

## MANAGEMENT LETTER

September 20, 2021

The Audit Committee, Board of Education,  
and Management  
Barker Central School District

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the remaining fund information of Barker Central School District (the District) as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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. We did not identify any deficiencies in internal control we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance and includes the following.

### OBSERVATIONS

#### Financial accounting and external reporting

Management requests our assistance in drafting the annual financial statements and notes. Although we do not believe that our assistance impacts our overall independence, professional auditing standards do require that we inform the Board and management of our involvement in this process. Given the current structure of the business office, it is neither practical nor fiscally prudent to expect an implementation strategy that would avoid this comment in future audits.

### INFORMATIONAL POINTS

The following points are for informational purposes only and we do not consider it necessary for management to include a response within the District's corrective action plan.

#### Potential impact from upcoming GASB Statements

GASB Statement No. 87, Leases, was affected by GASB 95 and is now effective for the District's year ending June 30, 2022. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and that recognized income or expenditures, based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease as a liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, is effective for the District's year ending June 30, 2023. This statement generally requires a government to recognize a right-to-use subscription asset and a corresponding subscription liability that is measured at the present value of the subscription payments expected to be paid during the subscription term.

### PRIOR YEAR RECOMMENDATIONS

Included in our current year procedures is an update of the status of recommendations made in previous audits. Recommendations not mentioned elsewhere are as follows:

- We continue to recommend a process of analyzing the interfund accounts to liquate the interfund activity. If necessary, transfers should be made permanent with the appropriate documentation and Board approval.
- Extraclassroom activity funds:
  - We are pleased to report that the District properly closed four clubs that were not active in accordance with Board policy. Additionally, there are five clubs with no activity during the year and holding funds of \$5,564, but the District has processes in place to ensure that these clubs are active and meeting regularly during the year.
  - Based on 2021 club testing, we noted multiple instances that the student account ledger was not properly maintained during the year. This led to discrepancies between the Central Treasurer records at year end, which had to be manually adjusted. To ensure accurate extraclassroom records, we recommend that the Central Treasurer check their club balances to the student records at least quarterly.
- We are pleased to report that general journal entries written and entered by the Central Business Office Treasurer are electronically reviewed and approved by the School Business Administrator before they can be posted to the accounting software.

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We have discussed these comments with District personnel and would be pleased to discuss them in further detail, perform any additional studies, or assist you in implementing the recommendations.

This communication is intended solely for the information and use of the District's management, Audit Committee and Board of Education; others within the District; the NYS Education Department Office of Audit Services; and the Office of the NYS Comptroller, Division of Local Government and School Accountability. It is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Lynden & McCormick, LLP". The signature is stylized and cursive.

## COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 20, 2021

The Audit Committee, Board of Education,  
and Management  
Barker Central School District

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of Barker Central School District (the District) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated April 30, 2021 and in our planning meeting on July 6, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As discussed in Note 2 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* (GASB 84). Other than the adoption of this standard, no new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus.

#### *Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly important because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Recognition of capital assets at historical or estimated historical cost within established threshold values and the consistent application of depreciable lives and methods
- Accrual of compensated absences (vacation and sick pay liabilities), other postemployment benefits (OPEB), the net pension position, and their related disclosures
- Reserves established, funded, and reported in the general fund as restricted fund balance.

Management's process for determining the above estimates is based on firm concepts and reasonable assumptions of future events. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

#### *Footnote Disclosures*

Certain financial statement disclosures are particularly important because of their significance to financial statement users. The most important disclosures affecting the financial statements are reflected in Note 2 – Change in Accounting Principle, Note 6 – Long-Term Liabilities, Note 7 – Pension Plans, and Note 8 – OPEB. These disclosures present the impact of implementation of GASB 84, the existing obligations of the District, including the actuarially determined net pension position for the District’s participation in the State’s pension plans, and the District’s total OPEB liability.

The financial statement disclosures are neutral, consistent, and clear.

#### Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has taken responsibility for and agreed to adjustments we suggested during our audit. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

#### Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 20, 2021.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis and other required supplementary information (RSI) regarding pensions and OPEB. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on certain supplementary information accompanying the financial statements that is not RSI, which includes schedules of expenditures of federal awards and schedules required by the New York State Education Department. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

This information is intended solely for the use of the Audit Committee, Board of Education, and management of the District. It is not intended to be, and should not be, used by anyone other than these specified parties.



**BARKER CENTRAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Barker Central School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Barker Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District as of June 30, 2021, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Change in Accounting Principle*

As described in Note 2 to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*, in 2021. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information including the schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information including the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

  
September 20, 2021

**Management's Discussion and Analysis (unaudited)**

June 30, 2021

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**Introduction**

Management's Discussion and Analysis (MD&A) of Barker Central School District (the District) provides an overview of the District's financial activities and performance for the year ended June 30, 2021. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) reconciliations between the government-wide and governmental fund financial statements; (4) fiduciary fund statements; (5) notes to the financial statements; and (6) supplementary information.

In 2021, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This statement redefines activities considered to be fiduciary, and as a result, payroll and employee third party withholdings are now recorded in the general fund and scholarship activity is now reflected in a miscellaneous special revenue fund. In addition, fiduciary liabilities are only recognized when an event has occurred that compels the District to disburse fiduciary resources.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net difference reported as net position. The statement of activities presents information showing how the District's net position changed during each 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for the collection and distribution of library taxes and student activity accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

<b>Condensed Statement of Net Position</b>	Change			
	<b>2021</b>	<b>2020</b>	<b>\$</b>	<b>%</b>
Current and other assets	<b>\$ 11,039,000</b>	\$ 13,077,000	\$ (2,038,000)	(15.6%)
Capital assets	<b>13,738,000</b>	14,121,000	(383,000)	(2.7%)
<b>Total assets</b>	<b>24,777,000</b>	27,198,000	(2,421,000)	(8.9%)
<b>Deferred outflows of resources</b>	<b>5,969,000</b>	5,784,000	185,000	3.2%
Long-term liabilities	<b>11,626,000</b>	10,534,000	1,092,000	10.4%
Other liabilities	<b>924,000</b>	821,000	103,000	12.5%
<b>Total liabilities</b>	<b>12,550,000</b>	11,355,000	1,195,000	10.5%
<b>Deferred inflows of resources</b>	<b>2,323,000</b>	2,103,000	220,000	10.5%
Net position				
Net investment in capital assets	<b>13,308,000</b>	13,622,000	(314,000)	(2.3%)
Restricted	<b>7,756,000</b>	7,877,000	(121,000)	(1.5%)
Unrestricted	<b>(5,191,000)</b>	(1,975,000)	(3,216,000)	(162.8%)
<b>Total net position</b>	<b>\$ 15,873,000</b>	\$ 19,524,000	\$ (3,651,000)	(18.7%)

Net position amounted to \$15,873,000 and \$19,524,000 as of June 30, 2021 and 2020. The largest portion of the District's net position is its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used, which include scholarships donated for the benefit of students and reserves set aside for specific purposes governed by laws. These items consist of the capital reserve, which is set aside to pay for future buses, facilities, technology, and equipment purchases as approved by the District's voters; an employee benefit accrued liability reserve, which is restricted to pay for future accumulated sick and vacation time, and other reserves including those for unemployment insurance, and property loss and liability.

