

**Jefferson-Lewis-Hamilton-
Herkimer-Oneida Board of
Cooperative Educational Services
Financial Statements
with Independent Auditors' Report
June 30, 2023**

Jefferson-Lewis-Hamilton-Herkimer-Oneida Board of Cooperative Educational Services
Table of Contents
June 30, 2023

	<u>Page (s)</u>
Independent Auditors' Report	1-4
Management's Discussion and Analysis	5
Basic Financial Statements	
Statement of Net Position - Governmental Activities	20
Statement of Activities and Changes in Net Position - Governmental Activities	22
Balance Sheet - Governmental Funds	23
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	25
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	26
Notes to Financial Statements	28
Required Supplementary Information	
Schedule of Changes in the BOCES' Total OPEB Liability and Related Ratios - Last 6 Fiscal Years	57
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	58
Schedules of BOCES Contributions - NYSTRS & NYSERS Pension Plans - Last 9 Fiscal Years	59
Schedules of BOCES' Proportionate Share of the Net Pension Liability - NYSTRS & NYSERS Pension Plans - Last 9 Fiscal Years	60
Supplementary Information	
Schedule of Change from Adopted Budget to Final Budget - General Fund	61
Analysis of Account A431 School Districts	62
Schedule of Project Expenditures - Capital Projects Fund	63
Net Investment in Capital Assets	64
Federal Award Program Information	
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 <i>Government Auditing Standards</i>	65
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	67
Schedule of Expenditures of Federal Awards	70
Notes to Schedule of Expenditures of Federal Awards	71
Schedule of Findings and Questioned Costs	72
Summary Schedule of Prior Audit Findings	73

STACKEL & NAVARRA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY BANK BUILDING – 216 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3336
TELEPHONE 315/782-1220
FAX 315/782-0118

Robert F. Stackel, C.P.A.
Jacob Navarra, C.P.A.
Mark B. Hills, C.P.A.

Independent Auditors' Report

Board of Education
Jefferson-Lewis-Hamilton-Herkimer-Oneida Board of
Cooperative Educational Services

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 Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES' basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Jefferson-Lewis-Hamilton-Herkimer-Oneida 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 Jefferson-Lewis-Hamilton-Herkimer-Oneida 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, the schedule of changes in the BOCES total OPEB liability and related ratios – last 6 fiscal years, the schedule of revenue, expenditures and changes in fund balance – budget and actual – general fund, the schedules of BOCES contributions – NYSTRS & NYSERS pension plans – last 9 fiscal years, and the schedules of BOCES' proportionate share of the net pension liability – NYSTRS & NYSERS pension plans – last 9 fiscal years on pages 5-19 and 57-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES' basic financial statements. The accompanying schedule of change from adopted budget to final budget – general fund, analysis of account A431 school districts, schedule of project expenditures – capital projects fund, net investment in capital assets and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of change from adopted budget to final budget and the real property tax limit – general fund, net investment in capital assets and schedule 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 October 13, 2023, on our consideration of Jefferson-Lewis-Hamilton-Herkimer-Oneida 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 Jefferson-Lewis-Hamilton-Herkimer-Oneida 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 Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES' internal control over financial reporting and compliance.

Stackel & Navarra, CPA, PC

Watertown, NY
October 13, 2023

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

The following is a discussion and analysis of the Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES' (hereinafter referred to as "BOCES") financial performance for the fiscal year ended June 30, 2023. This section is a summary of the BOCES' financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. This report will contain comparisons of data between the 2021-22 fiscal year and the 2022-23 fiscal year. This section is only an introduction and should be read in conjunction with the BOCES financial statements, which immediately follow this section. Responsibility for completeness and fairness of the information contained within these documents rests with the BOCES.

BOCES Overview/Highlights

A Board of Cooperative Educational Services (BOCES) is a voluntary, cooperative association of school districts that share planning, services, and programs to provide educational and support activities more economically, efficiently, and equitably than could be provided by an individual district. BOCES are organized under section 1950 of the Education Law.

The Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES is geographically the largest in New York State. It serves eighteen component districts, ranging in size from the Watertown City School District with almost four thousand students to Town of Webb, which has fewer than two hundred and fifty students.

The BOCES employs approximately 500 full and part time professional and support staff who work throughout the region in BOCES owned or leased buildings and in district classrooms and offices throughout the BOCES area.

BOCES earns the majority of its revenues by providing services to the component school districts, and in some cases, districts in surrounding areas (through cross contracts) or other municipalities. The NYS Education Department must approve each service or CoSer (cooperative service) before it can be offered. Each CoSer has its own budget, including revenues and expenditures and must be self-sustaining. The districts are charged based on a variety of methods that have been pre-approved by the State Education Department. They in turn may receive a variety of state aids for participation in the programs.

In addition to charges to districts and municipalities and some grant funds, revenues can be earned by departmental charges between programs for services one program may provide to another.

Charges for the coming school year are finalized, with few exceptions, in the spring of the preceding school year. Districts forward their initial requests in February and in May the BOCES receives the final program participation forms for the coming year. Adjustments, based upon the individual districts' needs are made throughout the year. Because BOCES revenues are derived primarily from tuitions charged to Districts and not from State Aid or from Tax Revenues, BOCES fiscal health depends primarily on participation rates. Tuitions are based on projected costs divided by projected enrollments. If either estimation is incorrect, program net revenues or expenditures will vary.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

Jeff-Lewis BOCES has five primary divisions: Programs for Exceptional Students, Career and Technical Education Programs, Instructional Services, Instructional Support Services and Administrative Support Services. During the past year, each program area served a different population and therefore experienced different fiscal impacts.

Programs for Exceptional Students and their associated support programs remain one of the largest divisions at the BOCES (21.9%) both in revenue and in staffing numbers. The total number of classes remained mostly stable. For the 2022-23 year, the BOCES operated three (3) Life Skills classes, two (2) 12:1 (Option II) classes, and ten (10) 12:1, 3:1 (Option IV) classrooms. The self-contained 6:1:1, 6:1:2, 8:1:1 (Option III) classes remained at twenty-two (22) classrooms. The number of Resource Rooms also stayed at three (3). The Director continues to combine classrooms and services when possible but the large geographic area makes significant consolidation very difficult. Because these programs all have very high staff to student ratios, increased personnel costs have a profound impact on bottom line costs. The BOCES responds to School Districts requests. Additional requests for services for autistic children, have allowed BOCES to add programs and develop skills for this population. In 2017-18, a new program, PASS (Positive Academic and Social Supports) started and was developed to provide individualized behavioral and academic interventions for students in grades 7-12, who have been unsuccessful in more traditional classroom settings. Students work closely with staff to develop an individualized behavior and academic intervention plan with the goal of returning to a less restrictive school setting. Also in 2017-18, a new Life Skills track called "Moving Forward" was developed, which allows students an opportunity for career exploration, while developing social and job readiness skills in order to encourage greater participation in the community and workforce

The third largest division, Career and Technical Programs (17.6%) has experienced a 19% increase in enrollment since the Fall of 2021. As component school district enrollments change, it affects our enrollment in the Career and Technical Programs, and will need to be carefully monitored into future years. Some things that affect the component school enrollment include the deployment and return of Brigades from Ft. Drum. The movement of troops has an effect on their families and school age children that stay in the area or move back to their original homes. The current economic conditions of the country cause families to move where jobs are available. More and more students are opting for career paths vs. college. The fluctuation in Career and Technical enrollments may continue until the economy and military stability returns. In response to this trend, the BOCES moved to a 3-year average enrollment for billing purposes to assist districts in consistent budget forecasting.

Instructional Services and Support Programs continue to respond to the needs of our component schools. Offerings and program demands vary within these departments as the district's request service. The BOCES has developed a grant writing service. Through a regional Grants Advisory Committee, specific needs are identified for each region to maximize and target funding.

The largest division is now the Administrative Support Services area (28.4%) as districts continue to increase participation in Hearing Officer services, Benefits Coordination, and Energy (solar) Consortium related services, to try to off-set the rising costs of these areas.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

Overview of the Financial Statements

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

- The first two statements are BOCES-wide financial statements that provide both short-term and long-term information about the BOCES' overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the BOCES, highlighting the BOCES' operations in more detail than the BOCES-wide statements. The fund financial statement concentrates on the BOCES' most significant funds with all other non-major funds listed in total in one column. There were no non-major funds for the year ended June 30, 2023.
- The governmental funds statements detail how basic services were financed in the short term as well as what remains for future spending.

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

The next page summarizes the major features of the BOCES's financial statements, including the portion of the BOCES' activities they cover and the types of information they contain. The remainder of this overview section of MD &A highlights the structure and contents of each of the statements.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

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

BOCES-Wide Statements

The BOCES-wide statements report information about the BOCES as a whole using accounting methods similar to those used by private-sector companies. The statement of Net position includes all of the BOCES' assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two BOCES-wide statements report the BOCES' Net position and how they have changed. Net position – the difference between the BOCES' assets and liabilities – are one way to measure the BOCES' financial health or position.

- Over time, increases or decreases in the BOCES' Net position are an indication of whether its financial position is improving or deteriorating, respectively.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

- To assess the BOCES's overall health, you need to consider additional nonfinancial factors such as changes in the BOCES' demographics and the condition of the facilities.

In the BOCES-wide financial statements, the BOCES' activities are shown as follows: Governmental activities: Most of the BOCES' basic services are included here, such as general and special education, instructional services, administration, non-instructional services and support services. Charges and tuitions to component school districts finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The BOCES establishes other funds to control and to manage money for particular purposes or to show that it is properly using certain revenues such as Federal grants.

The BOCES has the following funds:

Governmental Funds: Most of the BOCES' basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets, that can readily be converted to cash, flow in and out and (2) the balances left at year end that are available for spending (returning to the component districts). These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the BOCES' programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled at the bottom of the governmental funds statements.

Reporting the BOCES as a Whole

Net position may serve over time as a useful indicator of a government's financial position. In the case of the BOCES, liabilities exceeded assets by \$104,629,736 at the close of the most recent fiscal year. The total Net position has increased from the prior year by \$27,517,964. The Impact of the Governmental Accounting Standards Board Standards #75 and #68 will continue to be reflected in the total net position. The Standards provide for the accounting and financial reporting by employers for post-employment benefits. The BOCES engaged the services of an actuary to value the post-employment benefits. The valuation has not been applied retroactively. The annual required contribution has been recorded as a long-term liability. Additional information is available in Note 13 of the financial statements.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

The largest portion of the BOCES's Net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The BOCES uses capital assets to provide services; consequently, these assets are not available for future spending. Although the BOCES's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. BOCES had \$1,746,966 in capital related debt at the close of June 30, 2023.

The following schedule summarizes the BOCES's Net position. The complete Statement of Net position can be found in the BOCES's basic financial statements on pages 20 and 21.

