

BARKER CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

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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, 2023, 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, 2023, 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 (GAAP).

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 GAAP, 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 GAAS, 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 GAAS. 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 11, 2023 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 "Symaden & McCormick, LLP". The signature is written in a cursive, flowing style.

September 11, 2023

Management's Discussion and Analysis (unaudited)

June 30, 2023

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, 2023. 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.

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 student activity accounts and for the collection and distribution of library taxes. 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	Change			
	2023	2022	\$	%
Current and other assets	\$ 13,066,000	\$ 19,933,000	\$ (6,867,000)	(34.5%)
Capital assets	16,151,000	15,780,000	371,000	2.4%
Total assets	29,217,000	35,713,000	(6,496,000)	(18.2%)
Deferred outflows of resources	4,830,000	5,365,000	(535,000)	(10.0%)
Long-term liabilities	12,639,000	12,321,000	318,000	2.6%
Other liabilities	1,401,000	1,174,000	227,000	19.3%
Total liabilities	14,040,000	13,495,000	545,000	4.0%
Deferred inflows of resources	1,503,000	8,918,000	(7,415,000)	(83.1%)
Net position				
Net investment in capital assets	13,602,000	13,174,000	428,000	3.2%
Restricted	10,407,000	9,551,000	856,000	9.0%
Unrestricted	(5,505,000)	(4,060,000)	(1,445,000)	35.6%
Total net position	\$ 18,504,000	\$ 18,665,000	\$ (161,000)	(0.9%)

Net position at June 30, 2023 and 2022 was \$18,504,000 and \$18,665,000, 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 decreased by \$6,496,000 (\$10,936,000 or 44.1% increase in 2022). Current and other assets decreased by \$6,867,000 (\$8,894,000 or 80.6% increase in 2022) 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 a liability of \$1,489,000 in 2023 compared to an asset of \$6,773,000 in 2022. The pension plan net positions declined as a result of less investment earnings than actuarially projected.

Long-term liabilities increased by \$318,000 (increase of \$695,000 or 6.0% in 2022) as a result of the increase of \$1,489,000 in the TRS and ERS net pension liability offset by a decrease in the District's other postemployment benefits (OPEB) liability of \$941,000, largely a result of changes in actuarial assumptions, as well as principal repayments of \$278,000 on bonds and energy performance contracts outstanding. Other liabilities increased by \$227,000 (\$250,000 or 27.1% increase in 2022) due to an increase in accounts payable at year end due to timing of payments.

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. 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	2023	2022	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 313,000	\$ 156,000	\$ 157,000	100.6%
Operating grants and contributions	2,056,000	2,177,000	(121,000)	(5.6%)
General revenues				
Taxes and related items	7,151,000	9,650,000	(2,499,000)	(25.9%)
State aid	10,163,000	9,380,000	783,000	8.3%
Other	566,000	276,000	290,000	105.1%
Total revenue	20,249,000	21,639,000	(1,390,000)	(6.4%)
Expenses				
Instruction	15,685,000	14,330,000	1,355,000	9.5%
Support services				
General support	2,771,000	2,838,000	(67,000)	(2.4%)
Pupil transportation	1,396,000	1,304,000	92,000	7.1%
Food service	471,000	410,000	61,000	14.9%
Interest and other	87,000	29,000	58,000	200.0%
Total expenses	20,410,000	18,911,000	1,499,000	7.9%
Change in net position	(161,000)	2,728,000	(2,889,000)	(105.9%)
Net position – beginning	18,665,000	15,937,000	2,728,000	17.1%
Net position – ending	\$ 18,504,000	\$ 18,665,000	\$ (161,000)	(0.9%)

District revenues decreased 6.4% or \$1,390,000 in 2023 (increase of \$6,893,000 or 46.7% in 2022). This decrease 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 \$2,174,000 in 2023 from a New York State program related to unpaid taxes compared to \$2,491,000 in 2022. The increase in state aid of \$783,000 (\$1,305,000 or 16.2% increase in 2022) was primarily due to an increase in general aid of \$945,000 offset by a decrease in excess cost aid of \$137,000 in 2023.

