and other assets that can be easily converted to cash, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a very short period of time after the end of the fiscal year. Compensated absences are an example of liabilities that are not reflected in the Governmental Fund financial statements, but are included as a liability in the Statement of Net Position. The difference between a fund's total assets and total liabilities is labeled as fund balance. Likewise, the operating statement for Governmental Funds reports only those revenues and expenditures collected in cash or paid with cash respectively during the current period or very shortly after the end of the year. Therefore, depreciation/amortization is not reflected as an expense, as it doesn't require a cash payment.

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Because different accounting bases are used to prepare Governmental Fund financial statements and Government-wide financial statements, there are often significant differences between the totals presented in these financial statements. To reconcile the total fund balance to the net position, an analysis is presented following the Balance Sheet. Also, the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities reconciles the total change in fund balances for all Governmental Funds to the change in net position as reported in the Statement of Activities.

BOCES maintains four types of governmental funds: General, Special Aid, Miscellaneous Special Revenue, and Capital Projects. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance for each fund.

BOCES adopts an annual budget for its General and Capital Projects Funds. A Budgetary Comparison Statement has been provided for the General Fund as required supplementary information to demonstrate compliance with the budget.

Fiduciary Funds are used to account for assets held by BOCES on behalf of others. BOCES is responsible for ensuring that the assets reported in these funds are used only for their intended purpose. Fiduciary Funds are not reflected in the Government-wide financial statements because the resources of these funds are not available to support BOCES' programs. The financial statements for the Governmental and Fiduciary Funds can be found in the basic financial statement section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Governmental Fund financial statements. The notes to the financial statements can be found following the basic financial statements section of this report.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As stated earlier, net position can serve as a useful indicator of BOCES' financial position over time. As of June 30, 2022, BOCES' liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$18,225,346. BOCES' combined net position deficit for the fiscal year ended June 30, 2022 decreased by \$2,794,269. Our analysis below focuses on the net position (Figure 1) and changes in net position (Figure 2) of the Governmental Activities.

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and BOCES</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>Current Assets</i>	\$ 11,742,001	\$ 9,239,185	\$ 2,502,816
<i>Noncurrent Assets</i>	13,332,516	1,817,584	11,514,932
<i>Capital Assets, Net</i>	31,121,009	32,406,487	(1,285,478)
<i>Total Assets</i>	56,195,526	43,463,256	12,732,270
<i>Pensions</i>	8,552,658	9,480,266	(927,608)
<i>Other Postemployment Benefits</i>	8,180,790	9,267,082	(1,086,292)
<i>Total Deferred Outflows of Resources</i>	16,733,448	18,747,348	(2,013,900)
<i>Current Liabilities</i>	9,035,815	7,565,243	1,470,572
<i>Noncurrent Liabilities</i>	44,057,292	52,405,767	(8,348,475)
<i>Total Liabilities</i>	53,093,107	59,971,010	(6,877,903)
<i>Pensions</i>	16,639,680	6,423,983	10,215,697
<i>Other Postemployment Benefits</i>	21,421,533	16,835,226	4,586,307
<i>Total Deferred Inflows of Resources</i>	38,061,213	23,259,209	14,802,004
<i>Net Investment in Capital Assets</i>	27,933,752	28,925,804	(992,052)
<i>Restricted</i>	4,687,632	3,657,258	1,030,374
<i>Unrestricted (Deficit)</i>	(50,846,730)	(53,602,677)	2,755,947
<i>Total Net Position (Deficit)</i>	\$ (18,225,346)	\$ (21,019,615)	\$ 2,794,269

The increase in current assets is primarily due to an increase in cash balances. The increase in noncurrent assets is primarily the result of the NYSLRS and NYSTRS net pension liability becoming a net pension asset 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 and increased, respectively as a result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as actuarial assumptions related to other postemployment benefits.

Current liabilities increased from 2021; this increase is largely related to the following changes:

Amounts Due to School Districts	\$ 864,731
Overpayments and Collections in Advance	303,970
Due to Teachers' Retirement System	82,119

Noncurrent liabilities decreased due to decreases in the net pension liability (\$1,742,002) and other postemployment benefits obligations (\$6,079,756).

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

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

<i>Changes in Net Position</i>	<i>Governmental Activities and BOCES</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>REVENUES</i>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 45,240,963	\$ 40,429,358	\$ 4,811,605
<i>Operating Grants</i>	1,160,963	1,223,858	(62,895)
<i>General Revenues:</i>			
<i>Use of Money and Property</i>	24,510	36,076	(11,566)
<i>Refund of Prior Year's Expenses</i>	842,116	844,568	(2,452)
<i>Net Change in Reserves</i>	90,084	539,330	(449,246)
<i>Other Unclassified Revenue</i>	518,992	189,194	329,798
<i>Total Revenues</i>	\$ 47,877,628	\$ 43,262,384	\$ 4,615,244
<i>PROGRAM EXPENSES</i>			
<i>Administration</i>	2,261,126	2,437,402	(176,276)
<i>Career and Technical Education</i>	5,957,998	6,733,570	(775,572)
<i>Instruction for Special Education</i>	12,047,470	12,636,269	(588,799)
<i>Itinerant Services</i>	694,884	825,482	(130,598)
<i>General Instruction</i>	4,203,343	4,238,968	(35,625)
<i>Instructional Support</i>	11,021,452	9,637,218	1,384,234
<i>Other Services</i>	8,836,120	8,348,697	487,423
<i>Interest on Debt</i>	60,966	40,976	19,990
<i>Total Expenses</i>	\$ 45,083,359	\$ 44,898,582	\$ 184,777
<i>Change in Net Position</i>	\$ 2,794,269	\$ (1,636,198)	\$ 4,430,467

Total revenues for BOCES' Governmental Activities increased 10.67%, largely due to an increase in Charges for Services, while total expenses only increased by 0.41%, staying stable in comparison to the inflows.

Sources of Revenue

As illustrated below, the primary source of revenue for BOCES is charges for services, which provided 94.49% of total revenue in 2022. BOCES also obtains operating grants from federal, state, and local governments. These revenues, most of which are received to support particular programs, represented 2.42% of total revenue for the 2022 fiscal year.

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figure 3
Sources of Revenue for 2022