Total assets decreased by \$2,421,000 (\$3,343,000 decrease in 2020). Current and other assets decreased \$2,038,000 due to a decrease in the District's cash balances due to operating losses. Specifically, expected tax payments of \$3,513,000 were to be paid by a company through its Payments in Lieu of Taxes (PILOT) agreement. Instead the company paid \$615,000 of the \$1,775,000 PILOT that was due to the District in 2020. Current and other assets also decreased \$1,037,000 due the net pension liability related to the New York State Teachers' Retirement System (TRS) moving from an asset to a liability in 2021. The decrease in capital assets of \$383,000 (decrease of \$504,000 in 2020) is due to depreciation expense exceeding capital additions.

Long-term liabilities increased by \$1,092,000 (increase of \$555,000 in 2020) due to an energy performance contract of \$1,214,000, an increase in the total OPEB liability of \$285,000, and an increase of \$24,000 in the net pension liability related to TRS and New York State and Local Employee's Retirement System (ERS). These increases were offset by a decrease in bond payments of \$165,000 and a \$266,000 decrease in compensated absences.

Changes in deferred outflows and deferred inflows of resources reflect changes in pension activity at the State level and changes in OPEB activity which are required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems and the OPEB plan after the measurement date, and as such are not included in the current net pension position. Deferred outflows of resources and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions.

<b>Condensed Statement of Activities</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	
			\$	%
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 108,000	\$ 252,000	\$ (144,000)	(57.1%)
Operating grants and contributions	1,072,000	888,000	184,000	20.7%
General revenues				
Taxes and related items	5,205,000	4,540,000	665,000	14.6%
State aid	8,075,000	7,950,000	125,000	1.6%
Other	286,000	348,000	(62,000)	(17.8%)
<b>Total revenue</b>	<b>14,746,000</b>	<b>13,978,000</b>	<b>768,000</b>	<b>5.5%</b>
<b>Expenses</b>				
Instruction	14,142,000	14,755,000	(613,000)	(4.2%)
Support services				
General support	2,710,000	2,672,000	38,000	1.4%
Pupil transportation	1,230,000	826,000	404,000	48.9%
Food service	338,000	405,000	(67,000)	(16.5%)
Interest and other	40,000	81,000	(41,000)	(50.6%)
<b>Total expenses</b>	<b>18,460,000</b>	<b>18,739,000</b>	<b>(279,000)</b>	<b>(1.5%)</b>
Change in net position	(3,714,000)	(4,761,000)	1,047,000	(22.0%)
Net position – beginning	19,524,000	24,285,000	(4,761,000)	(19.6%)
Cumulative effect of a change in accounting principle	63,000	-	63,000	
<b>Net position – ending</b>	<b>\$ 15,873,000</b>	<b>\$ 19,524,000</b>	<b>\$ (3,651,000)</b>	<b>(18.7%)</b>

District revenues increased 5.5% or \$768,000 in 2021 (decrease of \$1,778,000 or 11.3% in 2020). This increase was primarily due to taxes and related items, which is the result of the District's largest taxpayer paying down a portion of aforementioned PILOT payment that was due in 2020. Operating grants and contributions increased 20.7% or \$184,000 (increase of \$36,000 in 2020). The impact of Federal COVID-related grants passed through the Governor's Emergency Education Relief Fund and Elementary and Secondary School Emergency Relief Fund contributed to the increase. Other variances were in line with expectations and minimal fluctuation.

Total expenses decreased \$279,000 or 1.5% (increase of \$364,000 or 2.0% in 2020). Payroll decreased \$429,000 or 5.4% due to cost savings resulting from retirements and hiring lower salaried employees. Pension expense for TRS and ERS, as calculated by the Plans' actuaries, decreased \$116,000. These decreases were offset by additional expenses totaling \$424,000 related to transportation as bussing increased as the pandemic began to settle down. This was combined with a 2% increase in bus contractual costs.

### Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased from \$11,229,000 to \$10,124,000. Expenditures of \$17,127,000 exceeded revenues of \$14,745,000 and proceeds from debt resulting in the decrease of \$1,168,000.

- Total fund revenue increased \$759,000 or 5.4% (decrease of \$1,771,000 or 11.2% in 2020) and total fund expenditures increased \$158,000 or 0.9% (decrease of \$86,000 or 0.5% in 2020). Revenues increased due to the current year PILOT payment from 2020 and increases in Federal sources related to Federal COVID-related grants. The overall increase in expenditures is due to an increase in transportation costs of \$405,000 and increased capital outlay expenditures of \$194,000 due to ongoing capital project activity. These increases were offset by reductions in instruction expenditures of \$233,000, which was due to decreases in salaries, an overall reduction of expenditures during the year, and reductions in scheduled debt service payments.
- The general fund experienced a decrease in fund balance of \$2,922,000 during 2020 compared to a \$2,245,000 decrease in 2021.

- The capital projects fund net revenue was \$1,063,000 in 2021 due to the issuance of debt. At June 30, 2021, there was \$1,118,000 in fund balance compared to a \$55,000 fund balance in 2020.
- The school lunch fund net revenue was \$16,000 in 2021 compared to a decrease in fund balance of \$22,000 in 2020.

### General Fund Budgetary Highlights

Total revenue of \$13,785,000 was less than budgeted revenue by \$1,086,000 which is related to the previously mentioned PILOT payments which were not made in total. The final expenditure budget for the year ended 2021 was \$17,162,000. Actual expenditures and carryover encumbrances were less than the final amended budget by \$905,000 or 5.3%. The difference is attributable to many factors and unknown items when the budget is prepared. These differences are due to conservative budgeting and a conscious effort to manage expenses. The District cautiously managed its budget with savings primarily in pupil transportation, central services, employee benefits, and programs for children with handicapping conditions.

### Capital Assets

	2021	2020
Land and land improvements	\$ 1,137,000	\$ 1,137,000
Buildings and improvements	34,553,000	34,553,000
Furniture and equipment	2,851,000	2,837,000
Vehicles	147,000	147,000
Construction in progress	476,000	145,000
	<b>39,164,000</b>	38,819,000
Accumulated depreciation	<b>(25,426,000)</b>	(24,698,000)
	<b>\$ 13,738,000</b>	\$ 14,121,000

Current year additions of \$345,000 were offset by depreciation of assets of \$728,000.

### Debt

At June 30, 2021 the District had \$1,549,000 in outstanding debt with \$165,000 due within one year (\$500,000 outstanding at June 30, 2020). Outstanding compensated absences payable were \$4,168,000, with \$860,000 expected to be paid within one year (\$4,434,000 outstanding at June 30, 2020).

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

### Current Financial Issues and Concerns

The full extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts, including its residents, employees, and vendors, none of which can be predicted. Federal revenue sources are expected to increase due to additional pandemic-related funding, but the full extent of Federal assistance is not yet known.

School districts in New York State are impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this process.

### Contacting the District's Financial Management

This financial report is designed to provide our District residents, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact Jacob L. Reimer, Superintendent, Barker Central School District, 1628 Quaker Road, Barker, New York 14012.

