

MANAGEMENT LETTER

September 12, 2022

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

In planning and performing our audit of the financial statements of Barker Central School District (the District) as of and for the year ended June 30, 2022, 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.

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.

OBSERVATION

Excess fund balance in the food service fund

In accordance with regulations of the New York State Education Department, fund balance in the food service fund should not exceed three months' average expenditures, as defined, at any time. As a result of the COVID-related shutdowns and additional funding, the District exceeded this limit at year end. District management should submit a plan to the Child Nutrition Program Administration detailing its plans to use the excess balance. Allowable uses include improving the quality of food served or purchasing needed supplies, services, or equipment.

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:
 - Based on 2022 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.

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. 96, Subscription-Based Information Technology Arrangements, is effective for the District's year ending June 30, 2023. It provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users which generally results in an intangible right-to-use asset and subscription liability with required financial statement footnote disclosures.

GASB Statement No. 100, Accounting Changes and Error Corrections, is effective for the District's year ending June 30, 2024. This statement defines four categories of accounting changes and error corrections along with the required reporting requirements, which include the following: (1) Change in accounting principle with retroactive reporting to the earliest period presented and required financial statements footnote disclosures including an explanation as to why the change is preferable, (2) Change in accounting estimate with prospective reporting from the period when change occurs and required financial statement footnote disclosures, (3) Change to or within the entity with an adjustment to beginning net position and (4) Error correction with retroactive reporting to the earliest period presented and required financial statement footnote disclosures.

GASB Statement No. 101, Compensated Absences, is effective for the District's year ending June 30, 2025. This statement clarifies what is considered unused leave balances for employees. Under this statement, compensated absences should be recognized as liabilities on the government-wide statements for leave that has not been used and leave that has been used but not yet paid or settled.

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.

Lunden & McCormick, LLP

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 12, 2022

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

We have audited the financial statements of Barker Central School District (the District) for the year ended June 30, 2022 and have issued our report thereon dated September 12, 2022. Professional standards also require that we advise you of the following information related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 11, 2022, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls and other matters noted during our audit in a separate letter to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you in the engagement letter.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District are included in Note 1 to the financial statements. The District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during 2022. Other than the adoption of this standard, no new accounting policies were adopted and the application of existing policies was not changed during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Audit Risk Items

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive and significant accounting estimates and audit risk items affecting the financial statements and our audit include:

- 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), and net pension position and their related disclosures
- Reserves established, funded, and reported in the general fund as restricted fund balance

Management's estimates of the above are based on management's knowledge and experience about past and current events and assumptions about future events. We evaluated the key factors and assumptions used to develop the estimates above and determined they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive 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 GASB Statement No. 87 and the existing long-term obligations of the District, including the actuarially determined net pension position in the State's pension plans and the actuarial accrued liability for the District's OPEB. We evaluated all disclosures in relation to each entity's financial statements as a whole and determined that they are reasonable.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditors' Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditors' report. There were no modifications to the audit opinion.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated consistent with the financial statement audit report date.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the District, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

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.

With respect to the supplementary information accompanying the financial statements of the District, 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.

This information is intended solely for the information and use of the District's 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.

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

BARKER CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Barker Central School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 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 12, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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

September 12, 2022

Management's Discussion and Analysis (unaudited)

June 30, 2022

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, 2022. 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 2022, the District adopted GASB Statement No. 87, *Leases*. 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.

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.

Condensed Statement of Net Position	2022	2021	Change	
			\$	%
Current and other assets	\$ 19,933,000	\$ 11,039,000	\$ 8,894,000	80.6%
Capital assets	15,780,000	13,738,000	2,042,000	14.9%
Total assets	35,713,000	24,777,000	10,936,000	44.1%
Deferred outflows of resources	5,365,000	5,969,000	(604,000)	(10.1%)
Long-term liabilities	12,321,000	11,626,000	695,000	6.0%
Other liabilities	1,174,000	924,000	250,000	27.1%
Total liabilities	13,495,000	12,550,000	945,000	7.5%
Deferred inflows of resources	8,918,000	2,323,000	6,595,000	283.9%
Net position				
Net investment in capital assets	13,174,000	13,308,000	(134,000)	(1.0%)
Restricted	9,551,000	7,756,000	1,795,000	23.1%
Unrestricted	(4,060,000)	(5,191,000)	1,131,000	(21.8%)
Total net position	\$ 18,665,000	\$ 15,873,000	\$ 2,792,000	17.6%

Net position at June 30, 2022 and 2021 was \$18,665,000 and \$15,873,000, respectively. 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; the retirement contribution reserve, which can be used to fund required District contributions to the New York State and Local Employees' Retirement System (ERS), and other reserves including those for unemployment insurance and property loss and liability.

Total assets increased by \$10,936,000 (\$2,421,000 decrease in 2021). Current and other assets increased by \$8,894,000 (\$2,038,000 decrease in 2021) primarily as a result of the District's proportionate share of the New York State Teachers Retirement System (TRS) and ERS net pension positions resulting in an asset of \$6,773,000 compared to a liability of \$1,056,000 in 2021. Fluctuations are largely a result of pension investment earnings exceeding expectations. Current and other assets also increased \$1,250,000 for receivables related to unpaid taxes from District's largest tax paying entity. Capital assets increased \$2,042,000 (decrease of \$383,000 in 2021) due to capital additions exceeding depreciation and amortization expense.

Long-term liabilities increased by \$695,000 (increase of \$1,092,000 in 2021) due to bonds issued in 2022 of \$1,442,000 and an increase of \$352,000 in compensated absences. These increases were offset by the previously mentioned decrease in the TRS and ERS net pension position liability.