Total expenses increased \$1,499,000 or 7.9% (increase of \$451,000 or 2.4% in 2022) mainly as a result of net pension expense of \$1,246,000 in 2023 compared to net pension expense of \$268,000 in 2022. Additionally, there was an increase in District-wide salaries of \$421,000 or 5.4% due to contractual salary increases and adding new positions.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from \$10,763,000 to \$11,425,000 as described below:

- On an overall basis, revenues and other financing sources of \$21,249,000 exceeded expenditures of \$20,587,000 resulting in the increase of \$662,000.
- Total fund revenue increased \$860,000 or 4.2% (increase of \$5,644,000 or 38.3% in 2022) and total fund expenditures decreased \$605,000 or 2.9% (increase of \$4,065,000 or 23.7% in 2022). Revenues increased due to an increase in state aid as previously mentioned. The decrease in expenditures is mainly due to a decrease in capital outlays of \$1,380,000 as a result of completing several capital projects during the year, offset by increase in salaries as previously mentioned.
- The general fund experienced a decrease in fund balance of \$2,956,000 during 2023 compared to a \$1,436,000 increase in 2022, which is primarily due to transfers of \$4,640,000 to the capital projects fund.
- The capital projects fund net income was \$3,615,000 in 2023 due to the transferring of capital reserves as previously discussed, offset by purchases of \$1,026,000 for ongoing capital projects.
- The food service fund decreased \$6,000 in 2023 compared to an increase of \$103,000 in 2022, which is a result of decreased federal grant revenue in 2023 and an increase in food costs.

General Fund Budgetary Highlights

Total revenue of \$19,108,000 was more than budgeted revenue by \$1,291,000 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 2023 was \$17,725,000. Actual expenditures and carryover encumbrances were less than the final amended budget by \$186,000 or 1.1%. 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.

Capital Assets

	2023	2022
Land and land improvements	\$ 1,137,000	\$ 1,137,000
Buildings and improvements	36,262,000	34,624,000
Furniture and equipment	3,193,000	3,119,000
Vehicles	147,000	147,000
Construction in progress	2,207,000	2,818,000
	<u>42,946,000</u>	<u>41,845,000</u>
Accumulated depreciation	(26,898,000)	(26,151,000)
	<u>16,048,000</u>	<u>15,694,000</u>
Right-to-use leased equipment, net	103,000	86,000
	<u>\$ 16,151,000</u>	<u>\$ 15,780,000</u>

The increase in capital assets in the current year is a result of current year additions of \$1,164,000 offset by depreciation and amortization expense of \$793,000.

Debt

At June 30, 2023 the District had \$2,548,000 in outstanding debt with \$155,000 due within one year (\$2,826,000 outstanding at June 30, 2022). Outstanding compensated absences payable were \$4,569,000, with \$944,000 expected to be paid within one year (\$4,520,000 outstanding at June 30, 2022).

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

Current Financial Issues and Concerns

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, 2023

(With comparative totals as of June 30, 2022)

	2023	2022
Assets		
Cash and cash equivalents	\$ 11,189,755	\$ 10,030,782
Due from other governments	647,673	531,578
State and federal aid and other receivables	1,194,702	2,574,599
Due from custodial fund	9,161	5,100
Inventory and prepaid expenses	25,013	17,784
Net pension asset	-	6,772,971
Capital assets (Note 4)	43,094,631	41,990,865
Accumulated depreciation and amortization	(26,943,994)	(26,211,092)
Total assets	29,216,941	35,712,587
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	4,371,795	4,509,493
Deferred outflows of resources related to OPEB	457,995	855,407
Total deferred outflows of resources	4,829,790	5,364,900
Liabilities		
Accounts payable	318,139	173,144
Accrued liabilities	314,931	135,960
Due to retirement systems	747,447	703,871
Unearned revenue	20,000	160,671
Long-term liabilities		
Due within one year:		
Bonds	85,000	242,534
Energy performance contract	70,324	35,329
Compensated absences	944,000	933,000
Due beyond one year:		
Bonds	1,285,000	1,370,000
Energy performance contract	1,107,965	1,178,289
Compensated absences	3,625,000	3,587,000
Net pension liability	1,488,457	-
Total OPEB liability	4,033,320	4,974,434
Total liabilities	14,039,583	13,494,232
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	356,035	8,307,995
Deferred inflows of resources related to OPEB	1,146,647	610,462
Total deferred inflows of resources	1,502,682	8,918,457
Net Position		
Net investment in capital assets	13,602,348	13,174,172
Restricted	10,406,619	9,551,172
Unrestricted	(5,504,501)	(4,060,546)
Total net position	\$ 18,504,466	\$ 18,664,798