BARKER CENTRAL SCHOOL DISTRICT

**Statement of Net Position**

June 30, 2021

(With comparative totals as of June 30, 2020)

	2021	2020
<b>Assets</b>		
Cash	\$ 9,806,531	\$ 11,175,710
Due from other governments, net	438,948	168,619
Accounts, state, and federal aid receivable, net	761,625	668,865
Inventory	30,967	27,277
Net pension asset	-	1,036,652
Capital assets (Note 5)	39,164,360	38,819,335
Accumulated depreciation	(25,425,870)	(24,697,804)
<b>Total assets</b>	<b>24,776,561</b>	<b>27,198,654</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources related to pensions	4,642,897	4,174,959
Deferred outflows of resources related to OPEB	1,326,492	1,609,546
<b>Total deferred outflows of resources</b>	<b>5,969,389</b>	<b>5,784,505</b>
<b>Liabilities</b>		
Accounts payable	175,769	48,252
Accrued liabilities	79,173	76,239
Due to retirement systems	669,516	637,324
Due from fiduciary funds	-	59,727
Long-term liabilities		
Due within one year:		
Bonds	165,000	165,000
Compensated absences	860,000	917,000
Due beyond one year:		
Bonds	170,000	335,000
Energy performance contract	1,213,618	-
Compensated absences	3,308,000	3,517,000
Net pension liability	1,055,881	1,032,342
Total OPEB liability	4,853,178	4,567,488
<b>Total liabilities</b>	<b>12,550,135</b>	<b>11,355,372</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to pensions	1,683,972	1,459,291
Deferred inflows of resources related to OPEB	639,205	644,135
<b>Total deferred inflows of resources</b>	<b>2,323,177</b>	<b>2,103,426</b>
<b>Net Position</b>		
Net investment in capital assets	13,307,966	13,621,531
Restricted	7,756,381	7,877,673
Unrestricted	(5,191,709)	(1,974,843)
<b>Total net position</b>	<b>\$ 15,872,638</b>	<b>\$ 19,524,361</b>

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

**Statement of Activities**

For the year ended June 30, 2021

(With summarized comparative totals for June 30, 2020)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	2021	2020
<b>Governmental activities</b>					
General support	\$ 2,710,107	\$ -	\$ -	<b>\$ (2,710,107)</b>	\$ (2,672,396)
Instruction	14,141,970	45,611	780,667	<b>(13,315,692)</b>	(13,998,246)
Pupil transportation	1,230,171	-	-	<b>(1,230,171)</b>	(825,552)
Community service	17,768	-	-	<b>(17,768)</b>	(53,866)
Interest expense	22,497	-	-	<b>(22,497)</b>	(26,625)
School food service	337,432	62,098	291,043	<b>15,709</b>	(22,556)
	<u>\$ 18,459,945</u>	<u>\$ 107,709</u>	<u>\$ 1,071,710</u>	<b><u>(17,280,526)</u></b>	<u>(17,599,241)</u>
<b>General revenues</b>					
Real property taxes				<b>5,204,679</b>	4,540,234
Miscellaneous				<b>286,009</b>	348,478
State aid				<b>8,075,438</b>	7,949,654
<b>Total general revenues</b>				<b><u>13,566,126</u></b>	<u>12,838,366</u>
Change in net position				<b>(3,714,400)</b>	(4,760,875)
Net position - beginning				<b>19,524,361</b>	24,285,236
Cumulative effect of a change in accounting principle (Note 2)				<b>62,677</b>	-
Net Position - beginning as restated				<b><u>19,587,038</u></b>	<u>24,285,236</u>
<b>Net position - ending</b>				<b><u>\$ 15,872,638</u></b>	<u>\$ 19,524,361</u>

## BARKER CENTRAL SCHOOL DISTRICT

**Balance Sheet - Governmental Funds**

June 30, 2021

(With summarized comparative totals as of June 30, 2020)

	General	Special Aid	Capital Projects	School Lunch	Miscellaneous Special Revenue	Total Governmental Funds	
						2021	2020
<b>Assets</b>							
Cash	\$ 8,152,631	\$ 1,187	\$ 1,590,353	\$ 1,064	\$ 61,296	\$ 9,806,531	\$ 11,175,710
Due from other governments, net	438,948	-	-	-	-	438,948	168,619
Accounts, state, and federal aid receivable, net	335,954	364,590	-	61,081	-	761,625	668,865
Due from other funds, net	894,886	-	-	-	-	894,886	612,304
Inventory	-	-	-	30,967	-	30,967	27,277
<b>Total assets</b>	<b>\$ 9,822,419</b>	<b>\$ 365,777</b>	<b>\$ 1,590,353</b>	<b>\$ 93,112</b>	<b>61,296</b>	<b>\$ 11,932,957</b>	<b>\$ 12,652,775</b>
<b>Liabilities</b>							
Accounts payable	\$ 171,022	\$ 4,658	\$ -	\$ 89	\$ -	\$ 175,769	\$ 48,252
Accrued liabilities	64,120	-	-	5,053	-	69,173	66,239
Due to retirement systems	669,516	-	-	-	-	669,516	637,324
Due to other funds, net	-	361,119	472,259	61,508	-	894,886	672,031
<b>Total liabilities</b>	<b>904,658</b>	<b>365,777</b>	<b>472,259</b>	<b>66,650</b>	<b>-</b>	<b>1,809,344</b>	<b>1,423,846</b>
<b>Fund Balances</b>							
Nonspendable:							
Inventory	-	-	-	30,967	-	30,967	27,277
Restricted:							
Capital	4,565,231	-	1,118,094	-	-	5,683,325	4,619,190
Unemployment insurance	10,371	-	-	-	-	10,371	10,367
Employee benefit accrued liability	2,793,159	-	-	-	-	2,793,159	2,921,887
Property loss and liability	326,324	-	-	-	-	326,324	326,229
Scholarships	-	-	-	-	61,296	61,296	-
Assigned:							
Designated for subsequent year's expenditures	25,000	-	-	-	-	25,000	2,384,453
Designated for future tax proceedings	169,366	-	-	-	-	169,366	239,266
Other purposes	338,211	-	-	-	-	338,211	27,403
Unassigned	690,099	-	-	(4,505)	-	685,594	672,857
<b>Total fund balances</b>	<b>8,917,761</b>	<b>-</b>	<b>1,118,094</b>	<b>26,462</b>	<b>61,296</b>	<b>10,123,613</b>	<b>11,228,929</b>
<b>Total liabilities and fund balances</b>	<b>\$ 9,822,419</b>	<b>\$ 365,777</b>	<b>\$ 1,590,353</b>	<b>\$ 93,112</b>	<b>\$ 61,296</b>	<b>\$ 11,932,957</b>	<b>\$ 12,652,775</b>

See accompanying notes.



**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position**

June 30, 2021

<b>Total fund balances - governmental funds</b>		\$ 10,123,613
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		13,738,490
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:		
Deferred outflows of resources related to pensions	4,642,897	
Net pension liability	(1,055,881)	
Deferred inflows of resources related to pensions	<u>(1,683,972)</u>	1,903,044
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:		
Deferred outflows of resources related to OPEB	1,326,492	
Total OPEB liability	(4,853,178)	
Deferred inflows of resources related to OPEB	<u>(639,205)</u>	(4,165,891)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Bonds	(335,000)	
Energy performance contract	(1,213,618)	
Accrued interest	(10,000)	
Compensated absences	<u>(4,168,000)</u>	(5,726,618)
<b>Net position - governmental activities</b>		<b>\$ 15,872,638</b>

## BARKER CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2021

(With summarized comparative totals for June 30, 2020)