Changes in deferred outflows and deferred inflows of resources include changes in pension activity at the State level, which are required to be reflected in the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date, and as such are not included in the current net position. Deferred outflows 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. Also included in deferred outflows and deferred inflows of resources are differences between expected and actual experience and changes of assumptions related to the District's total OPEB liability.

Condensed Statement of Activities	2022	2021	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 156,000	\$ 108,000	\$ 48,000	44.4%
Operating grants and contributions	2,177,000	1,072,000	1,105,000	103.1%
General revenues				
Taxes and related items	9,650,000	5,205,000	4,445,000	85.4%
State aid	9,380,000	8,075,000	1,305,000	16.2%
Other	276,000	286,000	(10,000)	(3.5%)
Total revenue	21,639,000	14,746,000	6,893,000	46.7%
Expenses				
Instruction	14,330,000	14,142,000	188,000	1.3%
Support services				
General support	2,838,000	2,710,000	128,000	4.7%
Pupil transportation	1,304,000	1,230,000	74,000	6.0%
Food service	410,000	338,000	72,000	21.3%
Interest and other	29,000	40,000	(11,000)	(27.5%)
Total expenses	18,911,000	18,460,000	451,000	2.4%
Change in net position	2,728,000	(3,714,000)	6,442,000	173.5%
Net position – beginning	15,873,000	19,587,000	(3,714,000)	(19.0%)
Cumulative effect of a change in accounting principle	64,000			
Net position – ending	\$ 18,665,000	\$ 15,873,000	\$ 2,728,000	17.2%

District revenues increased 46.7% or \$6,893,000 in 2022 (increase of \$768,000 or 5.5% in 2021). This increase was primarily due to taxes and related items. This is the result of an agreement between the District and its largest taxpayer providing \$2,250,000 of back taxes which were recognized in 2022. Additionally, the District received \$2,491,000 from a New York State program related to unpaid taxes. The increase in operating and capital grants of \$1,105,000 (increase of \$184,000 or 20.7% in 2021) was primarily due to an increase in grants received from the Education Stabilization Fund of \$968,000. The increase in state aid of \$1,305,000 (\$125,000 or 1.6% increase in 2021) was primarily due to increases in general aid of \$851,000 and transportation aid of \$388,000 in 2021.

Total expenses increased \$451,000 or 2.4% (decrease of \$279,000 or 1.5% in 2021). Payroll increased \$268,000 or 3.6% due to the District adding new positions related to the additional federal funding and contractual salary increases. The District also increased spending to BOCES by \$223,000 for additional specialized services.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from \$10,124,000 to \$10,763,000. Revenues of \$20,389,000 and proceeds from debt of \$1,442,000 exceeded expenditures of \$21,192,000 resulting in the increase of \$639,000.

- Total fund revenue increased \$5,644,000 or 38.3% (increase of \$759,000 or 5.4% in 2021) and total fund expenditures increased \$4,065,000 or 23.7% (increase of \$158,000 or 0.9% in 2021). Revenues increased due to taxes and federal and state aid as previously mentioned. The increase in expenditures is due to increases in instructional and general support expenditures, which includes increase in employee wages, an increase of payments for retirees, additional purchased services through BOCES, and increased capital outlay expenditures of \$2,081,000 due to ongoing capital project activity.
- The general fund experienced an increase in fund balance of \$1,436,000 during 2022 compared to a \$2,245,000 decrease in 2021.
- The capital projects fund net expense was \$898,000 in 2022 due to purchases of \$2,413,000 for ongoing capital projects, offset by bond issuances and transfers of \$1,514,000.
- The food service fund net revenue was \$103,000 in 2022 compared to an increase of \$16,000 in 2021, which is a result of increased federal grant revenue in 2022.

General Fund Budgetary Highlights

Total revenue of \$18,168,000 was more than budgeted revenue by \$913,000 primarily due to receipt of \$1,000,000 in back taxes upon a settlement agreement with the District's largest taxpayer. The final expenditure budget for the year ended 2022 was \$17,483,000. Actual expenditures and carryover encumbrances were less than the final amended budget by \$799,000 or 4.6%. 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 instruction, pupil transportation, and employee benefits.

Capital Assets

	2022	2021
Land and land improvements	\$ 1,137,000	\$ 1,137,000
Buildings and improvements	34,624,000	34,553,000
Furniture and equipment	3,119,000	2,851,000
Vehicles	147,000	147,000
Construction in progress	2,818,000	476,000
	<u>41,845,000</u>	<u>39,164,000</u>
Accumulated depreciation	(26,151,000)	(25,426,000)
	<u>15,694,000</u>	<u>13,738,000</u>
Right-to-use leased equipment, net	86,000	-
	<u>\$ 15,780,000</u>	<u>\$ 13,738,000</u>

The increase in capital assets in the current year is a result of current year additions of \$2,723,000 offset by depreciation expense and amortization expense of \$745,000. The difference of \$64,000 represents the beginning of year impact from the implementation of GASB 87.

Debt

At June 30, 2022 the District had \$2,826,000 in outstanding debt with \$278,000 due within one year (\$1,549,000 outstanding at June 30, 2021). Outstanding compensated absences payable were \$4,520,000, with \$933,000 expected to be paid within one year (\$4,168,000 outstanding at June 30, 2021).

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 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 have increased due to additional pandemic-related funding, but the full extent of Federal assistance is not yet known. The District will need to plan accordingly to ensure continuity of programs upon the eventual reduction in these funds.

