

OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL
SERVICES

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2025



BUSINESS
ADVISORS
AND CPAS

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BUSINESS
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INDEPENDENT AUDITORS' REPORT

To the Board Members
Oswego County
Board of Cooperative Educational Services, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oswego County Board of Cooperative Educational Services, New York (the BOCES), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the BOCES basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the BOCES as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Oswego County Board of Cooperative Educational Services 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in BOCES total OPEB liability and related ratio, schedule of the BOCES proportionate share of the net pension liability, schedule of BOCES contributions, and budgetary comparison information on pages 4-14 and 48-52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the BOCES basic financial statements. The accompanying supplemental information as listed in the table of contents 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.

The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 supplementary information as listed in the table of contents and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2025 on our consideration of the BOCES internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BOCES internal control over financial reporting and compliance.

Rochester, New York
October 2, 2025

Mengel, Metzger, Bar & Co. LLP

**OSWEGO COUNTY BOARD OF COOPERATIVE EDUCATIONAL SERVICES
MEXICO, NEW YORK**

Management's Discussion and Analysis (MD&A)

For the Fiscal Year Ended June 30, 2025

This following is a discussion and analysis of the Oswego County Board of Cooperative Educational Services' (BOCES) financial performance for the fiscal year ended June 30, 2025. This section is a summary of the BOCES financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the BOCES financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

On the government-wide financial statements at the close of the fiscal year, the total liabilities plus deferred inflows (what the district owes) exceeded its total assets plus deferred outflows (what the district owns) by \$100,052,398 (net position) a reduction in the deficit of \$3,675,589. This increase results from the large difference between assets plus deferred outflows and liabilities plus deferred inflows, representing adjustments required by GASB-75 to illustrate the actuarially determined liability for post-employment health insurance benefits in the financial statements in their entirety. The full calculation for this liability totals \$107,244,809 representing a decrease of \$17,125,835 from the prior year liability of \$124,370,644. Three main factors contributed to this difference: (a) changes in the actuarial factors for mortality improvement, health care trend rates, salary scale, and termination and retirement rates. These factors are determined by external sources and required as part of the actuarial analysis; (b) more favorable actuarially determined trends in healthcare costs; and (c) an increase in the discount rate resulting in decreased liability.

The BOCES governmental fund financial statements report a combined ending fund balance of \$11,704,171, as of the close of the fiscal year, representing a decrease of \$61,049 from the prior year. The fund balance is comprised of: \$1,411,392 reserved in the General Fund for purposes of paying prior year obligations along with \$8,626,774 reserved for purposes of aiding the BOCES in long-term planning; \$3,321,325 held in the Capital Fund for construction and renovation; \$52,534 held in a miscellaneous special revenue fund for scholarships; and (\$1,196,495) in the Special Aid Fund largely representing net shortfalls resulting from the faulty and insufficient reimbursement structure prescribed by New York State for preschool programs (note: the BOCES discontinued the operation of these programs as a result). The changes in the balances of each fund are as follows: General fund increased by \$1,355,174 due mainly to changes in the funding of compensated absences as a result of the implementation of GASB 101; Special Aid Fund increased by \$141,016 due mainly to net positive results of operations in adult education and summer exceptional education programs; and the Capital Projects Fund decreased by \$1,553,720 due to substantial completion of a modular classroom installation project.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the BOCES' basic financial statements. The BOCES' basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

- The *government-wide financial statements* are designed to provide readers with a broad overview of the BOCES' finances, in a manner similar to a private-sector business.
- The *statement of net position* presents information on all of the BOCES' assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the BOCES is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *governmental* activities of the BOCES include administration, career & tech education, instruction for the handicapped, itinerant services, general instruction, instructional support, and other services.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The BOCES, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the BOCES can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the BOCES' near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- In general, BOCES' can maintain several individual operating funds including General Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, Capital Fund, Fixed Assets, Custodial Fund, Private Purpose Trust Fund, Trust Funds-Nonexpendable, and Long-Term Debt. Information is presented separately for "major funds" and in aggregate for "non-major funds" in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The BOCES maintains and reports the General Fund as a major fund.
- The BOCES adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

- The *Fiduciary Funds* are used to account for assets held by the BOCES in an agency capacity which accounts for assets held by the BOCES on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are *not* available to support the BOCES' programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

Notes to the Financial Statements

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

Government-Wide Statements

The government-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 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 government-wide statements report on the BOCES' net position and how they have changed. Net position, the difference between the BOCES' assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, is one way to measure the BOCES' financial health or position. Over time, increases or decreases in the BOCES' net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the BOCES' enrollment and service offerings and the condition of buildings and facilities must also be considered to assess the BOCES' overall health.

All of the BOCES' services are reported in the government-wide financial statements as governmental activities. Most of the BOCES' basic services are included here, such as career & tech ed, instruction for students with special needs, itinerant services, general instruction, instructional support, administration and other services. Charges for services and operating grants and contributions finance most of these activities.

Financial Analysis of the BOCES as a Whole

Net Position

The BOCES' combined net position was higher on June 30, 2025, than the year before, reducing the deficit by nearly 3.5% to (\$100,052,398) as shown in the table below.

	<u>Governmental Activities</u>		<u>Total Variance</u>
<u>ASSETS:</u>	<u>2025</u>	<u>2024</u>	
Current and Other Assets	\$ 41,276,583	\$ 39,920,433	\$ 1,356,150
Capital Assets	37,933,635	35,958,027	1,975,608
Total Assets	\$ 79,210,218	\$ 75,878,460	\$ 3,331,758
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 16,909,768	\$ 24,003,114	\$ (7,093,346)
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 116,346,073	\$ 133,392,980	\$ (17,046,907)
Other Liabilities	24,499,025	25,422,098	(923,073)
Total Liabilities	\$ 140,845,098	\$ 158,815,078	\$ (17,969,980)
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 55,327,286	\$ 44,794,483	\$ 10,532,803
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 35,963,829	\$ 33,988,221	\$ 1,975,608
<u>Restricted For:</u>			
Capital Reserve	1,204,297	1,204,791	(494)
Capital Projects	3,321,325	4,875,045	(1,553,720)
Accrued Benefit Liability Reserve	2,939,925	1,404,730	1,535,195
Retirement Contribution Reserve	1,602,709	1,554,559	48,150
Teachers' Retirement Contribution	1,374,350	1,043,728	330,622
Other Purposes	1,558,027	1,514,665	43,362
Unrestricted	(148,016,860)	(149,313,726)	1,296,866
Total Net Position	\$ (100,052,398)	\$ (103,727,987)	\$ 3,675,589

As illustrated above, the largest component of the BOCES' Net Position in the amount of \$35,963,829 reflects its investment in capital assets, less any outstanding debt for proceeds used to acquire those assets. The BOCES uses these capital assets (i.e.: equipment, furnishings, infrastructure items, etc.) to provide services to the students and districts, and therefore they are not available for future spending. Although the BOCES' investment in 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 must be retained to facilitate the delivery of educational services.

Another component of Net Position in the amount of \$3,321,325 represents funds collected from component districts and held for capital renovation projects. Reserves totalling \$5,916,984 are being held for employee retirement and benefit purposes, and \$1,204,297 for purchase and replacement of expensive Career & Technical Education program equipment items. The category of "Restricted for Other Purposes" in the amount of \$1,558,027 include reserves for unemployment insurance and liability claims as well as scholarship funds held by BOCES. The remaining balance of Net Position totalling (\$148,016,860) is considered unrestricted. As evident in the table, this deficit decreased by \$1,296,866 from last year. In general, Unrestricted Net Position being in deficit is attributed to the GASB-75 requirement of representing actuarially determined estimates for post-employment health insurance benefits as long-term debt obligations.

Key Variances

- Deferred Outflows of Resources decreased \$7,093,346 due to two factors: (1) decreases in projected outflows for the NYS Employees' & Teachers' Retirement Systems resulting from changes in actuarial assumptions as calculated by each system, and (2) decreases in projected outflows for OPEB based on changes in actuarially determined assumptions and reduced differences in expected and actual experience as calculated by the BOCES consultant.
- Long-Term Debt Obligations decreased \$17,046,907 as a result of updates in three main factors of the OPEB actuarial calculation: (a) changes in the actuarial factors for mortality improvement, health care trend rates, salary scale, and termination and retirement rates. These factors are determined by external sources and required as part of the actuarial analysis; (b) more favorable actuarially determined trends in healthcare costs; and (c) an increase in the discount rate resulting in decreased liability.
- Deferred Inflows of Resources increased \$10,532,803 as a result of two main factors: (1) increases in NYS Teachers' Retirement System interest earnings being projected by the system, and (2) increases in projected inflows for OPEB based on changes in actuarially determined assumptions and a significant change in the calculated differences between expected and actual experience as calculated by the BOCES consultant.