	General	Special Aid	Capital Projects	School Lunch	Miscellaneous Special Revenue	Total Governmental Funds	
						2021	2020
<b>Revenues</b>							
Real property taxes	\$ 3,833,609	\$ -	\$ -	\$ -	\$ -	\$ 3,833,609	\$ 3,698,856
Real property tax items	1,371,070	-	-	-	-	1,371,070	841,378
Charges for services	45,611	-	-	-	-	45,611	140,531
Use of money and property	3,241	-	273	-	-	3,514	134,377
Sale of property and compensation for loss	-	-	-	-	-	-	12,361
Miscellaneous	326,862	-	-	-	519	327,381	210,112
State sources	7,994,660	134,215	80,778	8,841	-	8,218,494	8,116,903
Federal sources	209,679	391,887	-	282,202	-	883,768	720,648
Sales	-	-	-	62,098	-	62,098	111,137
<b>Total revenues</b>	<b>13,784,732</b>	<b>526,102</b>	<b>81,051</b>	<b>353,141</b>	<b>519</b>	<b>14,745,545</b>	<b>13,986,303</b>
<b>Expenditures</b>							
General support	1,903,902	-	-	131,699	1,900	2,037,501	2,027,584
Instruction	9,166,398	537,193	-	-	-	9,703,591	9,936,565
Pupil transportation	1,230,171	-	-	-	-	1,230,171	825,552
Community service	10,132	-	-	-	-	10,132	31,274
Employee benefits	3,420,716	-	-	106,454	-	3,527,170	3,473,015
Debt service							
Principal	165,000	-	-	-	-	165,000	375,000
Interest	22,497	-	-	-	-	22,497	30,625
Cost of sales	-	-	-	99,279	-	99,279	130,901
Capital outlay	-	-	331,815	-	-	331,815	138,228
<b>Total expenditures</b>	<b>15,918,816</b>	<b>537,193</b>	<b>331,815</b>	<b>337,432</b>	<b>1,900</b>	<b>17,127,156</b>	<b>16,968,744</b>
Excess revenues (expenditures)	(2,134,084)	(11,091)	(250,764)	15,709	(1,381)	(2,381,611)	(2,982,441)
<b>Other financing sources (uses)</b>							
Proceeds from issuance of debt	-	-	1,213,618	-	-	1,213,618	-
Operating transfers, net	(111,091)	11,091	100,000	-	-	-	-
	(111,091)	11,091	1,313,618	-	-	1,213,618	-
Net change in fund balances	(2,245,175)	-	1,062,854	15,709	(1,381)	(1,167,993)	(2,982,441)
Fund balances - beginning	11,162,936	-	55,240	10,753	-	11,228,929	14,211,370
Cumulative effect of a change in accounting principle (Note 2)	-	-	-	-	62,677	62,677	-
Fund balances - beginning as restated	11,162,936	-	55,240	10,753	62,677	11,291,606	14,211,370
<b>Fund balances - ending</b>	<b>\$ 8,917,761</b>	<b>\$ -</b>	<b>\$ 1,118,094</b>	<b>\$ 26,462</b>	<b>\$ 61,296</b>	<b>\$ 10,123,613</b>	<b>\$ 11,228,929</b>

See accompanying notes.

**Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures, and Changes in Fund Balances to the Statement of Activities**

For the year ended June 30, 2021

**Total net change in fund balances - governmental funds** \$ (1,167,993)

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

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation expense exceeds capital outlays. (383,041)

Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:

2021 TRS and ERS contributions	776,340	
2021 ERS accrued contribution	48,148	
2020 ERS accrued contribution	(49,730)	
2021 TRS pension expense	(1,488,724)	
2021 ERS pension expense	<u>(102,968)</u>	(816,934)

OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. (563,814)

Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position. 165,000

Energy performance contract proceeds are reported as other financing sources in the governmental funds and as a liability in the statement of net position. (1,213,618)

In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:

Compensated absences	<u>266,000</u>	
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**Change in net position - governmental activities** \$ (3,714,400)

## BARKER CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and Changes in Fund  
Balance Budget (Non-GAAP) and Actual - General Fund**

For the year ended June 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
<b>Revenues</b>					
Local sources					
Real property taxes	\$ 6,217,969	\$ 6,217,969	\$ 3,833,609		\$ (2,384,360)
Real property tax items	45,107	45,107	1,371,070		1,325,963
Charges for services	87,000	87,000	45,611		(41,389)
Use of money and property	100,000	100,000	3,241		(96,759)
Sale of property and compensation for loss	3,500	3,500	-		(3,500)
Miscellaneous	181,500	181,500	326,862		145,362
State sources	8,235,183	8,235,183	7,994,660		(240,523)
Federal sources	-	-	209,679		209,679
<b>Total revenues</b>	<b>14,870,259</b>	<b>14,870,259</b>	<b>13,784,732</b>		<b>(1,085,527)</b>
<b>Expenditures</b>					
General support					
Board of education	32,379	32,379	26,225	32	(6,122)
Central administration	241,231	247,273	242,207	-	(5,066)
Finance	173,805	249,879	246,151	-	(3,728)
Staff	71,400	95,185	91,449	3,736	-
Central services	1,300,735	1,284,302	1,081,786	5,685	(196,831)
Special items	225,638	225,638	216,084	-	(9,554)
Instruction					
Instruction, administration, and improvement	459,351	466,476	453,036	-	(13,440)
Teaching - regular school	5,027,425	5,112,180	4,738,307	324,027	(49,846)
Programs for children with handicapping conditions	2,169,140	2,093,734	1,983,094	142	(110,498)
Occupational education	482,030	482,030	482,030	-	-
Teaching - special schools	18,600	18,600	8,581	-	(10,019)
Instructional media	519,470	663,499	635,614	1,098	(26,787)
Pupil services	935,322	958,081	865,736	3,411	(88,934)
Pupil transportation	1,439,790	1,439,790	1,230,171	-	(209,619)
Community service	33,600	26,543	10,132	80	(16,331)
Employee benefits	3,817,296	3,579,026	3,420,716	-	(158,310)
Debt service					
Principal	165,000	165,000	165,000	-	-
Interest	22,500	22,500	22,497	-	(3)
<b>Total expenditures</b>	<b>17,134,712</b>	<b>17,162,115</b>	<b>15,918,816</b>	<b>338,211</b>	<b>(905,088)</b>
Excess revenues (expenditures)	(2,264,453)	(2,291,856)	(2,134,084)	(338,211)	(180,439)
<b>Other financing sources (uses)</b>					
Operating transfers out	(120,000)	(120,000)	(111,091)	-	(8,909)
Appropriated fund balance and encumbrances	2,384,453	2,411,856	-	-	(2,411,856)
<b>Total other financing sources (uses)</b>	<b>2,264,453</b>	<b>2,291,856</b>	<b>(111,091)</b>	<b>-</b>	<b>(2,402,947)</b>
<b>Excess revenues (expenditures) and other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,245,175)</b>	<b>\$ (338,211)</b>	<b>\$ (2,583,386)</b>

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

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**Statement of Fiduciary Net Position - Custodial Fund**

June 30, 2021

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**Assets**

Cash	\$ 73,635
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**Net Position**

Extraclass activity balances	\$ 73,635
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BARKER CENTRAL SCHOOL DISTRICT

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**Statement of Changes in Fiduciary Net Position - Custodial Fund**

For the year ended June 30, 2021

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**Additions**

Property tax collections for Barker Public Library	\$ 78,030
Student activity additions	65,809
	<u>143,839</u>

**Deductions**

Property tax distributed to Barker Public Library	78,030
Student activity deductions	65,602
	<u>143,632</u>

Change in net position	207
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Net position - beginning	62,677
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Cumulative effect of a change in accounting principle (Note 2)	10,751
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Net position - beginning as restated	<u>73,428</u>
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<b>Net position - ending</b>	<b>\$ 73,635</b>
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## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### Reporting Entity

Barker Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America, nor does it contain any component units.

The financial statements of the District 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 District's accounting policies are described below.

#### Joint Venture

The District is one of 13 participating school districts in the Orleans/Niagara Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES' budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES; there is no such debt issued by the District.

During the year ended June 30, 2021, the District was billed \$2,786,000 for BOCES administrative and program costs and recognized revenue of \$235,000 as a refund from prior year expenditures paid to BOCES. Audited financial statements are available from BOCES' administrative offices.