School districts in New York State are also 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 planning 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, 2022

Assets

Cash	\$ 10,030,782
Due from other governments	531,578
State and federal aid and other receivables	2,574,599
Due from custodial fund	5,100
Inventory	17,784
Net pension asset	6,772,971
Capital assets (Note 5)	41,990,865
Accumulated depreciation and amortization	(26,211,092)
Total assets	35,712,587

Deferred Outflows of Resources

Deferred outflows of resources related to pensions	4,509,493
Deferred outflows of resources related to OPEB	855,407
Total deferred outflows of resources	5,364,900

Liabilities

Accounts payable	173,144
Accrued liabilities	135,960
Due to retirement systems	703,871
Unearned revenue	160,671
Long-term liabilities	
Due within one year:	
Bonds	242,534
Energy performance contract	35,329
Compensated absences	933,000
Due beyond one year:	
Bonds	1,370,000
Energy performance contract	1,178,289
Compensated absences	3,587,000
Total OPEB liability	4,974,434
Total liabilities	13,494,232

Deferred Inflows of Resources

Deferred inflows of resources related to pensions	8,307,995
Deferred inflows of resources related to OPEB	610,462
Total deferred inflows of resources	8,918,457

Net Position

Net investment in capital assets	13,174,172
Restricted	9,551,172
Unrestricted	(4,060,546)
Total net position	\$ 18,664,798

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
General support	\$ 2,838,421	\$ -	\$ -	\$ (2,838,421)
Instruction	14,330,369	60,630	1,759,174	(12,510,565)
Pupil transportation	1,303,438	-	-	(1,303,438)
Community service	481	-	-	(481)
Interest expense	28,463	-	-	(28,463)
School food service	410,101	95,589	417,419	102,907
	<u>\$ 18,911,273</u>	<u>\$ 156,219</u>	<u>\$ 2,176,593</u>	<u>(16,578,461)</u>
General revenues				
Real property taxes				9,649,955
Miscellaneous				276,602
State aid				9,380,192
Total general revenues				<u>19,306,749</u>
Change in net position				2,728,288
Net position - beginning				15,872,638
Cumulative effect of a change in accounting principle (Note 2)				63,872
Net Position - beginning as restated				<u>15,936,510</u>
Net position - ending				<u>\$ 18,664,798</u>

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2022

	General	Special Aid	Capital Projects	Food Service	Miscellaneous Special Revenue	Total Governmental Funds
Assets						
Cash	\$ 9,080,127	\$ 28,260	\$ 846,599	\$ 14,554	\$ 61,242	\$ 10,030,782
Due from other governments	531,578	-	-	-	-	531,578
State and federal aid and other receivables	1,493,872	991,736	-	87,864	1,127	2,574,599
Due from other funds, net	1,462,176	-	-	9,234	-	1,471,410
Inventory	-	-	-	17,784	-	17,784
Total assets	\$ 12,567,753	\$ 1,019,996	\$ 846,599	\$ 129,436	62,369	\$ 14,626,153
Liabilities						
Accounts payable	\$ 152,223	\$ 20,854	\$ -	\$ 67	\$ -	\$ 173,144
Accrued liabilities	106,469	-	-	-	2,391	108,860
Due to retirement systems	703,871	-	-	-	-	703,871
Due to other funds, net	-	839,635	626,048	-	627	1,466,310
Unearned revenue	1,164	159,507	-	-	-	160,671
Total liabilities	963,727	1,019,996	626,048	67	3,018	2,612,856
Deferred inflows of resources	1,250,000	-	-	-	-	1,250,000
Fund Balances						
Nonspendable	-	-	-	17,784	-	17,784
Restricted	9,491,821	-	220,551	-	59,351	9,771,723
Assigned	149,504	-	-	111,585	-	261,089
Unassigned	712,701	-	-	-	-	712,701
Total fund balances	10,354,026	-	220,551	129,369	59,351	10,763,297
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,567,753	\$ 1,019,996	\$ 846,599	\$ 129,436	\$ 62,369	\$ 14,626,153

See accompanying notes.

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

June 30, 2022

Total fund balances - governmental funds \$ 10,763,297

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. 15,779,773

Payment in-lieu of taxes receivable are not available to pay current period expenditures and are not recognized in the governmental funds until received. 1,250,000

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:

Net pension asset	6,772,971	
Deferred outflows of resources related to pensions	4,509,493	
Deferred inflows of resources related to pensions	(8,307,995)	2,974,469

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	855,407	
Total OPEB liability	(4,974,434)	
Deferred inflows of resources related to OPEB	(610,462)	(4,729,489)

Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:

Bonds	(1,612,534)	
Energy performance contract	(1,213,618)	
Accrued interest	(27,100)	
Compensated absences	(4,520,000)	(7,373,252)

Net position - governmental activities \$ 18,664,798

BARKER CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2022

	General	Special Aid	Capital Projects	Food Service	Miscellaneous Special Revenue	Total Governmental Funds
Revenues						
Real property taxes	\$ 4,069,539	\$ -	\$ -	\$ -	\$ -	\$ 4,069,539
Real property tax items	4,330,416	-	-	-	-	4,330,416
Charges for services	60,630	-	-	-	-	60,630
Use of money and property	2,961	-	1,305	-	-	4,266
Sale of property and compensation for loss	458	-	-	-	-	458
Miscellaneous	268,486	-	-	-	3,392	271,878
State sources	9,380,192	193,195	-	7,926	-	9,581,313
Federal sources	54,942	1,511,037	-	409,493	-	1,975,472
Sales	-	-	-	95,589	-	95,589
Total revenues	18,167,624	1,704,232	1,305	513,008	3,392	20,389,561
Expenditures						
General support	2,084,527	261,399	-	150,770	5,337	2,502,033
Instruction	9,787,679	1,417,545	-	-	-	11,205,224
Pupil transportation	1,256,833	46,605	-	-	-	1,303,438
Community service	481	-	-	-	-	481
Employee benefits	3,332,752	-	-	92,472	-	3,425,224
Debt service						
Principal	165,000	-	-	-	-	165,000
Interest	11,363	-	-	-	-	11,363
Cost of sales	-	-	-	166,859	-	166,859
Capital outlay	-	-	2,412,789	-	-	2,412,789
Total expenditures	16,638,635	1,725,549	2,412,789	410,101	5,337	21,192,411
Excess revenues (expenditures)	1,528,989	(21,317)	(2,411,484)	102,907	(1,945)	(802,850)
Other financing sources (uses)						
Proceeds from issuance of debt	-	-	1,442,534	-	-	1,442,534
Operating transfers, net	(92,724)	21,317	71,407	-	-	-
Total other financing sources (uses)	(92,724)	21,317	1,513,941	-	-	1,442,534
Net change in fund balances	1,436,265	-	(897,543)	102,907	(1,945)	639,684
Fund balances - beginning	8,917,761	-	1,118,094	26,462	61,296	10,123,613
Fund balances - ending	\$ 10,354,026	\$ -	\$ 220,551	\$ 129,369	\$ 59,351	\$ 10,763,297