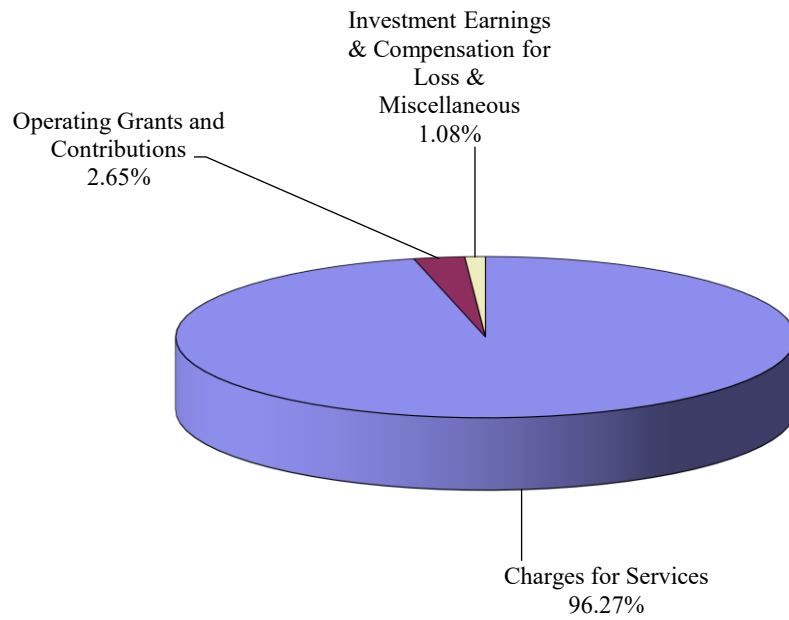
Changes in Net Position

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2025</u>	<u>2024</u>	<u>Variance</u>
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 88,289,840	\$ 79,595,787	\$ 8,694,053
Operating Grants & Contributions	2,430,344	2,410,880	19,464
Total Program	\$ 90,720,184	\$ 82,006,667	\$ 8,713,517
<u>General -</u>			
Investment Earnings	\$ 294,263	\$ 355,834	\$ (61,571)
Compensation for Loss	6,010	4,379	1,631
Miscellaneous	686,488	7,000	679,488
Total General	\$ 986,761	\$ 367,213	\$ 619,548
TOTAL REVENUES	\$ 91,706,945	\$ 82,373,880	\$ 9,333,065
<u>EXPENSES:</u>			
Administration	\$ 9,484,511	\$ 6,889,735	\$ 2,594,776
Career and Tech Education	13,979,189	13,917,285	61,904
Instruction for the Handicapped	19,117,436	21,055,767	(1,938,331)
Itinerant Services	3,200,424	4,278,650	(1,078,226)
General Instruction	15,333,389	10,963,283	4,370,106
Instructional Support	13,042,861	13,501,306	(458,445)
Other Services	13,764,212	10,140,520	3,623,692
Interest	109,334	61,354	47,980
TOTAL EXPENSES	\$ 88,031,356	\$ 80,807,900	\$ 7,223,456
INCREASE IN NET POSITION	\$ 3,675,589	\$ 1,565,980	
NET POSITION, BEGINNING			
OF YEAR	(103,727,987)	(105,293,967)	
NET POSITION, END OF YEAR	\$ (100,052,398)	\$ (103,727,987)	

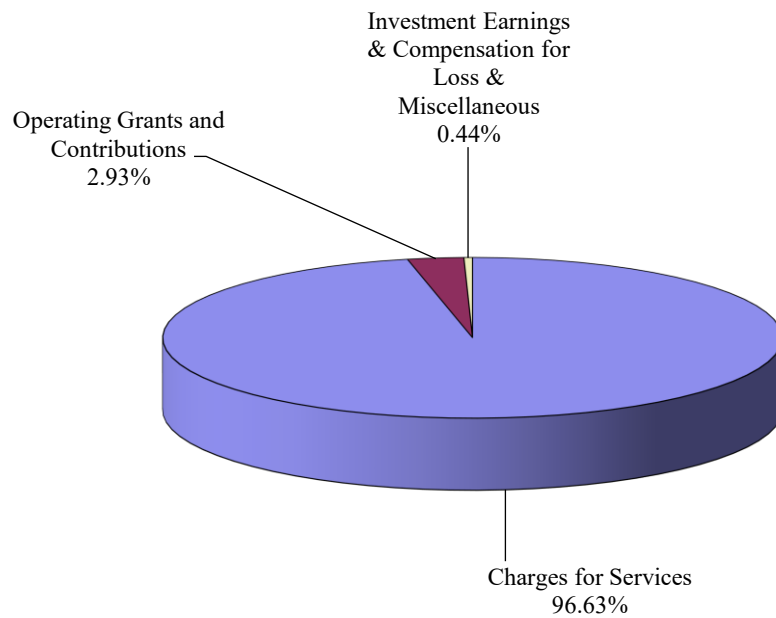
Key Variances

- Charges for Services increased \$8,694,053 due to increased participation in BOCES programs and services by component and non-component school districts, for both existing programs and new ones initiated at the request of districts.
- Administration increased \$2,594,776 resulting from activity in a new program created by the NYS Education Department and initiated at our BOCES at the request of districts, enabling BOCES to coordinate access to college tuition bearing programs and run student tuition through BOCES for aid.
- General Instruction increased \$4,370,106 due to increased requests by component and non-component districts for services provided in alternative education programming, largely in the area of remote instruction, enrichment programs, and programming for students with intensive social-emotional needs.
- Other Services increased \$3,623,692 as a result of resuming capital project review services at the request and on behalf of the New York State Education Department.

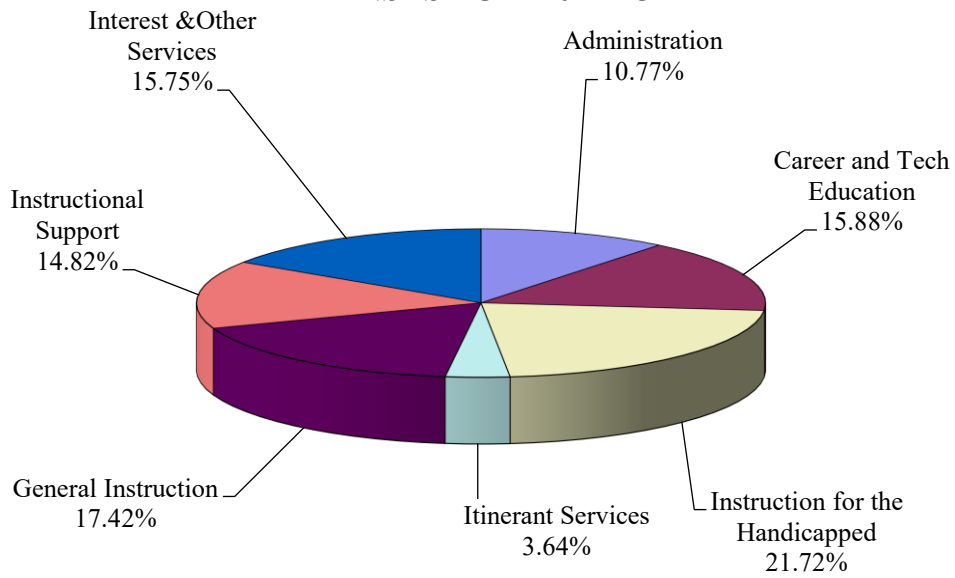
REVENUE FOR 2024-25



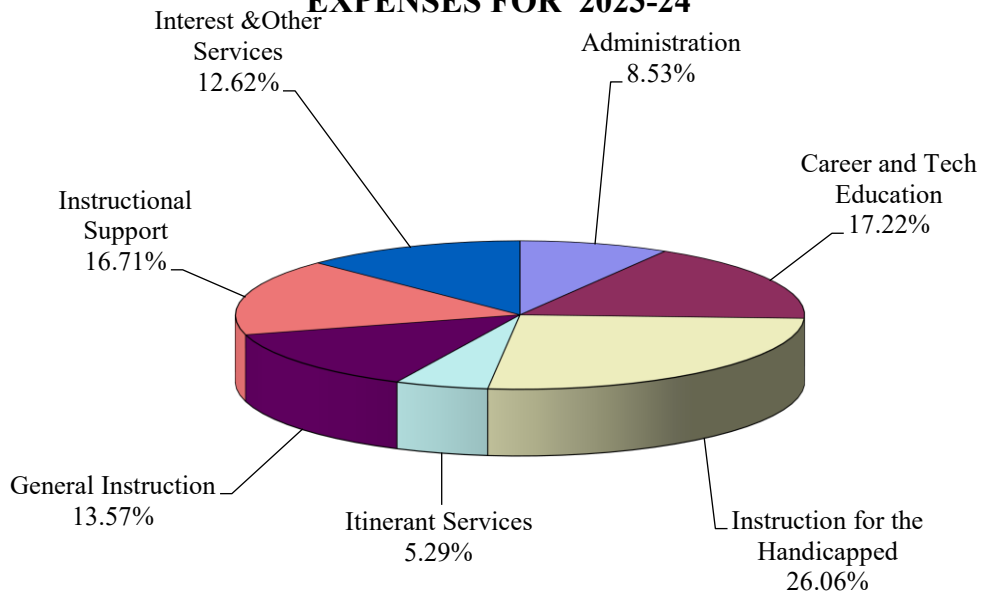
REVENUE FOR 2023-24



EXPENSES FOR 2024-25



EXPENSES FOR 2023-24



The Revenue chart clearly illustrates heavy reliance on services to school districts as the primary revenue source (96.27% of total revenues). The BOCES also utilizes operating grants and contributions from the federal, state and other local governments, which represented 2.65% of total revenues. These grants allow BOCES to operate additional programs and services on a targeted basis without requiring districts to contribute.

As noted in the Expenses chart, the BOCES' Exceptional (Special) Education programs account for 21.72% of total expenses. These services are requested by component school districts based on the requirements outlined in students' Individualized Education Plans.

Career and Technical Education represents 15.88% of total expenses. CTE programming endeavors to promote strategies for student achievement and success in their continued education or quest for post-secondary employment. In support of this goal, the BOCES and component districts continually consider new programs that will offer relevancy to the current job market, and work collaboratively with business/industry partners to obtain feedback about skills students will need for success in the evolving workplace.

Instructional Support represents 14.82% of expenditures, which are determined by the volume of district service requests. Services focus on providing support for the direct instruction of students, and include instructional staff development, statistical analysis & planning, acquisition of equipment or supplies, duplication of materials, arts and enrichment experiences for students, and technology hardware and software support.

Itinerant and Other Services represent 3.64% of expenditures, are also driven by the level of district service requests. These include management support services to the business, managerial and non-instructional aspects of school district operations such as Internal Claims Auditing, Cooperative Purchasing, Safety & Risk Management, and Public Relations services.

Financial Analysis of the BOCES' Funds

As noted earlier, the BOCES uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the BOCES' *governmental funds* is to provide information on near term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the BOCES' financing requirements. In particular, surplus distribution could serve as a possible measure of consistency in budgeting from year to year, or signal other material events occurring, such as spikes in service requests or more favorable trends in large expense categories such as health insurance.

As of the end of the fiscal year, the BOCES' governmental funds reported combined fund balances of \$11,704,171, a decrease of \$61,049 from the prior year. Of the total combined fund balances, \$3,321,325 constitutes fund balance in the Capital Projects Fund, intended to fund capital improvement work. Additionally, (\$1,196,495) represents a deficit balance in the Special Aid Fund. This was caused largely by New York State's approach of setting insufficient rates for reimbursement of preschool programs & services and then freezing them for multiple years. The rate setting process has been finalized by the State for all years that programs were in operation and all eligible outstanding revenue allowed by law has been recouped from the County of Oswego. However, a significant deficit remains and there is no legal mechanism set forth by New York State for BOCES to recoup revenue.