Condensed Statement of Net Position

	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Cash and cash equivalents	\$ 8,397,074	\$ 8,241,001
Receivables	10,671,795	12,839,185
Capital assets, net	33,331,720	33,001,611
Right-to-use assets	608,161	461,490
Net pension asset - proportionate share	16,958,169	-
Total assets	<u>69,966,919</u>	<u>54,543,287</u>
Pensions	13,585,643	13,202,912
OPEB (GASB 75)	15,732,955	45,895,139
Total deferred outflows of resources	<u>29,318,598</u>	<u>59,098,051</u>
Payables	15,383,509	17,059,668
Long-term liabilities	192,656,089	155,246,577
Total liabilities	<u>208,039,598</u>	<u>172,306,245</u>
Pensions	23,393,619	1,134,994
OPEB (GASB 75)	-	44,829,835
Total deferred inflows of resources	<u>23,393,619</u>	<u>45,964,829</u>
Invested in capital assets, net	31,679,367	31,254,645
Restricted	2,759,104	3,414,098
Unrestricted	(166,586,171)	(139,298,479)
Total net position	<u>\$ (132,147,700)</u>	<u>\$ (104,629,736)</u>

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

In general, current assets are those assets that are available to satisfy current obligations and current liabilities are those liabilities that will be paid within one year. The majority of BOCES current receivables, \$10.3 million, consist of BOCES aid due from the State and payable to the Districts. This will be forwarded to the districts based upon the aid ratio of the programs in which they participated.

The decrease in long-term liabilities is reflective of the postemployment benefits recorded in accordance with the GASB #75 regulation. The decrease in Unrestricted Assets is also attributable to the effect of the GASB Standard #75 and GASB #68.

The Statement of Activities shows the cost of program services net of charges for the services and grants offsetting those services. The complete Statement of Activities can be found in the BOCES' basic financial statement. Total revenues including charges for services, investment earnings, and unrestricted state and federal grants must support the net cost of the BOCES' programs.

Condensed Statement of Activities

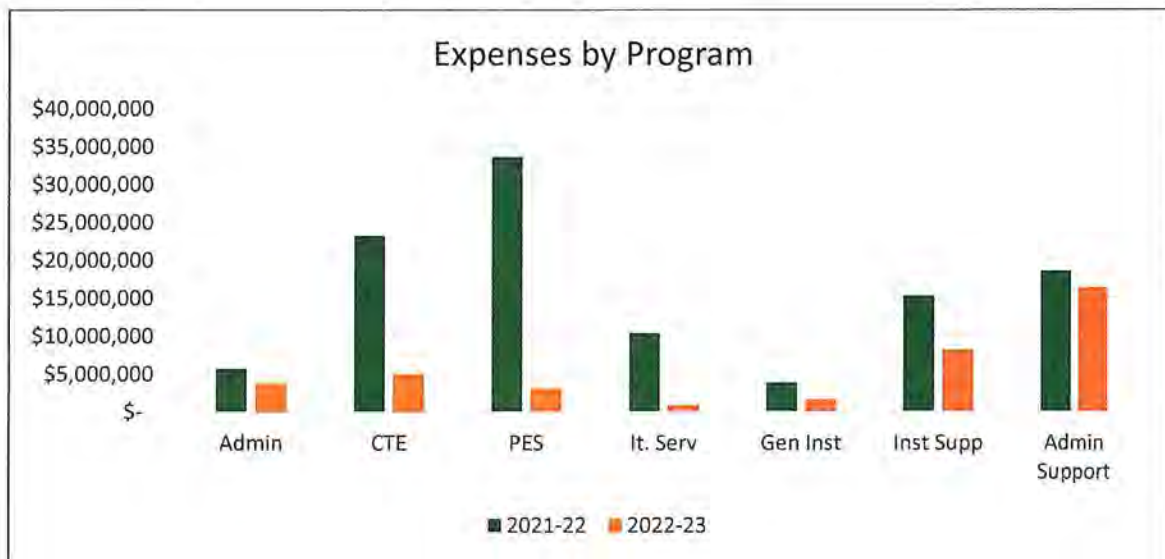
The Statement of Activities shows the cost of program services net of charges for the services and grants offsetting those services. The complete Statement of Activities can be found in the BOCES' basic financial statement. Total revenues, including charge for service, investment earnings, and unrestricted state and federal grants must support the net cost of the BOCES' programs.

<u>Programs</u>	<u>Expenses</u>	<u>For Year Ending</u> <u>June 30, 2022</u>			<u>For Year Ending</u> <u>June 30, 2023</u>		
		<u>Revenues</u>	<u>Net</u>		<u>Expenses</u>	<u>Revenues</u>	<u>Net</u>
Admin	\$ 5,813,772	\$ 5,081,723	\$ (732,049)		\$ 3,830,032	\$ 4,912,524	\$ 1,082,492
C & T	23,232,125	11,692,693	(11,539,432)		5,054,526	11,919,938	6,865,412
PES	33,523,748	14,320,505	(19,203,243)		3,102,515	14,335,879	11,233,364
It. Services	10,334,288	4,710,026	(5,624,262)		902,689	5,031,157	4,128,468
Gen. Inst.	3,804,489	2,163,343	(1,641,146)		1,685,524	2,882,195	1,196,671
Inst. Supp	15,306,015	11,081,775	(4,224,240)		8,168,374	10,943,737	2,775,363
Other Serv.	18,569,998	16,580,485	(1,989,513)		16,411,726	18,608,399	2,196,673
Total	<u>110,584,435</u>	<u>65,630,550</u>	<u>(44,953,885)</u>		<u>39,155,386</u>	<u>68,633,829</u>	<u>29,478,443</u>
General Revenues							
Use of Money/property		\$ 52,568				\$ 402,246	
Sale of Property		7,219				44,267	
Misc.		308,353				279,868	
Total		<u>368,140</u>				<u>726,381</u>	
Return of surplus unpaid		(2,650,654)				(2,686,846)	
Close inactive CoSers		141				(14)	
		<u>(2,650,513)</u>				<u>(2,686,860)</u>	
Change in Net Position		<u>\$ (47,236,258)</u>				<u>\$ 27,517,964</u>	

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

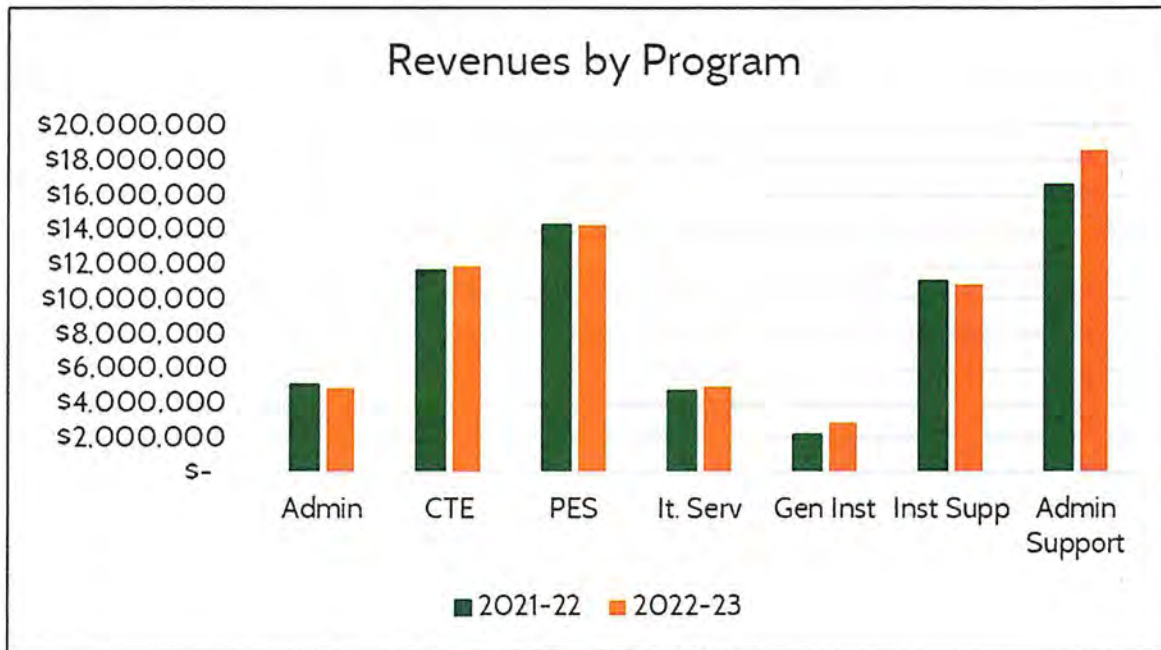
The effect of the accrued post-retirement benefits is evident throughout the budgetary categories when comparing the two fiscal years. The impact of GASB 75 and 68 will continue to be felt in the future years as the total long-term liability is transferred to the operating balance sheet. The State of New York has not created provision for a funding mechanism for this obligation. A further breakdown of the revenues would show that of the Charges for Services, 95.5% are paid by our components (school districts within our BOCES) and the rest by cross contracts to other BOCES or by charges for services provided to other municipalities.

Total expenses for the current year decreased by \$71,429,049 or 65%. The majority of that decrease across all programs was due to the large decrease in other postemployment benefits payable, primarily represented in the Programs for Exceptional Students and Career & Technical Education service areas.



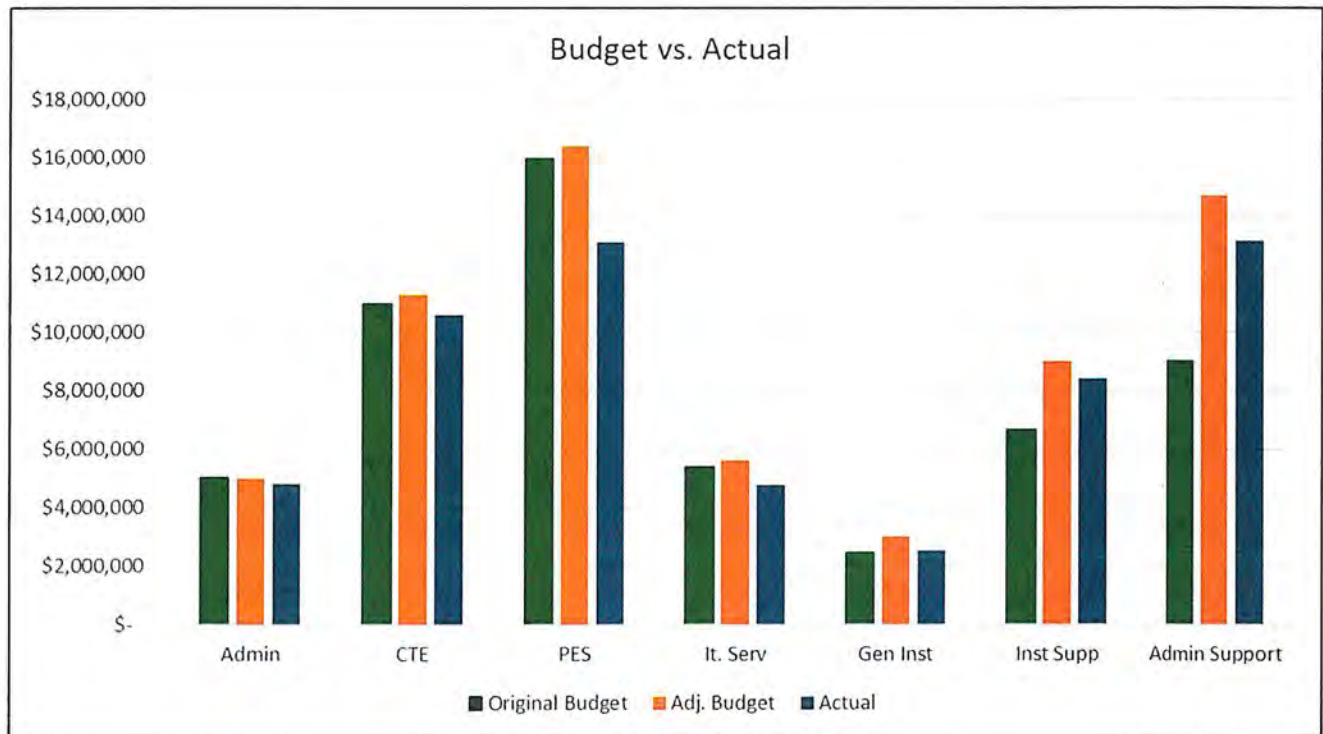
Revenues increased overall by \$3,361,520 or 5.1%. The majority of that increase was realized in “Administrative Support” services, due to the increased request for services. The remaining increase was primarily in General Instructional Services, also due to an increase in requests for services in those CoSer areas. Only the Administrative and Instructional Support Department experienced decrease in revenues due to a decrease in expenses and costs to provide services in those CoSer areas.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023



General Fund Budgetary Highlights

The budget is developed primarily on projected enrollments and participation levels anticipated by the component districts. As their need for services change throughout the year, adjustments to the budget are made reflecting these requests.



Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

All departments saw an increase in adjusted budgets due to increased requests and costs for providing services. Budgets are still impacted by the March, 2020 closure of area schools and the BOCES due to the COVID 19 pandemic. For example, the actual budgets for Career & Technical Education, Instructional Support and Administrative Support service areas increased over original budget due to increased request for services from districts in those areas (i.e. increased delivery of online instructional content for students, and increased costs for materials and supplies to provide services).

Variances between original budget and actual expenditures will continue to occur as BOCES responds to changes in requests by the Districts.

More detailed information about the BOCES' General Fund budget is presented in the Statement of Revenues, Expenditures, and Changes in Fund Equity – Budget and Actual on page 58.

ANALYSIS OF THE BOCES' FUNDS

General Fund

New COSERS (Cooperative Services) were introduced during the 2022-23 school year, and continue to be in response to specific request from Districts. These COSERS provide functionality for the SAMS system, a State Aid Management System required by the State Education Department to file BOCES data and state aid figures. This system requires all cross-contracted COSERS to have a unique COSER number, apart from our COSER numbers. These services have been requested by our component districts in the past and show this year with unique numbers, to accommodate the new reporting requirements.

Special Aid Fund

Although there are several grants administered through this fund the following are the most volatile and involve most directly the component districts.

The BOCES was one of 12 Regional Partnership Centers established in the 2019-20 school year to serve as the Lead Educational Agency (LEA) for the Office of Special Education (OSE) Education Partnership funding. The BOCES Education Partnership Center administers and services the Jefferson Lewis Hamilton Herkimer Oneida BOCES, Madison Oneida BOCES, Onondaga Herkimer Madison BOCES and Herkimer BOCES regions. Over 5 years, the Regional Partnership Centers will focus their efforts on improving the infrastructure of districts/programs to be successful in implementing evidence-based practices and provide meaningful engagement with students and families. The Educational Partnership funding replaces the RSE-TASC program/grant that BOCES was the LEA of formerly.

The Carl D. Perkins Career and Technical Education Improvement Act Grant is administered through the Career & Technical Programs' Office. The Vocational and Technical Education Act of 2006 (formerly VATEA) funds are used primarily for the purchase of equipment and for

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

curriculum development as more programs are approved to offer academic credit. The Federal legislation renewing these funds has been reauthorized for the next several years.

On March 27, 2020, the President signed into law, the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act created an Education Stabilization Fund (ESF) to prevent, prepare for and respond to the coronavirus, under which the Elementary and Secondary School Emergency Relief (ESSER) funds to support the ability of local educational agencies (LEAs), and the Governor's Emergency Education Relief (GEER) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19, were established. On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act provided additional support under both the ESSER and GEER funds. Although none of the ESSER or GEER funding was allocated directly to the BOCES, the Adult Education program was eligible under the Higher Education Emergency Relief Fund of the Acts, and received funding to not only assist with the costs associated with the coronavirus pandemic, but also to offset the loss of revenue in these program areas.

Capital Asset and Debt Administration

	Balance	2023	2023	Balance
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>
Land	\$ 246,097	\$ -	\$ -	\$ 246,097
Buildings & Improvements	23,987,911	10,247,617	-	34,235,528
Machinery and Equipment	5,113,002	542,765	66,864	5,588,903
Construction WIP	<u>19,606,617</u>	<u>136,302</u>	<u>10,194,313</u>	<u>9,548,606</u>
	<u>48,953,627</u>	<u>10,926,684</u>	<u>10,261,177</u>	<u>49,619,134</u>
Less Accumulated Depreciation	<u>15,621,907</u>	<u>1,047,900</u>	<u>52,284</u>	<u>16,617,523</u>
Net Capital Assets	<u>\$ 33,331,720</u>	<u>\$ 9,878,784</u>	<u>\$ 10,208,893</u>	<u>\$ 33,001,611</u>

The financial statements provide a picture of capital assets over time. These include land, buildings, equipment and furniture. Purchases throughout the year of equipment and furniture and the costs of building renovation projects increase the capital assets of the BOCES. They are in turn decreased by sale of assets and depreciation. In the 2018-19 fiscal year, there was an increase in buildings and improvements with the purchase of the Boak Education Center building in Lowville, NY.

The BOCES received voter approval on March 7, 2018 to move forward with a \$20,000,000 capital project to upgrade the mechanical, electrical and security systems throughout the buildings on all BOCES campuses, to include the newly owned Boak Education Center in Lowville, NY. Construction began in February of 2020 and contractors were able to escalate the original schedule due to the closing of the BOCES facilities in response to the COVID 19 pandemic and statewide closure of schools and in-person instruction. The work will be finalized in the Fall of 2023. No additional capital projects are anticipated other than renovation and safety repairs on existing

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

owned or leased structures. The current capital programs are addressing increased enrollment in the Career and Technical Education program areas. Specific program safety, environmental and maintenance issues and are funded under the regular operation and maintenance portion of the budget.

Long-Term Debt

In the 2013-14 school year, the BOCES entered into a 5-year lease with the St. Peter's Church of Lowville, NY for the school building located on their property. The intended use of the building is to house the Alternative Education programs provided to the students in the Lewis, Hamilton, Herkimer and Oneida Counties. The lease allowed the BOCES to purchase the building at the end of the lease. The BOCES obtained voter approval in the March, 2018 school year to purchase the building per the agreement, at no additional cost, and the lease was satisfied as of June 30, 2018, and the building is now owned by the BOCES.

In the 2021-22 school year, the BOCES entered into a 15-year Energy Performance Contract agreement. The annual payment is projected at \$103,751 and the balance as of June 30, 2023 is \$1,550,928.

In the 2022-23 school year, the BOCES entered into an installment purchase debt agreement for the purchase of equipment for the CTE Heavy Equipment program. The balance as of June 30, 2023 is \$196,038.

Factors Bearing on the BOCES' Future

This section contains a description of currently known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

Expected budgetary impacts

The current economic conditions of New York State, the nation and the world continue to be a concern for education. The CARES Act, CRRSA Act, and ARP ESSER funds will support the districts through the 2023-24 year. Foundation Aid will be fully funded in the 2023-24 school year, however, there are concerns that a funding cliff will then be created in 2024. A large portion of the budgets of our component districts is funded by aid to education from the State of New York. If our components are not receiving increased funding from the State, their service requests may be reduced to necessity items only, or may force many school districts to consolidate and share services.

Personnel cost i.e. salaries and benefits continue to increase with the increases to minimum wage. As a member of our self-funded health insurance plan, BOCES and the member districts are continuously looking at cost containment measures. The escalating number of retirees and their resulting health care costs is one of the most significant impacts for our future budgets. Pension rates for the Employees Retirement System and for the Teachers' Retirement System are projected to increase over the next year, and the overall pension costs for the BOCES continues to rise.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

BOCES' contracts with the BOCES Professional Association (BPA), the BOCES Support Staff Association (BSSA), and the Civil Service Employees Association (CSEA) were settled as of June 30, 2023.

Enrollment

Career, Technical, Adult and Continuing Education

The enrollment of secondary students in the Career and Technical Centers increased during the past year. Districts are now charged based on their 3-year actual enrollment. It is anticipated that the new billing method will help Districts to be able to budget more consistently. As the need for skilled workers increases, the cost of going to college rises, the need for an immediate source of income for high school graduates' increases, programing at both centers will hopefully attract students into the new offerings.

Charles H. Bohlen, Jr. Technical Center

BTC Student Enrollment	13- 14	14- 15	15- 16	16- 17	17- 18	18- 19	19- 20	20 - 21	21- 22	22- 23
Secondary Students	763	791	820	837	811	765	786	748	763	797
Special Education	230	188	229	201	228	266	263	259	268	294
Alternative High School & Endeavor Dipolma Based	7	6	7	2	5	4	4	4	3	3
Adult (Day & Eve Ctr, For B/ Industry)20 17- 18 Day Adults only	183	206	175	231	163	11	5	1	3	4

Howard G. Sackett Technical Center

HGSTC Student Enrollment	13- 14	14- 15	15- 16	16- 17	17- 18	18- 19	19- 20	20 - 21	21- 22	22- 23
Secondary Students	318	309	312	317	296	290	294	312	312	416
Special Education	102	74	69	79	86	94	94	107	102	117
Alternative High School	13	7	1	0	0	5	5	6	0	0
Adult (Day & Eve Ctr, For B/ Industry)	23	17	27	14	28	6	5	3	3	1

Programs for Exceptional Students

Overall, the Programs for Exceptional Students (PES) Department programs saw an increase in total enrollment. The COVID 19 pandemic continued forced many component school districts to provide remote or alternatives to in-person instruction, which heavily impacted the BOCES ability to provide services to students in these program areas. The component districts continue to examine their programs and are providing more district operated instruction to students wherever possible. Districts continue to ask the Programs for Exceptional Students Department to develop programs to meet the needs of more specialized students like autism.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

PES continues to run a Life Skills program started in 2017-18 called “Moving Forward”. The program allows students with disabilities in grades 9-12 with an opportunity for career exploration, while developing social and job readiness skills in order to encourage greater participation in the community and workforce. There have also been some associated increases in Related Services to students attending district operated programs, and related services to students attending BOCES operated classrooms have maintained their participation rates or decreased slightly.

Comparison of the # of Classrooms/ Program	13- 14	14- 15	15- 16	16- 17	17- 18	18- 19	19- 20	20- 21	21- 22	22- 23
Life Skills special classes	15	3	3	3	3	4	4	3	3	3
15:1, 15:1+1 special classes	0	0	1	1	1	1	1	0	0	0
12:1+1 special classes	7	7	7	8	4	4	4	2	2	2
8:1+1, 6:1+1, 6:1+2 special classes	23	22	22	22	22	22	23	22	22	22
12:1+(3:1) special classes	7	7	7	8	9	10	10	10	10	10
Resource Rooms	11	8	7	7	6	4	4	4	3	3
Endeavor	7	8	7	7	7	6	6	6	8	10
Program Enrollment	13- 14	14- 15	15- 16	16- 17	17- 18	18- 19	19- 20	20- 21	21- 22	22- 23
Life Skills, Moving Forward	17	26	24	27	32	29	24	16	29	14
15:1, 15:1+1 special classes	0	0	8	13	9	9	11	0	0	0
12:1+1 special classes	66	66	36	36	36	20	20	21	20	20
8:1+1, 6:1+1, 6:1+2 special classes	128	145	130	129	145	140	135	129	170	122
12:1+(3:1) special classes	75	86	85	87	97	102	84	83	108	102
Resource Rooms	180	187	134	129	127	132	98	73	76	78
Endeavor	32	30	34	32	28	33	29	18	29	17
TOTAL	498	540	451	453	474	465	401	340	432	353

Decisions to eliminate current programs or start new ones

Each program or CoSer is evaluated on an annual basis for fiscal soundness. Career & Technical Programs are expected to carry, at a minimum – 10 students for each session (a.m., p.m.). In general, programs are given up to three years to become fiscally solvent. Promotions, curriculum modifications and in servicing are all provided before a program is abandoned. Staffing adjustments are made annually based on enrollments.