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, 2022

Total net change in fund balances - governmental funds		\$	639,684
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 and amortization expense. This is the amount by which capital outlays exceed depreciation and amortization expenses and disposals.			
			1,977,411
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:			
2022 TRS and ERS contributions	804,035		
2022 ERS accrued contribution	47,763		
2021 ERS accrued contribution	(48,148)		
2022 TRS pension income	295,135		
2022 ERS pension expense	(27,360)		1,071,425
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.			(563,598)
Payments in-lieu of taxes are expected to be collected over 90 days from the District's year end. They are not considered "available" revenues and are not recognized in the governmental funds.			1,250,000
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
Serial bond proceeds are reported as other financing sources in the governmental funds and as a liability in the statement of net position.			(1,442,534)
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	(352,000)		
Interest	(17,100)		(369,100)
Change in net position - governmental activities		\$	<u>2,728,288</u>

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, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 4,767,964	\$ 4,069,539	\$ 4,069,539		\$ -
Real property tax items	2,691,547	3,389,972	4,330,416		940,444
Charges for services	43,500	43,500	60,630		17,130
Use of money and property	100,000	100,000	2,961		(97,039)
Sale of property and compensation for loss	3,500	3,500	458		(3,042)
Miscellaneous	181,500	181,500	268,486		86,986
State sources	9,466,701	9,466,701	9,380,192		(86,509)
Federal sources	-	-	54,942		54,942
Total revenues	17,254,712	17,254,712	18,167,624		912,912
Expenditures					
General support					
Board of education	32,393	25,917	22,216	500	(3,201)
Central administration	216,392	215,416	213,432	285	(1,699)
Finance	249,282	259,349	256,809	-	(2,540)
Staff	75,674	79,910	79,072	-	(838)
Central services	1,255,783	1,357,668	1,286,232	26,932	(44,504)
Special items	230,016	230,016	226,766	-	(3,250)
Instruction					
Instruction, administration, and improvement	472,500	498,178	485,809	-	(12,369)
Teaching - regular school	5,339,328	5,227,853	5,004,800	6,058	(216,995)
Programs for children with handicapping conditions	2,204,142	2,361,901	2,357,715	2,400	(1,786)
Occupational education	500,000	500,000	498,370	-	(1,630)
Teaching - special schools	21,300	21,300	10,276	-	(11,024)
Instructional media	577,085	591,870	556,621	2,343	(32,906)
Pupil services	911,437	917,596	874,088	4,763	(38,745)
Pupil transportation	1,466,665	1,466,665	1,256,833	1,781	(208,051)
Community service	33,680	35,810	481	577	(34,752)
Employee benefits	3,716,496	3,512,724	3,332,752	-	(179,972)
Debt service					
Principal	165,000	172,538	165,000	-	(7,538)
Interest	15,750	8,212	11,363	-	3,151
Total expenditures	17,482,923	17,482,923	16,638,635	45,639	(798,649)
Excess revenues (expenditures)	(228,211)	(228,211)	1,528,989	(45,639)	1,711,561
Other financing sources (uses)					
Operating transfers in	-	-	28,593	-	28,593
Operating transfers out	(110,000)	(110,000)	(121,317)	-	11,317
Appropriated fund balance and encumbrances	338,211	338,211	-	-	(338,211)
Total other financing sources (uses)	228,211	228,211	(92,724)	-	(320,935)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 1,436,265	\$ (45,639)	\$ 1,390,626

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2022

Assets

Cash	\$ 80,789
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Liabilities

Accrued liabilities	405
Due to other funds	5,100
	<u>5,505</u>

Net Position

Extraclass activity balances	\$ 75,284
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BARKER CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2022

Additions

Property tax collections for Barker Public Library	\$ 79,590
Student activity additions	105,917
	<u>185,507</u>

Deductions

Property tax distributed to Barker Public Library	79,590
Student activity deductions	104,268
	<u>183,858</u>

Change in net position	1,649
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Net position - beginning	<u>73,635</u>
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Net position - ending	<u>\$ 75,284</u>
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Notes to Financial Statements

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, 2022, the District was billed \$3,009,000 for BOCES administrative and program costs and recognized revenue of \$242,000 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:

- *Food service 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.

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, 2022, the tax lien was issued on August 19, 2021 for collection from September 1, 2021 through November 1, 2021. Thereafter, uncollected amounts became the responsibility of Niagara and Orleans Counties. Such amounts were submitted to the District by April 1st of the following year as required by law.