To avoid accumulation of further deficits, BOCES permanently ceased operation of preschool programs during the 2010-11 school year and assisted the County in transitioning programs to private providers. Oswego is not the only BOCES in this situation and as opportunities present, BOCES participates in conversations with state officials to explore how this may be rectified. Among the possible solutions is to work with component districts to fund the outstanding balances, but it remains unclear whether districts have legal authority to fund these expenses. As such, the BOCES is awaiting guidance from the NYS Education Department and/or the NYS Office of the State Comptroller on how to address the matter.

On a positive note, the negative Special Aid Fund balance was reduced slightly by current year adult education program surpluses. BOCES experienced modest operational gains in these programs resulting from tuition increases and cost reduction measures where possible. These steps were not enough to eliminate the overall deficits, but able to result in a slight overall reduction in the Special Aid Fund deficit. Moving forward, BOCES expects to step-up advertisement efforts to attract more students, adjust offerings to better align with regional needs, and adjust its intake process to allow earlier acceptances for students so they don't need to seek alternative programming.

The General Fund had a deficit unassigned fund balance of \$511,359 as a result of its prepaid lease agreements which have been recognized as deferred inflows of resources and amortized over the life of the agreements. The remainder of the combined fund balances reside in General Fund reserves to indicate that they are earmarked for certain purposes and not available for general spending. The reserve categories include:

- Encumbrances in the amount of \$1,411,392.
- Liability, casualty, and other types of losses in the amount of \$787,925.
- Unemployment insurance in the amount of \$717,568.
- Employee accrued liability benefits in the amount of \$2,939,925.
- Retirement contribution in the amount of \$1,602,709 to assist with required employer contributions toward retirement benefits of employees belonging to the NYS Employees' Retirement System.
- Retirement contribution sub-fund in the amount of \$1,374,350 to assist with required employer contributions toward retirement benefits of employees belonging to the NYS Teachers' Retirement System.
- Equipment reserve in the amount of \$1,204,297, used to set aside funds toward equipment purchases for the Career & Technical Education (CTE) program. CTE consists of trades courses which can require expensive equipment items (i.e.: backhoe, loader, dump truck, simulators, large scale kitchen equipment, etc.).

General Fund Budgetary Highlights

The General Fund is the chief operating fund of the BOCES. At the end of the current fiscal year, the total fund balance of the General Fund was \$9,526,807 which represents an increase of \$1,355,174 from the prior year. As previously mentioned, this is attributed to changes in the funding of compensated absences as a result of the implementation of GASB 101. The difference between the original budget and the final amended budget was an increase of \$7,340,295. This change is attributable to \$1,977,482 of carryover encumbrances from the 2023-24 fiscal year, and \$5,362,813 of program expenses. This is mainly attributed to processing purchases on behalf of districts in amounts greater than were anticipated during budget development for programs and services in the areas of distance education, community resource coordination, computer leases, and coordination of dual enrollment programs resulting in attainment of college credits for high school students.

Even though the budget was increased by over \$7,300,000 during the year, the actual expenditures by year-end only exceed the amount originally budgeted by just about \$870,000. This is attributed to a handful of factors including savings realized in staff salaries and benefits due to attrition, not needing to fill some positions as budgeted, and difficulty filling vacant positions resulting in use of temporary (substitute) employees. Additionally, savings were realized in the BOCES self-funded health, dental and vision plans resulting from implementation of cost management programs, concessions accepted during collective bargaining, and overall healthier populations of employees, retirees and dependents than were anticipated at the time of budget development.

On the revenue side of the ledger, the difference between the original estimates and amounts actually recognized was just over \$6,500,000. This is mainly attributable to funds collected to support the operation of new programs and processing of unanticipated purchases on behalf of districts. However, BOCES ended up realizing \$824,194 less than adjusted estimates, a de minimis variance representing 0.92% of adjusted estimates once purchases were finalized.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2025, the BOCES had \$37,933,635 in total capital assets, net of accumulated depreciation. This represents an increase of \$1,975,608 from the prior year. These assets are invested in a range of categories including land, buildings and improvements, and machinery & equipment. The change in capital assets net of accumulated depreciation, is reflected below:

	<u>2025</u>	<u>2024</u>
Land	\$ 312,500	\$ 312,500
Work in Progress	2,907,765	174,741
Buildings and Improvements	31,314,142	32,425,593
Machinery and Equipment	3,399,228	3,045,193
Total Capital Assets	<u>\$ 37,933,635</u>	<u>\$ 35,958,027</u>

This increase is mainly attributed to capital projects and improvements that were undertaken during the year. More detailed information on these can be found in the notes to the financial statements.

Long- Term Debt

At year-end, the BOCES had \$116,346,073 in outstanding long-term obligations, as follows:

<u>Type</u>	<u>2025</u>	<u>2024</u>
Installment Purchase Debt	\$ 1,212,361	\$ 1,154,491
Energy Performance Contract	654,671	815,315
Compensated Absences	3,268,283	2,511,086
Net Pension Liability	3,965,949	4,541,444
OPEB	107,244,809	124,370,644
Total Long-Term Obligations	<u>\$ 116,346,073</u>	<u>\$ 133,392,980</u>

More detailed information can be found in the notes to the financial statements, with some supplementary information following below.

The Compensated Absences category represents an aggregated amount of compensation for which BOCES is obligated to pay employees for unused absences in the event of separation from service. Compensated Absences illustrated in the chart have increased in the amount of \$757,197, due to increases in accumulated leave balances that staff accrued during the year and modifications to the calculation of the liability as result of implementing GASB 101. This figure is also impacted by increases in the unit cost for these days in accordance with negotiated bargaining agreements.

As required by GASB-68, the NYS Employee and Teacher Retirement Systems are required to calculate and supply Net Pension Liability estimates for all entities who have contributing members, which needs to be reflected in the basic financial statements. For the 2025 fiscal year, the NYSERS estimates BOCES' share of the system employers' net pension liability to be \$3,965,949; in the prior year BOCES recognized a deficit of \$3,332,267. The system funding level decreased from 93.88% to 93.08%. The NYSTRS estimates BOCES' share of the system employers' net pension asset to be \$3,349,292; in the prior year BOCES recognized a liability of \$1,209,177. The system funding level increased from 99.20% to 102.10%. This resulted in a decrease in the liability shown in the table of \$575,495 or 12.67%.

Lastly, the OPEB line represents the estimated value for Other Post-Employment Benefits, which appears in response to the requirements of GASB-75. As illustrated in the table, the full calculated liability is \$107,244,809, which increased due to change in the actuarial factors and assumptions for the calculation including healthcare trend rates, payroll growth rates, and the discount rate which was updated based on the 20-year, tax-exempt general obligation municipal bonds. This factor increased by 0.60%, which together with a 0.25% increase in the healthcare cost trend rate had a noteworthy impact on the calculation. These factors are determined by external sources and required as part of the actuarial analysis. As an offsetting measure, results of contractual negotiations resulted in increased premium contributions for active employees, which will carry through the lifespan of retirees.

Factors bearing on the BOCES' future

Declining Countywide Enrollment

Oswego County school districts have been experiencing steady annual declines in student population for more nearly three decades. From school years 1998-99 to 2024-25, the Resident Weighted Average Daily Attendance (RWADA) factor has dropped by 9,598 units, from 27,162 to 17,564. This represents a 35.3% decline over this period. However, declines in district enrollment do not necessarily translate to a decline in BOCES enrollment. Other factors play roles in those trends such as student needs based on Individualized Education Plans as determined by districts, district pursuit of new programs, societal and economic forces, and student choice. Continued countywide enrollment decline is a factor that could produce an impact, but in recent history both in our region and statewide, economic, and societal factors have resulted in a resurgence of interest by students in Career & Technical Education programs. BOCES enrollments in those programs are on the incline.

NYS State Aid to Districts

Federal legislation enacted in 2025 contained provisions relative to reductions in federal Medicaid funding that are expected to produce a significant negative impact on the New York State budget over the next few years. Loss of funding in the magnitude anticipated is likely to substantially erode the State's ability to continue funding school aid formulas at their current levels, which could play a deleterious role in the ability of school districts to partake in programs and services offered by BOCES. However, the reverse could also occur as participation in BOCES services results in generation of state aid through statutorily prescribed funding formulas. Districts could opt to run increased spending through BOCES to generate aid in this area in an attempt to offset losses that may occur in the general (Foundation) aid formula.

Establishment of a Microchip Processing Plant in Central New York

As a result of Federal efforts, the Micron company has committed to spend up to \$100 billion to build a computer chip factory in Central New York, on land in Onondaga County closely situated to Oswego County. As construction progresses, it holds great promise of opportunities for BOCES including adult training programs, growth and new pathways in secondary student programs, and a possibility of increased enrollment and population growth for the school districts in Oswego County. Ground-breaking for construction of the plant is anticipated in the next year with the first phase of operations to come online within the few years that follow.