Although numbers have increased slightly overall in Programs for Exceptional Student Programs, all programs and services are expected to continue but with increasing or decreasing staffing as needed.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Management Discussion and Analysis
June 30, 2023

Construction Programs

The current capital programs are addressing data and facility security and power needs in the administrative building on the Watertown campus. Additional programs address specific program safety, environmental and maintenance issues and are funded under the regular operation and maintenance portion of the budget.

The BOCES received voter approval on March 7, 2018 to move forward with a \$20,000,000 capital project to upgrade the mechanical, electrical and security systems throughout the buildings on all BOCES campuses, to include the newly owned Boak Education Center in Lowville, NY. Construction began in February, 2020 and will be completed in the Fall, 2023.

Contacting the BOCES' Financial Management

The financial report is designed to provide the BOCES' component districts' taxpayers, customers, investors, and creditors with a general overview of the BOCES' finances and to demonstrate the BOCES' accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES, 20104 State Route 3, Watertown, New York 13601.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Statement of Net Position
Governmental Activities
June 30, 2023

Statement #1

ASSETS

Cash

Unrestricted \$ 5,504,408

Restricted 2,736,593

Prepaid expenditures 3,008

Receivables

State and federal aid 10,307,122

Due from other governments 1,515,877

Lease 14,267

Other 998,911

Land, buildings and equipment (net) 33,001,611

Right-to-use assets 461,490

Total Assets \$ 54,543,287

DEFERRED OUTFLOWS OF RESOURCES

Pensions \$ 13,202,912

Other postemployment benefits 45,895,139

Total Deferred Outflows of Resources \$ 59,098,051

LIABILITIES

Accounts payable \$ 1,581,185

Accrued liabilities 190,014

Deferred revenue 475,543

Due to other governments 33,245

Due to teachers' retirement system 1,771,826

Due to employees' retirement system 259,803

Due to school districts 12,748,052

Long-term liabilities

Due and payable within one year

Installment purchase debt 61,988

Lease liability 255,293

Energy performance contract 103,751

Due and payable after one year

Compensated absences payable 952,840

Installment purchase debt 134,050

Lease liability 224,297

Energy performance contract 1,447,177

Net pension responsibility - proportionate share 6,332,598

Other postemployment benefits payable 145,734,583

Total Liabilities \$ 172,306,245

See Notes to Financial Statements.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Statement of Net Position
Governmental Activities
June 30, 2023

DEFERRED INFLOWS OF RESOURCES

Pensions	\$ 1,134,994	
Other postemployment benefits	<u>44,829,835</u>	
Total Deferred Inflows of Resources		<u>\$ 45,964,829</u>

NET POSITION

Net investment in capital asset	\$ 31,254,645	
Restricted		
Other legal restrictions	3,414,098	
Unrestricted	<u>(139,298,479)</u>	
Total Net Position		<u>\$ (104,629,736)</u>

See Notes to Financial Statements.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Statement of Activities and Changes in Net Position
Governmental Activities
For the Year Ended June 30, 2023

Statement #2

		Program Revenues		
	Expenses	Charges for Services	Operating Grants	Net (Expense) Revenues and Changes in Net Position
FUNCTIONS/PROGRAMS				
Administration	\$ 3,830,032	\$ 4,912,524	\$ -	\$ 1,082,492
Career and technical programs	5,054,526	11,538,694	381,244	6,865,412
Programs for exceptional students	3,102,515	14,335,879	-	11,233,364
Itinerant services	902,689	5,031,157	-	4,128,468
General instruction	1,685,524	2,500,125	382,070	1,196,671
Instruction support	8,168,374	8,617,297	2,326,440	2,775,363
Other services	16,411,726	18,608,399	-	2,196,673
Total Functions and Programs	<u>\$ 39,155,386</u>	<u>\$ 65,544,075</u>	<u>\$ 3,089,754</u>	<u>29,478,443</u>
GENERAL REVENUES				
Use of money and property				\$ 402,246
Sale of property and compensation for loss				44,267
Miscellaneous				<u>279,868</u>
Total General Revenues				<u>726,381</u>
Other sources and uses:				
Refund of surplus unpaid				(2,686,846)
Close inactive CoSers				<u>(14)</u>
Total Other Sources and Uses				<u>(2,686,860)</u>
Change in Net Position				27,517,964
Total Net Position - Beginning of year, as restated				<u>(132,147,700)</u>
Total Net Position - End of year				<u>\$ (104,629,736)</u>

See Notes to Financial Statements.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Balance Sheet
Governmental Funds
June 30, 2023

Statement #3

	General	Special Aid	Legal Services	Adult Education	Capital	Miscellaneous Special Revenue	Energy Management Services	Total Governmental Funds
ASSETS								
Cash and cash equivalents								
Unrestricted	\$ 5,064,502	\$ 3,229	\$ 131,182	\$ 1	\$ 305,494	\$ -	\$ -	\$ 5,504,408
Restricted	2,712,611	-	-	-	-	23,982	-	2,736,593
Prepaid expenditures	3,008	-	-	-	-	-	-	3,008
Receivables								
Due from other funds	2,927,257	-	-	1,304	-	-	18,845	2,947,406
State and Federal aid	9,392,533	848,208	-	66,381	-	-	-	10,307,122
Due from other governments	17,181	1,468,529	-	30,167	-	-	-	1,515,877
Lease	14,267	-	-	-	-	-	-	14,267
Other	123,038	86,533	30,030	13,666	-	-	745,644	998,911
Total Assets	<u>\$ 20,254,397</u>	<u>\$ 2,406,499</u>	<u>\$ 161,212</u>	<u>\$ 111,519</u>	<u>\$ 305,494</u>	<u>\$ 23,982</u>	<u>\$ 764,489</u>	<u>\$ 24,027,592</u>
LIABILITIES								
Accounts payable	\$ 395,074	\$ 951,017	\$ 654	\$ 1,999	\$ 2,712	\$ -	\$ 229,729	\$ 1,581,185
Accrued liabilities	186,900	-	-	3,114	-	-	-	190,014
Deferred revenue	420,061	-	-	-	-	-	55,482	475,543
Due to other funds	701,487	1,440,576	17,278	319,483	-	-	468,582	2,947,406
Due to other governments	18,963	13,947	-	-	-	-	335	33,245
Due to Teachers' Retirement System	1,771,826	-	-	-	-	-	-	1,771,826
Due to Employees' Retirement System	259,803	-	-	-	-	-	-	259,803
Due to school districts	12,748,052	-	-	-	-	-	-	12,748,052
Total Liabilities	<u>16,502,166</u>	<u>2,405,540</u>	<u>17,932</u>	<u>324,596</u>	<u>2,712</u>	<u>-</u>	<u>754,128</u>	<u>20,007,074</u>
FUND BALANCES								
Restricted	3,414,098	-	-	-	-	-	-	3,414,098
Unassigned	-	-	-	(213,077)	-	-	-	(213,077)
Assigned	338,133	959	143,280	-	302,782	23,982	10,361	819,497
Total Fund Balances	<u>3,752,231</u>	<u>959</u>	<u>143,280</u>	<u>(213,077)</u>	<u>302,782</u>	<u>23,982</u>	<u>10,361</u>	<u>4,020,518</u>
Total Liabilities and Fund Balances	<u>\$ 20,254,397</u>	<u>\$ 2,406,499</u>	<u>\$ 161,212</u>	<u>\$ 111,519</u>	<u>\$ 305,494</u>	<u>\$ 23,982</u>	<u>\$ 764,489</u>	<u>\$ 24,027,592</u>

See Notes to Financial Statements.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2023

Statement #3A

	Total Governmental Funds	Long-Term Assets & Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS				
Cash				
Unrestricted	\$ 5,504,408	\$ -	\$ -	\$ 5,504,408
Restricted	2,736,593	-	-	2,736,593
Escrow funds - energy performance contract	-	750	(750)	-
Prepaid expenditures	3,008	-	-	3,008
Receivables				
Due from other funds	2,947,406	-	(2,947,406)	-
State and Federal aid	10,307,122	-	-	10,307,122
Due from other governments	1,515,877	-	-	1,515,877
Lease	14,267	-	-	14,267
Other	998,911	-	-	998,911
Land, buildings and equipment (net)	-	33,001,611	-	33,001,611
Right-to-use-assets	-	461,490	-	461,490
Total Assets	<u>\$ 24,027,592</u>	<u>\$ 33,463,851</u>	<u>\$ (2,948,156)</u>	<u>\$ 54,543,287</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	\$ -	\$ 13,202,912	\$ -	\$ 13,202,912
OPEB (GASB 75)	-	45,895,139	-	45,895,139
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 59,098,051</u>	<u>\$ -</u>	<u>\$ 59,098,051</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 24,027,592</u>	<u>\$ 92,561,902</u>	<u>\$ (2,948,156)</u>	<u>\$ 113,641,338</u>
LIABILITIES				
Accounts payable	\$ 1,581,185	\$ -	\$ -	\$ 1,581,185
Accrued liabilities	190,014	-	-	190,014
Deferred revenue	475,543	-	-	475,543
Due to other funds	2,947,406	-	(2,947,406)	-
Due to other governments	33,245	-	-	33,245
Due to Teachers' Retirement System	1,771,826	-	-	1,771,826
Due to Employees' Retirement System	259,803	-	-	259,803
Due to school districts	12,748,052	-	-	12,748,052
Long-term liabilities				
Due and payable within one year				
Installment purchase debt	-	61,988	-	61,988
Lease liability	-	255,293	-	255,293
Energy performance contract	-	103,751	-	103,751
Due and payable after one year				
Compensated absences payable	-	952,840	-	952,840
Installment purchase debt	-	134,050	-	134,050
Lease liability	-	224,297	-	224,297
Energy performance contract	-	1,447,177	-	1,447,177
Net pension responsibility - proportionate share	-	6,332,598	-	6,332,598
Other postemployment benefits payable	-	145,734,583	-	145,734,583
Total Liabilities	<u>\$ 20,007,074</u>	<u>\$ 155,246,577</u>	<u>\$ (2,947,406)</u>	<u>\$ 172,306,245</u>
DEFERRED INFLOWS OF RESOURCES				
OPEB (GASB 75)	-	44,829,835	-	44,829,835
Pensions	-	1,134,994	-	1,134,994
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 45,964,829</u>	<u>\$ -</u>	<u>\$ 45,964,829</u>
TOTAL FUND BALANCE / NET POSITION				
Total Fund Balance/Net Position	<u>\$ 4,020,518</u>	<u>\$ (157,567,655)</u>	<u>\$ 48,917,401</u>	<u>\$ (104,629,736)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	<u>\$ 24,027,592</u>	<u>\$ 43,643,751</u>	<u>\$ 45,969,995</u>	<u>\$ 113,641,338</u>