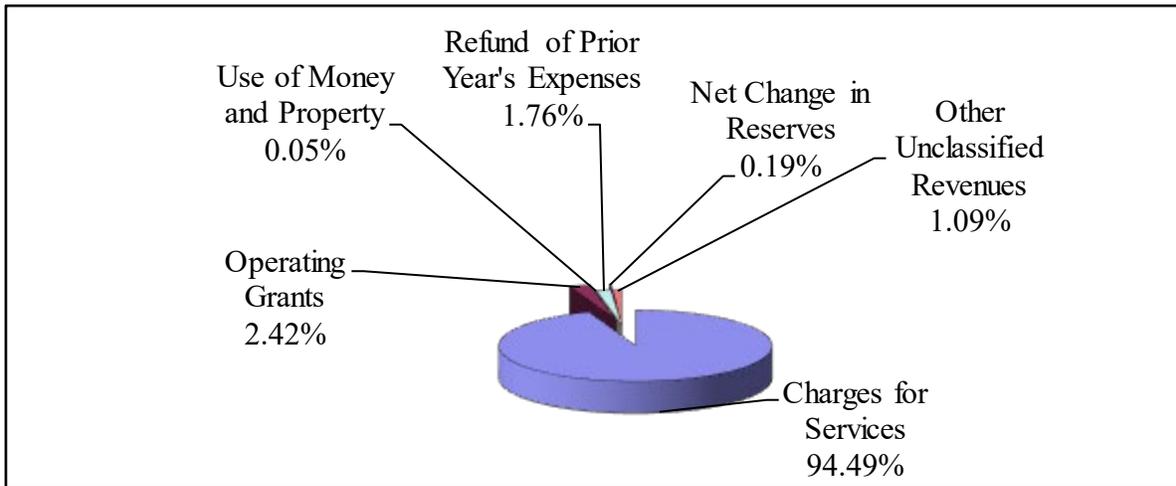
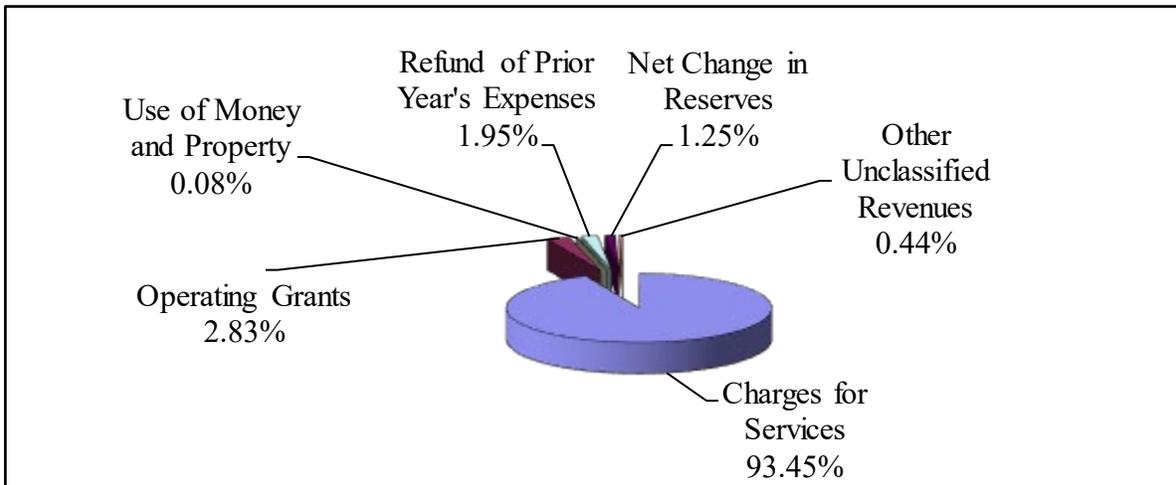


Figure 4
Sources of Revenue for 2021



CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Program Expenses

The following chart indicates how expenses of \$45,083,359 have been spent by program category.

BOCES' largest program expenditure is for instruction for special education; 26.72% of total expenses. Special education programs are designed for students with disabilities whose instructional needs cannot be appropriately served by their local school districts. Program expenditures are not eligible for BOCES aid, but do generate public excess cost aid and possibly high-cost aid for applicable school districts.

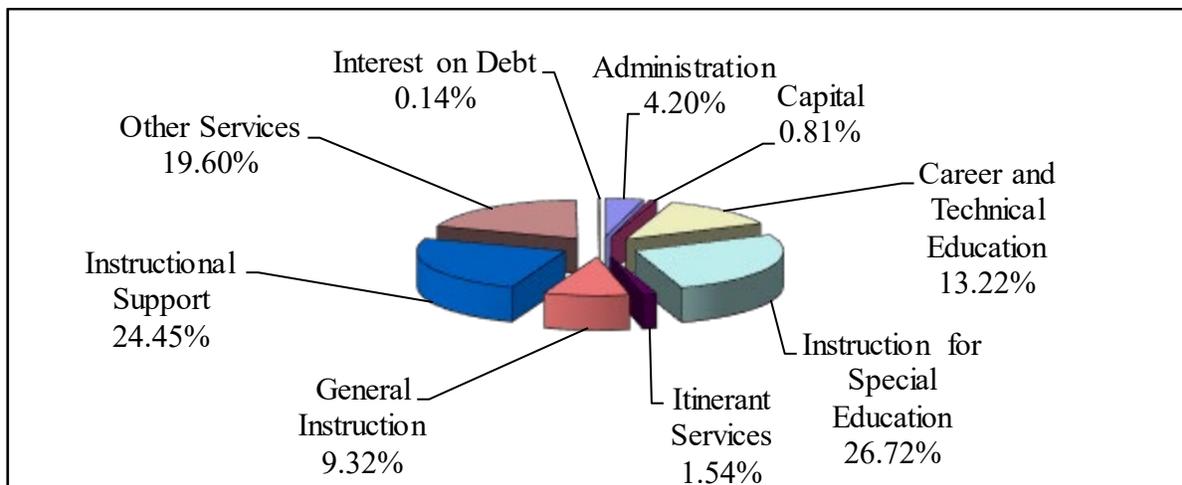
The second largest program expense for the fiscal year ended June 30, 2022 was for instructional support, which comprised 24.45% of expenses. Typically, these programs provide school districts with professional and curriculum development services, library and media services, and instructional computer services.

Career and technical education expenses represented 13.22% of total expenses. These programs operate in cooperation with new graduation requirements, approved by the Board of Regents. Most courses are offered with "Technical Endorsement" on a student's Regents Diploma. Additionally, several courses are offered with National Certification or State Licensure. The career and technical education program expenditures are eligible for BOCES aid.

Other substantial program costs were for other services, which comprised 19.60% of expenses. These programs provide school districts with planning services, administrative computer support, employee benefit coordination, health and safety risk services, labor relations, and other various services.

The remaining expenses cover various services such as itinerant services, general instruction, administration, and debt service.

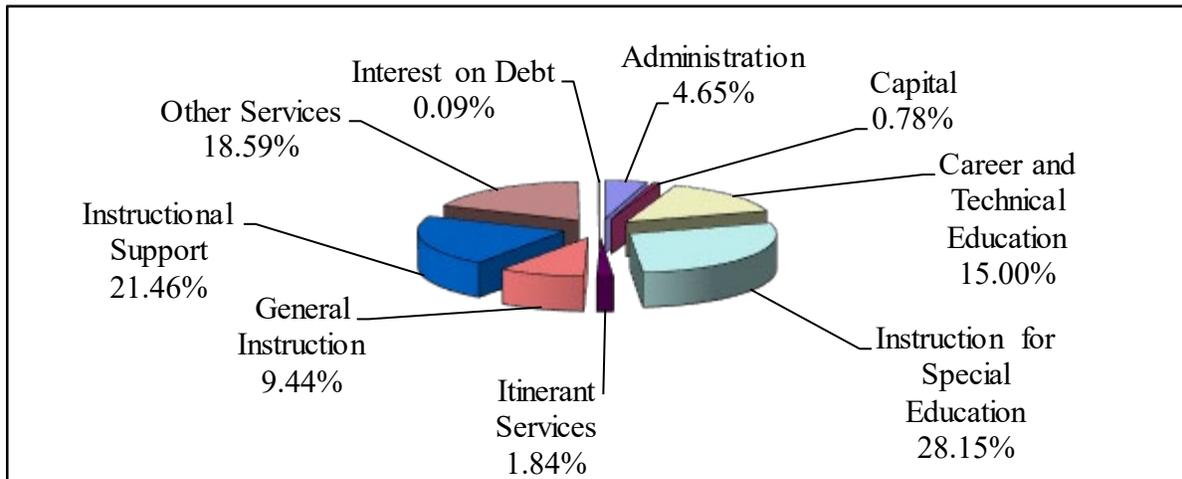
Figure 5
Cost of Programs for 2022



CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figure 6
Cost of Programs for 2021



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 7 shows the changes in fund balances for the year ended June 30, 2022. As BOCES completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a combined fund balance of \$4,687,632, which is an increase of 28.17% from last year's total of \$3,657,258. These changes reflect an increase in BOCES' reserves in the General Fund. Additionally, capital project reserves increased in the current year.

Figure 7

<i>Governmental Fund Balances</i>	<i>2022</i>	<i>2021</i>	<i>Total Dollar Change</i>
<i>General Fund</i>	\$ 1,582,668	\$ 1,492,584	\$ 90,084
<i>Capital Projects Fund</i>	3,052,469	2,132,214	920,255
<i>Miscellaneous Special Revenue Fund</i>	52,495	32,460	20,035
<i>Total Governmental Funds</i>	\$ 4,687,632	\$ 3,657,258	\$ 1,030,374

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

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.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances, if applicable), and variances for the year ended June 30, 2022.