Requests for Information

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

Oswego County BOCES
Attn: Michael J. Sheperd, Assistant Superintendent for Administrative Services
179 County Route 64, Mexico, NY 13114
(315) 963-4210

OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 19,671,882
Accounts receivable	17,858,857
Due from Districts	396,552
Net pension asset	3,349,292
Capital Assets:	
Land	312,500
Work in progress	2,907,765
Other capital assets (net of depreciation)	34,713,370
TOTAL ASSETS	\$ 79,210,218
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources	\$ 16,909,768
LIABILITIES	
Accounts payable	\$ 1,526,941
Accrued liabilities	113,606
Unearned revenue	1,275,940
Due to other governments	50,226
State aid due to districts	15,813,208
Due to teachers' retirement system	2,723,495
Due to employees' retirement system	288,034
Other liabilities	2,707,575
Long-Term Obligations:	
Due in one year	1,588,898
Due in more than one year	114,757,175
TOTAL LIABILITIES	\$ 140,845,098
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources	\$ 55,327,286
NET POSITION	
Net investment in capital assets	\$ 35,963,829
Restricted For:	
Capital projects	3,321,325
Capital reserve	1,204,297
Retirement contribution reserve	1,602,709
Teacher retirement contribution reserve	1,374,350
Accrued benefit liability reserve	2,939,925
Other Purposes	1,558,027
Unrestricted	(148,016,860)
TOTAL NET POSITION	\$ (100,052,398)

(See accompanying notes to financial statements)

OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Activities and Changes in Net Position
For Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<u>Primary Government -</u>				<u>Governmental Activities</u>
Administration	\$ 9,484,511	\$ 10,186,935	\$ 84,176	\$ 786,600
Career & tech education	13,979,189	12,228,018	1,246,046	(505,125)
Instruction for the handicapped	19,117,436	19,584,258	68,066	534,888
Itinerant services	3,200,424	3,152,442	-	(47,982)
General instruction	15,333,389	14,827,595	1,023,073	517,279
Instructional support	13,042,861	14,299,052	2,420	1,258,611
Other services	13,764,212	14,011,540	6,563	253,891
Interest	109,334	-	-	(109,334)
Total Primary Government	<u>\$ 88,031,356</u>	<u>\$ 88,289,840</u>	<u>\$ 2,430,344</u>	<u>\$ 2,688,828</u>
General Revenues:				
Interest and Earnings				\$ 294,263
Sale of property and compensation for loss				6,010
Miscellaneous				686,488
Total General Revenues				<u>\$ 986,761</u>
Changes in Net Position				\$ 3,675,589
Net Position, Beginning of Year				<u>(103,727,987)</u>
Net Position, End of Year				<u>\$ (100,052,398)</u>

(See accompanying notes to financial statements)

OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Balance Sheet
Governmental Funds
June 30, 2025

	General <u>Fund</u>	Total Nonmajor <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 16,384,398	\$ 3,287,484	\$ 19,671,882
Due from other funds	683,438	491,569	1,175,007
Receivables	17,026,447	832,410	17,858,857
Due from Districts	396,552	-	396,552
TOTAL ASSETS	<u>\$ 34,490,835</u>	<u>\$ 4,611,463</u>	<u>\$ 39,102,298</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
<u>Liabilities</u> -			
Accounts payable	\$ 1,318,391	\$ 208,550	\$ 1,526,941
Accrued liabilities	90,135	23,471	113,606
Due to other funds	491,569	683,438	1,175,007
Due to other governments	-	50,226	50,226
State aid due to districts	15,813,208	-	15,813,208
Due to TRS	2,546,487	177,008	2,723,495
Due to ERS	272,568	15,466	288,034
Other liabilities	2,707,575	-	2,707,575
Unearned revenues	-	1,275,940	1,275,940
TOTAL LIABILITIES	<u>\$ 23,239,933</u>	<u>\$ 2,434,099</u>	<u>\$ 25,674,032</u>
<u>Deferred Inflows</u> -			
Deferred inflows of resources	<u>\$ 1,724,095</u>	<u>\$ -</u>	<u>\$ 1,724,095</u>
<u>Fund Balances</u> -			
Restricted	\$ 8,626,774	\$ 3,373,859	\$ 12,000,633
Assigned	1,411,392	-	1,411,392
Unassigned	(511,359)	(1,196,495)	(1,707,854)
TOTAL FUND BALANCE	<u>\$ 9,526,807</u>	<u>\$ 2,177,364</u>	<u>\$ 11,704,171</u>
TOTAL LIABILITIES			
DEFERRED INFLOWS AND			
FUND BALANCES	<u>\$ 34,490,835</u>	<u>\$ 4,611,463</u>	

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

Capital assets/right to use assets used in governmental activities are
not financial resources and therefore are not
reported in the funds.

37,933,635

The following long-term obligations are not due and
payable in the current period and therefore are not
reported in the governmental funds:

OPEB liability	(107,244,809)
Compensated absences	(3,268,283)
Installment purchase debt	(1,867,032)
Net pension asset	3,349,292
Deferred outflow - pension	9,853,458
Deferred outflow - OPEB	7,056,310
Net pension liability	(3,965,949)
Deferred inflow - pension	(4,678,494)
Deferred inflow - OPEB	(48,924,697)

Net Position of Governmental Activities

\$ (100,052,398)

(See accompanying notes to financial statements)

OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2025

	General Fund	Formerly Major Capital Projects Fund	Formerly Major Special Aid Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Charges for services	\$ 1,701	\$ -	\$ -	\$ 682,439	\$ 684,140
Charges to components	79,579,295	-	-	1,907,732	81,487,027
Charges to non-components and other BOCES	7,225,915	-	-	41,938	7,267,853
Interest and earnings	92,271	-	-	2,181	94,452
Sale of property and compensation for loss	30,357	-	-	-	30,357
Miscellaneous	1,889,806	-	-	3,882,034	5,771,840
Interfund revenues	-	-	-	491,569	491,569
State sources	2,420	-	-	708,078	710,498
Federal sources	84,176	-	-	1,629,344	1,713,520
TOTAL REVENUES	\$ 88,905,941	\$ -	\$ -	\$ 9,345,315	\$ 98,251,256
EXPENDITURES					
Administration	\$ 10,175,405	\$ -	\$ -	\$ -	\$ 10,175,405
Career and tech education	11,876,119	-	-	1,909,899	13,786,018
Instruction for the handicapped	18,076,601	-	-	1,622,480	19,699,081
Itinerant services	3,193,991	-	-	-	3,193,991
General instruction	14,831,783	-	-	1,037,040	15,868,823
Instructional support	13,299,183	-	-	-	13,299,183
Other services	10,570,295	-	-	3,415,138	13,985,433
Other expenses	-	-	-	43,957	43,957
Capital outlay	-	-	-	3,756,108	3,756,108
Debt principal	1,125,858	-	-	-	1,125,858
Debt interest	109,334	-	-	-	109,334
TOTAL EXPENDITURES	\$ 83,258,569	\$ -	\$ -	\$ 11,784,622	\$ 95,043,191
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 5,647,372	\$ -	\$ -	\$ (2,439,307)	\$ 3,208,065
OTHER FINANCING SOURCES (USES)					
Proceeds from obligations	\$ -	\$ -	\$ -	\$ 1,023,084	\$ 1,023,084
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ -	\$ 1,023,084	\$ 1,023,084
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 5,647,372	\$ -	\$ -	\$ (1,416,223)	\$ 4,231,149
OTHER CHANGES IN FUND BALANCE					
Surplus to be distributed	(5,802,253)	-	-	-	(5,802,253)
E-rate distribution/other BOCES refunds	(450,299)	-	-	-	(450,299)
Net unemployment reserve transactions	22,345	-	-	-	22,345
Net capital reserve transactions	(494)	-	-	-	(494)
Net retirement contribution reserve transactions	48,150	-	-	-	48,150
Net teacher's retirement reserve transactions	330,622	-	-	-	330,622
Net liability reserve transactions	24,536	-	-	-	24,536
Net change in employee accrued benefit liability reserve	1,535,195	-	-	-	1,535,195
FUND BALANCE, BEGINNING OF YEAR, as previously reported	\$ 8,171,633	\$ 4,875,045	\$ (1,337,511)	\$ 56,053	\$ 11,765,220
Changes within financial reporting entity major to nonmajor	-	(4,875,045)	1,337,511	3,537,534	-
FUND BALANCE, BEGINNING OF YEAR, as adjusted	\$ 8,171,633	\$ -	\$ -	\$ 3,593,587	\$ 11,765,220
FUND BALANCE, END OF YEAR	\$ 9,526,807	\$ -	\$ -	\$ 2,177,364	\$ 11,704,171

(See accompanying notes to financial statements)

OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For Year Ended June 30, 2025

NET CHANGE IN FUND BALANCES -

TOTAL GOVERNMENTAL FUNDS \$ (61,049)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets was not in excess of depreciation in the current period:

Capital Outlay	\$ 3,756,108	
Additions to Assets, Net	814,039	
Depreciation	<u>(2,594,539)</u>	
		1,975,608

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 1,125,858	
Proceeds from Debt issuance	<u>(1,023,084)</u>	
		102,774

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. 2,721,030

(Increase) decrease 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		699,208
Employees' Retirement System		101,571

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences		<u>(1,863,553)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 3,675,589

OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 49,785
Accounts receivable	650
TOTAL ASSETS	<u><u>\$ 50,435</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ 50,435
TOTAL NET POSITION	<u><u>\$ 50,435</u></u>

Statement of Changes in Fiduciary Net Position
For Year Ended June 30, 2024

	<u>Custodial Funds</u>
ADDITIONS	
Student activities	\$ 57,961
TOTAL ADDITIONS	<u>\$ 57,961</u>
DEDUCTIONS	
Student activities	\$ 55,034
TOTAL DEDUCTIONS	<u>\$ 55,034</u>
Change in net position	\$ 2,927
NET POSITION - BEGINNING	<u>47,508</u>
NET POSITION - ENDING	<u><u>\$ 50,435</u></u>

OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES

Notes To The Basic Financial Statements

June 30, 2025

I. Summary of Significant Accounting Policies:

The financial statements of the Oswego County Board of Cooperative Educational Services, New York (the BOCES) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the BOCES' accounting policies are described below.

A. Reporting Entity

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

The reporting entity of the BOCES is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement No. 61, *The Financial Reporting Entity*. 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.

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

Altmar-Parish-Williamstown	Hannibal	Phoenix
Central Square	Mexico Academy	Pulaski
Fulton	Oswego City	Sandy Creek

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.

(I.) (Continued)

The decision to include a potential component unit in the BOCES' reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the BOCES' reporting entity:

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the BOCES represent funds of the students of the BOCES. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of the 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 the BOCES' business office. The BOCES accounts for assets held for various student organizations in the Custodial Fund.

B. Basis of Presentation

1. BOCES-wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the BOCES' governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through state aid, sale of property and equipment, investment revenues and miscellaneous revenues which consist primarily of refunds from other BOCES. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital specific grants.