See Notes to Financial Statements.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

Statement #4

	General	Special Aid	Legal Services	Adult Education	Capital	Miscellaneous Special Revenue	Energy Management Services	Total Governmental Funds
REVENUES								
Charges for services	\$ 80,557	\$ -	\$ -	\$ 582,852	\$ -	\$ -	\$ -	\$ 663,409
Charges for components	56,085,952	-	-	-	-	-	-	56,085,952
Charges to other BOCES	2,101,876	-	-	-	-	-	-	2,101,876
Use of money and property	384,144	-	-	-	18,102	-	-	402,246
Sale of property and compensation for loss	44,267	-	-	-	-	-	-	44,267
Leases	138,919	-	-	-	-	-	-	138,919
Miscellaneous	1,153,352	2,266,118	190,350	14,715	-	20,777	3,188,475	6,833,787
State sources	-	572,503	-	73,045	-	-	-	645,548
Federal sources	-	2,180,548	-	263,658	-	-	-	2,444,206
Total Revenues	59,989,067	5,019,169	190,350	934,270	18,102	20,777	3,188,475	69,360,210
EXPENDITURES								
Administration	4,822,640	-	-	-	-	-	-	4,822,640
Career and technical programs	10,583,307	242,586	-	829,046	-	-	-	11,654,939
Programs for exceptional students	13,075,570	804,522	-	-	-	-	-	13,880,092
Itinerant services	4,768,986	-	-	-	-	-	-	4,768,986
General instruction	2,499,951	-	-	198,045	-	-	-	2,697,996
Instruction support	8,398,784	2,522,623	-	-	-	-	-	10,921,407
Other services	13,152,983	1,450,426	215,548	-	-	15,054	3,185,467	18,019,478
Capital Outlay	-	-	-	-	295,483	-	-	295,483
Total Expenditures	57,302,221	5,020,157	215,548	1,027,091	295,483	15,054	3,185,467	67,061,021
Excess (Deficiency) of Revenues Over Expenditures	2,686,846	(988)	(25,198)	(92,821)	(277,381)	5,723	3,008	2,299,189
OTHER FINANCING SOURCES AND USES								
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	2,686,846	(988)	(25,198)	(92,821)	(277,381)	5,723	3,008	2,299,189
OTHER CHANGES IN FUND BALANCE								
Refund of surplus unpaid	(2,686,846)	-	-	-	-	-	-	(2,686,846)
Reserve for retirement contributions	317,268	-	-	-	-	-	-	317,268
Reserve for Employee Benefits Accrued Liability	111,164	-	-	-	-	-	-	111,164
Reserve for advanced technical equipment	226,562	-	-	-	-	-	-	226,562
Close inactive CoSers	-	(14)	-	-	-	-	-	(14)
Plus encumbrances, ending	338,133	-	-	-	-	-	-	338,133
Less encumbrances, beginning	(269,548)	-	-	-	-	-	-	(269,548)
Total Other Changes in Fund Balance	(1,963,267)	(14)	-	-	-	-	-	(1,963,281)
Net Change in Fund Balance	723,579	(1,002)	(25,198)	(92,821)	(277,381)	5,723	3,008	335,908
Fund Balance - Beginning of year	3,028,652	1,961	168,478	(120,256)	580,163	18,259	7,353	3,684,610
Fund Balance - End of year	\$ 3,752,231	\$ 959	\$ 143,280	\$ (213,077)	\$ 302,782	\$ 23,982	\$ 10,361	\$ 4,020,518

See Notes to Financial Statements.

**Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2023**

Statement #4A

Net Change in Fund Balances **\$ 335,908**

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

(Increases) decreases in accrued compensated absences reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. (37,675)

On the statement of activities, the actual and projected long-term expenditures for post employment benefits are reported whereas on the governmental funds only the actual expenditures are recorded for post employment benefits. 29,064,421

(Increases) decreases in proportionate share of net pension asset/liability reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	\$	(569,144)	
Employees' Retirement System		(845,728)	(1,414,872)

Repayment of installment purchase debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt payments made in the current period. 72,326

Repayment of Energy Performance Contract is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of debt payments made in the current period. 101,425

Leases used to acquire the right-to-use asset is a revenue in the governmental funds. The full amount of the lease used to acquire the right-to-use is a component of long-term debt and is reported as a lease payable in the Statement of Net Position 142,325

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$	463,257	
Depreciation expense		(1,047,900)	(584,643)

See Notes to Financial Statements.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2023

In the statement of activities, the gain/loss on the disposal of assets is reported as an increase or decrease in the financial resources. Thus the change in net position differs from the change in fund balance by the net book value of the assets disposed. (14,580)

Governmental funds report capital outlays under a right to use agreement for a period of time as expenditures. However, in the statement of activities, right to use assets are reported separately at cost, net of amortization over the period of use of the assets.

Right-to-use assets	\$	138,919	
Amortization expense		<u>(285,590)</u>	<u>(146,671)</u>

Changes in Net Position of Governmental Activities			\$ <u>27,517,964</u>
---	--	--	-----------------------------

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

1 – Significant Accounting Policies

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

A) Reporting entity

Boards of Cooperative Educational Services (BOCES) were established by New York State legislation in 1948 to enable smaller school districts to offer more breadth in their educational program by sharing teachers. In 1955, legislation was passed allowing BOCES to provide vocational and special education. BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs that provide educational and support activities more economically, efficiently and equitably than could be provided locally. BOCES provides instructional and support programs and services to the following 18 school districts in New York’s Jefferson, Lewis, Hamilton, Herkimer, and Oneida Counties: Adirondack Central School, Alexandria Central School, Beaver River Central School, Belleville Henderson Central School, Carthage Central School, Copenhagen Central School, General Brown Central School, Indian River Central School, Inlet Common School, LaFargeville Central School, Lowville Academy and Central School, Lyme Central School, Sackets Harbor Central School, South Jefferson Central School, South Lewis Central School, Thousand Islands Central School, Town of Webb School and Watertown City School District.

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

The reporting entity of BOCES is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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 following is a brief description of certain entities included in BOCES’ reporting entity.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

1) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of 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. Separate audited financial statements (cash basis) of the Extraclassroom

Activity Funds can be found at BOCES' business office. BOCES accounts for assets held as an agent for various student organizations in a miscellaneous special revenue fund.

B) Basis of presentation

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

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

2) Fund statements:

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

BOCES reports the following major governmental funds:

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

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

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

Miscellaneous Special Revenue: Used to account for transactions of activities for which BOCES has administrative control, but the activities are not part of BOCES' operations. Included in the miscellaneous special revenue funds are the extraclassroom activity funds.

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

Legal Services: This fund accounts for fees received from BOCES' association of school districts for providing legal services and the related costs of providing those legal services.

Adult Education: This fund accounts for fees related to providing education and training programs to adults.

Energy Management Services: This fund accounts for activity related to the solar array located on BOCES property.

C) Measurement focus and basis of accounting:

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

The BOCES-wide 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.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

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

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

D) Restricted resources:

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

E) Interfund transactions:

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

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

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

F) Estimates:

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

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

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.

G) Cash (and cash equivalents):

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 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.

H) Receivables:

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

I) Capital assets:

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received. Assets acquired through capital lease agreements are recorded in accordance with accounting principles generally accepted in the United States of America, which require capitalization at their fair market value as of the date of lease inception.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight Line	40 Years
Furniture and equipment	\$ 5,000	Straight Line	5 to 10 Years

BOCES does not possess any infrastructure.

J) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. BOCES has three items that qualify for reporting in this category. The first item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportionate share of the collective net pension asset or liability and difference during the measurement period between BOCES' contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is BOCES' contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the BOCES-wide Statement of Net Position. This represents the effect of net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. BOCES has two items that qualify for reporting in this category. The first item is related to pensions reported in the BOCES-wide Statement of Net Position. This represents the effect of the net change in the BOCES' proportionate share of the collective net pension asset or liability and difference during the measurement period between BOCES' contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

K) Unearned Credits:

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

L) Vested employee benefits:

Compensated absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

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

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

included in the BOCES-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

M) Other benefits:

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

In addition to providing pension benefits, BOCES provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of 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. BOCES recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

N) Short-term debt:

BOCES may issue Revenue Anticipation Notes (RAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

BOCES may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

O) Accrued liabilities and long-term obligations:

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

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

governmental funds, are reported as a liability in the fund's financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

P) Equity classifications:

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

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

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

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by BOCES.

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

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable funds at June 30, 2023.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. BOCES has established the following restricted fund balances:

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If BOCES elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Retirement Contributions

According to General Municipal Law §6-r, must be used for 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

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Advanced Technical Equipment

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

Restricted fund balance includes the following:

General Fund:	
Unemployment contributions	\$ 388,000
Retirement contributions	1,534,963
Employee benefit accrued liability	952,840
Advanced technical equipment	<u>538,295</u>
Total restricted funds	<u>\$ 3,414,098</u>

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

Assigned – Includes amounts that are constrained by BOCES' intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

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

Net Position/Fund Balance:

Net Position Flow Assumption: Sometimes BOCES will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption: Sometimes BOCES will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Balance:

BOCES' policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The Purchasing Agent has the authority to assign fund balance as it relates to encumbrances. The Board of Education will be responsible for the assignment of fund balances as it relates to appropriated fund balance. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Q) Implementation of New Accounting Standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB). At June 30, 2023, the District implemented the following new standards issued by GASB.

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

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

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

2 – Explanation of certain differences between governmental fund statements and BOCES-wide statements

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

A) Total fund balances of governmental funds vs. net position of governmental activities:

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

B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

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

1) Long-term revenue and expense differences:

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

2) Capital related differences:

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

3) Long-term debt transaction differences:

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

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

4) Pension differences:

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

5) OPEB differences:

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

3 – Stewardship, compliance and accountability

Budgets

§1950 of the Education Law requires adoption of final budget by no later than May 15th of the ensuing year.

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

Appropriations for educational services are adopted at the program level.

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

Appropriations lapse at the end of the fiscal year unless expensed or encumbered. Encumbrances will lapse if not expended in the subsequent year. BOCES board can approve supplementary appropriations based on requests for additional services and surplus revenues. See supplemental Schedule of Change from Adopted to Final Budget for supplementary appropriations during the current year.

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

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

Encumbrances

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

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

The adult education fund had a deficit fund balance of \$213,077. This will be funded by increased fees for adult education programs.

4 – Cash (and cash equivalents) – custodial credit, concentration of credit, interest rate and foreign currency risks:

Cash

BOCES' aggregate bank balances, including balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ <u> -</u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in BOCES' name	\$ <u>3,179,804</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$2,169,670 restricted for various fund balance reserves in the general fund.

Deposits

Deposits are valued at cost- or cost-plus interest and are categorized as either (1) insured, or for which the securities are held by the BOCES' agent in the BOCES name, (2) collateralized, and for which the securities are held by the financial institution's trust department or agent in the BOCES' name, or (3) uncollateralized. At June 30, 2023, all deposits were fully insured and collateralized by the BOCES' agent, but not in the BOCES's name.

Investment and Deposit Policy

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. BOCES' investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

BOCES' policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. BOCES' investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest-bearing demand accounts

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES

Notes to Financial Statements

June 30, 2023

- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with BOCES' investment and deposit policy, all deposits of BOCES including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. BOCES restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities

Investment Pool

BOCES participates in the Cooperative Liquid Assets Security System – New York (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11.