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2023

(With summarized comparative totals as of June 30, 2022)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	2023	2022
Governmental activities					
General support	\$ 2,770,597	\$ 3,570	\$ -	\$ (2,767,027)	\$ (2,838,421)
Instruction	15,685,187	188,515	1,717,191	(13,779,481)	(12,510,565)
Pupil transportation	1,395,702	-	-	(1,395,702)	(1,303,438)
Community service	1,951	-	-	(1,951)	(481)
Interest expense	84,859	-	-	(84,859)	(28,463)
School food service	471,457	120,987	338,731	(11,739)	102,907
	<u>\$ 20,409,753</u>	<u>\$ 313,072</u>	<u>\$ 2,055,922</u>	<u>(18,040,759)</u>	<u>(16,578,461)</u>
General revenues					
Real property taxes				7,151,467	9,649,955
Miscellaneous				566,126	276,602
State aid				10,162,834	9,380,192
Total general revenues				<u>17,880,427</u>	<u>19,306,749</u>
Change in net position				(160,332)	2,728,288
Net position - beginning				18,664,798	15,936,510
Net position - ending				<u>\$ 18,504,466</u>	<u>\$ 18,664,798</u>

BARKER CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2023

(With summarized comparative totals as of June 30, 2022)

	General	Special Aid	Capital Projects	Food Service	Miscellaneous Special Revenue	Total Governmental Funds	
						2023	2022
Assets							
Cash and cash equivalents	\$ 11,070,171	\$ 3,445	\$ 31,476	\$ 22,225	\$ 62,438	\$ 11,189,755	\$ 10,030,782
Due from other governments	647,673	-	-	-	-	647,673	531,578
State and federal aid and other receivables	446,386	733,089	-	14,069	1,158	1,194,702	2,574,599
Due from other funds, net	-	-	3,967,823	77,366	8,058	4,053,247	1,471,410
Inventory and prepaid expenses	15,629	-	-	9,384	-	25,013	17,784
Total assets	\$ 12,179,859	\$ 736,534	\$ 3,999,299	\$ 123,044	\$ 71,654	\$ 17,110,390	\$ 14,626,153
Liabilities							
Accounts payable	\$ 313,411	\$ 3,939	\$ -	\$ 105	\$ 684	\$ 318,139	\$ 173,144
Accrued liabilities	133,965	5,887	164,167	-	1,612	305,631	108,860
Due to retirement systems	747,447	-	-	-	-	747,447	703,871
Due to other funds, net	3,337,378	706,708	-	-	-	4,044,086	1,466,310
Unearned revenue	-	20,000	-	-	-	20,000	160,671
Total liabilities	4,532,201	736,534	164,167	105	2,296	5,435,303	2,612,856
Deferred inflows of resources							
Unavailable revenue	250,000	-	-	-	-	250,000	1,250,000
Fund Balances							
Nonspendable	15,629	-	-	9,384	-	25,013	17,784
Restricted	6,502,129	-	3,835,132	-	69,358	10,406,619	9,771,723
Assigned	152,074	-	-	113,555	-	265,629	261,089
Unassigned	727,826	-	-	-	-	727,826	712,701
Total fund balances	7,397,658	-	3,835,132	122,939	69,358	11,425,087	10,763,297
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,179,859	\$ 736,534	\$ 3,999,299	\$ 123,044	\$ 71,654	\$ 17,110,390	\$ 14,626,153

See accompanying notes.

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

June 30, 2023

Total fund balances - governmental funds		\$ 11,425,087
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.		16,150,637
Payment in-lieu of taxes receivable are not available to pay current period expenditures and are not recognized in the governmental funds until received.		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:		
Deferred outflows of resources related to pensions	4,371,795	
Net pension liability	(1,488,457)	
Deferred inflows of resources related to pensions	<u>(356,035)</u>	2,527,303
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	457,995	
Total OPEB liability	(4,033,320)	
Deferred inflows of resources related to OPEB	<u>(1,146,647)</u>	(4,721,972)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Bonds	(1,370,000)	
Energy performance contract	(1,178,289)	
Accrued interest	(9,300)	
Compensated absences	<u>(4,569,000)</u>	(7,126,589)
Net position - governmental activities		\$ 18,504,466

BARKER CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2023
(With summarized comparative totals as of June 30, 2022)