#### Public Entity Risk Pools

The District participates in the Orleans/Niagara School Health Plan and the Orleans/Niagara Schools Workers' Compensation Plan, which are public entity risk pools. These plans are designed to provide health insurance and workers' compensation coverage for participating entities. These activities are further presented in Note 9.

## Basis of Presentation

*Government-Wide Statements:* The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditures for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District also elected to display the following as major funds:

- *School lunch fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for the collection and distribution of property taxes for another entity and student activity accounts.

The District has elected not to use a debt service fund as debt activity is currently reflected in the general fund. Amounts accumulated for the payment of future principal and interest payments restricted for such purposes are included in the general fund.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

### **Basis of Accounting and Measurement Focus**

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

Governmental funds 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 District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. 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. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and equipment and property purchased under capital leases are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

### **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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### **Property Taxes**

The District levies real property taxes no later than September 1. For the year ended June 30, 2021, the tax lien was issued on August 3, 2020 for collection from September 1, 2020 through November 2, 2020. Thereafter, uncollected amounts became the responsibility of Niagara and Orleans Counties. Such amounts were submitted to the District by April 1<sup>st</sup> of the following year as required by law.

### **Budget Process, Amendments, and Encumbrances**

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2020 was approved by a majority of the voters in a general election held on June 9, 2020.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.



Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

**Inventory**

Inventory consists of food and similar food service goods related to school lunch operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

**Capital Assets**

Capital assets are reported at actual or estimated historical cost based on appraisals. Contributed assets are recorded at fair value at the time received. Depreciation is provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	\$ 5,000	20
Buildings and improvements	\$ 5,000	20 - 40
Furniture and fixtures	\$ 5,000	5 - 20
Vehicles	\$ 5,000	8 - 15

**Pensions**

The District participates in the New York State Teachers’ Retirement System (TRS) and the New York State and Local Employees’ Retirement System (ERS) (the Systems) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of the net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

**Other Postemployment Benefits (OPEB)**

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense for the District’s defined benefit healthcare plan (Note 8) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

**Compensated Absences**

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrative and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting this vested amount to provide for the payment of health insurance until exhausted.

The government-wide financial statements reflect the estimated liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

## Equity Classifications

### Government-Wide Statements

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, and certain deferred outflows of resources reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets, reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

### Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end. Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash and include inventory.

Fund balance restrictions include scholarships donated to the District by third parties for the benefit of students and the following reserves:

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. In April 2009, the voters approved a capital reserve for funding up to \$3,500,000 plus interest earnings, and has been fully funded. In 2011, a separate reserve was approved with maximum funding of \$3,700,000 plus interest earnings, and has been funded in the amount of \$2,923,208 plus accumulated interest.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is 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.
- *Property loss and liability* – is used to pay property loss and liability claims incurred. Separate funds for property loss and liability claims are required. These reserves may not separately exceed 3% of the annual budget.

Fund balance assignments designated for future tax proceedings had been authorized by the Board and were specifically related to the largest tax paying entity within the District. A Payment in-Lieu of Taxes (PILOT) arrangement had been established by the County and the District. 2020 was the last year of the arrangement, but the entity was unable to make the payment in the amount of \$1,777,500 as of June 30, 2020. Due to payments made during the year, the balance as of June 30, 2021 has been reduced to \$1,162,314. The remaining amount of the assigned fund balance at June 30, 2021 was \$169,000.

## Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

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

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District's practice to settle these amounts at the net balances due between funds.

## 2. Change in Accounting Principle

Effective July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This statement redefines activities considered to be fiduciary, and as a result, payroll, employee third party withholdings, and certain other activities are now recorded in the general fund and scholarship activity is now reflected in a miscellaneous special revenue fund. In addition, fiduciary liabilities are only recognized when an event has occurred that compels the District to disburse the fiduciary resources or no further action, approval, or condition is required prior to release of the assets. The impact of these required accounting changes on the District's government-wide, governmental fund, and fiduciary fund activity is as follows:

	Miscellaneous Special Revenue Fund	Total Government- Wide	Fiduciary Funds
Fund balance/net position/fiduciary net position, July 1, 2020	\$ -	\$ 19,524,361	\$ 62,677
Scholarship activity	62,677	62,677	(62,677)
Student activity accounts	-	-	73,428
Fund balance/net position/fiduciary net position, as restated, July 1, 2020	\$ 62,677	\$ 19,587,038	\$ 73,428

Fund balance and net position have not been restated in the prior year columns of the applicable financial statements as such information does not constitute a full comparative presentation of the prior year.

## 3. Cash

Cash management is governed by State laws and as established in the District's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District's banking policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit 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 school districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2021, the District's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' agents in the District's name.

#### 4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 2,725,592	\$ 1,830,706	\$ -	\$ 111,091
Special aid	883,800	1,244,919	11,091	-
Capital projects	-	472,259	100,000	-
School lunch	60,660	122,168	-	-
	<u>\$ 3,670,052</u>	<u>\$ 3,670,052</u>	<u>\$ 111,091</u>	<u>\$ 111,091</u>

The general fund provides cash flow to the various other funds; these amounts will be repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program and to the capital projects fund to pay capital project costs.

#### 5. Capital Assets

	July 1, 2020	Increases	Retirements/ Reclassifications	June 30, 2021
<b>Non-depreciable capital assets:</b>				
Land	\$ 104,102	\$ -	\$ -	\$ 104,102
Construction in progress	144,760	331,815	-	476,575
Total non-depreciable assets	<u>248,862</u>	<u>331,815</u>	<u>-</u>	<u>580,677</u>
<b>Depreciable capital assets:</b>				
Land improvements	1,033,677	-	-	1,033,677
Buildings and improvements	34,552,668	-	-	34,552,668
Furniture and equipment	2,837,376	13,210	-	2,850,586
Vehicles	146,752	-	-	146,752
Total depreciable assets	<u>38,570,473</u>	<u>13,210</u>	<u>-</u>	<u>38,583,683</u>
<b>Less accumulated depreciation:</b>				
Land improvements	1,019,456	7,478	-	1,026,934
Buildings and improvements	21,104,987	692,017	-	21,797,004
Furniture and equipment	2,467,765	17,023	-	2,484,788
Vehicles	105,596	11,548	-	117,144
Total accumulated depreciation	<u>24,697,804</u>	<u>728,066</u>	<u>-</u>	<u>25,425,870</u>
Total depreciable assets, net	<u>13,872,669</u>	<u>(714,856)</u>	<u>-</u>	<u>13,157,813</u>
	<u>\$ 14,121,531</u>	<u>\$ (383,041)</u>	<u>\$ -</u>	<u>\$ 13,738,490</u>

Depreciation expense has been allocated to the following functions: general support \$111,949, instruction \$615,061, and community services \$1,056.

As of June 30, 2021, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	\$ 13,738,490
Bonds	(335,000)
Energy performance contract	(1,213,618)
Net cash related to capital projects	<u>1,118,094</u>
	<u>\$ 13,307,966</u>

## 6. Long-Term Liabilities

	July 1, 2020	Increases	Decreases	June 30, 2021	Amount Due in One Year
Bonds	\$ 500,000	\$ -	\$ 165,000	\$ 335,000	\$ 165,000
Energy performance contracts	-	1,213,618	-	1,213,618	-
Compensated absences	4,434,000	-	266,000	4,168,000	860,000
	<u>\$ 4,934,000</u>	<u>\$ 1,213,618</u>	<u>\$ 431,000</u>	<u>\$ 5,716,618</u>	<u>\$ 1,025,000</u>

### Existing Obligations

Description	Maturity	Rate	Balance
Serial Bonds - 2007	January 2023	4.3%-4.5%	\$ 335,000
Energy performance contract - 2021	June 2037	2.69%	1,213,618
			<u>\$ 1,548,618</u>

### Debt Service Requirements

Years ending June 30,	Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
2022	\$ 165,000	\$ 15,075	\$ -	\$ -
2023	170,000	7,650	35,329	66,251
2024	-	-	70,324	31,256
2025	-	-	72,229	29,349
2026	-	-	74,188	27,392
2027-2031	-	-	402,216	105,682
2031-2035	-	-	459,768	48,129
2036-2037	-	-	99,564	2,015
	<u>\$ 335,000</u>	<u>\$ 22,725</u>	<u>\$ 1,213,618</u>	<u>\$ 310,074</u>

## 7. Pension Plans

### Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at [www.nystrs.org](http://www.nystrs.org).
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at [www.osc.state.ny.us/retire](http://www.osc.state.ny.us/retire).