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2022</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
<i>Charges to Components - Administration</i>	\$ 2,694,983	\$ 2,665,153	\$ 2,665,153	\$ -
<i>Charges to Components - Services</i>	40,369,709	45,053,746	44,641,084	(412,662)
<i>Charges to Other BOCES and Non-Components</i>	2,067,566	2,763,873	2,763,874	1
<i>Interest and Earnings</i>	5,000	5,000	1,761	(3,239)
<i>Other Revenues</i>	219,806	207,618	1,385,708	1,178,090
<i>Other Financing Sources</i>	-	-	32,410	32,410
Total Revenues and Other Financing Sources	\$ 45,357,064	\$ 50,695,390	\$ 51,489,990	\$ 794,600
EXPENDITURES				
<i>Administration and Facility Rental</i>	\$ 2,164,676	\$ 2,089,066	\$ 2,468,743	\$ (379,677)
<i>Career and Technical Education</i>	6,978,029	6,087,867	5,942,179	145,688
<i>Instruction for Special Education</i>	14,834,114	14,569,745	12,207,383	2,362,362
<i>Itinerant Services</i>	888,162	802,803	748,506	54,297
<i>General Instruction</i>	4,278,265	4,233,253	3,732,230	501,023
<i>Instructional Support</i>	8,563,758	11,882,382	10,881,085	1,001,297
<i>Other Services</i>	7,099,753	9,534,967	8,108,405	1,426,562
<i>Debt Service</i>	550,307	550,307	208,241	342,066
<i>Other Financing Uses</i>	-	945,000	945,000	-
Total Expenditures and Other Financing Uses	\$ 45,357,064	\$ 50,695,390	\$ 45,241,772	\$ 5,453,618

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

The most significant variance in revenue is in Other Revenues, such as e-rate reimbursements and refund of prior year's expenses. Often, the receipt and amount of these revenues fluctuates from year to year and is, therefore, difficult to predict with any level of certainty and accordingly are not incorporated into the budget.

Variances from the revised budget to actual expenditures are typical every year. Revised budgets are projected for the current year when developing the forthcoming year's budget. This process assumes all budgets will spend down to a zero balance, which seldom happens. As mentioned in our opening remarks, any fund balance remaining at yearend is returned to the participating districts. This refund is reported in other financing uses.

CAPITAL ASSETS

At June 30, 2022, BOCES had invested in a broad range of capital assets. This amount represents a net decrease (including additions, disposals, and depreciation) of \$1,285,478.

Figure 9

<i>Changes in Capital Assets, Net</i>	<i>2022</i>	<i>2021</i>	<i>Total Dollar Change</i>
<i>Land</i>	\$ 483,629	\$ 483,629	\$ -
<i>Construction in Progress</i>	-	2,699,504	(2,699,504)
<i>Intangible Assets, Net</i>	782,214	926,652	(144,438)
<i>Buildings, Net</i>	28,951,742	27,357,166	1,594,576
<i>Equipment, Net</i>	903,424	939,536	(36,112)
<i>Total</i>	\$ 31,121,009	\$ 32,406,487	\$ (1,285,478)

Capital asset activity for the year ended June 30, 2022 included the following:

Equipment	\$ 314,927
Intangible Assets	88,238
Less Amortization Expense	(232,676)
Less Depreciation Expense	<u>(1,455,967)</u>
Net Change in Capital Assets	<u><u>\$ (1,285,478)</u></u>

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

DEBT ADMINISTRATION

Debt, considered a liability of Governmental Activities, decreased by \$293,426 in 2022, as a result of paying down installment purchase debt and lease activity, which is shown as follows.

<i>Outstanding Debt</i>	<i>2022</i>	<i>2021</i>	<i>Total Dollar Change</i>
<i>EPC Leases/Installment Purchase Debt</i>	\$ 2,392,164	\$ 2,554,031	\$ (161,867)
<i>Lease Liabilities</i>	795,093	926,652	(131,559)
<i>Total</i>	\$ 3,187,257	\$ 3,480,683	\$ (293,426)

Additional information on the maturities and terms of the BOCES' outstanding debt can be found in Notes 7 and 12 to these financial statements.

FACTORS BEARING ON BOCES' FUTURE

Cayuga-Onondaga BOCES serves nine component school districts with a total Resident Weighted Average Daily Attendance (RWADA) enrollment in 2021-22 of 11,792 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 11,142 as of 8/30/21 and 10,797 as of 8/4/2022; a drop of 345 students region-wide.

From an RWADA perspective over the same period, the components showed a decline from 12,090 in 2020-21 to 11,792 in 2021-22; a drop of 298 region-wide. Currently, the projected RWADA count for 2022-23 is 11,198; a decline of 594 or 5.04% fewer than 2021-22. 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.

CAYUGA-ONONDAGA BOCES

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

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, 2022

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 8,316,181
Cash and Cash Equivalents - Restricted	3,104,964
Receivables - State and Federal Aid	172,556
Receivables - Other	148,300
Total Current Assets	11,742,001

Noncurrent Assets

Restricted Cash	1,582,668
Capital Assets, Net:	
Land and Construction in Progress	483,629
Depreciable Capital Assets, Net	29,855,166
Intangible Lease Assets, Net	782,214
Net Pension Asset - Proportionate Share	11,749,848
Total Noncurrent Assets	44,453,525

Total Assets	56,195,526
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Deferred Outflows of Resources

Pensions	8,552,658
Other Postemployment Benefits	8,180,790
Total Deferred Outflows of Resources	16,733,448

LIABILITIES

Current Liabilities

Payables:

Due to School Districts	804,775
State Aid Due to School Districts	4,828,889
Accrued Liabilities	431,790
Due to Other Governments	622
Accrued Interest Payable	3,620
Overpayments and Collections in Advance	1,221,086
Due to Teacher Retirement System	1,152,445
Due to Employee Retirement System	197,430
Current Portion of Long-Term Liabilities:	
Lease Liabilities	230,352
Installment Purchase Debt	164,806
Total Current Liabilities	9,035,815

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

STATEMENT OF NET POSITION (Continued) JUNE 30, 2022

LIABILITIES (Continued)

Noncurrent Liabilities

Installment Purchase Debt	\$ 2,227,358
Lease Liabilities	<u>564,741</u>
Other Postemployment Benefits Liability	<u>41,265,193</u>
Total Noncurrent Liabilities	<u>44,057,292</u>

Total Liabilities

53,093,107

Deferred Inflows of Resources

Pensions	16,639,680
Other Postemployment Benefits	<u>21,421,533</u>

Total Deferred Inflows of Resources

38,061,213

Net Position

Net Investment in Capital Assets	27,933,752
Restricted	<u>4,687,632</u>
Unrestricted (Deficit)	<u>(50,846,730)</u>

Total Net Position (Deficit)

\$ (18,225,346)

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants		Capital Grants
Administration	\$ 2,261,126	\$ 2,405,008	\$ -	\$ -	\$ 143,882
Career and Technical Education	5,957,998	6,798,977	-	-	840,979
Instruction for Special Education	12,047,470	12,745,196	-	-	697,726
Itinerant Services	694,884	733,724	-	-	38,840
General Instruction	4,203,343	3,633,292	718,310	-	148,259
Instructional Support	11,021,452	10,568,176	302,906	-	(150,370)
Other Services	8,836,120	8,356,590	139,747	-	(339,783)
Interest on Debt	60,966	-	-	-	(60,966)
Total Functions and Programs	\$ 45,083,359	\$ 45,240,963	\$ 1,160,963	\$ -	1,318,567
General Revenues					
					24,510
Use of Money and Property					42,613
Other Grants and Contributions					842,116
Refund of Prior Year Expenses					90,084
Net Change in Reserves					476,379
Other Unclassified Revenue					
Total General Revenues					1,475,702
Change in Net Position					2,794,269
Total Net Position (Deficit) - Beginning of Year					(21,019,615)
Total Net Position (Deficit) - End of Year					\$ (18,225,346)