The District had a payments in-lieu of taxes agreement (PILOT) with its largest tax paying entity (the Taxpayer) through June 30, 2020. Certain amounts under the PILOT and the Taxpayer's 2021 tax levy totaling \$4,851,348 were unpaid and not previously recognized by the District due to uncertainty of collection.

During 2022, the District entered into a settlement agreement that requires the Taxpayer to pay \$2,250,000 of the unpaid balance. In accordance with the terms of the settlement, the District received \$1,000,000 for the year ended June 30, 2022 and the remaining \$1,250,000 is expected in quarterly installments of \$250,000 beginning September 30, 2022.

The District was also approved funding from the Electric Generation Facility Cessation Mitigation Program by Empire State Development and received \$2,491,498 for the year ended June 30, 2022. The State program will continue to pay a decreasing portion of the Taxpayer's previous property tax levy through fiscal year 2028 while the District adjusts its budget accordingly.

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, 2021 was approved by a majority of the voters in a general election held on May 18, 2021.

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 goods related to food service 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 and amortization are 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 amortization, 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.

Fund balance is categorized as follows:

Nonspendable:	
Inventory	\$ 17,784
Restricted:	
Capital	5,564,054
Employee benefit accrued liability	2,794,063
Retirement contribution	1,017,451
Property loss and liability	326,430
Unemployment insurance	10,374
Scholarships	59,351
Assigned:	
Designated for subsequent years	103,865
Encumbrances	45,639
Food service	111,585
Unassigned	712,701
	<u>\$ 10,763,297</u>

Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash and include inventory.

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.

Fund balance restrictions include 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 fully funded.
- *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.
- *Retirement contribution* – is used to finance retirement contributions payable to ERS.
- *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.

Restricted fund balance also includes scholarships donated to the District by third parties for the benefit of students.

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.

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, 2021, the District adopted GASB Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The impact of these required accounting changes on the District's government-wide activity is as follows:

Net position, July 1, 2021	\$ 15,872,638
Right-to-use lease asset	103,459
Accumulated amortization	(39,587)
Net position, as restated, July 1, 2021	<u>\$ 15,936,510</u>

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, 2022, 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	\$ 2,946,204	\$ 1,484,028	\$ 28,593	\$ 121,317
Special aid	1,099,137	1,938,772	21,317	-
Capital projects	270,778	896,826	100,000	28,593
Food service	113,613	104,379	-	-
Miscellaneous special revenue	500	1,127	-	-
Custodial	-	5,100	-	-
	<u>\$ 4,430,232</u>	<u>\$ 4,430,232</u>	<u>\$ 149,910</u>	<u>\$ 149,910</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. The capital projects returned unspent proceeds to the general fund.

5. Capital Assets

	July 1, 2021 (As Restated)	Increases	Retirements/ Reclassifications	June 30, 2022
Non-depreciable and non-amortizable capital assets:				
Land	\$ 104,102	\$ -	\$ -	\$ 104,102
Construction in progress	476,575	2,348,597	(7,215)	2,817,957
Total non-depreciable and non-amortizable assets	580,677	2,348,597	(7,215)	2,922,059
Depreciable capital assets:				
Land improvements	1,033,677	-	-	1,033,677
Buildings and improvements	34,552,668	64,192	7,215	34,624,075
Furniture and equipment	2,850,586	267,842	-	3,118,428
Vehicles	146,752	-	-	146,752
Total depreciable assets	38,583,683	332,034	7,215	38,922,932
Less accumulated depreciation:				
Land improvements	1,026,934	6,743	-	1,033,677
Buildings and improvements	21,797,004	692,017	-	22,489,021
Furniture and equipment	2,484,788	14,635	-	2,499,423
Vehicles	117,144	11,548	-	128,692
Total accumulated depreciation	25,425,870	724,943	-	26,150,813
Total depreciable assets, net	13,157,813	(392,909)	7,215	12,772,119
Right-to-use lease assets:				
Equipment	103,459	42,415	-	145,874
Less accumulated amortization	39,587	20,692	-	60,279
Total right-to-use assets, net	63,872	21,723	-	85,595
	\$ 13,802,362	\$ 1,977,411	\$ -	\$ 15,779,773

Depreciation and amortization expense has been allocated to the following functions: general support \$119,234 and instruction \$626,401.

As of June 30, 2022, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation and amortization	\$ 15,779,773
Bonds and related premiums, net of unspent proceeds	(1,391,983)
Energy performance contract	(1,213,618)
	<u>\$ 13,174,172</u>

6. Long-Term Liabilities

	July 1, 2021	Increases	Decreases	June 30, 2022	Amount Due in One Year
Bonds	\$ 335,000	\$ 1,442,534	\$ 165,000	\$ 1,612,534	\$ 242,534
Energy performance contracts	1,213,618	-	-	1,213,618	35,329
Compensated absences	4,168,000	352,000	-	4,520,000	933,000
	<u>\$ 5,716,618</u>	<u>\$ 1,794,534</u>	<u>\$ 165,000</u>	<u>\$ 7,346,152</u>	<u>\$ 1,210,863</u>

Existing Obligations

Description	Maturity	Rate	Balance
Serial Bonds – 2007	January 2023	4.3%-4.5%	\$ 170,000
Serial Bonds – 2021	September 2036	1.57%	1,442,534
Energy performance contract – 2021	June 2037	2.69%	1,213,618
			<u>\$ 2,826,152</u>

Debt Service Requirements

Years ending June 30,	Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
2023	\$ 242,534	\$ 40,234	\$ 35,329	\$ 66,251
2024	85,000	20,842	70,324	31,256
2025	85,000	19,507	72,229	29,349
2026	90,000	18,133	74,188	27,392
2027	90,000	16,721	76,199	25,381
2028-2032	485,000	61,269	413,119	94,779
2033-2037	535,000	21,235	472,230	35,666
	<u>\$ 1,612,534</u>	<u>\$ 197,941</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.
- 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.