*Benefits:* The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

**Contribution Requirements:** No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 9.53% for 2021. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2021, these rates ranged from 9.7%-16.2%.

The amount outstanding and payable to TRS for the year ended June 30, 2021 was \$601,463. A liability to ERS of \$48,148 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2021.

### **Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources**

At June 30, 2021, the District reported a liability of \$1,052,069 for its proportionate share of the TRS net pension position and a liability of \$3,812 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures applied to roll forward the net pension position to June 30, 2020. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2020, the District's proportion was 0.038073%, a decrease of 0.001829 from its proportion measured as of June 30, 2019.

The ERS net pension position was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2021 measurement date, the District's proportion was 0.0038279%, a decrease of 0.0000706 from its proportion measured as of March 31, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$1,591,694 on the government-wide statements (TRS expense of \$1,488,723 and ERS expense of \$102,968). At June 30, 2021, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 921,823	\$ 53,917	\$ 46,549	\$ -
Changes of assumptions	1,330,624	474,298	700,821	13,218
Net difference between projected and actual earnings on pension plan investments	687,094	-	-	1,094,902
Changes in proportion and differences between contributions and proportionate share of contributions	254,883	17,489	51,492	30,148
District contributions subsequent to the measurement date	601,463	-	48,148	-
	<u>\$ 3,795,887</u>	<u>\$ 545,704</u>	<u>\$ 847,010</u>	<u>\$ 1,138,268</u>

District contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	TRS	ERS
2022	\$ 482,436	\$ (56,234)
2023	899,923	(18,958)
2024	725,849	(55,190)
2025	444,405	(209,024)
2026	31,258	-
Thereafter	64,849	-
	<u>\$ 2,648,720</u>	<u>\$ (339,406)</u>

### Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2019 valuation, with update procedures used to roll forward the total pension liability to June 30, 2020, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

*Inflation* – 2.2%

*Salary increases* – Based on TRS member experience, dependent on service, ranging from 1.90%-4.72%

*Projected Cost of Living Adjustments (COLA)* – 1.3% compounded annually

*Investment rate of return* – 7.1% compounded annually, net of investment expense, including inflation

*Mortality* – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019, applied on a generational basis

*Discount rate* – 7.1%

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

For ERS, the actuarial assumptions used in the April 1, 2020 valuation, with update procedures used to roll forward the total pension liability to March 31, 2021, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

*Inflation* – 2.7%

*Salary increases* – 4.4%

*COLA* – 1.4% annually

*Investment rate of return* – 5.9% compounded annually, net of investment expense, including inflation

*Mortality* – Society of Actuaries' Scale MP-2020

*Discount rate* – 5.9%

The long-term expected rate of return on ERS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses 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.

## Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	7.1%	32%	4.1%
Global and International equities	20%	7.4%-7.7%	15%	6.3%
Private equities	8%	10.4%	10%	6.8%
Real estate	11%	6.8%	9%	5.0%
Domestic fixed income securities	16%	1.8%	23%	-
Global fixed income securities	2%	1.0%	-	-
Bonds and mortgages	7%	3.6%	-	-
Short-term	1%	0.7%	1%	0.5%
Other	2%	3.9%-5.2%	10%	3.6%-6.0%
	<u>100%</u>		<u>100%</u>	

## Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those 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.

The following presents the District's proportionate share of its net pension position calculated using the discount rate of 7.1% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ (6,645,560)	\$ (1,052,069)	\$ 3,642,287
District's proportionate share of the ERS net pension asset (liability)	\$ (1,057,951)	\$ (3,812)	\$ 968,351

## 8. OPEB

### Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance and dental benefits for certain District retirees and spouses. The Plan covers two retirees with legacy agreements and is closed to new entrants. The Plan pays 100% of the cost of coverage for 15 years and provides for surviving spouse benefits. Other employees are permitted coverage through the conversion of sick time; thereby, the District provides an implicit rate subsidy on behalf of eligible employees. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. Eligibility is based on covered employees who retired from the District over the age of 55 and have met vesting requirements. The Plan has no assets, does not issue financial statements, and is not a trust.



At April 1, 2021, employees covered by the Plan include:

Active employees	107
Inactive employees or beneficiaries currently receiving benefits	71
Inactive employees entitled to but not yet receiving benefits	-
	<u>178</u>

### Total OPEB Liability

The District's total OPEB liability of \$4,853,178 was measured as of April 1, 2021 and was determined by an actuarial valuation as of June 30, 2021.

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

*Healthcare cost trend rates* – based on the National Health Expenditure Projections 2012-2028 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2021\_b (updated September 2020) for long-term rates, initially 4.00% with an ultimate rate of 4.08% after 2070

*Salary increases* – 3.11%

*Mortality* – Pub-2010 Public Retirement Plans Mortality Tables, headcount-weighted, employee group, without separate contingent survivor mortality; fully generational using scale MP-2020

*Discount rate* – 2.27% based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date

*Inflation rate* – 2.11%

### Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	<u>\$ 4,567,488</u>
Changes for the year:	
Service cost	100,146
Interest	112,453
Changes of benefit terms	3,597
Differences between expected and actual experience	(272,694)
Changes of assumptions or other inputs	475,424
Benefit payments	<u>(133,236)</u>
Net changes	285,690
Balance at June 30, 2021	<u>\$ 4,853,178</u>

The following presents the sensitivity of the District's total OPEB liability to changes in the discount rate, including what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (1.27%)	Discount Rate (2.27%)	1.0% Increase (3.27%)
Total OPEB liability	<u>\$ (5,471,470)</u>	<u>\$ (4,853,178)</u>	<u>\$ (4,333,756)</u>

The following presents the sensitivity of the District's total OPEB liability to changes in the healthcare cost trend rates, including what the District's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (3.00% to 3.08%)	Healthcare Cost Trend Rate (4.00% to 4.08%)	1.0% Increase (5.00% to 5.08%)
Total OPEB liability	<u>\$ (4,237,363)</u>	<u>\$ (4,853,178)</u>	<u>\$ (5,608,072)</u>

## OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2021, the District recognized OPEB expense of \$698,272. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 184,813	\$ 578,411
Changes of assumptions or other inputs	1,108,370	60,794
District contributions subsequent to the measurement date	33,309	-
	<u>\$ 1,326,492</u>	<u>\$ 639,205</u>

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2022	\$ 478,593
2023	52,496
2024	76,469
2025	25,785
2026	20,635
	<u>\$ 653,978</u>

## 9. Risk Management

### General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

### Health Insurance

The District participates in the Orleans/Niagara School Health Plan (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the nine participating members as of June 30, 2020 (the most recent information available).

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. No such supplemental assessments have been required in the previous three years.