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2022

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund Special Aid Fund	Capital Projects Fund	Non-Major Governmental Fund	
Assets					
Cash and Cash Equivalents - Unrestricted	\$ 7,506,472	\$ 809,709	\$ -	\$ -	\$ 8,316,181
Cash and Cash Equivalents - Restricted	2,507,668	-	2,127,469	52,495	4,687,632
Receivables:					
Due from Other Funds	4,815	20,692	925,000	-	950,507
Due from State and Federal	-	172,556	-	-	172,556
Due from School Districts	5,443,443	-	-	-	5,443,443
Other	70,507	77,793	-	-	148,300
Total Assets	\$ 15,532,905	\$ 1,080,750	\$ 3,052,469	\$ 52,495	\$ 19,718,619
Liabilities					
Payables:					
State Aid Due to School Districts	\$ 4,828,889	\$ -	\$ -	\$ -	\$ 4,828,889
Refunds Due to School Districts	6,248,218	-	-	-	6,248,218
Accrued Liabilities	431,790	-	-	-	431,790
Due to Other Funds	945,695	4,812	-	-	950,507
Due to Other Governments	622	-	-	-	622
Overpayments and Collections in Advance	145,148	1,075,938	-	-	1,221,086
Due to Teacher Retirement System	1,152,445	-	-	-	1,152,445
Due to Employee Retirement System	197,430	-	-	-	197,430
Total Liabilities	13,950,237	1,080,750	-	-	15,030,987
Fund Balances					
Restricted	1,582,668	-	3,052,469	52,495	4,687,632
Total Fund Balances	1,582,668	-	3,052,469	52,495	4,687,632
Total Liabilities and Fund Balances	\$ 15,532,905	\$ 1,080,750	\$ 3,052,469	\$ 52,495	\$ 19,718,619

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2022

Fund Balances - Total Governmental Funds **\$ 4,687,632**

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	\$ 53,739,516	
Less Accumulated Depreciation	<u>(22,618,507)</u>	31,121,009

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

TRS Net Pension Asset - Proportionate Share	\$ 10,374,786	
ERS Net Pension Asset - Proportionate Share	<u>1,375,062</u>	11,749,848

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	\$ 8,180,790	
ERS Deferred Outflows of Resources - Pension	2,555,523	
TRS Deferred Outflows of Resources - Pension	5,997,135	
Deferred Inflows of Resources - Other Postemployment Benefits	(21,421,533)	
ERS Deferred Inflows of Resources - Pension	(4,861,703)	
TRS Deferred Inflows of Resources - Pension	<u>(11,777,977)</u>	(21,327,765)

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

Other Postemployment Benefits Liability	\$ (41,265,193)	
Lease Liabilities	(795,093)	
Installment Purchase Debt Payable	<u>(2,392,164)</u>	(44,452,450)

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>(3,620)</u>
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Net Position (Deficit) of Governmental Activities **\$ (18,225,346)**

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, 2022

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund Special Aid Fund	Capital Projects Fund	Non-Major Governmental Fund	
Revenues					
Local Sources:					
Charges to Components - Administrative	\$ 2,665,153	\$ -	\$ -	\$ -	\$ 2,665,153
Charges to Components - Services	44,641,084	-	-	-	44,641,084
Charges to Other BOCES and Non-Components	2,763,874	-	-	-	2,763,874
Interest and Earnings	1,761	-	2,449	8	4,218
Miscellaneous	472,228	1,391,397	-	23,365	1,886,990
Refund of Prior Year's Expenses	842,116	-	-	-	842,116
Sales	20,292	-	-	-	20,292
State Sources	42,613	1,160,963	-	-	1,203,576
Federal Sources	8,459	-	-	-	8,459
Total Revenues	51,457,580	2,552,360	2,449	23,373	54,035,762
Expenditures					
Administration	2,468,743	-	-	-	2,468,743
Career and Technical Education	5,942,179	-	-	-	5,942,179
Instruction for Special Education	12,207,383	630,744	-	-	12,838,127
Itinerant Services	748,506	-	-	-	748,506
General Instruction	3,732,230	837,140	-	-	4,569,370
Instructional Support	10,881,085	210,790	-	-	11,091,875
Other Services	8,108,405	868,470	-	3,338	8,980,213
Capital Outlay	-	-	88,238	-	88,238
Debt Service					
Principal	161,867	-	-	-	161,867
Interest	46,374	-	-	-	46,374
Total Expenditures	44,296,772	2,547,144	88,238	3,338	46,935,492
Excess of Revenues Over (Expenditures)	7,160,808	5,216	(85,789)	20,035	7,100,270
Other Financing Sources and (Uses)					
Operating Transfers In	32,410	-	945,000	-	977,410
Operating Transfers (Out)	(945,000)	(5,216)	(27,194)	-	(977,410)
Proceeds of Obligations	-	-	88,238	-	88,238
Refunds of Surplus to School Districts	(6,248,218)	-	-	-	(6,248,218)
Net Change in Reserves	90,084	-	-	-	90,084
Total Other Financing Sources (Uses)	(7,070,724)	(5,216)	1,006,044	-	(6,069,896)
Net Change in Fund Balances	90,084	-	920,255	20,035	1,030,374
Fund Balances - Beginning of Year	1,492,584	-	2,132,214	32,460	3,657,258
Fund Balances - End of Year	\$ 1,582,668	\$ -	\$ 3,052,469	\$ 52,495	\$ 4,687,632

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, 2022

Net Change in Fund Balances - Total Governmental Funds **\$ 1,030,374**

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 Asset Purchases	\$ 314,927	
Intangible Additions	88,238	
Amortization Expense	(232,676)	
Depreciation Expense	<u>(1,455,967)</u>	(1,285,478)

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	\$ 668,355	
TRS	<u>1,680,190</u>	2,348,545

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	\$ 161,867	
Change in Accrued Interest Payable	245	
Proceeds of Leases	(88,238)	
Principal Payment - Leases	219,797	
Other Postemployment Benefits Liability	<u>407,157</u>	<u>700,828</u>

Change in Net Position (Deficit) of Governmental Activities **\$ 2,794,269**

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2022

	Custodial Fund
Assets	
Cash and Cash Equivalents - Unrestricted	\$ 20,877
Cash and Cash Equivalents - Restricted	343,329
Total Assets	\$ 364,206
Liabilities	
Article 5G Funds	\$ 343,329
Due to Other Governments	367
Total Liabilities	343,696
Net Position	
Unrestricted	20,510
Total Liabilities and Net Position	\$ 364,206

See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Fund
Additions	
Extraclassroom Receipts	\$ 30,738
Investment Earnings	2
	<hr/>
Total Additions	30,740
	<hr/>
Deductions	
Extraclassroom Disbursements	22,140
	<hr/>
Change in Net Position	8,600
Net Position - Beginning of Year	11,910
	<hr/>
Net Position - End of Year	\$ 20,510
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See Notes to Basic Financial Statements

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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.

Reporting Entity

BOCES is governed by the Education Law and other laws of New York State. 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 Cayuga-Onondaga BOCES is to provide education for pupils. Services which are managerial and administrative in nature, along with plant operation and management, support the primary function.

Boards of Cooperative Educational Services (BOCES) were established by New York State Legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, legislation was passed allowing BOCES to provide vocational and special education. A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs to provide educational and support activities more economically, efficiently and equitably than could be provided locally. Cayuga-Onondaga 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, 2022

Note 1 Summary of Significant Accounting Policies - Continued

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, 2022

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.

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 - BOCES' primary operating fund; accounts for all financial transactions not required to be accounted for in another fund.
- Capital Projects Fund - Accounts for financial resources used for the purchase of equipment and the renovation and construction of BOCES' capital assets.

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: Used to account for student scholarships whose funds are restricted as to use.

BOCES reports the following Fiduciary Funds:

- 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, 2022

***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. 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, 2022

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 June 30, 2002. For assets acquired prior to June 30, 2002, 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.