The Statement of Activities presents a comparison between program expenses and program revenues for each function of the BOCES' governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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 the BOCES funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The BOCES reports the following governmental funds:

(I.) (Continued)

a. **Major Governmental Funds**

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

b. **Nonmajor Governmental Funds**

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

Capital Projects Fund - Used to account for the acquisition construction or major repair of capital facilities.

Miscellaneous Special Revenue Fund – used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

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

Custodial Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the BOCES as agent for various student groups or extraclassroom activity funds.

C. **Measurement Focus, 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 and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the BOCES gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. Component tuitions together with state and federal aid for grants are susceptible to accrual and have been recognized as revenues of the current fiscal period.

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

(I.) (Continued)

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, the BOCES' policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

E. Interfund Transactions

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

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.

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

Refer to Note VII for a detailed disclosure by individual fund for interfund receivables and payables.

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 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

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

(I.) (Continued)

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

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

H. Receivables

Receivables are shown net of an allowance for uncollectible accounts, when applicable.

In addition, the BOCES will report a receivable relating to a lease arrangement. The receivable is recorded at the present value of the future payments and recognized over the life of the lease.

No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

I. Inventory and Prepaid Items

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

J. Capital Assets

In the BOCES-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives and capitalization threshold by type of assets is as follows:

(I.) (Continued)

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	25-50 Years
Machinery and Equipment	\$ 5,000	SL	5-20 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

K. Right To Use Assets

The BOCES-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is 3 years based on the contract terms and/or estimated replacement of the assets.

L. Unearned Revenue

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

M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until that time.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

N. Vested Employee Benefits

1. Compensated Absences

The BOCES, based on policy and/or various negotiated labor or employment contracts, recognizes a liability for compensated absences for leave time that:

- (i) has been earned for services previously rendered by employees.
- (ii) has accumulated and is allowed to be carried over into subsequent years.
- (iii) is more likely than not to be used as time off or settled (for example paid in cash to the employee or as a payment to an employee 403b or flex spending account) during or upon separation from employment.

(I.) (Continued)

Based on the criteria listed, only vacation leave, sick leave and sick leave banks meet the qualifications to be recognized as a liability for compensated absences. The total long-term estimated liability for compensated absences is reported as incurred in the BOCES-wide and proprietary fund financial statements. The short-term liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Consistent with GASB Statement 101, Compensated Absences, the liability has been calculated using the more likely than not to be used as leave or settled at separation method with the compensated absences liability being calculated based on the pay rates in effect at year end.

O. Other Benefits

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

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

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

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

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

Q. Equity Classifications

1. BOCES-wide Statements

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

(I.) (Continued)

- a. **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.
- b. **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.

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<u>Total</u>
Unemployment Costs	\$ 717,568
Liability Reserve	787,925
Scholarships	<u>52,534</u>
Total Net Position - Restricted for Other Purposes	<u>\$ 1,558,027</u>

- c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications. The reported deficit of \$148,016,860 at year end is the result of full implementation of GASB #75 regarding retiree health obligations and the New York State pension system unfunded pension obligations.

2. **Fund Statements**

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

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

Capital Reserve for Equipment - Established to fund the purchase of new technology equipment in accordance with New York State guidelines.

Employee Benefit Accrued Liability Reserve - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to 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.

Liability Reserve - As allowed by Education Law Sections 1709.8-c and 1950.4-cc, is used to pay for property loss and liability claims incurred. This reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve may be utilized only by school districts, except a city school district with a population greater than 125,000. This reserve is accounted for in the General Fund.

(I.) (Continued)

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used 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.

Teachers' Retirement Reserve – General Municipal Law §6-r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous years' TRS salary.

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

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund and the School Lunch Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Capital Reserve - CTE Equipment	\$ 1,204,297
Retirement Contribution - ERS	1,602,709
Retirement Contribution - TRS	1,374,350
Unemployment Costs	717,568
Liability Reserve	787,925
Employee Benefit Accrued Liability Reserve	2,939,925
<u>Misc. Special Revenue Fund -</u>	
Various Scholarships	52,534
<u>Capital Projects Fund -</u>	
Capital Project	3,321,325
Total Restricted Fund Balance	<u>\$ 12,000,633</u>

(I.) (Continued)

b. **Assigned Fund Balance** – Includes amounts that are constrained by the BOCES’ intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the BOCES’ purchasing agent through their authorization of a purchase order prior to year-end. The BOCES assignment is based on the functional level of expenditures.

Significant encumbrances for the General Fund, management has determined are amounts in excess of \$109,000, which are summarized below:

- Career and Tech Education: \$395,348
- Instruction for the Handicapped: \$333,707
- General Instruction: \$342,571
- Instructional Support: \$145,965
- Capital Outlay: \$264,423

Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 1,411,392

c. **Unassigned Fund Balance** –Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the BOCES. 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.

3. **Order of Use of Fund Balance**

The BOCES’ policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, the remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

R. **New Accounting Standards**

The BOCES has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2025, the BOCES implemented the following new standards issued by GASB:

GASB has issued Statement No. 101, *Compensated Absences*.

GASB has issued Statement No. 102, *Certain Risk Disclosures*.

(I.) (Continued)

S. Future Changes in Accounting Standards

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, which will be effective for fiscal years beginning after June 15, 2025.

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, which will be effective for fiscal years beginning after June 15, 2025.

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

II. Changes in Accounting Principles

For the year ended June 30, 2025, the BOCES implemented GASB Statement No. 101, *Compensated Absences*. The implementation of the statement changes the reporting for compensated absences. There was no financial statement impact for the implementation of the Statement.

III. Stewardship, Compliance and Accountability:

By its nature as a local government unit, the BOCES is subject to various federal, state and local laws and contractual regulations. An analysis of the BOCES' compliance with significant laws and regulations and demonstration of its stewardship over BOCES resources follows.

A. Budgetary Information

Section 1950 §4(b) of the Education Law required adoption of a final budget by no later than May 15, 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 and lapse at the end of each fiscal year.

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

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The Special Revenue Funds have not been included in the budget and actual comparison because they do not have legally authorized (appropriated) budgets.

The BOCES Board can approve budget revisions based upon requests for additional services and surplus revenues.

(III.) (Continued)

Budget(s) are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

B. Deficit Net Position

The BOCES-wide net position had a deficit at June 30, 2025 of \$100,052,398. The deficit is the result of the implementation of GASB Statement 75, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, which required the recognition of an unfunded liability of \$107,244,809 at June 30, 2025. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

C. Deficit Fund Balance – Special Aid Fund

The Pre-school/Summer School program reports a deficit fund balance totaling \$1,124,072, and the Center for Career and Community Education reports a deficit fund balance totaling \$133,289. As a result of these program deficits, the overall fund balance of the Special Aid Fund reports a deficit of \$1,196,495. The BOCES has decided to transition the Pre-school program to a private sector and is working to enhance the health occupations program.

IV. Cash and Cash Equivalents

Credit risk: In compliance with the State Law, BOCES investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

Concentration of Credit risk: To promote competition in rates and service cost, and to limit the risk of institutional failure, BOCES deposits and investments are placed with multiple institutions. The BOCES’ investment policy limits the amounts that may be deposited with any one financial institution.

Interest rate risk: The BOCES has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

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

Uncollateralized	\$	-
Collateralized with Securities held by the Pledging		
Financial Institution		12,870,478
Collateralized within Trust Department or Agent		2,758,326
Total	\$	<u>15,628,804</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 included \$12,000,633 within the governmental funds and \$50,435 in the fiduciary funds.

V. Investment Pool

The BOCES participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, 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.

Total investments of the cooperative as of year end are \$7,180,707, which consisted of \$1,943,817 in repurchase agreements, \$4,942,481 in U.S. Treasury Securities, \$65,344 in FDIC insured deposits and \$229,065 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Amount</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
General	\$ 7,180,707	\$ 7,180,707	NYCLASS

VI. Receivables

Receivables at June 30, 2025 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Accounts Receivable-Charges for Services	\$ 1,213,239	\$ 78,302	1,291,541
Due From State and Federal	15,813,208	754,108	16,567,316
Total Receivables	\$ 17,026,447	\$ 832,410	\$ 17,858,857

VII. Interfund Receivables and Payables

Interfund Receivables and Payables at June 30, 2025 were as follows:

	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 683,438	\$ 491,569
Nonmajor Funds	491,569	683,438
Total	\$ 1,175,007	\$ 1,175,007

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The BOCES typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

VIII. Capital Assets and Lease Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 312,500	\$ -	\$ -	\$ 312,500
Work in progress	174,741	3,756,108	1,023,084	2,907,765
<i>Total Nondepreciable</i>	<u>\$ 487,241</u>	<u>\$ 3,756,108</u>	<u>\$ 1,023,084</u>	<u>\$ 3,220,265</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 45,571,259	\$ -	\$ -	\$ 45,571,259
Machinery and equipment	12,180,807	1,921,861	4,370,148	9,732,520
<i>Total Depreciated Assets</i>	<u>\$ 57,752,066</u>	<u>\$ 1,921,861</u>	<u>\$ 4,370,148</u>	<u>\$ 55,303,779</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 13,145,666	\$ 1,111,451	\$ -	\$ 14,257,117
Machinery and equipment	9,135,614	1,483,088	4,285,410	6,333,292
<i>Total Accumulated Depreciation</i>	<u>\$ 22,281,280</u>	<u>\$ 2,594,539</u>	<u>\$ 4,285,410</u>	<u>\$ 20,590,409</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 35,470,786</u>	<u>\$ (672,678)</u>	<u>\$ 84,738</u>	<u>\$ 34,713,370</u>
Total Capital Assets	<u>\$ 35,958,027</u>	<u>\$ 3,083,430</u>	<u>\$ 1,107,822</u>	<u>\$ 37,933,635</u>

Depreciation expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	
Administration	\$ 79,393
Career and Tech Education	1,138,743
Instruction for the Handicapped	686,515
Itinerant Services	38,918
General Instruction	503,341
Instructional Support	111,306
Other Services	36,323
Total Depreciation Expense	<u>\$ 2,594,539</u>

IX. Long-Term Debt Obligations

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

Governmental Activities:	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025	Due Within One Year
<u>Bonds and Notes Payable -</u>					
Installment Purchase Debt	\$ 1,154,491	\$ 1,023,084	\$ 965,214	\$ 1,212,361	\$ 1,021,646
Energy Performance Contracts	815,315	-	160,643	654,671	161,844
Total Bonds and Notes Payable	\$ 1,969,806	\$ 1,023,084	\$ 1,125,857	\$ 1,867,032	\$ 1,183,490
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 4,541,444	\$ -	\$ 575,495	\$ 3,965,949	\$ -
OPEB	124,370,644	-	17,125,835	107,244,809	-
Compensated Absences *	2,511,086	757,198	-	3,268,283	405,408
Total Other Liabilities	\$ 131,423,174	\$ 757,198	\$ 17,701,330	\$ 114,479,041	\$ 405,408
Total Long-Term Obligations	\$ 133,392,980	\$ 1,780,282	\$ 18,827,187	\$ 116,346,073	\$ 1,588,898

* The change in compensated absences above is a net change for the year.