The Plan has published its own financial report for the year ended June 30, 2020, which can be obtained from Orleans/Niagara BOCES, 4232 Shelby Basin Road, Medina, New York 14103.

### Workers' Compensation

The District participates in the Orleans/Niagara Schools Workers' Compensation Plan (the Plan) sponsored by Orleans/Niagara BOCES. The Plan administers a workers' compensation insurance fund pursuant to Article 5 of the Workers' Compensation Law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes five school districts and the BOCES unit as of June 30, 2020 (the most recent information available).

The District has transferred partial risk to the Plan. Plan members pay an annual premium equivalent based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. No such supplemental assessments have been required in the previous three years.

The Plan has published its own financial report for the year ended June 30, 2020, which can be obtained from Orleans/Niagara BOCES, 4232 Shelby Basin Road, Medina, New York 14103.

## **10. Commitments and Contingencies**

### **Grants**

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and are subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

### **Litigation**

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of the District.

### **Construction Commitments**

The District's taxpayers approved capital projects that remain in progress at year end and budgeted not to exceed \$3,798,000. At June 30, 2021, \$772,000 has been expended on the projects and numerous open contracts are in place.

## **11. Risks and Uncertainties**

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease continued into 2021, and the District was required to implement numerous safety measures and remote learning initiatives. The full extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts and their residents, employees, and vendors, none of which can be predicted.

## BARKER CENTRAL SCHOOL DISTRICT

**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Position**  
**New York State Teachers' Retirement System**

As of the measurement date of June 30,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.038073%	0.039902%	0.039602%	0.040677%	0.042326%	0.045575%	0.045423%	0.046257%
District's proportionate share of the net pension asset (liability)	\$ (1,052,069)	\$ 1,036,652	\$ 716,108	\$ 309,188	\$ (453,334)	\$ 4,733,818	\$ 5,059,893	\$ 304,489
District's covered payroll	\$ 6,462,257	\$ 6,658,964	\$ 6,450,714	\$ 6,446,024	\$ 6,531,396	\$ 6,846,024	\$ 6,709,754	\$ 6,775,675
District's proportionate share of the net pension position as a percentage of its covered payroll	16.28%	15.57%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

The following is a summary of changes of assumptions:

Inflation	2.20%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	4.0% - 10.9%	4.0% - 10.9%	4.0% - 10.9%
Cost of living adjustments	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

Data prior to 2013 is unavailable.

## BARKER CENTRAL SCHOOL DISTRICT

**Required Supplementary Information**  
**Schedule of District Contributions**  
**New York State Teachers' Retirement System**

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 601,463	\$ 572,556	\$ 707,182	\$ 632,170	\$ 755,474	\$ 866,063	\$ 1,200,108	\$ 1,090,335	\$ 802,240
Contribution in relation to the contractually required contribution	(601,463)	(572,556)	(707,182)	(632,170)	(755,474)	(866,063)	(1,200,108)	(1,090,335)	(802,240)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,311,259	\$ 6,462,257	\$ 6,658,964	\$ 6,450,714	\$ 6,446,024	\$ 6,531,396	\$ 6,846,024	\$ 6,709,754	\$ 6,775,675
Contributions as a percentage of covered payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

*Data prior to 2013 is unavailable.*

## BARKER CENTRAL SCHOOL DISTRICT

**Required Supplementary Information**  
**Schedule of the District's Proportionate Share of the Net Pension Position**  
**New York State and Local Employees' Retirement System**

As of the measurement date of March 31,	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0038279%	0.0038985%	0.0042650%	0.0047299%	0.0046347%	0.0047454%	0.0044471%
District's proportionate share of the net pension liability	\$ (3,812)	\$ (1,032,242)	\$ (302,191)	\$ (152,653)	\$ (435,482)	\$ (761,656)	\$ (150,233)
District's covered payroll	\$ 1,166,085	\$ 1,259,667	\$ 1,276,580	\$ 1,369,690	\$ 1,401,461	\$ 1,367,430	\$ 1,338,961
District's proportionate share of the net pension position as a percentage of its covered payroll	0.33%	81.95%	23.67%	11.15%	31.07%	55.70%	11.22%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:							
Inflation	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

## BARKER CENTRAL SCHOOL DISTRICT

**Required Supplementary Information**  
**Schedule of District Contributions**  
**New York State and Local Employees' Retirement System**

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 174,877	\$ 189,104	\$ 189,066	\$ 203,055	\$ 214,000	\$ 250,527	\$ 242,227	\$ 277,183	\$ 309,480
Contribution in relation to the contractually required contribution	(174,877)	(189,104)	(189,066)	(203,055)	(214,000)	(250,527)	(242,227)	(277,183)	(309,480)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,166,085	\$ 1,259,667	\$ 1,276,580	\$ 1,369,690	\$ 1,401,461	\$ 1,367,430	\$ 1,338,961	\$ 1,453,094	\$ 1,605,623
Contributions as a percentage of covered payroll	15.00%	15.01%	14.81%	14.82%	15.27%	18.32%	18.09%	19.08%	19.27%

*Data prior to 2013 is unavailable.*

**Required Supplementary Information**  
**Schedule of Changes in the District's**  
**Total OPEB Liability and Related Ratios**

For the years ended June 30,	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ 4,567,488	\$ 4,539,419	\$ 2,683,830	\$ 2,667,698	\$ 2,389,453
Changes for the year:					
Service cost	100,146	105,285	97,988	69,852	69,852
Interest	112,453	155,351	154,600	78,280	78,280
Changes of benefit terms	3,597	-	-	-	-
Differences between expected and actual experience	(272,694)	(767,459)	1,054	-	376,824
Changes of assumptions or other inputs	475,424	663,592	1,724,427	-	(124,124)
Benefit payments	(133,236)	(128,700)	(122,480)	(132,000)	(122,587)
Net change in total OPEB liability	285,690	28,069	1,855,589	16,132	278,245
Total OPEB liability - ending	\$ 4,853,178	\$ 4,567,488	\$ 4,539,419	\$ 2,683,830	\$ 2,667,698
Covered-employee payroll	\$ 7,790,031	\$ 7,547,017	\$ 7,547,017	\$ 6,805,025	\$ 6,805,025
Total OPEB liability as a percentage of covered-employee payroll	62.3%	60.5%	60.1%	39.4%	39.2%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The differences between expected and actual experience includes updates to healthcare trends.

Differences between expected and actual experience include the impact of Congress' repeal of the Affordable Care Act's excise "Cadillac" taxes in 2020.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	4.00% - 4.08%	5.20% - 4.18%	5.20% - 4.32%	5.30% - 4.17%	5.30% - 4.17%
Salary increases	3.11%	3.22%	3.36%	3.31%	3.31%
Discount rate	2.27%	2.48%	3.44%	3.80%	3.80%
Inflation rate	2.11%	2.22%	2.36%	2.20%	2.20%
Society of Actuaries' mortality scale	MP-2020	MP-2019	MP-2018	MP-2016	MP-2016

Data prior to 2017 is unavailable.