BOCES depreciates its capital assets, including amortization of intangible lease assets using the straight-line method. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), and estimated useful lives of capital assets reported in the statements, are as follows:

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

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

The 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. BOCES will recognize short-term lease expense for these leases on a straight-line basis over the lease term. 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.

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

Leases - Continued

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

Amortization expense for leases is recognized on a straight-line basis over the lease term 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, 2022

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 position 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, 2022

***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.

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 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, 2022

***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 (GML §6-m): This reserve is 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 for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.
- 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, 2022

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, 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, 2022:

- GASB has issued Statement No. 87, "Leases," effective for the year ending June 30, 2021, delayed by GASB Statement No. 95 to June 30, 2022.

Future Changes in Accounting Standards

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

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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 \$14,938,067 are either insured or collateralized with securities held by the pledging financial institution in BOCES name.

BOCES has 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:

- 1) Insured or registered, or investments held by BOCES or by BOCES' agent in BOCES' name; or
- 2) Uninsured and unregistered, with investments held by the financial institution's trust department in BOCES' name; or
- 3) 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.

Restricted cash at June 30, 2022 consisted of the following:

General Fund Reserves	\$ 1,582,668
Capital Projects	3,052,469
Scholarships	52,495
Custodial Fund	<u>343,329</u>
Total	<u><u>\$ 5,030,961</u></u>

Note 3 Other Receivables

Other receivables consist primarily of billed non-contract services and amount to \$70,507 in the General Fund and \$77,793 in the Special Aid Fund.

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 4 Interfund Balances and Activity

Interfund balances at June 30, 2022, are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 4,815	\$ 945,695	\$ 32,410	\$ 945,000
Special Aid Fund	20,692	4,812	-	5,216
Capital Projects Fund	925,000	-	945,000	27,194
Total	\$ 950,507	\$ 950,507	\$ 977,410	\$ 977,410

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, 2022, 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	2,699,504	-	(2,699,504)	-
Total Nondepreciable Historical Cost	3,183,133	-	(2,699,504)	483,629
Capital Assets that are Depreciated:				
Buildings	41,684,481	-	2,699,504	44,383,985
Furniture and Equipment	7,379,360	314,927	-	7,694,287
Total Depreciable Historical Cost	49,063,841	314,927	2,699,504	52,078,272
Intangible Lease Assets				
Equipment	\$ 1,089,377	\$ 88,238	\$ -	\$ 1,177,615
Total Historical Cost	53,336,351	403,165	-	53,739,516
Less Accumulated Depreciation:				
Buildings	(14,327,315)	(1,104,928)	-	(15,432,243)
Furniture and Equipment	(6,439,824)	(351,039)	-	(6,790,863)
Total Accumulated Depreciation	(20,767,139)	(1,455,967)	-	(22,223,106)
Intangible Lease Assets Amortization				
Equipment	(162,725)	(232,676)	-	(395,401)
Total Historical Cost, Net	\$ 32,406,487	\$ (1,285,478)	\$ -	\$ 31,121,009

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 5 Capital Assets - Continued

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

Administration	\$	140,761
Capital and Facility Rental		24,187
Career and Technical Education		561,301
Instruction for Special Education		371,625
Itinerant Services		6,429
General Instruction		38,065
Instructional Support		378,583
Other Services		167,692
		167,692
Total	\$	<u>1,688,643</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, 2022.

Note 7 Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
EPC Leases (Capital Lease)	\$ 2,554,031	\$ -	\$ (161,867)	\$ 2,392,164	\$ 164,806
Total Long-Term Debt	<u>\$ 2,554,031</u>	<u>\$ -</u>	<u>\$ (161,867)</u>	<u>\$ 2,392,164</u>	<u>\$ 164,806</u>

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

Interest Paid on EPC Lease	\$	46,374
Interest Paid on Copier Leases		14,837
Less Interest Accrued in the Prior Year		(3,865)
Plus Interest Accrued in the Current Year		3,620
		3,620
Total	\$	<u>60,966</u>

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 7 Long-Term Debt - Continued

BOCES is obligated under certain leases accounted for as capital leases. Net book value of assets purchased under capital leases totaled \$2,632,016 at June 30, 2022.

	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2022
Installment Purchase Debt	09/20	06/35	1.816%	\$ 2,392,164

The following is a schedule of future minimum lease payments under capital leases:

Year	Principal	Interest	Total
2023	\$ 164,806	\$ 43,436	\$ 208,242
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
2028-2032	934,952	106,258	1,041,210
2033-2035	602,707	22,018	624,725
Total	\$ 2,392,164	\$ 314,979	\$ 2,707,143

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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, 2022 were as follows:

<u>Description/Address</u>	<u>Term of Lease</u>	<u>Rental Expense</u>
Real Property Leases		
Cayuga Community College	09/01/21-06/30/22	\$ 5,500
YMCA of Auburn	07/01/21-06/30/22	31,200
Auburn Enlarged City School District	09/01/21-06/30/22	6,500
Auburn Enlarged City School District	09/01/21-06/30/22	3,000
MC Owasco	07/01/21-06/30/22	60,564
Cato-Meridian Central School District	09/01/21-06/30/22	6,500
Cato-Meridian Central School District	09/01/21-06/30/22	35,000
Moravia Central School District	09/01/21-06/30/22	6,500
Moravia Central School District	09/01/21-06/30/22	20,000
Port Byron Central School District	09/01/21-06/30/22	35,000
Port Byron Central School District	09/01/21-06/30/22	6,500
Skaneateles Central School District	09/01/21-06/30/22	6,500
Skaneateles Central School District	09/01/21-06/30/22	20,000
Southern Cayuga Central School District	09/01/21-06/30/22	6,500
Union Springs Central School District	09/01/21-06/30/22	6,500
Union Springs Central School District	09/01/21-06/30/22	20,000
Weedsport Central School District	09/01/21-06/30/22	6,500
Jordan-Elbridge Central School District	09/01/21-06/30/22	50,000
Jordan-Elbridge Central School District	09/01/21-06/30/22	6,500
Total		\$ 338,764

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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, 2022

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, 2022

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
2022	\$ 784,400	\$ 968,662
2021	681,704	938,614
2020	735,814	1,115,817

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

At June 30, 2022, BOCES reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension 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	4/1/2021	6/30/2020
Net Pension (Asset)/Liability	\$ (8,174,858,678)	\$ (17,329,041,946)
BOCES' Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	(1,375,062)	(10,374,786)
BOCES' Share of the Net Pension (Asset)/Liability	0.0168212%	0.059869%

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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, 2022, BOCES recognized pension expense of \$344,154 for ERS and \$647,573 for TRS in the Government-wide financial statements. At June 30, 2022, 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	\$ 104,135	\$ 1,430,054	\$ 135,069	\$ 53,901
Changes of Assumptions	2,294,824	3,412,484	38,723	604,301
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	-	4,502,752	10,858,287
Changes in Proportion and Differences Between BOCES' Contributions and Proportionate Share of Contributions	20,904	122,266	185,159	261,488
BOCES' Contributions Subsequent to the Measurement Date	135,660	1,032,331	-	-
Total	\$ 2,555,523	\$ 5,997,135	\$ 4,861,703	\$ 11,777,977

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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	ERS	TRS
2023	\$ (417,758)	\$ (1,392,050)
2024	(561,684)	(1,610,463)
2025	(1,198,783)	(2,019,900)
2026	(263,615)	(2,651,713)
2027	-	504,228
Thereafter	-	356,725

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2022	June 30, 2021
Actuarial Valuation Date	April 1, 2021	June 30, 2020
Interest Rate of Return	5.90%	6.95%
Salary Increases	4.40%	1.95% - 5.18%
Cost of Living Adjustments	1.40%	1.30%
Inflation Rate	2.70%	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-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation 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, 2022