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 9.80% for 2022. 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 2022, these rates ranged from 10.7%-18.3%.

The amount outstanding and payable to TRS for the year ended June 30, 2022 was \$624,355. A liability to ERS of \$47,763 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2022.

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

At June 30, 2022, the District reported an asset of \$6,443,567 for its proportionate share of the TRS net pension position and an asset of \$329,404 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, with update procedures applied to roll forward the net pension position to June 30, 2021. 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, 2021, the District's proportion was 0.037184%, a decrease of 0.000889 from its proportion measured as of June 30, 2020.

The ERS total pension liability at the March 31, 2022 measurement date was determined by an actuarial valuation as of April 1, 2021, with update procedures applied to roll forward the net pension position to March 31, 2022. 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 March 31, 2022, the District's proportion was 0.0040296%, an increase of 0.0002017 from its proportion measured as of March 31, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$267,775 on the government-wide statements (TRS income of \$295,135 and ERS expense of \$27,360). At June 30, 2022, 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	\$ 888,177	\$ (33,477)	\$ 24,946	\$ (32,357)
Changes of assumptions	2,119,424	(375,319)	549,739	(9,276)
Net difference between projected and actual earnings on pension plan investments	-	(6,743,860)	-	(1,078,661)
Changes in proportion and differences between contributions and proportionate share of contributions	208,609	(13,872)	46,480	(21,173)
District contributions subsequent to the measurement date	624,355	-	47,763	-
	<u>\$ 3,840,565</u>	<u>\$ (7,166,528)</u>	<u>\$ 668,928</u>	<u>\$ (1,141,467)</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 subsequent year. 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
2023	\$ (757,185)	\$ (75,606)
2024	(927,771)	(113,753)
2025	(1,203,129)	(275,553)
2026	(1,606,878)	(55,390)
2027	324,772	-
Thereafter	219,873	-
	<u>\$ (3,950,318)</u>	<u>\$ (520,302)</u>

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2020 valuation, with update procedures used to roll forward the total pension liability to June 30, 2021, were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. These assumptions are:

Inflation – 2.4%

Salary increases – Based on TRS member experience, dependent on service, ranging from 1.95%-5.18%

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

Investment rate of return – 6.95% 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-2020, applied on a generational basis

Discount rate – 6.95%

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, 2021 valuation, with update procedures used to roll forward the total pension liability to March 31, 2022, 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%	6.8%	32%	3.3%
Global and International equities	20%	7.1%-7.6%	15%	5.9%
Private equities	8%	10.0%	10%	6.5%
Real estate	11%	6.5%	9%	5.0%
Domestic fixed income securities	16%	1.3%	23%	-
Global fixed income securities	2%	0.8%	-	-
Bonds and mortgages	7%	3.3%	-	-
Short-term	1%	(0.2)%	1%	(1.0)%
Other	2%	3.8%-5.9%	10%	3.8%-5.8%
	<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 6.95% (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)	\$ 676,158	\$ 6,443,567	\$ 11,290,655
District's proportionate share of the ERS net pension asset (liability)	\$ (847,883)	\$ 329,404	\$ 1,314,149

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 \$4,974,434 was measured as of April 1, 2022 and was determined by an actuarial valuation as of April 1, 2021, with update procedures applied to roll forward the liability to June 30, 2022.

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 v2022 version f4 (updated October 2021) for long-term rates, initially 6.10% with an ultimate rate of 4.37% after 2070

Salary increases – 3.44%

Mortality – Pub-2010 Public Retirement Plans Mortality Tables, headcount-weighted, employee group, without separate contingent survivor mortality; fully generational using scale MP-2021

Discount rate – 2.83% based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date

Inflation rate – 2.44%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 4,853,178
Changes for the year:	
Service cost	138,656
Interest	109,574
Changes of benefit terms	-
Differences between expected and actual experience	369,658
Changes of assumptions or other inputs	(331,841)
Benefit payments	(164,791)
Net changes	121,256
Balance at June 30, 2022	\$ 4,974,434

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 (1.83%)	Discount Rate (2.83%)	1.0% Increase (3.83%)
Total OPEB liability	\$ (5,575,258)	\$ (4,974,434)	\$ (4,465,921)

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 (5.10% to 3.37%)	Healthcare Cost Trend Rate (6.10% to 4.37%)	1.0% Increase (7.10% to 5.37%)
Total OPEB liability	\$ (4,328,186)	\$ (4,974,434)	\$ (5,764,292)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2022, the District recognized OPEB expense of \$736,278. At June 30, 2022, 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	\$ 423,361	\$ (313,453)
Changes of assumptions or other inputs	390,848	(297,009)
District contributions subsequent to the measurement date	41,198	-
	\$ 855,407	\$ (610,462)

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year. 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,	
2023	\$ 61,951
2024	85,924
2025	35,238
2026	20,634
	\$ 203,747

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, 2021 (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, 2021, 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, 2021 (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, 2021, 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 \$3,202,000. At June 30, 2022, \$2,721,000 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 has required the District 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 continue to 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.