Description	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding 6/30/2025
<u>Installment Purchase Debt -</u>					
Installment Purchase Debt	\$ 206,057	2023	2024	6.000%	\$ 70,289
Installment Purchase Debt	\$ 177,398	2024	2024	7.100%	59,285
Installment Purchase Debt	\$ 1,170,000	2024	2024	4.650%	395,571
Installment Purchase Debt	\$ 640,800	2025	2027	5.430%	435,506
Installment Purchase Debt	\$ 311,612	2025	2027	5.010%	206,008
Installment Purchase Debt	\$ 70,672	2025	2027	6.120%	45,702
Total Installment Purchase Debt					\$ 1,212,361
<u>Energy Performance Contracts -</u>					
Energy Performance Contract - Refinance	\$ 1,289,490	2021	2029	1.50%	\$ 654,671
Total Energy Performance Contracts					\$ 654,671

The following is a summary of debt service requirements:

Year	Energy Performance Contract		Installment Purchase Debt	
	Principal	Interest	Principal	Interest
2026	\$ 161,844	\$ 8,578	\$ 859,802	\$ 63,586
2027	163,054	6,149	352,559	18,864
2028	164,273	3,702	-	-
2029	165,500	1,237	-	-
Total	\$ 654,671	\$ 19,666	\$ 1,212,361	\$ 82,450

X. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 9,853,458	\$ 4,678,494
Leases	-	1,724,095
OPEB	7,056,310	48,924,697
Total	<u>\$ 16,909,768</u>	<u>\$ 55,327,286</u>

XI. Pension Plans

A. General Information

The BOCES participates in the New York State Teacher's Retirement System (TRS) and the New York State and Local Employee's Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B. Provisions and Administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the system, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The BOCES also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

(XI.) (Continued)

C. **Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3.0% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The BOCES paid 100% of the required contributions as billed by the TRS and ERS for the current year.

The BOCES' share of the required contributions, based on covered payroll paid for the BOCES' year ended June 30, 2025:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ 1,011,841	\$ 2,723,495

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2025, the BOCES reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The BOCES' proportion of the net pension asset/(liability) was based on a projection of the BOCES' long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the BOCES.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Net pension asset/(liability)	\$ (3,965,949)	\$ 3,349,292
District's portion of the Plan's total net pension asset/(liability)	0.023131%	0.112256%

For the year ended June 30, 2025, the BOCES recognized pension expenses of \$914,202 for ERS and \$1,577,650 for TRS. At June 30, 2025, the BOCES' reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(XI.) (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 984,375	\$ 3,606,572	\$ 46,434	\$ -
Changes of assumptions	166,324	2,003,555	-	337,017
Net difference between projected and actual earnings on pension plan investments	311,157	-	-	3,721,349
Changes in proportion and differences between the District's contributions and proportionate share of contributions	192,663	35,685	113,797	459,897
Subtotal	<u>\$ 1,654,519</u>	<u>\$ 5,645,812</u>	<u>\$ 160,231</u>	<u>\$ 4,518,263</u>
District's contributions subsequent to the measurement date	288,034	2,265,093	-	-
Grand Total	<u>\$ 1,942,553</u>	<u>\$ 7,910,905</u>	<u>\$ 160,231</u>	<u>\$ 4,518,263</u>

BOCES contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ -	\$ (1,884,756)
2026	719,950	4,020,852
2027	1,041,251	(720,644)
2028	(301,034)	(809,747)
2029	34,121	381,618
Thereafter	-	140,226
Total	<u>\$ 1,494,288</u>	<u>\$ 1,127,549</u>

(XI.) (Continued)

E. Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Interest rate	5.90%	6.95%
Salary scale	4.30%	4.40%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2022. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2022.

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 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 as of March 31, 2025 for ERS and June 30, 2024 for TRS are summarized as follows:

(XI.) (Continued)

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
<u>Asset Type -</u>		
Domestic equity	3.54%	6.60%
International equity	6.57%	7.40%
Global equity	n/a	6.90%
Private equity	7.25%	10.00%
Real estate	4.95%	6.30%
Opportunistic portfolios	5.25%	n/a
Real assets	5.55%	n/a
Global bonds	n/a	2.50%
Cash	0.25%	0.50%
Private debt	n/a	5.90%
Real estate debt	n/a	3.90%
High-yield bonds	n/a	4.80%
Domestic fixed income	n/a	2.60%
Fixed income	2.00%	n/a
Credit	5.40%	n/a

The real rate of return is net of the long-term inflation assumption of 2.90% for ERS and 2.40% for TRS.

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the BOCES' proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the BOCES' proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.90% for ERS and 7.95% for TRS) than the current assumption :

(XI.) (Continued)

<u>ERS</u>	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (11,477,955)	\$ (3,965,949)	\$ 2,306,581

<u>TRS</u>	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ (15,470,572)	\$ 3,349,292	\$ 19,177,302

H. 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:

	(In Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ 247,600,239	\$ 142,837,827
Plan net position	230,454,512	145,821,435
Employers' net pension asset/(liability)	<u>\$ (17,145,727)</u>	<u>\$ 2,983,608</u>
Ratio of plan net position to the employers' total pension asset/(liability)	93.08%	102.10%

I. Payables to the Pension Plan

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, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$288,034.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to \$2,723,495.

XII. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The BOCES’ 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 administered by the BOCES. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the BOCES Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At June 30, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	371
Active Employees	443
Total	814

B. Total OPEB Liability

The BOCES’ total OPEB liability of \$107,244,809 was measured as of June 30, 2025, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary Increases	Varied by years of service and retirement system
Discount Rate	4.81%
Healthcare Cost Trend Rates	6.75% for 2024 decreasing to an ultimate rate of 4.04% by 2076
Retirees' Share of Benefit-Related Costs	Retirees are responsible for 25 - 100% of projected health insurance

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond index.

Mortality rates were based on Pub-2010 Headcount-Weighted table, with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2021.

(XII.) (Continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2024	\$ 124,370,644
<u>Changes for the Year -</u>	
Service cost	\$ 4,448,067
Interest	5,302,681
Changes of benefit terms	(127,302)
Differences between expected and actual experience	(11,509,027)
Changes in assumptions or other inputs	(9,452,016)
Benefit payments	(5,788,238)
Net Changes	\$ (17,125,835)
Balance at June 30, 2025	\$ 107,244,809

Changes of assumptions and other inputs reflect a change in the discount rate from 4.21% in 2024 to 4.81% in 2025.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the BOCES, as well as what the BOCES' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.81%) or 1-percentage-point higher (5.81%) than the current discount rate:

	1% Decrease	Discount	1% Increase
	<u>(3.81%)</u>	<u>(4.81%)</u>	<u>(5.81%)</u>
Total OPEB Liability	\$ 123,954,611	\$ 107,244,809	\$ 93,732,391

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

	1% Decrease	Healthcare	1% Increase
	<u>(5.75%</u>	Cost Trend Rates	<u>(7.75%</u>
	<u>Decreasing</u>	<u>Decreasing</u>	<u>Decreasing</u>
	<u>to 3.04%)</u>	<u>to 4.04%)</u>	<u>to 5.04%)</u>
Total OPEB Liability	\$ 91,651,662	\$ 107,244,809	\$ 127,135,261

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

For the year ended June 30, 2025, the BOCES recognized OPEB expense of \$3,067,208. At June 30, 2025, the BOCES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(XII.) (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,308,583	\$ 19,452,431
Changes of assumptions	4,747,727	29,472,266
Total	\$ 7,056,310	\$ 48,924,697

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

<u>Year</u>	
2026	\$ (6,556,235)
2027	(11,480,598)
2028	(11,383,489)
2029	(6,340,362)
2030	(3,113,270)
Thereafter	(2,994,433)
Total	\$ (41,868,387)

XIII. Risk Management

A. General Information

The BOCES is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. 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.

B. Workers' Compensation

The BOCES incurs costs related to the Onondaga/Cortland/Madison Self-Funded Workers' Compensation Consortium Plan (Plan) sponsored by the Onondaga-Cortland-Madison Counties Board of Cooperative Educational Services (OCM BOCES). The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any school district with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdraw must be given in writing to the Chairperson of the Board of Directors and the Treasurer not less than sixty (60) days prior to the end of the Plan year.

(XIII.) (Continued)

Plan membership is currently comprised of nineteen members and Onondaga / Cortland / Madison BOCES. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee. Pursuant to General Municipal Law, the municipal agreement does not transfer risk.

The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2025, the BOCES incurred premiums or contribution expenditures totaling \$271,016.

The Plan financial information is available at the OCM BOCES' administrative offices.

C. Self-Funded Medical Plan

The BOCES participates in a self-funded medical plan administered through a third-party administrator. The Plan is referred to as a premium credit plan. The BOCES pays actual claim expenses and administrative charges. The BOCES also, has stop-loss insurance coverage on specific claims in excess of \$275,000 within the plan year.

Liabilities are recorded when it is probable that an asset has been impaired, or a liability has been incurred and the amount of loss can be reasonably estimated.

The incurred but not reported claims (IBNR's) are fully funded and reported in the General Fund as part of the accrued liabilities balances at June 30, 2025.