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, 2022	TRS June 30, 2021
Asset Type		
Domestic Equity	3.30%	6.80%
International Equity	5.85%	7.60%
Global Equity	-	7.10%
Real Estate	5.00%	6.50%
Private Equity	6.50%	10.00%
Opportunistic/Absolute Return Strategy	4.10%	-
Real Assets	5.58%	-
Cash	(1.00)%	-
Credit	3.78%	-
Domestic Fixed Income	-	1.30%
Global Bonds	-	0.80%
Private Debt	-	5.90%
Real Estate Debt	-	3.30%
High-Yield Bonds	-	3.80%
Cash Investments	-	(0.20)%

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, 2022

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 Liability	\$ 3,539,395	\$ (1,375,062)	\$ (5,485,768)
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
BOCES' Proportionate Share of the Net Pension Liability	\$ (1,088,683)	\$ (10,374,786)	\$ (18,179,082)

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, 2022	June 30, 2021
Employers' Total Pension (Asset)/Liability	\$ 223,874,888	\$ 130,819,415
Plan Net Position	(232,049,473)	(148,148,457)
Employers' Net Pension (Asset)/Liability	\$ (8,174,585)	\$ (17,329,042)
Ratio of Plan Net Position to the Employers' Total Pension (Asset)/Liability	103.7%	113.2%

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$197,430.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employee and employer retirement contributions as of June 30, 2022 amounted to \$1,152,445.

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/ Liability	\$ 17,301	\$ (1,392,363)	\$ (1,375,062)
Deferred Outflows of Resources	(3,634,184)	1,078,661	(2,555,523)
Deferred Inflows of Resources	5,216,356	(354,653)	4,861,703
Subtotal	1,599,473	(668,355)	931,118
TRS			
Net Pension (Asset)/ Liability	1,724,701	(12,099,487)	(10,374,786)
Deferred Outflows of Resources	(5,846,082)	(151,053)	(5,997,135)
Deferred Inflows of Resources	1,207,627	10,570,350	11,777,977
Subtotal	(2,913,754)	(1,680,190)	(4,593,944)
Total Effect on Net Position	\$ (1,314,281)	\$ (2,348,545)	\$ (3,662,826)

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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, 2022, 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><u>390</u></u>

Total OPEB Liability

BOCES' total OPEB liability of \$41,265,193 was measured as of July 1, 2021, 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	2.14%
Single Discount Rate	2.14%
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, increasing to an ultimate rate of 3.94% for 2092 and later years

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a fully 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 April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis.

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, 2022

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 47,344,949
Changes For The Year	
Service Cost	2,611,442
Interest Cost	1,096,976
Differences Between Expected and Actual Experience	(7,116,733)
Changes in Assumptions or Other Inputs	(2,032,516)
Benefit Payments	(638,925)
Total Changes for the Year	(6,079,756)
Balance at June 30, 2022	\$ 41,265,193

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 (1.14%)	Discount Rate (2.14%)	1% Increase (3.14%)
Total OPEB Liability	\$ 49,205,984	\$ 41,265,193	\$ 34,945,079

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	\$ 33,972,769	\$ 41,265,193	\$ 50,830,575

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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, 2022, BOCES recognized OPEB expense of \$382,424.

At June 30, 2022, 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	\$ -	\$ 15,934,986
Changes in Assumptions or Other Inputs	7,391,209	5,486,547
Contributions Subsequent to Measurement Date	789,581	-
Total	\$ 8,180,790	\$ 21,421,533

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, 2023.

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
2023	\$ (3,325,994)
2024	(3,325,994)
2025	(3,325,994)
2026	(1,995,125)
2027	(1,424,268)
2028 and Thereafter	(632,949)

Effect on Net Position

Changes in the OPEB liability and deferred outflows and deferred inflows of resources for the year ended June 30, 2022 are as follows:

	Beginning Balance	Change	Ending Balance
Other Postemployment Benefits Liability	\$ 47,344,949	\$ (6,079,756)	\$ 41,265,193
Deferred Outflows of Resources	(9,267,082)	1,086,292	(8,180,790)
Deferred Inflows of Resources	16,835,226	4,586,307	21,421,533
Total Effect on Net Position	\$ 54,913,093	\$ (407,157)	\$ 54,505,936

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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.

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, 2022, BOCES incurred premiums or contribution expenditures totaling \$3,119,425.

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

Other Items

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.

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, 2022 of the restricted reserves were as follows:

<u>Restricted Fund Balances</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
General Fund					
Unemployment Insurance Reserve	\$ 750,937	\$ 19,658	\$ 153	\$ (5,291)	\$ 765,457
Liability Claims and Property Loss Reserve	253,747	-	50	-	253,797
Retirement Contribution Reserve	325,502	75,000	482	-	400,984
Employee Benefit Accrued Liability Reserve	162,398	-	32	-	162,430
Total General Fund Reserves	<u>1,492,584</u>	<u>94,658</u>	<u>717</u>	<u>(5,291)</u>	<u>1,582,668</u>
Capital Projects Fund					
Equipment Reserve	349,370	20,000	-	-	369,370
Capital Project Reserve	196,552	-	86	(27,194)	169,444
Capital Project Reserve - Generation	1,586,292	925,000	2,363	-	2,513,655
Total Capital Fund Reserves	<u>2,132,214</u>	<u>945,000</u>	<u>2,449</u>	<u>(27,194)</u>	<u>3,052,469</u>
Miscellaneous Special Revenue Fund	32,460	23,365	8	(3,338)	52,495
Total Restricted Fund Balances	<u>\$ 3,657,258</u>	<u>\$ 1,063,023</u>	<u>\$ 3,174</u>	<u>\$ (35,823)</u>	<u>\$ 4,687,632</u>

CAYUGA-ONONDAGA BOCES

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 13 Lease Liabilities

During the year ended June 30, 2022, BOCES implemented GASB Statement No. 87, "Leases."

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, 2022, BOCES reported \$1,177,615, offset by accumulated amortization of \$395,401, in intangible assets that were not included in the lease liability below.

The following is a summary of the BOCES' leases for the year ended June 30, 2022:

Description of Lease	Issue Date	Final Maturity	Discount Rate	Outstanding June 30, 2022
Copiers - 2022	1/31/2022	1/31/2027	1.82%	\$ 81,300
Copiers - 2021	5/1/2021	1/31/2025	1.82%	76,392
Copiers - 2021	3/18/2021	3/18/2026	1.82%	78,342
Copiers - 2021	3/22/2021	6/26/2026	1.82%	158,380
Copiers - 2020	12/18/2020	4/18/2026	1.82%	370,643
Copiers - 2019	4/25/2019	4/25/2023	1.82%	30,036
Total				<u>\$ 795,093</u>

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

Year	Principal	Interest	Total
2023	\$ 230,352	\$ 12,486	\$ 242,838
2024	205,590	8,554	214,144
2025	198,458	4,812	203,270
2026	149,654	1,434	151,088
2027	11,039	59	11,098
Total	<u>\$ 795,093</u>	<u>\$ 27,345</u>	<u>\$ 822,438</u>

Interest paid for the current year amounted to \$14,837.