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,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.037184%	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)	\$ 6,443,567	\$ (1,052,069)	\$ 1,036,652	\$ 716,108	\$ 309,188	\$ (453,334)	\$ 4,733,818	\$ 5,059,893	\$ 304,489
District's covered payroll	\$ 6,311,259	\$ 6,462,257	\$ 6,658,964	\$ 6,450,714	\$ 6,446,024	\$ 6,531,396	\$ 6,846,024	\$ 6,709,754	\$ 6,775,675
District's proportionate share of the net pension position as a percentage of its covered payroll	102.10%	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	113.20%	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	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.95% - 5.18%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	4.0% - 10.9%	4.0% - 10.9%	4.0% - 10.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2020	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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 624,355	\$ 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	(624,355)	(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	\$ 6,370,969	\$ 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	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

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,	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0040296%	0.0038279%	0.0038985%	0.0042650%	0.0047299%	0.0046347%	0.0047454%	0.0044471%
District's proportionate share of the net pension asset (liability)	\$ 329,404	\$ (3,812)	\$ (1,032,242)	\$ (302,191)	\$ (152,653)	\$ (435,482)	\$ (761,656)	\$ (150,233)
District's covered payroll	\$ 1,103,106	\$ 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	29.86%	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	103.65%	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%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2020	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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 179,680	\$ 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	(179,680)	(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	\$ 1,103,106	\$ 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	16.29%	15.00%	15.01%	14.81%	14.82%	15.27%	18.32%	18.09%	19.08%	19.27%

BARKER CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ 4,853,178	\$ 4,567,488	\$ 4,539,419	\$ 2,683,830	\$ 2,667,698	\$ 2,389,453
Changes for the year:						
Service cost	138,656	100,146	105,285	97,988	69,852	69,852
Interest	109,574	112,453	155,351	154,600	78,280	78,280
Changes of benefit terms	-	3,597	-	-	-	-
Differences between expected and actual experience	369,658	(272,694)	(767,459)	1,054	-	376,824
Changes of assumptions or other inputs	(331,841)	475,424	663,592	1,724,427	-	(124,124)
Benefit payments	(164,791)	(133,236)	(128,700)	(122,480)	(132,000)	(122,587)
Net change in total OPEB liability	121,256	285,690	28,069	1,855,589	16,132	278,245
Total OPEB liability - ending	\$ 4,974,434	\$ 4,853,178	\$ 4,567,488	\$ 4,539,419	\$ 2,683,830	\$ 2,667,698
Covered-employee payroll	\$ 8,058,008	\$ 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	61.7%	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	6.10% - 4.37%	4.00% - 4.08%	5.20% - 4.18%	5.20% - 4.32%	5.30% - 4.17%	5.30% - 4.17%
Salary increases	3.44%	3.11%	3.22%	3.36%	3.31%	3.31%
Discount rate	2.83%	2.27%	2.48%	3.44%	3.80%	3.80%
Inflation rate	2.44%	2.11%	2.22%	2.36%	2.20%	2.20%
Society of Actuaries' mortality scale	MP-2021	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, 2022

Original expenditure budget	\$ 17,254,712
Encumbrances carried over from prior year	<u>338,211</u>
Revised expenditure budget	<u>\$ 17,592,923</u>
* * *	
Unrestricted Fund Balance	
Assigned	\$ 149,504
Unassigned	<u>712,701</u>
	862,205
Encumbrances included in assigned fund balance	(45,639)
Appropriated fund balance used for tax levy	<u>(103,865)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 712,701</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2023 expenditure budget (unaudited)	\$ 17,817,534
4% of budget	<u>712,701</u>
Actual percentage of 2023 expenditure budget	<u>4.0%</u>

BARKER CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2022

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Capital Outlay 2018-2019	\$ 100,000	\$ 100,000	\$ 6,532	\$ 75,640	\$ 82,172	\$ 17,828
Capital Outlay 2019-2020	100,000	100,000	9,075	69,476	78,551	21,449
Capital Outlay 2020-2021	100,000	71,407	7,215	64,192	71,407	-
Capital Outlay 2021-2022	100,000	100,000	-	7,000	7,000	93,000
Solar Project	1,538,530	1,459,318	346,361	789,742	1,136,103	323,215
Smart Schools Bond Act	596,160	596,160	393,209	-	393,209	202,951
Energy Performance Contract Project	1,442,533	1,442,534	10,011	1,406,739	1,416,750	25,784
Total	\$ 3,977,223	\$ 3,869,419	\$ 772,403	\$ 2,412,789	\$ 3,185,192	\$ 684,227

BARKER CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Department of Education:</u>			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-22-0614	\$ 194,439
Special Education Preschool Grants	84.173	0033-22-0614	11,256
Total Special Education Cluster			205,695
Title I Grants to Local Educational Agencies	84.010	0021-22-1985	208,524
Supporting Effective Instruction State Grants	84.367	0147-22-1985	30,198
Student Support and Academic Enrichment Program	84.424	0204-22-1985	10,710
Education Stabilization Fund:			
Governor's Emergency Education Relief Fund	84.425C	5896-21-1985	2,674 ¹
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-1985	490,479 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-1985	341,526 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5882-21-1985	45,096 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5883-21-1985	24,676 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5884-21-1985	63,494 ¹
Total U.S. Department of Education			1,423,072
<u>Federal Communications Commission</u>			
Emergency Connectivity Fund Program	32.009	EECF202102583	73,944
<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	1,820 ²
National School Lunch Program	10.555	N/A	274,067 ²
School Breakfast Program	10.553	N/A	106,967 ²
Child Nutrition Discretionary Grants Limited Availability	10.579	0005-20-0074	14,021
Pandemic EBT Administrative Costs	10.649	N/A	601
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	26,639 ²
Total U.S. Department of Agriculture			424,115
Total Expenditures of Federal Awards			\$ 1,921,131

¹ Total Education Stabilization Fund - \$967,945² Total Child Nutrition Cluster - \$409,493

Notes to Schedule of Expenditures of Federal Awards

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, 2022, the District used \$26,639 worth of commodities under the National School Lunch Program (Assistance Listing 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, 2022, 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 12, 2022.