**Supplementary Information**  
**Schedule of Change from Original to Final Budget and**  
**Calculation of Unrestricted Fund Balance Limit - General Fund**

For the year ended June 30, 2021

Original expenditure budget	\$ 17,254,712
Encumbrances carried over from prior year	<u>27,403</u>
Revised expenditure budget	<u>\$ 17,282,115</u>
* * *	
Unrestricted Fund Balance	
Assigned	\$ 532,577
Unassigned	<u>690,099</u>
	1,222,676
Encumbrances included in assigned fund balance	(338,211)
Appropriated for future tax proceedings	(169,366)
Appropriated fund balance used for tax levy	<u>(25,000)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 690,099</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2022 expenditure budget (unaudited)	\$ 17,254,712
4% of budget	<u>690,188</u>
Actual percentage of 2022 expenditure budget	<u>4.0%</u>

## BARKER CENTRAL SCHOOL DISTRICT

**Supplementary Information**  
**Schedule of Capital Project Expenditures**

June 30, 2021

Project Title	Original Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
Capital Outlay 2018-2019	\$ 100,000	\$ 6,532	\$ -	\$ 6,532	\$ 93,468
Capital Outlay 2019-2020	100,000	5,573	3,502	9,075	90,925
Capital Outlay 2020-2021	100,000	-	7,215	7,215	92,785
Solar Project	1,538,530	35,275	311,086	346,361	1,192,169
Smart Schools Bond Act	596,160	273,818	1	273,819	322,341
Energy Performance Contract Project	1,442,533	-	10,011	10,011	1,432,522
<b>Total</b>	<b>\$ 3,877,223</b>	<b>\$ 321,198</b>	<b>\$ 331,815</b>	<b>\$ 653,013</b>	<b>\$ 3,224,210</b>

## BARKER CENTRAL SCHOOL DISTRICT

**Supplementary Information**  
**Schedule of Expenditures of Federal Awards**

For the year ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-21-0614	\$ 194,901
Special Education Preschool Grants	84.173	0033-21-0614	11,214
Total Special Education Cluster			<u>206,115</u>
Title I Grants to Local Educational Agencies	84.010	0021-21-1985	144,654
Supporting Effective Instruction State Grants	84.367	0147-21-1985	29,861
Student Support and Academic Enrichment Program	84.424	0204-21-1985	11,257
Education Stabilization Fund - Governor's Emergency			
Education Relief Fund	84.425C	5895-21-1985	22,957 <sup>1</sup>
Education Stabilization Fund - Elementary and Secondary			
School Emergency Relief Fund	84.425D	5890-21-1985	135,448 <sup>1</sup>
Total U.S. Department of Education			<u>550,292</u>
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
COVID-19 - Summer Food Service Program for Children	10.559	N/A	250,618
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	31,584
Total Child Nutrition Cluster and U.S. Department of Agriculture			<u>282,202</u>
Total Expenditures of Federal Awards			<u>\$ 832,494</u>

<sup>1</sup> Total Education Stabilization Fund - \$158,405

## **Notes to Schedule of Expenditures of Federal Awards**

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### **1. Summary of Significant Accounting Policies**

#### **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Barker Central School District (the District), an entity as defined in Note 1 to the District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

#### **Basis of Accounting**

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

#### **Indirect Costs**

The District does not use the 10% de minimis indirect cost rate introduced by the Uniform Guidance.

#### **Non-Monetary Federal Program**

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2021, the District used \$31,584 worth of commodities under the National School Lunch Program (CFDA Number 10.555).

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

The Board of Education  
Barker Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Barker Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 20, 2021.

### **Internal Control over Financial Reporting**

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

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

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

#### **Financial accounting and external reporting**

Management requests our assistance with the annual financial statements and notes. Although we do not believe that our assistance impacts our overall independence, professional auditing standards do require that we inform the Board and management of our involvement in this process. Given the current structure of the business office, it is neither practical nor fiscally prudent to expect an implementation strategy that would avoid this comment in future audits.

#### **Management's Response**

In order to eliminate this condition, the District would need to devote considerable resources, either internally or externally, to ensure an understanding of existing accounting principles and disclosure requirements, and to remain current with all accounting updates. Management would have to compile the financial statements, including footnotes, and employ separate personnel familiar with accounting standards in lieu of the services presently provided by our accounting firm. Based on an evaluation of resources and cost/benefit scenarios, we do not believe this is a practical solution for the District.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

September 20, 2021

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

The Board of Education  
Barker Central School District

**Report on Compliance for Each Major Federal Program**

We have audited Barker Central School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



September 20, 2021



**Schedule of Findings and Questioned Costs**For the year ended June 30, 2021

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**Section I. Summary of Auditors' Results**Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	CFDA #	Amount
Special Education Cluster:		
Special Education Grants to States	84.027	\$ 194,901
Special Education Preschool Grants	84.173	11,214
		<u>206,115</u>
Education Stabilization Fund – Governor's Emergency		
Education Relief Fund	84.425C	22,957
Education Stabilization Fund – Elementary and		
Secondary School Emergency Relief Fund	84.425D	135,448
		<u>158,405</u>
		<u>\$ 364,520</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? No

**Section II. Financial Statement Findings**

No matters were reported.

**Section III. Federal Award Findings and Questioned Costs**

No matters were reported.

**BARKER CENTRAL SCHOOL DISTRICT**

**EXTRACLASSROOM ACTIVITY**

**JUNE 30, 2021**

## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Barker Central School District

We have audited the accompanying schedule of additions and deductions of Barker Central School District (the District) Extraclassroom Activity for the year ended June 30, 2021, and the related notes to the schedule.

### Management's Responsibility for the Schedule

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

Certain accounting records of Barker Central School District Extraclassroom Activity accounts were not adequate for us to form an opinion regarding the completeness of additions in the accompanying schedule stated at \$65,809.

### Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the schedule referred to in the first paragraph presents fairly, in all material respects, the additions and deductions of Barker Central School District Extraclassroom Activity for the year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.



September 20, 2021

BARKER CENTRAL SCHOOL DISTRICT EXTRACURRICULAR ACTIVITY

**Schedule of Additions and Deductions**

For the year ended June 30, 2021

	July 1, 2020	Additions	Deductions	June 30, 2021
Class Clubs:				
2021	\$ 3,861	\$ 3,739	\$ 6,227	\$ 1,373
2022	3,180	7,655	8,900	1,935
2023	2,886	419	145	3,160
2024	12,694	3,190	6,275	9,609
2025	3,091	13,005	11,343	4,753
2026	-	7,085	4,177	2,908
American Field Service Club	3,185	908	592	3,501
Band Club	2,786	1,975	1,676	3,085
Barker Singers Club	2,009	-	404	1,605
Baseball Club	488	500	491	497
Boys Basketball Club	2,710	-	494	2,216
Cross Country Club	3,865	7,494	7,843	3,516
E-Club	140	967	-	1,107
Field Hockey Club	908	949	66	1,791
Football Club	63	-	63	-
Foreign Language Club	1,589	-	1,589	-
Girls Basketball Club	1,358	218	208	1,368
Golf Club	1,687	-	263	1,424
High School Musical Club	4,712	2,461	292	6,881
International Exchange Club	666	1,590	118	2,138
Latrator (Yearbook Club)	12,074	9,636	9,949	11,761
National Academy of Finance Club	967	-	967	-
National Honor Society	219	-	29	190
Shop Deluxe Club	4,127	-	-	4,127
Soccer Club	115	-	-	115
Softball Club	405	-	-	405
Student Council Club - High School	255	2,064	1,820	499
Student Council Club - Middle School	1,083	1,569	1,314	1,338
Swimming Club	218	-	-	218
Tennis Club	698	-	-	698
Track Club	746	-	143	603
Varsity Club	598	385	169	814
Wrestling Club	45	-	45	-
	\$ 73,428	\$ 65,809	\$ 65,602	\$ 73,635

See accompanying notes.

**Notes to the Schedule**

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**1. Summary of Significant Accounting Policies**

**Financial Reporting Entity**

Extraclassroom Activity accounts are those operated by and for the students. Proceeds are voluntarily collected by students and are spent by them, as they deem appropriate under established guidelines. The Extraclassroom Activity accounts are included in the financial statements of Barker Central School District in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.