Total investments of the cooperative at June 30, 2023 are \$8,463,692,945, which consisted of \$2,529,797,821 in repurchase agreements, \$4,872,548,028 in U.S. Treasury Securities, and \$1,061,347,096 in collateralized bank deposits, with various interest rate and due dates.

The amount of \$5,611,515 on deposit with NYCLASS is included as cash in the financial statements.

The above amounts represent the fair value of the investment pool shares. The Lead Participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Balance</u>
General	\$ 5,306,021
Capital	305,494
	<u>\$ 5,611,515</u>

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$542,941 restricted for various fund balance reserves in the governmental funds.

5 – Capital assets

Capital asset balances and activity were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets that are not depreciated:				
Land	\$ 246,097	\$ -	\$ -	\$ 246,097
Construction in progress	<u>19,606,617</u>	<u>136,302</u>	<u>(10,194,313)</u>	<u>9,548,606</u>
Total nondepreciable assets	<u>19,852,714</u>	<u>136,302</u>	<u>(10,194,313)</u>	<u>9,794,703</u>
Capital assets that are depreciated:				
Site improvements	283,182	-	-	283,182
Buildings	23,704,729	10,247,617	-	33,952,346
Furniture and equipment	<u>5,113,002</u>	<u>542,765</u>	<u>(66,864)</u>	<u>5,588,903</u>
Total depreciable assets	<u>29,100,913</u>	<u>10,790,382</u>	<u>(66,864)</u>	<u>39,824,431</u>
Less accumulated depreciation				
Site improvements	63,621	7,080	-	70,701
Buildings	11,848,069	724,318	-	12,572,387
Furniture and equipment	<u>3,710,217</u>	<u>316,502</u>	<u>(52,284)</u>	<u>3,974,435</u>
Total accumulated depreciation	<u>15,621,907</u>	<u>1,047,900</u>	<u>(52,284)</u>	<u>16,617,523</u>
Total depreciated assets, net	<u>13,479,006</u>	<u>9,742,482</u>	<u>(14,580)</u>	<u>23,206,908</u>
Total capital assets	<u>\$ 33,331,720</u>	<u>\$ 9,878,784</u>	<u>\$ (10,208,893)</u>	<u>\$ 33,001,611</u>

Depreciation expense was charged to governmental functions as follows:

	<u>Depreciation</u>
Administration	\$ 170,649
Career & Technical Programs	647,973
Programs for Exceptional Students	<u>229,278</u>
Total Depreciation Expense	<u>\$ 1,047,900</u>

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

6 – Right-to-use assets

BOCES is in possession of assets that it paid for the right-to-use over a period of time. All of the assets under the right-to-use agreement were paid for during the past five years with a lease. The amount is amortized over five years, the number of years each asset item is to be used under the right-to-use agreement. A summary of the assets purchased less accumulated amortization is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Right-to-use Assets	\$ 608,161	\$ 138,919	\$ (285,590)	\$ 461,490

Amortization expense was charged to functions as follows:

Administration	\$ 21,041
Career & Technical Programs	138,927
Programs for Exceptional Students	27,722
Instructional Support	96,627
Other Services	1,273

Total Amortization Expense	<u>\$ 285,590</u>
----------------------------	-------------------

7 – Short-term debt

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
RAN	6/29/2023	3.83%	<u>\$ -</u>	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>

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

Interest paid	\$ 178,035
Less interest accrued in the prior year	-
Plus interest accrued in the current year	-
Total expense	<u>\$ 178,035</u>

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

8 – Long-term debt obligations

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

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>	<u>One Year</u>
Long-term liabilities					
Installment purchase debt	\$ -	\$ 268,364	\$ 72,326	\$ 196,038	\$ 61,988
Energy Performance Contract	1,652,353	-	101,425	1,550,928	103,751
Total long-term liabilities	<u>1,652,353</u>	<u>268,364</u>	<u>173,751</u>	<u>1,746,966</u>	<u>165,739</u>
Other long-term liabilities:					
Compensated absences payable	915,165	37,675	-	952,840	-
Other postemployment benefits payable	189,466,656	-	43,732,073	145,734,583	-
Net pension liability-proportionate share	-	6,332,598	-	6,332,598	-
Lease Liability	621,915	138,919	281,244	479,590	255,293
Total other long-term liabilities	<u>191,003,736</u>	<u>6,509,192</u>	<u>44,013,317</u>	<u>153,499,611</u>	<u>255,293</u>
	<u>\$ 192,656,089</u>	<u>\$ 6,777,556</u>	<u>\$ 44,187,068</u>	<u>\$ 155,246,577</u>	<u>\$ 421,032</u>

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

The following is a summary of debt requirements for the ensuing years:

	<u>Installment Purchase</u>		<u>Energy Performance Contract</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 61,988	\$ 10,338	\$ 103,751	\$ 35,191
2025	65,257	7,069	106,131	32,836
2026	68,697	3,628	108,565	30,428
2027	96	5	111,056	27,965
2028	-	-	113,603	25,545
2029-2034	-	-	608,324	87,358
2035-2039	-	-	399,498	18,266
Total	<u>\$ 196,038</u>	<u>\$ 21,039</u>	<u>\$ 1,550,928</u>	<u>\$ 257,589</u>

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

9 – Pension plans

New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS) (the Systems)

Plan Descriptions and Benefits Provided

Teacher' Retirement System

BOCES participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits, to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a Statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to 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.

Employees' Retirement System (ERS)

The BOCES participates in the New York State Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as trustee of the Fund and administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District 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 regards to benefits provided, may be obtained by writing to New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The Systems are noncontributory except for the employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3% to 3.5% of their salary for their entire

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

<u>Contributions</u>	<u>TRS</u>	<u>ERS</u>
2022-2023	\$ 1,663,032	\$ 698,408
2021-2022	1,595,299	923,109
2020-2021	1,476,016	880,705

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required and were as follows:

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

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

At June 30, 2023, BOCES reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of June 30, 2022 for TRS and March 31, 2023 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. BOCES' proportion 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 provided by the TRS and ERS Systems in reports provided to BOCES.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2022	March 31, 2023
District's proportionate share of the net pension asset/(liability)	(1,601,236)	(4,731,462)
District's portion of the Plan's total net pension asset/(liability)	0.083446%	0.0220638%

For the year ended June 30, 2023, BOCES' recognized its proportionate share of pension expense (income) of \$2,142,923 for TRS and \$1,586,177 for ERS. At June 30, 2023, BOCES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 1,677,893	\$ 503,927	\$ 32,086	\$ 132,874
Changes of assumptions	3,106,127	2,297,854	645,023	25,396
Net difference between projected and actual earnings on pension plan investments	2,068,949	-	-	27,797
Changes in proportion and difference between BOCES' contributions and proportionate share of contributions	302,717	-	103,001	168,817
BOCES' contributions subsequent to the measurement date	<u>2,985,642</u>	<u>259,803</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,141,328</u>	<u>\$ 3,061,584</u>	<u>\$ 780,110</u>	<u>\$ 354,884</u>

BOCES contributions subsequent to the measurement date 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 ended:	<u>TRS</u>	<u>ERS</u>
2023	\$ 1,245,969	\$ -
2024	660,303	549,608
2025	(238,614)	(310,652)
2026	4,104,807	931,700
2027	557,382	1,276,242
Thereafter	45,728	-

Actuarial Assumptions

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

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Interest rate	6.95%	5.90%
Salary scale	1.95 - 5.18%	4.40%
Decrement tables	July 1, 2015 - June 30, 2020	April 1, 2015 - March 31, 2020
	System's Experience	System's Experience
Inflation rate	2.40%	2.90%
Cost of living adjustments	1.30%	1.50%

For TRS, annuitant mortality rates are based on Plan Member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP2021. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

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

The long-term 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.

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

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2022</u>	<u>2022</u>
Asset Type		
Domestic equity	33%	6.50%
International equity	16%	7.20%
Global equity	4%	6.90%
Real estate equity	11%	6.20%
Private equity	8%	9.90%
Domestic fixed income	16%	1.10%
High yield bonds	1%	0.60%
Global bonds	2%	5.30%
Real estate debt	6%	2.40%
Private debt	2%	3.30%
Cash	<u>1%</u>	-0.30%
Total	100%	

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

<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2023</u>	<u>2023</u>
Asset Type		
Domestic equity	32%	4.30%
International equity	15%	6.85%
Private equity	10%	7.50%
Real estate	9%	4.60%
Opportunistic/Absolute return strategy	3%	5.38%
Credit	4%	5.43%
Real assets	3%	5.84%
Fixed income	23%	1.50%
Cash	<u>1%</u>	0.00%
Total	100%	

*Real rates of return are net of the long-term inflation assumption of 2.5% for 2023.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

Discount Rate

The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.9% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the 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 benefits payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents BOCES' proportionate share of the net pension asset/(liability) calculated using the discount rate of 6.95% for TRS and 5.9% for ERS, 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 (5.95% for TRS and 4.9% for ERS) or 1-percentage point higher (7.95% for TRS and 6.9% for ERS) than the current rate:

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	<u>\$ (14,764,147)</u>	<u>\$ (1,601,236)</u>	<u>\$ 9,468,685</u>
	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	<u>\$ (11,433,672)</u>	<u>\$ (4,731,362)</u>	<u>\$ 869,198</u>

Pension Plan Fiduciary Net Position:

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

	<u>TRS</u>	<u>ERS</u>
Valuation date	June 30, 2022	March 31, 2023
	(Dollars in Thousands)	
Employers' total pension liability	\$ 133,883,474	\$ 232,627,259
Plan fiduciary net position	<u>131,964,582</u>	<u>211,183,223</u>
Employers' net pension asset/(liability)	<u>\$ (1,918,892)</u>	<u>\$ (21,444,036)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	98.6%	90.78%

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

Changes of assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with benefits.

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$1,771,826.

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$259,803 of employer contributions. Employee contributions are remitted monthly.

10 – Interfund transactions – governmental funds

Interfund balances at June 30, 2023 are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General	\$ 2,927,257	\$ 701,487	\$ -	\$ -
Special Aid	-	1,440,576	-	-
Legal	-	17,278	-	-
Adult Education	1,304	319,483	-	-
Energy Management Services	18,845	468,582	-	-
Total Governmental Activities	<u>\$ 2,947,406</u>	<u>\$ 2,947,406</u>	<u>\$ -</u>	<u>\$ -</u>

BOCES typically transfers resources between funds for the purpose of mitigating the effects of transient cash flow issues.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

11 – Fund balance equity

The following is a summary of the Governmental Funds fund balances of BOCES at the year ended June 30, 2023:

<u>Fund Balances</u>	<u>General</u>	<u>Special Aid</u>	<u>Legal Services</u>	<u>Adult Education</u>	<u>Capital</u>	<u>Special Revenue</u>	<u>Energy Mgmt Svs</u>	<u>Governmental Funds</u>
Restricted								
Unemployment contributions	\$ 388,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 388,000
Retirement contributions	1,534,963	-	-	-	-	-	-	1,534,963
Employee benefit accr liab	952,840	-	-	-	-	-	-	952,840
Advanced technical equipment	538,295	-	-	-	-	-	-	538,295
Unassigned								
Adult education	-	-	-	(213,077)	-	-	-	(213,077)
Assigned								
Designated for next fiscal year -								
Administration	68,897	-	-	-	-	-	-	68,897
Capital	-	-	-	-	302,782	-	-	302,782
Career & technical prog	246,086	-	-	-	-	-	-	246,086
Energy Management Svs	-	-	-	-	-	-	10,361	10,361
PES	10,142	-	-	-	-	-	-	10,142
Instructional support	12,742	-	-	-	-	-	-	12,742
Other services	266	-	-	-	-	-	-	266
Special aid	-	959	-	-	-	-	-	959
Extraclassroom activity	-	-	-	-	-	23,982	-	23,982
Legal services	-	-	143,280	-	-	-	-	143,280
Total Governmental Fund Balance	<u>\$ 3,752,231</u>	<u>\$ 959</u>	<u>\$ 143,280</u>	<u>\$ (213,077)</u>	<u>\$ 302,782</u>	<u>\$ 23,982</u>	<u>\$ 10,361</u>	<u>\$ 4,020,518</u>

12 – Postemployment (health insurance benefits):

Plan Description

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

Funding Policy

The obligations of the Plan members and employers are established by action of the BOCES pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 3 to 15 years of service to qualify for other post-employment benefits. The BOCES currently funds the Plan to satisfy current obligations

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

on a pay-as-you-go basis. During the year ended June 30, 2023 approximately \$4,231,153 was paid on behalf of 293 retirees.