Report on 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

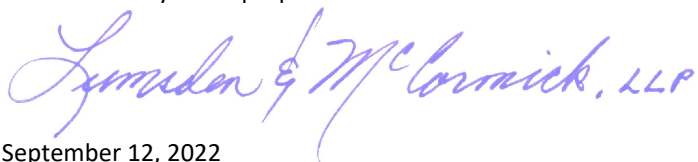
In order to eliminate this condition, the District would need to devote considerable resources, either internally or externally, to ensure an understanding of existing accounting principles and disclosure requirements, and to remain current with all accounting updates. Management would have to compile 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.

Report on 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 12, 2022

**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

Opinion on Each Major Federal Program

We have audited Barker Central School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

September 12, 2022

Schedule of Findings and Questioned CostsFor the year ended June 30, 2022

Section I. Summary of Auditors' ResultsFinancial StatementsType of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

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	Assistance Listing Number	Amount
Education Stabilization Fund	84.425	<u>\$ 967,945</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, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Education
Barker Central School District

Qualified Opinion

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, 2022, and the related notes to the schedule.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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, 2022, in accordance with accounting principles generally accepted in the United States of America.

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 \$105,917.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management for the Schedule

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

Auditors' Responsibilities for the Audit of the Schedule

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

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



September 12, 2022

BARKER CENTRAL SCHOOL DISTRICT EXTRACURRICULAR ACTIVITY

Schedule of Additions and Deductions

For the year ended June 30, 2022

	July 1, 2021	Additions	Deductions	June 30, 2022
Class Clubs:				
2021	\$ 1,373	\$ 4	\$ 1,377	\$ -
2022	1,935	4,952	6,422	465
2023	3,160	7,195	7,649	2,706
2024	9,609	1,006	907	9,708
2025	4,753	4,563	3,508	5,808
2026	2,908	35,405	36,138	2,175
American Field Service Club	3,501	120	129	3,492
Band Club	3,085	2,788	4,795	1,078
Barker Singers Club	1,605	714	1,223	1,096
Baseball Club	497	3,941	2,671	1,767
Boys Basketball Club	2,216	1,647	1,857	2,006
Cross Country Club	3,516	14,757	14,722	3,551
E-Club	1,107	2,356	2,193	1,270
Elementary Musical Club	-	4,459	-	4,459
English A&E Club	-	2,608	2,096	512
Field Hockey Club	1,791	1,232	1,040	1,983
Girls Basketball Club	1,368	975	720	1,623
Golf Club	1,424	1,375	1,816	983
High School Musical Club	6,881	3,510	3,836	6,555
International Exchange Club	2,138	-	100	2,038
Latrator (Yearbook Club)	11,761	8,221	7,503	12,479
National Honor Society	190	10	-	200
Shop Deluxe Club	4,127	557	573	4,111
Soccer Club	115	-	-	115
Softball Club	405	397	274	528
Student Council Club - High School	499	902	407	994
Student Council Club - Middle School	1,338	414	570	1,182
Swimming Club	218	-	-	218
Tennis Club	698	-	-	698
Track Club	603	-	-	603
Varsity Club	814	1,809	1,742	881
	<u>\$ 73,635</u>	<u>\$ 105,917</u>	<u>\$ 104,268</u>	<u>\$ 75,284</u>

See accompanying notes.

Notes to the Schedule

1. Summary of Significant Accounting Policies

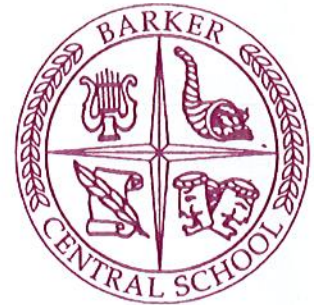
Financial Reporting Entity

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.

Barker Central School

1628 QUAKER ROAD, BARKER, NEW YORK 14012-0328

FAX 716/795-3283



September 12, 2022

Lumsden & McCormick, LLP
369 Franklin Street
Buffalo, NY 14202

This representation letter is provided in connection with your separate audits of the financial statements and extraclassroom activity financial statements of Barker Central School District (the District), which comprise the respective financial position of the governmental activities, each major fund, and the remaining fund information as of June 30, 2022, and the respective changes in financial position and budgetary comparison of the general fund, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of your auditors' report, the following representations made to you during your audits.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 11, 2022, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units (if any) required by generally accepted accounting principles to be included in the financial reporting entity.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed with the requirements of U.S. GAAP.
- Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs, including disclosures related to the uncertainties resulting from the COVID-19 pandemic.

- You have proposed adjusting journal entries that have been posted. We are in agreement with those adjustments.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.
- With respect to preparation of the financial statements, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - Minutes of the meetings of the Board of Education, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the District's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud affecting the District including:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
- We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government – specific

- There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.


- The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- As part of your audit, you prepared the adjusting journal entries necessary to convert our modified cash basis to the accrual basis of accounting for GASB 34 presentation and acknowledge that we have reviewed and approved these entries. You also assisted with the preparation of the financial statements, related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- Provisions for uncollectible receivables have been properly identified and recorded, if any.
- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- Deposits are properly classified as to risk and are properly disclosed.
- Capital assets, including infrastructure and intangible assets, if any, are properly capitalized, reported, and, if applicable, depreciated.
- We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

- We acknowledge our responsibility for presenting the supplementary information as listed in the table of contents of the financial statements in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Schedule of Expenditures of Federal Awards and Award Programs

- We are responsible for understanding and complying and have complied with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
- We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
- We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursed contracts, loans, loan guarantees property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program.
- We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- We have made available to you all federal awards (including amendments, if any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities).
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the Uniform Guidance, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.

- We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, if applicable.
- We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.



 Jacob Reimer
 Superintendent



 Carol Heiligenthaler
 School Business Administrator