A reconciliation of the claims recorded for 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Beginning liabilities	\$ 2,608,037	\$ 2,173,859
Incurred claims	13,181,164	12,576,954
Claims payment	(13,158,300)	(12,142,776)
Ending liabilities	<u>\$ 2,630,901</u>	<u>\$ 2,608,037</u>

(XIII.) (Continued)

The BOCES modified the estimate for determining the estimated IBNR from a three-year average to a five-year average adjusted for medical trend inflation to smooth out any significant variances due to large claims.

The following statistical information is presented:

	Contribution	Incurred Claim
<u>Year</u>	<u>Revenue</u>	<u>Expense</u>
2025	\$ 13,158,300	\$ 13,181,164
2024	\$ 12,142,776	\$ 12,576,954
2023	\$ 10,065,345	\$ 10,117,452
2022	\$ 5,879,853	\$ 5,837,770
2021	\$ 6,188,182	\$ 6,582,710
2020	\$ 4,873,639	\$ 4,734,698
2019	\$ 8,918,161	\$ 8,796,457
2018	\$ 9,457,761	\$ 9,744,981
2017	\$ 8,372,389	\$ 8,449,605
2016	\$ 8,041,322	\$ 8,188,348

Contribution revenues consist of the expenditures charged to the funds plus the employee's payroll withholding plus the retiree's contribution. There are additional revenues which offset the claim expense such as rebates and refunds which are not included in contribution revenues.

The Plan has funded the incurred but not yet reported claims liability. The funding of this liability indicates that the plan's self-funded insurance program is fully funded.

D. Self-Funded Dental Plan

The BOCES self-insures for dental coverage for its employees. A third party administrator is used who is responsible for processing claims and estimating liabilities. BOCES does not carry excess insurance coverage relative to this plan. Expenditures are recorded as claims are presented for payment with a cap of \$1,000. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

A reconciliation of the claims recorded for 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Beginning liabilities	\$ 38,234	\$ 35,483
Incurred claims	413,165	385,089
Claims payment	(410,363)	(382,338)
Ending liabilities	<u>\$ 41,036</u>	<u>\$ 38,234</u>

(XIII.) (Continued)

The following statistical information is presented:

	Contribution	Incurred Claim
<u>Year</u>	<u>Revenue</u>	<u>Expense</u>
2025	\$ 410,363	\$ 413,165
2024	\$ 382,338	\$ 385,089
2023	\$ 404,649	\$ 402,155
2022	\$ 326,791	\$ 329,892
2021	\$ 360,901	\$ 369,304
2020	\$ 276,867	\$ 266,708
2019	\$ 358,690	\$ 363,468
2018	\$ 327,515	\$ 331,780
2017	\$ 288,976	\$ 290,929
2016	\$ 286,591	\$ 287,764

E. Unemployment

BOCES employees are entitled to coverage under the New York State Unemployment Insurance Law. The BOCES has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The BOCES has established a self-insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2024-25 fiscal year totaled \$22,832. The balance of the fund at June 30, 2025 was \$717,568 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2025, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XIV. Commitments and Contingencies

A. Litigation

Two summons and complaints have been filed against the BOCES by former students for which the financial outcome, if any, cannot be determined. In addition, two notices of claim have been filed for which the financial outcome, if any, cannot be determined as of the date of this report.

B. Grants

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

Required Supplementary Information
OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Changes in BOCES' Total OPEB Liability and Related Ratio
For Year Ended June 30, 2025

	TOTAL OPEB LIABILITY							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 4,448,067	\$ 4,366,568	\$ 5,256,809	\$ 7,581,874	\$ 7,086,523	\$ 4,657,975	\$ 2,542,364	\$ 2,637,296
Interest	5,302,681	5,066,165	4,993,873	3,721,538	3,808,602	4,606,806	5,296,148	4,918,391
Changes in benefit terms	(127,302)	-	(268,623)	-	(5,799,377)	-	-	-
Differences between expected and actual experiences	(11,509,027)	654,224	(16,778,212)	698,698	4,778,201	1,236,448	14,726,060	-
Changes of assumptions or other inputs	(9,452,016)	(1,486,063)	(5,811,439)	(36,000,587)	(5,457,976)	33,234,089	(25,329,901)	(6,938,306)
Benefit payments	<u>(5,788,238)</u>	<u>(5,011,511)</u>	<u>(4,806,600)</u>	<u>(5,008,453)</u>	<u>(4,897,195)</u>	<u>(5,238,388)</u>	<u>(4,669,700)</u>	<u>(2,761,795)</u>
Net Change in Total OPEB Liability	\$ (17,125,835)	\$ 3,589,383	\$ (17,414,192)	\$ (29,006,930)	\$ (481,222)	\$ 38,496,930	\$ (7,435,029)	\$ (2,144,414)
Total OPEB Liability - Beginning	\$ 124,370,644	\$ 120,781,261	\$ 138,195,453	\$ 167,202,383	\$ 167,683,605	\$ 129,186,675	\$ 136,621,704	\$ 138,766,118
Total OPEB Liability - Ending	<u>\$ 107,244,809</u>	<u>\$ 124,370,644</u>	<u>\$ 120,781,261</u>	<u>\$ 138,195,453</u>	<u>\$ 167,202,383</u>	<u>\$ 167,683,605</u>	<u>\$ 129,186,675</u>	<u>\$ 136,621,704</u>
Covered Employee Payroll	\$ 28,496,286	\$ 27,039,917	\$ 23,061,780	\$ 25,801,845	\$ 26,693,910	\$ 25,945,031	\$ 17,989,764	\$ 14,837,695
Total OPEB Liability as a Percentage of Covered Employee Payroll	376.35%	459.95%	523.73%	535.60%	626.37%	646.30%	718.11%	920.77%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of the BOCES' Proportionate Share of the Net Pension Liability
For Year Ended June 30, 2025

NYSERS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.0231308%	0.0226315%	0.0206896%	0.0210454%	0.0193147%	0.0183698%	0.0164928%	0.0154429%	0.0143703%	0.0137042%
Proportionate share of the net pension liability (assets)	\$ 3,965,949	\$ 3,332,267	\$ 4,436,683	\$ (1,720,378)	\$ 19,232	\$ 4,864,429	\$ 1,168,567	\$ 498,413	\$ 1,350,263	\$ 2,199,562
Covered-employee payroll	\$ 7,188,528	\$ 7,135,906	\$ 6,318,256	\$ 5,974,788	\$ 5,546,689	\$ 5,179,550	\$ 4,547,841	\$ 4,212,500	\$ 3,765,987	\$ 3,403,815
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	55.171%	46.697%	70.220%	(28.794%)	0.347%	93.916%	25.695%	11.832%	35.854%	64.620%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%
NYSTRS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.1122560%	0.1057360%	0.1038900%	0.1042770%	0.1058170%	0.1019940%	0.0945860%	0.0832740%	0.0818090%	0.0803010%
Proportionate share of the net pension liability (assets)	\$ (3,349,292)	\$ 1,209,177	\$ 1,993,541	\$ (18,070,273)	\$ 2,924,007	\$ (2,649,808)	\$ (1,710,364)	\$ (632,963)	\$ 876,208	\$ (8,340,728)
Covered-employee payroll	\$ 22,404,481	\$ 21,438,893	\$ 19,528,455	\$ 18,404,439	\$ 17,593,253	\$ 18,039,103	\$ 18,435,366	\$ 16,926,547	\$ 14,098,636	\$ 13,284,523
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	(14.949%)	5.640%	10.208%	(98.184%)	16.620%	(14.689%)	(9.278%)	(3.739%)	6.215%	(62.785%)
Plan fiduciary net position as a percentage of the total pension liability	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

Required Supplementary Information
OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of BOCES Contributions
For Year Ended June 30, 2025

NYSERS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 1,011,841	\$ 859,961	\$ 665,816	\$ 866,103	\$ 727,503	\$ 685,436	\$ 625,220	\$ 608,314	\$ 554,016	\$ 583,796
Contributions in relation to the contractually required contribution	<u>(1,011,841)</u>	<u>(859,961)</u>	<u>(665,816)</u>	<u>(866,103)</u>	<u>(727,503)</u>	<u>(685,436)</u>	<u>(625,220)</u>	<u>(608,314)</u>	<u>(554,016)</u>	<u>(583,796)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,188,528	\$ 7,135,906	\$ 6,318,256	\$ 5,974,788	\$ 5,546,689	\$ 5,179,550	\$ 4,547,841	\$ 4,212,500	\$ 3,765,987	\$ 3,403,815
Contributions as a percentage of covered-employee payroll	14.08%	12.05%	10.54%	14.50%	13.12%	13.23%	13.75%	14.44%	14.71%	17.15%
NYSTRS Pension Plan										
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 2,723,495	\$ 2,494,928	\$ 2,125,678	\$ 1,922,941	\$ 1,776,876	\$ 1,705,091	\$ 1,753,270	\$ 1,658,802	\$ 1,711,591	\$ 1,786,991
Contributions in relation to the contractually required contribution	<u>(2,723,495)</u>	<u>(2,494,928)</u>	<u>(2,125,678)</u>	<u>(1,922,941)</u>	<u>(1,776,876)</u>	<u>(1,705,091)</u>	<u>(1,753,270)</u>	<u>(1,658,802)</u>	<u>(1,711,591)</u>	<u>(1,786,991)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 21,433,722	\$ 21,438,893	\$ 19,528,455	\$ 18,404,439	\$ 17,593,253	\$ 18,039,103	\$ 18,435,366	\$ 16,926,547	\$ 14,098,636	\$ 13,284,523
Contributions as a percentage of covered-employee payroll	12.71%	11.64%	10.89%	10.45%	10.10%	9.45%	9.51%	9.80%	12.14%	13.45%

Required Supplementary Information
OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For Year Ended June 30, 2025

<u>REVENUES</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Revenues</u>	<u>Variance Favorable (Unfavorable)</u>
Administration 001-002	\$ 10,834,400	\$ 10,836,623	\$ 10,993,064	\$ 156,441
Career and Tech Education 100-199	12,179,031	12,021,668	11,752,069	(269,599)
Instruction for Handicapped 200-299	15,883,519	19,654,903	19,653,724	(1,179)
Itinerant 300-399	3,250,824	3,375,747	3,376,397	650
General Instruction 400-499	11,793,222	16,192,069	16,204,644	12,575
Instructional Support 500-599	12,754,249	15,331,885	15,182,765	(149,120)
Other Services 600-699	<u>15,694,595</u>	<u>12,317,240</u>	<u>11,743,278</u>	<u>(573,962)</u>
TOTAL REVENUES	<u>\$ 82,389,840</u>	<u>\$ 89,730,135</u>	<u>\$ 88,905,941</u>	<u>\$ (824,194)</u>