Benefits Provided

The BOCES provides for continuation of medical and/or Medicare Part B benefits for retirees and their spouses. The benefit terms are dependent on which contract each employee falls under. Retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the BOCES' offices and are available upon request.

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

Inactive employees or beneficiaries currently receiving benefit payments	293
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>348</u>
	<u>641</u>

Net OPEB liability

The BOCES' total OPEB liability of \$145,734,583 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability at June 30, 2022 was determined using the following actuarial and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Based on CPI
Salary increase	Varied by years of service and retirement system
Discount rate	3.77 percent
Healthcare Cost Trend Rates:	7.00% for 2024 decrease to an ultimate rate of 4.50% by 2034
Retiree's share of benefit-related costs	15 percent of projected health insurance premiums for retirees

The discount rate was based on an average of three 20-year bond indices.

Mortality rates were based on the MP2021 Mortality Tables, as appropriate, with adjustments for mortality improvements based on Scale AA.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2021 – June 30, 2022.

Changes in the total OPEB liability

Balance at June 30, 2022	\$ 189,466,656
Change for the year:	
Service cost	2,788,125
Interest	7,063,136
Changes in assumptions or other inputs	(49,352,181)
Benefit payments	<u>(4,231,153)</u>
Net changes	<u>(43,732,073)</u>
Balance at June 30, 2023	<u>\$ 145,734,583</u>

Changes of assumptions and other inputs reflect a change in the discount rate 2.09 percent in 2022 to 3.77 percent in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the BOCES' total OPEB liability of the BOCES as well as what the BOCES' total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.77%) or 1 percentage point higher (4.77%) than the current discount rate:

	Decrease (2.77%)	Rate (3.77%)	Increase (4.77%)
Total OPEB Liability	<u>\$ 174,671,977</u>	<u>\$ 145,734,583</u>	<u>\$ 123,482,217</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the BOCES' total OPEB liability of the BOCES, as well as what the BOCES' total OPEB liability would be if it were calculated using healthcare trend rates that are 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current healthcare cost trend rate:

	Decrease (6.00%)	Rate (7.00%)	Increase (8.00%)
Total OPEB Liability	<u>\$ 122,030,235</u>	<u>\$ 145,734,583</u>	<u>\$ 176,922,674</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

For the year ended June 30, 2023, the BOCES recognized OPEB revenue of \$43,732,073. At June 30, 2023, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,561,235	\$ -
Changes of assumptions or other inputs	40,115,967	44,829,835
Benefit payments subsequent to measurement period	<u>4,217,937</u>	<u>-</u>
Total	<u>\$ 45,895,139</u>	<u>\$ 44,829,835</u>

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

<u>Fiscal year ending June 30,</u>	<u>Amount</u>
2024	\$ 619,381
2025	1,911,190
2026	1,908,974
2027	728,479
2028	(2,926,182)
Thereafter	<u>(5,394,475)</u>
	<u>\$ (3,152,633)</u>

13 – Risk management

General

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

Consortiums and Self-Insured Plans

BOCES participates in the Jefferson-Lewis Et. Al. Schools 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 16 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 \$750,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$750,000 limit and BOCES has essentially transferred all related risk to the pool

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Financial Statements
June 30, 2023

BOCES participates in the Black River Valley Schools Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. BOCES' share of the liability for unbilled open claims is \$0.

14 – Commitments and contingencies

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

The BOCES has signed contracts for a building reconstruction project. The total anticipated cost of this project is \$20,000,000, of which \$19,742,918 has been expended through the end of this fiscal year. BOCES has received \$20,000,000 from its component districts as of June 30, 2023 to fund this construction project.

15 – Subsequent events

On July 14, 2023, BOCES issued \$4,000,000 in revenue anticipation notes at 4.07% maturing June 28, 2024.

BOCES has evaluated events and transactions that occurred between June 30, 2023 and October 13, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Required Supplementary Information
Schedule of Changes in the BOCES' Total OPEB Liability and Related Ratios
Last 6 Fiscal Years
For the Year Ended June 30, 2023

SS #1

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement date	July 1, 2022	July 1, 2021	July 1, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability						
Service cost	\$ 2,788,125	\$ 6,734,847	\$ 5,814,613	\$ 4,249,073	\$ 3,852,488	\$ 4,468,994
Interest	7,063,136	3,518,432	2,891,782	3,278,642	3,598,529	3,139,385
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	-	-	-	-	5,156,895	-
Changes of assumptions or other input	(49,352,181)	12,605,445	44,613,756	9,732,109	(2,832,740)	(11,174,415)
Benefit payments	<u>(4,231,153)</u>	<u>(3,476,217)</u>	<u>(3,503,312)</u>	<u>(2,815,729)</u>	<u>(2,363,506)</u>	<u>(2,133,213)</u>
Net change in total OPEB liability	(43,732,073)	19,382,507	49,816,839	14,444,095	7,411,666	(5,699,249)
Total OPEB liability - beginning	<u>189,466,656</u>	<u>170,084,149</u>	<u>120,267,310</u>	<u>105,823,215</u>	<u>98,411,549</u>	<u>104,110,798</u>
Total OPEB liability - ending	<u>\$ 145,734,583</u>	<u>\$ 189,466,656</u>	<u>\$ 170,084,149</u>	<u>\$ 120,267,310</u>	<u>\$ 105,823,215</u>	<u>\$ 98,411,549</u>
Covered payroll	<u>\$ 18,899,743</u>	<u>\$ 22,156,447</u>	<u>\$ 22,522,001</u>	<u>\$ 22,137,264</u>	<u>\$ 21,414,694</u>	<u>\$ 20,784,446</u>
Total OPEB liability as a percentage of covered payroll	771.09%	855.13%	755.19%	543.28%	494.16%	473.49%

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

Note:

The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

See paragraph on supplementary schedules included in independent auditors' report.

Jefferson- Lewis-Hamilton-Herkimer-Oneida BOCES
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2023

SS#2

	Original Budget	Final Budget	Actual (Budgetary Basis)		Final Budget Variance with Budgetary Actual
Revenues					
Administration	\$ 4,511,602	\$ 4,515,970	\$ 5,002,342		\$ 486,372
Administration - Capital	494,250	494,250	376,695		(117,555)
Career and technical programs	10,968,246	11,303,223	11,043,457		(259,766)
Programs for exceptional students	15,940,580	16,417,089	13,606,483		(2,810,606)
Itinerant services	5,361,883	5,614,901	5,031,158		(583,743)
General instruction	2,451,472	2,996,736	2,500,125		(496,611)
Instruction support	6,646,978	9,006,511	8,644,793		(361,718)
Other services	9,021,437	14,693,108	13,784,014		(909,094)
Total revenues	<u>\$ 55,396,448</u>	<u>\$ 65,041,788</u>	<u>\$ 59,989,067</u>		<u>\$ (5,052,721)</u>
Expenditures					
	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual & Encumbrances
Administration	\$ 5,005,852	\$ 5,010,220	\$ 4,822,640	\$ 68,897	\$ 118,683
Career and technical programs	10,968,246	11,303,223	10,583,307	246,086	473,830
Programs for exceptional students	15,940,580	16,417,089	13,075,570	10,142	3,331,377
Itinerant services	5,361,883	5,614,901	4,768,986	-	845,915
General instruction	2,451,472	2,996,736	2,499,951	-	496,785
Instruction support	6,646,978	9,006,511	8,398,784	12,742	594,985
Other services	9,021,437	14,693,108	13,152,983	266	1,539,859
Total expenditures	<u>55,396,448</u>	<u>65,041,788</u>	<u>57,302,221</u>	<u>\$ 338,133</u>	<u>\$ 7,401,434</u>
Other Financing Uses					
Operating Transfers Out	-	-	-		
Total expenditures and other financing uses	<u>55,396,448</u>	<u>65,041,788</u>	<u>57,302,221</u>		
Excess (Deficiency) of Revenues and Other Sources					
Over Expenditures and Other Uses	-	-	2,686,846		
Other Changes in Fund Balance					
Refund of surplus unpaid	-	-	(2,686,846)		
Reserve for unemployment insurance	-	-	-		
Reserve for retirement contributions	-	-	317,268		
Reserve for Employee Benefits Accrued Liability	-	-	111,164		
Reserve for advanced technical equipment	-	-	226,562		
Plus encumbrances, ending	-	-	338,133		
Less encumbrances, beginning	-	-	(269,548)		
Total changes in fund balance	<u>-</u>	<u>-</u>	<u>(1,963,267)</u>		
Net Change in Fund Balance	-	-	723,579		
Fund Balance - Beginning of Year	<u>3,028,652</u>	<u>3,028,652</u>	<u>3,028,652</u>		
Fund Balance - End of Year	<u>\$ 3,028,652</u>	<u>\$ 3,028,652</u>	<u>\$ 3,752,231</u>		

See paragraph on supplementary schedules included in independent auditors' report.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Required Supplementary Information
Schedules of BOCES Contributions
NYSTRS Pension Plan
Last 9 Fiscal Years
For the Year Ended June 30, 2023

SS#3

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 1,663,032	\$ 1,595,299	\$ 1,476,016	\$ 1,713,920	\$ 1,508,089	\$ 1,786,410	\$ 1,989,187	\$ 2,741,728	\$ 2,293,426
Contributions in Relation to the									
Contractually Required Contribution	<u>1,663,032</u>	<u>1,595,299</u>	<u>1,476,016</u>	<u>1,713,920</u>	<u>1,508,089</u>	<u>1,786,410</u>	<u>1,989,187</u>	<u>2,741,728</u>	<u>2,293,426</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' Covered-Employee Payroll	\$ 14,871,242	\$ 14,909,788	\$ 14,923,657	\$ 14,644,673	\$ 14,040,691	\$ 14,130,884	\$ 14,109,729	\$ 14,892,611	\$ 13,503,715
Contributions as a Percentage of									
Covered-Employee Payroll	11.18%	10.70%	9.89%	11.70%	10.74%	12.64%	14.10%	18.41%	16.98%