CAYUGA-ONONDAGA BOCES

SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Favorable (Unfavorable)</u>
Revenues					
Local Sources:					
Charges to Components - Administrative	\$ 2,694,983	\$ 2,665,153	\$ 2,665,153	\$ -	\$ -
Charges to Components - Services	40,369,709	45,053,746	44,641,084	-	(412,662)
Charges to Other BOCES	2,067,566	2,763,873	2,763,874	-	1
Interest and Earnings	5,000	5,000	1,761	-	(3,239)
Miscellaneous	219,806	207,618	472,228	-	264,610
Refund of Prior Year's Expenses	-	-	842,116	-	842,116
Sales	-	-	20,292	-	20,292
State Sources	-	-	42,613	-	42,613
Federal Sources	-	-	8,459	-	8,459
Total Revenues	<u>45,357,064</u>	<u>50,695,390</u>	<u>51,457,580</u>	<u>-</u>	<u>762,190</u>
Expenditures					
Administration and Facility Rental	2,164,676	2,089,066	2,468,743	-	(379,677)
Career and Technical Education	6,978,029	6,087,867	5,942,179	-	145,688
Instruction for Special Education	14,834,114	14,569,745	12,207,383	-	2,362,362
Itinerant Services	888,162	802,803	748,506	-	54,297
General Instruction	4,278,265	4,233,253	3,732,230	-	501,023
Instructional Support	8,563,758	11,882,382	10,881,085	-	1,001,297
Other Services	7,099,753	9,534,967	8,108,405	-	1,426,562
Debt Service					
Principal	550,307	503,933	161,867	-	342,066
Interest	-	46,374	46,374	-	-
Total Expenditures	<u>45,357,064</u>	<u>49,750,390</u>	<u>44,296,772</u>	<u>-</u>	<u>5,453,618</u>
Excess of Revenues (Expenditures)	-	945,000	7,160,808	-	6,215,808
Other Financing Sources (Uses)					
Operating Transfers In	-	-	32,410	-	32,410
Operating Transfers Out	-	(945,000)	(945,000)	-	-
Refunds of Surplus to Districts	-	-	(6,248,218)	-	(6,248,218)
Net Change in Reserves	-	-	90,084	-	90,084
Total Other Financing Sources (Uses)	<u>-</u>	<u>(945,000)</u>	<u>(7,070,724)</u>	<u>-</u>	<u>(6,125,724)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	-	-	90,084	\$ -	\$ 90,084
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,084</u>		

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,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service Cost	\$ 2,611,442	\$ 1,914,876	\$ 2,095,786	\$ 2,411,662	\$ 2,961,434	\$ *	\$ *	\$ *	\$ *	\$ *
Interest Cost	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	(2,032,516)	9,738,516	144,699	(2,112,078)	(6,756,297)	*	*	*	*	*
Benefit Payments	(638,925)	(573,216)	(649,830)	(617,263)	(489,272)	*	*	*	*	*
Net Changes	(6,079,756)	12,361,584	(7,889,744)	1,256,237	(9,815,487)	*	*	*	*	*
Total OPEB Liability - Beginning	47,344,949	34,983,365	42,873,109	41,616,872	51,432,359	*	*	*	*	*
Total OPEB Liability - Ending	\$ 41,265,193	\$ 47,344,949	\$ 34,983,365	\$ 42,873,109	\$ 41,616,872	\$ 51,432,359	\$ *	\$ *	\$ *	\$ *
Covered Employee Payroll	\$ 15,479,804	\$ 15,962,381	\$ 15,411,441	\$ 16,280,306	\$ 15,922,203	\$ *	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	267%	297%	227%	263%	261%	*	*	*	*	*
Discount Rate	2.14%	2.21%	3.50%	3.87%	3.60%					

*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,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 784,400	\$ 681,704	\$ 735,814	\$ 774,539	\$ 768,589	\$ 726,494	\$ 841,988	\$ 796,273	\$ 883,948	\$ 750,244
Contributions in Relation to the Contractually Required Contribution	(784,400)	(681,704)	(735,814)	(774,539)	(768,589)	(726,494)	(841,988)	(796,273)	(883,948)	(750,244)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
BOCES' Covered Employee Payroll	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	3,992,696
Contributions as a Percentage of Covered Employee Payroll	14.6%	13.0%	14.0%	13.3%	14.7%	14.4%	17.9%	18.1%	21.0%	18.8%

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 1,032,331	\$ 968,662	\$ 938,614	\$ 1,115,817	\$ 921,139	\$ 1,063,048	\$ 1,165,798	\$ 1,448,969	\$ 1,381,742	\$ 967,396
Contributions in Relation to the Contractually Required Contribution	(1,032,331)	(968,662)	(938,614)	(1,115,817)	(921,139)	(1,063,048)	(1,165,798)	(1,448,969)	(1,381,742)	(967,396)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
BOCES' Covered Employee Payroll	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	8,170,574
Contributions as a Percentage of Covered Employee Payroll	9.8%	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.2%	11.8%

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,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
BOCES' Proportion of the Net Pension (Asset)/Liability	0.0168212%	0.0173748%	0.0174533%	0.0204699%	0.0215201%	0.0202126%	0.0192230%	0.0183825%
BOCES' Proportionate Share of the Net Pension (Asset)/Liability	\$ (1,375,062)	\$ 17,301	\$ 4,621,748	\$ 1,450,354	\$ 694,549	\$ 1,899,224	\$ 3,085,229	\$ 621,005
BOCES' Covered Employee Payroll During the Measurement Period	5,471,805	5,188,847	5,160,826	5,747,300	5,108,246	5,017,637	4,593,872	4,339,057
BOCES' Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	(25.10%)	0.3%	89.6%	25.2%	13.6%	37.9%	67.2%	14.3%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
BOCES' Proportion of the Net Pension (Asset)/Liability	0.059869%	0.062415%	0.062946%	0.057704%	0.057234%	0.057109%	0.055026%	0.057564%
BOCES' Proportionate Share of the Net Pension (Asset)/Liability	\$ (10,374,786)	\$ 1,724,701	\$ (1,635,347)	\$ (1,043,444)	\$ (435,038)	\$ 611,664	\$ (5,715,448)	\$ (6,412,218)
BOCES' Covered Employee Payroll During the Measurement Period	9,884,306	10,593,837	10,496,867	9,399,367	9,070,375	8,791,840	8,265,653	8,503,028
BOCES' Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	(105.00%)	16.3%	15.6%	11.1%	4.80%	6.96%	69.15%	75.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%

See Notes to Required Supplementary Information

CAYUGA-ONONDAGA BOCES

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

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	\$ 45,357,064
Board Authorized Increases:	
Charges to Component School Districts and Other BOCES	<u>5,338,326</u>
Final Budget	<u><u>\$ 50,695,390</u></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, 2022.

Note 3 **Schedule of Changes in BOCES' Total OPEB Liability and Related Ratios**

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

Note 4 **Schedules of BOCES' Proportionate Share of the Net Pension (Asset)/Liability**

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

CAYUGA-ONONDAGA BOCES

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

Note 5 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

There were no significant legislative changes in benefits for the April 1, 2021 actuarial valuation.

Changes of Assumptions

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumptions was updated to Society of Actuaries scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

2020: The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

2019: The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

2016: There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2020 actuarial valuation determines the employer rates for contributions payable in fiscal year 2022. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	5-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	4.5% in ERS, indexed by service
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually
Active Member Decrements	Based upon FY 2016-2020 experience
Pensioner Mortality	Gender/Collar specific tables based upon FY2016-2020 experience
Mortality Improvement	Society of Actuaries' Scale MP-2019

CAYUGA-ONONDAGA BOCES

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

Note 5 Schedules of BOCES' Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of BOCES' Proportionate Share of the Net Pension (Asset)/Liability - Continued

NYSTRS

Changes in Benefit Terms

None.

Changes of Assumptions

Actuarial assumptions are revised periodically to more closely reflect actual, as well as anticipated, future experience. The actuarial assumptions were revised and adopted by the Retirement Board on October 29, 2015 and first used in the 2016 determination of the Total Pension Liability. Current proposed assumptions are used in the 2021 determination of the Total Net Pension (Asset)/Liability.

The System's long-term rate of return assumption for purposes of the NPL is 6.95%, effective with the 2021 actuarial evaluation. For the 2020 and 2019 actuarial valuations, the System's long-term rate of return assumption was 7.10%. For the 2018 and 2017 actuarial valuations, the System's long-term rate of return assumption was 7.25%. For the 2016 actuarial valuation, the System's long-term rate of return assumption was 7.50%. Prior to the 2016 actuarial valuation, the System's long-term rate of return was 8.0%.

The System's assumed annual inflation rate is 2.40% for 2021, and 2.20% for 2019 and 2020. For the 2018 and 2017 actuarial valuations, the System's annual inflation assumption was 2.25%. For the 2016 actuarial valuation, the System's annual inflation assumption was 2.5%. Prior to the 2016 actuarial valuation, the System's annual inflation assumption was 3.0%.