Required Supplementary Information
OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For Year Ended June 30, 2025

<u>EXPENDITURES</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
Administration 001-002	\$ 10,834,400	\$ 10,836,623	\$ 10,347,037	\$ 75,751	\$ 413,835
Career and Tech Education 100-199	12,179,031	12,021,668	11,876,119	395,348	(249,799)
Instruction for Handicapped 200-299	15,883,519	19,654,903	18,076,601	333,707	1,244,595
Itinerant 300-399	3,250,824	3,375,747	3,193,991	18,256	163,500
General Instruction 400-499	11,793,222	16,192,069	14,831,783	342,571	1,017,715
Instructional Support 500-599	12,754,249	15,331,885	14,362,743	145,965	823,177
Other Services 600-699	<u>15,694,595</u>	<u>12,317,240</u>	<u>10,570,295</u>	<u>99,794</u>	<u>1,647,151</u>
TOTAL EXPENDITURES	<u>\$ 82,389,840</u>	<u>\$ 89,730,135</u>	<u>\$ 83,258,569</u>	<u>\$ 1,411,392</u>	<u>\$ 5,060,174</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,647,372</u>		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2025

	Capital Projects <u>Fund</u>	Special Aid <u>Fund</u>	Miscellaneous Special Revenue <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,998,167	\$ 236,783	\$ 52,534	\$ 3,287,484
Due from other funds	491,569	-	-	491,569
Receivables	-	832,410	-	832,410
TOTAL ASSETS	\$ 3,489,736	\$ 1,069,193	\$ 52,534	\$ 4,611,463
LIABILITIES AND FUND BALANCE				
<u>Liabilities</u> -				
Accounts payable	\$ 168,411	\$ 40,139	\$ -	\$ 208,550
Accrued liabilities	-	23,471	-	23,471
Due to other funds	-	683,438	-	683,438
Due to other governments	-	50,226	-	50,226
Due to TRS	-	177,008	-	177,008
Due to ERS	-	15,466	-	15,466
Unearned revenues	-	1,275,940	-	1,275,940
TOTAL LIABILITIES	\$ 168,411	\$ 2,265,688	\$ -	\$ 2,434,099
FUND BALANCE				
Restricted	\$ 3,321,325	\$ -	\$ 52,534	\$ 3,373,859
Unassigned	-	(1,196,495)	-	(1,196,495)
TOTAL FUND BALANCE	\$ 3,321,325	\$ (1,196,495)	\$ 52,534	\$ 2,177,364
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,489,736	\$ 1,069,193	\$ 52,534	\$ 4,611,463

OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For Year Ended June 30, 2025

	<u>Formerly Major Capital Projects Fund</u>	<u>Formerly Major Special Aid Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Charges for services	\$ -	\$ 682,439	\$ -	\$ 682,439
Charges to components	-	1,907,732	-	1,907,732
Charges to non-components and other BOCES	-	41,938	-	41,938
Interest and earnings	1,247	-	934	2,181
Miscellaneous	686,488	3,156,042	39,504	3,882,034
Interfund revenues	491,569	-	-	491,569
State sources	-	708,078	-	708,078
Federal sources	-	1,629,344	-	1,629,344
TOTAL REVENUES	<u>\$ 1,179,304</u>	<u>\$ 8,125,573</u>	<u>\$ 40,438</u>	<u>\$ 9,345,315</u>
EXPENDITURES				
Career and tech education	\$ -	\$ 1,909,899	\$ -	\$ 1,909,899
Instruction for the handicapped	-	1,622,480	-	1,622,480
General instruction	-	1,037,040	-	1,037,040
Other services	-	3,415,138	-	3,415,138
Other expenses	-	-	43,957	43,957
Capital outlay	3,756,108	-	-	3,756,108
TOTAL EXPENDITURES	<u>\$ 3,756,108</u>	<u>\$ 7,984,557</u>	<u>\$ 43,957</u>	<u>\$ 11,784,622</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (2,576,804)</u>	<u>\$ 141,016</u>	<u>\$ (3,519)</u>	<u>\$ (2,439,307)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from obligations	\$ 1,023,084	\$ -	\$ -	\$ 1,023,084
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 1,023,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023,084</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (1,553,720)</u>	<u>\$ 141,016</u>	<u>\$ (3,519)</u>	<u>\$ (1,416,223)</u>
FUND BALANCE, BEGINNING OF YEAR, as previously reported	\$ -	\$ -	\$ 56,053	\$ 56,053
Changes within financial reporting entity major to nonmajor	4,875,045	(1,337,511)	-	3,537,534
FUND BALANCE, BEGINNING OF YEAR, as adjusted	<u>\$ 4,875,045</u>	<u>\$ (1,337,511)</u>	<u>\$ 56,053</u>	<u>\$ 3,593,587</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 3,321,325</u></u>	<u><u>\$ (1,196,495)</u></u>	<u><u>\$ 52,534</u></u>	<u><u>\$ 2,177,364</u></u>

(See Independent Auditors' Report)

Supplementary Information
OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
Analysis of Account A431 - School Districts
For Year Ended June 30, 2025

	<u>2025</u>
July 1, 2024 - DEBIT (CREDIT) BALANCE	<u>\$ (1,455,661)</u>
DEBITS:	
Encumbrances - June 30, 2025	<u>\$ 1,411,392</u>
Total Debits	<u>\$ 1,411,392</u>
TOTAL	<u>\$ (44,269)</u>
CREDITS:	
Adjustment - credits to school districts - revenues in excess of expenditures	<u>\$ 5,647,372</u>
Encumbrances - June 30, 2024	<u>1,977,482</u>
Total Credits	<u>\$ 7,624,854</u>
June 30, 2025 - DEBIT (CREDIT) BALANCE	<u>\$ (7,669,123)</u>

Supplementary Information
OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF CAPITAL PROJECTS FUND
PROJECT EXPENDITURES AND FINANCING RESOURCES
For Year Ended June 30, 2025

<u>Project Title</u>	<u>Expenditures</u>						<u>Methods of Financing</u>					<u>Fund Balance</u>
	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Unexpended Balance</u>	<u>Obligations</u>	<u>Local Sources</u>	<u>State Sources</u>	<u>Transfers</u>	<u>Total</u>	
Stern Roof	\$ 1,875,000	\$ 1,875,000	\$ -	\$ 99,829	\$ 99,829	\$ 1,775,171	\$ -	\$ 1,875,000	\$ -	\$ -	\$ 1,875,000	\$ 1,775,171
Boiler	300,000	300,000	-	14,700	14,700	285,300	-	300,000	-	-	300,000	285,300
CMA Lab	7,000	7,000	-	-	-	7,000	-	7,000	-	-	7,000	7,000
N510 Building	940,852	940,852	-	-	-	940,852	-	254,364	686,488	-	940,852	940,852
Modular Classroom Project	1,800,000	2,866,846	174,741	2,618,495	2,793,236	73,610	-	1,980,596	-	1,025,642	3,006,238	213,002
Pole Barn	100,000	100,000	-	-	-	100,000	-	100,000	-	-	100,000	100,000
Lease Activity	<u>1,023,084</u>	<u>1,023,084</u>	<u>-</u>	<u>1,023,084</u>	<u>1,023,084</u>	<u>-</u>	<u>1,023,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,023,084</u>	<u>-</u>
TOTAL	<u>\$ 6,045,936</u>	<u>\$ 7,112,782</u>	<u>\$ 174,741</u>	<u>\$ 3,756,108</u>	<u>\$ 3,930,849</u>	<u>\$ 3,181,933</u>	<u>\$ 1,023,084</u>	<u>\$ 4,516,960</u>	<u>\$ 686,488</u>	<u>\$ 1,025,642</u>	<u>\$ 7,252,174</u>	<u>\$ 3,321,325</u>

(See Independent Auditors' Report)

Supplementary Information
OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Year Ended June 30, 2025

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Assistance</u> <u>Listing</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Student Financial Assistance Program Cluster -</u>				
Pell Grant	84.063	P063P223575	N/A	\$ 58,183
Federal Direct Student Loans	84.268	P268K243575	N/A	72,837
Total Student Financial Assistance Program Cluster				\$ 131,020
<u>Passed Through NYS Education Department -</u>				
Migrant Education - Basic State Formula Grant	84.011	N/A	0035-25-0027	737,634
Migrant Education - Basic State Formula Grant	84.011	N/A	0035-24-0027	285,439
Perkins IV / CTEIA - Basic Grant	84.048	N/A	8000-25-0021	213,423
WIOA Title 2	84.002	N/A	2338-25-4409	128,618
WIOA Title 2	84.002	N/A	2338-25-4407	113,067
WIOA Title 2	84.002	N/A	2338-25-4410	150,000
Total U.S. Department of Education				\$ 1,759,201
<u>U.S. Department of Homeland Security:</u>				
<u>Passed through NYS Homeland Security and Emergency Services -</u>				
Federal Emergency Disaster Assistance	32.009	N/A	4480DRNY000AMD#1843 PW#1700v0	\$ 84,176
Total U.S. Department of Homeland Security				\$ 84,176
<u>Federal Communications Commission:</u>				
<u>Passed Through Wayne Finger Lakes BOCES -</u>				
ARP - Emergency Connectivity Funds	32.009	ECF202111453	N/A	\$ 1,163
Total Federal Communications Commission				\$ 1,163
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 1,844,540



BUSINESS
ADVISORS
AND CPAS

**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***

Independent Auditors' Report

To the Board Members
Oswego County
Board of Cooperative Educational Services

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oswego County Board of Cooperative Educational Services, New York (the BOCES) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise BOCES' basic financial statements, and have issued our report thereon dated October 2, 2025.

Report on Internal Control over Financial Reporting

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rochester, New York
October 2, 2025

Mengel, Metzger, Barw & Co. LLP