Schedules of BOCES Contributions
NYSERS Pension Plan
Last 9 Fiscal Years
For the Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 698,408	\$ 923,109	\$ 880,705	\$ 888,234	\$ 866,225	\$ 856,309	\$ 820,219	\$ 846,916	\$ 964,973
Contributions in Relation to the									
Contractually Required Contribution	<u>698,408</u>	<u>923,109</u>	<u>880,705</u>	<u>888,234</u>	<u>866,225</u>	<u>856,309</u>	<u>820,219</u>	<u>846,916</u>	<u>964,973</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
BOCES' Covered-Employee Payroll	\$ 6,379,268	\$ 6,171,366	\$ 6,501,835	\$ 6,366,538	\$ 6,128,575	\$ 5,922,235	\$ 5,591,997	\$ 5,095,129	\$ 5,340,752
Contributions as a Percentage of									
Covered-Employee Payroll	10.95%	14.96%	13.55%	13.95%	14.13%	14.46%	14.67%	16.62%	18.07%

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

See paragraph on supplementary schedules included in independent auditors' report.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Required Supplementary Information
BOCES' Proportionate Share of the Net Pension Liability
NYSTRS Pension Plan
Last 9 Fiscal Years
For the Year Ended June 30, 2023

SS#4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
BOCES' Proportion of the Net Pension Liability (Asset)	0.083446%	0.087241%	0.087132%	0.087047%	0.085370%	0.088498%	0.090666%	0.098479%	0.090073%
BOCES' Proportionate Share of the Net Pension Liability (Asset)	\$ 1,601,236	\$ (15,118,014)	\$ 2,407,692	\$ (2,261,499)	\$ (1,543,717)	\$ (672,670)	\$ 971,070	\$ (10,228,841)	\$ (10,033,591)
BOCES' Covered-Employee Payroll	\$ 14,871,242	\$ 14,909,788	\$ 14,923,657	\$ 14,644,673	\$ 14,040,691	\$ 14,130,884	\$ 14,109,729	\$ 14,892,611	\$ 13,503,715
BOCES' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	10.77%	-101.40%	16.13%	-15.44%	-10.99%	-4.76%	6.88%	-68.68%	-74.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

Schedules of BOCES' Proportionate Share of the Net Pension Liability
NYSERS Pension Plan
Last 9 Fiscal Years
For the Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
BOCES' Proportion of the Net Pension Liability (Asset)	0.022064%	0.022511%	0.022722%	0.023427%	0.023817%	0.022657%	0.021746%	0.021006%	0.021392%
BOCES' Proportionate Share of the Net Pension Liability (Asset)	\$ 4,731,462	\$ (1,840,155)	\$ 22,625	\$ 6,203,706	\$ 1,687,520	\$ 731,253	\$ 2,043,253	\$ 3,371,485	\$ 722,658
BOCES' Covered-Employee Payroll	\$ 6,379,268	\$ 6,171,366	\$ 6,501,835	\$ 6,366,538	\$ 6,128,575	\$ 5,922,235	\$ 5,591,997	\$ 5,095,129	\$ 5,340,752
BOCES' Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	74.17%	-29.82%	0.35%	97.44%	27.54%	12.35%	36.54%	66.17%	13.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.90%

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

See paragraph on supplementary schedules included in independent auditors' report.

Supplementary Information

Schedule of Change from Adopted Budget to Final Budget - General Fund
For the Year Ended June 30, 2023

Adopted budget	\$ 55,126,900
Add: Prior year's encumbrances	<u>269,548</u>
Original budget	55,396,448
Budget revision	<u>9,645,340</u>
Final budget	<u>\$ 65,041,788</u>

The original budget was revised for the following programs:

Budget increases:

Administration	\$ 4,368
Career and technical programs	334,977
Programs for exceptional students	476,509
Itinerant services	253,018
General instruction	545,264
Instruction support	2,359,533
Other services	<u>5,671,671</u>

Net increase	<u>\$ 9,645,340</u>
--------------	---------------------

See paragraph on supplementary schedules included in independent auditors' report.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Supplementary Information
Analysis of Account A431 School Districts
June 30, 2023

SS#6

July 1 - Debit (credit) balance	<u>\$ (1,449,512)</u>
Debits:	
Billings to school districts	58,189,269
Refund of balances due school districts	2,494,354
Encumbrances, end of year	<u>338,133</u>
Total Debits	<u>61,021,756</u>
Credits:	
Collection from school districts	58,571,240
Adjustment - credits to school districts:	
Revenues in excess of expenditures	2,686,846
Encumbrances, beginning of year	<u>269,548</u>
Total Credits	<u>61,527,634</u>
June 30 - Debit (credit) balance	<u>\$ (1,955,390)</u>

See paragraph on supplementary schedules included in independent auditors' report.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Supplementary Information
Schedule of Project Expenditures
Capital Projects Fund
For the Year Ended June 30, 2023

SS #7

PROJECT TITLE	Original	Revised	Prior	Expenditures	Total	Unexpended	Proceeds of	Methods of Financing		Total	Fund
	Appropriation	Appropriation	Years	Current Year		Balance	Obligations	Local Sources	Member Districts		Balance June 30, 2023
Bohlen Vocational Tech Center	\$ 8,761,000	\$ 9,805,687	\$ 8,975,314	\$ 573,291	\$ 9,548,605	\$ 257,082	\$ -	\$ 30,149	\$ 9,805,687	\$ 9,835,836	\$ 287,231
HG Sackett Education Center	6,041,000	4,839,569	5,345,862	(506,293)	4,839,569	-	-	8,307	4,839,569	4,847,876	8,307
Watertown Alternative Center for Ed Services	2,724,000	1,899,801	1,913,812	(14,011)	1,899,801	-	-	3,746	1,899,801	1,903,547	3,746
Boak Education Center	2,474,000	2,638,653	2,509,556	129,097	2,638,653	-	-	3,401	2,638,653	2,642,054	3,401
Special Education Building	-	816,290	702,891	113,399	816,290	-	-	97	816,290	816,387	97
Totals	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 19,447,435</u>	<u>\$ 295,483</u>	<u>\$ 19,742,918</u>	<u>\$ 257,082</u>	<u>\$ -</u>	<u>\$ 45,700</u>	<u>\$ 20,000,000</u>	<u>\$ 20,045,700</u>	<u>\$ 302,782</u>

See paragraph on supplementary schedules included in independent auditors' report.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Supplementary Information
Net Investment in Capital Assets
For the Year Ended June 30, 2023

SS #8

Capital assets, net			\$ 33,001,611
Deduct:			
Energy performance contract - short-term	\$	103,751	
Energy performance contract - long-term		1,447,177	
Installment purchase debt - short-term		61,988	
Installment purchase debt - long-term		<u>134,050</u>	<u>1,746,966</u>
Net Investment in Capital Assets			<u>\$ 31,254,645</u>

See paragraph on supplementary schedules included in independent auditors' report.

STACKEL & NAVARRA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY BANK BUILDING — 216 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3336
TELEPHONE 315/782-1220
FAX 315/782-0118

Robert F. Stackel, C.P.A.
Jacob Navarra, C.P.A.
Mark B. Hills, C.P.A.

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
Jefferson-Lewis-Hamilton-Herkimer-Oneida Board of
Cooperative Educational Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jefferson-Lewis-Hamilton-Herkimer-Oneida Board of Cooperative Educational Services (BOCES), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES' basic financial statements, and have issued our report thereon dated October 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES' internal control over financial reporting (internal control) to determine the 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 Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES' internal control. Accordingly, we do not express an opinion on the effectiveness of Jefferson-Lewis-Hamilton-Herkimer-Oneida 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson-Lewis-Hamilton-Herkimer-Oneida 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 determination of financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Stackel & Navarra, CPA, PC

Watertown, NY
October 13, 2023

STACKEL & NAVARRA, C.P.A., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY BANK BUILDING — 216 WASHINGTON STREET

WATERTOWN, NEW YORK 13601-3336

TELEPHONE 315/782-1220

FAX 315/782-0118

Robert F. Stackel, C.P.A.

Jacob Navarra, C.P.A.

Mark B. Hills, C.P.A.

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education

Jefferson-Lewis-Hamilton-Herkimer-Oneida Board of
Cooperative Educational Services

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Jefferson-Lewis-Hamilton-Herkimer-Oneida Board of Cooperative Educational Services' (BOCES) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES's major federal programs for the year ended June 30, 2023. Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Jefferson-Lewis-Hamilton-Herkimer-Oneida 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 the 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 Jefferson-Lewis-Hamilton-Herkimer-Oneida 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 Jefferson-Lewis-Hamilton-Herkimer-Oneida 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Jefferson-Lewis-Hamilton-Herkimer-Oneida 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 Jefferson-Lewis-Hamilton-Herkimer-Oneida 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 Jefferson-Lewis-Hamilton-Herkimer-Oneida 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.

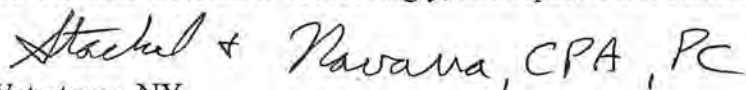
Report on Internal Control over Compliance

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 been 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.


Watertown, NY
October 13, 2023

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education</u>			
Passed-through NYS Education Department:			
Special Education Cluster:			
IDEA - Part B (Section 619)	84.173	C013952	\$ 233,141
IDEA - Part B (Section 611)	84.027	C013965	180,242
IDEA - Part B (Section 611)	84.027	C013938	<u>1,524,579</u>
Total Special Education Cluster			1,937,962
Title 2 - Adult Education - Basic Grants to States	84.002	2338-23-3082	125,000
Career and Technical Education - Basic Grants to States	84.048	8000-23-0055	<u>242,586</u>
Total Passed-through NYS Education Department			<u>2,305,548</u>
Direct Programs:			
CARES Act: Higher Education Emergency Relief Fund:			
Student Portion	84.425E	P425E205069	37,905
Institutional Portion	84.425F	P425F205188	34,724
Fund for the improvement of Postsecondary Education	84.425N	P425N200665	<u>66,029</u>
Total CARES Act: Higher Education Emergency Relief Fund:			<u>138,658</u>
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063		89,075
Federal Direct Student Loans	84.268		<u>119,130</u>
Total Student Financial Assistance Cluster			<u>208,205</u>
Total Direct Programs			<u>346,863</u>
<i>Total, U.S. Department of Education</i>			<u>2,652,411</u>
Total Federal Assistance			<u>\$ 2,652,411</u>

See Notes to Schedule of Expenditures of Federal Awards.

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

1 – Summary of certain significant accounting policies:

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by BOCES, which is described in Note 1 to BOCES' accompanying financial statements using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Certain of the BOCES' federal award programs have been charged with indirect costs, based upon a rate established by New York State, and BOCES has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

Matching costs (BOCES' share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with BOCES' financial reporting system.

2 – Subrecipients:

No amounts were provided to subrecipients.

3 – 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 BOCES' casualty insurance policies.

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

Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s opinion(s) issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? Yes X none reported

Noncompliance material to financial statements noted? Yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Type of auditor’s opinion(s) issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a) yes X no

Identification of major programs:

<u>Name of federal program</u>	<u>CFDA Number</u>
Special Education Cluster	84.027 & 84.173

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

Auditee qualified as low risk? X yes no

Section II – Financial Statements Findings

None

Section III – Federal Award Findings and Questioned Costs

None

**Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

There were no prior year audit findings.