Effective with the 2019 actuarial valuation, COLAs are projected to increase at a rate of 1.30% annually. Effective with the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.50% annually. Prior to the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually.

Effective with the 2021 actuarial valuation, the assumed scale for mortality improvement was changed from MP2019 to MP2020. Effective with the 2020 actuarial valuation, the assumed scale for mortality improvement was changed from MP2018 to MP2019. Effective with the 2019 actuarial valuation, the assumed scale for mortality improvement was changed from MP2014 to MP2018.

Effective with the 2019 actuarial valuation, there is a change in the actuarial valuation software that resulted in a slight change in the determination of Entry Age Normal Total Pension Liability and Service Cost.

CAYUGA-ONONDAGA BOCES

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

Note 5 Schedules of BOCES Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of BOCES' Proportionate Share of the Net Pension (Asset) Liability - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of BOCES' Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine BOCES' contributions in 2021. For assumptions and plan provisions used in contributions reported for years prior to 2021, refer to the Annual Actuarial Report for two years prior to the end of the fiscal year in which contributions are reported.

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
Asset Valuation Method	Five-year phased-in deferred recognition of each year's net investment income/loss in excess of (or less than) the assumed valuation rate of interest at a rate of 20.0% per year, until fully recognized after 5 years.
Inflation	2.20%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based on recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment Rate of Return	7.10% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3%

CAYUGA-ONONDAGA BOCES

ANALYSIS OF ACCOUNT A431 SCHOOL DISTRICTS FOR THE YEAR ENDED JUNE 30, 2022

July 1, Debit (Credit) Balance	<u>\$ (49,227)</u>
Debits	
Billings to School Districts	<u>50,070,110</u>
Refund of Balances Due School Districts	<u>5,875,692</u>
Other Adjustments:	
2020-2021 E-Rate Refunds in Advance	<u>45,353</u>
Total Debits	<u>55,991,155</u>
Credits	
Collection From School Districts	<u>(50,498,485)</u>
Adjustment - Credits to School Districts - Revenues in Excess of Expenditures	<u>(6,248,218)</u>
Total Credits	<u>(56,746,703)</u>
June 30, Debit (Credit) Balance	<u><u>\$ (804,775)</u></u>

CAYUGA-ONONDAGA BOCES

SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURES COMPARED TO BUDGET FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ 2,164,676	\$ 2,139,793	\$ 2,239,295	\$ 99,502	\$ 2,164,676	\$ 2,139,793	\$ 1,903,266	\$ 236,527
Capital and Facility Rental 002	550,307	550,307	697,834	147,527	550,307	550,307	773,718	(223,411)
Career and Technical Education 100-199	6,978,028	6,511,634	7,073,215	561,581	6,978,029	6,511,634	6,887,179	(375,545)
Instruction for Special Education 200-299	14,834,115	14,807,791	15,469,440	661,649	14,834,114	14,807,791	12,207,383	2,600,408
Itinerant Services 300-399	888,162	814,661	845,285	30,624	888,162	814,661	748,506	66,155
General Instruction 400-499	4,278,265	4,328,799	4,239,727	(89,072)	4,278,265	4,328,799	3,732,230	596,569
Instructional Support 500-599	8,563,758	11,965,056	11,804,836	(160,220)	8,563,758	11,965,056	10,881,085	1,083,971
Other Services 600-699	7,099,753	9,577,349	9,120,358	(456,991)	7,099,753	9,577,349	8,108,405	1,468,944
Totals	<u>\$45,357,064</u>	<u>\$50,695,390</u>	<u>\$51,489,990</u>	<u>\$ 794,600</u>	<u>\$45,357,064</u>	<u>\$50,695,390</u>	45,241,772	<u>\$ 5,453,618</u>
Revenues in Excess of Expenditures							<u>\$ 6,248,218</u>	

CAYUGA-ONONDAGA BOCES

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2022

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance	
			Prior Years	Current Year	Total			State Aid	Local Sources	Transfers to Other Funds		Total
Education Complex	\$2,680,968	\$2,680,968	\$2,655,727	\$ -	\$2,655,727	\$ 25,241	\$2,680,968	\$ -	\$ 1,537	\$ (26,778)	\$2,655,727	\$ -
Auburn LDC / Access Center	44,193	44,193	43,777	-	43,777	416	44,193	-	-	(416)	43,777	-
Copier Leases 2022	N/A	N/A		88,238	88,238	N/A	88,238	-	-	-	88,238	-
Equipment Reserve	-	-	11,800	-	11,800	-	-	-	381,170		381,170	369,370
Capital Project Reserve	-	-	-	-	-	-	-	-	1,094,444		1,094,444	1,094,444
Capital Project Reserve - Generations	-	-	-	-	-	-	-	-	1,588,655		1,588,655	1,588,655
Totals	<u>\$2,725,161</u>	<u>\$2,725,161</u>	<u>\$2,711,304</u>	<u>\$ 88,238</u>	<u>\$2,799,542</u>	<u>\$ 25,657</u>	<u>\$2,813,399</u>	<u>\$ -</u>	<u>\$3,065,806</u>	<u>\$ (27,194)</u>	<u>\$5,852,011</u>	<u>\$3,052,469</u>

**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 (the BOCES) as of and for the year ended June 30, 2022, 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 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the BOCES' internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 22, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Board of Education
Cayuga-Onondaga BOCES
Auburn, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cayuga Onondaga BOCES' (the BOCES) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the BOCES' major federal programs for the year ended June 30, 2022. The BOCES' major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the BOCES, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 22, 2022

CAYUGA-ONONDAGA BOCES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass - Through Grantor Program Title	Federal ALN #	Pass-Through Grantor #	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Passed through NYS Department of Temporary and Disability Assistance State Administrative Matching Grants for SNAP	10.561	N/A	\$ -	\$ 25,485
Passed through NYS Department of Labor Child and Adult Care Food Program	10.558	N/A	-	11,826
Total U.S. Department of Agriculture			-	37,311
U.S. Department of Education				
Adult Education - State Grant Program	84.002	2338223091	-	50,000
(COVID-19) HEERF-Student Aid Portion	84.425E	(1)	-	40,546
(COVID-19) HEERF-Institutional Portion	84.425F	(1)	-	70,948
(COVID-19) HEERF-Fund for the Improvement of Postsecondary Education Formula Grant	84.425N	(1)	-	302,529
			-	414,023
Total Passed Through NYS Department of Education			-	464,023
Student Financial Assistance Cluster				
Federal Direct Student Loans	84.268		-	172,503
Federal Pell Grant Program	84.063		-	118,540
Total Direct Assistance - Student Financial Assistance Cluster			-	291,043
Total Expenditures of Federal Awards			\$ -	\$ 792,377

(1) - Unable to determine.

See Notes to Schedule of Expenditures of Federal Awards

CAYUGA-ONONDAGA BOCES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2022

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs administered by the Cayuga-Onondaga BOCES (BOCES), an entity as defined in Note 1 to BOCES' basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, preparation of the financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. BOCES has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 **Matching Costs**

Matching costs, such as the BOCES' share of certain program costs, are not included in the reported expenditures.

Note 5 **Subrecipients**

No amounts were provided to subrecipients.

Note 6 **Other Disclosures**

No insurance is carried specifically to cover equipment purchased with Federal Funds. Any equipment purchased with Federal Funds has only a nominal value and is covered by the BOCES' casualty insurance policies.

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

CAYUGA-ONONDAGA BOCES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes √ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes √ none reported

Noncompliance material to financial statements noted? yes √ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes √ no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes √ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? yes √ no

Identification of major programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425E/84.425F/84.425N	Education Stabilization Fund Section 2 - Higher Education Emergency Relief Fund (HEERF)

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low-risk? yes √ no

Section II Financial Statement Findings

None.

Section III Federal Award Findings and Questioned Costs

None.