	General	Special Aid	Capital Projects	Food Service	Miscellaneous Special Revenue	Total Governmental Funds	
						2023	2022
Revenues							
Real property taxes	\$ 4,257,482	\$ -	\$ -	\$ -	\$ -	\$ 4,257,482	\$ 4,069,539
Real property tax items	3,893,985	-	-	-	-	3,893,985	4,330,416
Charges for services	188,515	-	-	-	-	188,515	60,630
Use of money and property	201,673	-	939	-	788	203,400	4,266
Sale of property and compensation for loss	1,081	-	-	-	-	1,081	458
Miscellaneous	351,268	-	-	5,137	13,947	370,352	271,878
State sources	10,162,834	249,821	-	7,091	-	10,419,746	9,581,313
Federal sources	51,483	1,415,887	-	331,640	-	1,799,010	1,975,472
Sales	-	-	-	115,850	-	115,850	95,589
Total revenues	19,108,321	1,665,708	939	459,718	14,735	21,249,421	20,389,561
Expenditures							
General support	2,123,199	275,478	-	163,181	4,728	2,566,586	2,502,033
Instruction	10,019,560	1,385,584	-	-	-	11,405,144	11,205,224
Pupil transportation	1,339,498	37,200	-	-	-	1,376,698	1,303,438
Community service	1,951	-	-	-	-	1,951	481
Employee benefits	3,522,096	-	-	94,586	-	3,616,682	3,425,224
Debt service							
Principal	277,863	-	-	-	-	277,863	165,000
Interest	102,659	-	-	-	-	102,659	11,363
Cost of sales	-	-	-	207,060	-	207,060	166,859
Capital outlay	-	-	1,026,358	6,630	-	1,032,988	2,412,789
Total expenditures	17,386,826	1,698,262	1,026,358	471,457	4,728	20,587,631	21,192,411
Excess revenues (expenditures)	1,721,495	(32,554)	(1,025,419)	(11,739)	10,007	661,790	(802,850)
Other financing sources (uses)							
Proceeds from issuance of debt	-	-	-	-	-	-	1,442,534
Operating transfers, net	(4,677,863)	32,554	4,640,000	5,309	-	-	-
Total other financing sources (uses)	(4,677,863)	32,554	4,640,000	5,309	-	-	1,442,534
Net change in fund balances	(2,956,368)	-	3,614,581	(6,430)	10,007	661,790	639,684
Fund balances - beginning	10,354,026	-	220,551	129,369	59,351	10,763,297	10,123,613
Fund balances - ending	\$ 7,397,658	\$ -	\$ 3,835,132	\$ 122,939	\$ 69,358	\$ 11,425,087	\$ 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, 2023

Total net change in fund balances - governmental funds		\$	661,790
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 expense and disposals.			
			370,864
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:			
2023 TRS and ERS contributions	806,750		
2023 ERS accrued contribution	40,011		
2022 ERS accrued contribution	(47,763)		
2023 TRS pension expense	(961,723)		
2023 ERS pension expense	(284,441)		(447,166)
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.			7,517
Payments in-lieu of taxes expected to be collected 90 days after the District's year end are not considered "available" revenues and are not recognized in the governmental funds until collected.			(1,000,000)
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.			277,863
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	(49,000)		
Interest	17,800		(31,200)
Change in net position - governmental activities		\$	(160,332)

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, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 4,953,914	\$ 4,292,646	\$ 4,257,482		\$ (35,164)
Real property tax items	2,144,100	2,805,368	3,893,985		1,088,617
Charges for services	37,500	37,500	188,515		151,015
Use of money and property	2,600	2,600	201,673		199,073
Sale of property and compensation for loss	1,000	1,000	1,081		81
Miscellaneous	187,500	187,500	351,268		163,768
State sources	10,490,920	10,490,920	10,162,834		(328,086)
Federal sources	-	-	51,483		51,483
Total revenues	17,817,534	17,817,534	19,108,321		1,290,787
Expenditures					
General support					
Board of education	32,538	32,538	31,393	79	(1,066)
Central administration	218,177	222,136	219,183	901	(2,052)
Finance	259,170	241,376	238,872	59	(2,445)
Staff	72,836	83,280	75,633	-	(7,647)
Central services	1,300,837	1,477,300	1,328,031	137,656	(11,613)
Special items	231,153	234,655	230,087	-	(4,568)
Instruction					
Instruction, administration, and improvement	517,000	605,203	590,117	680	(14,406)
Teaching - regular school	5,016,926	4,956,439	4,895,904	9,674	(50,861)
Programs for children with handicapping conditions	2,486,400	2,572,843	2,569,949	-	(2,894)
Occupational education	499,140	499,140	499,140	-	-
Teaching - special schools	21,300	22,488	14,277	-	(8,211)
Instructional media	591,426	599,570	547,461	3,025	(49,084)
Pupil services	963,498	926,476	902,712	-	(23,764)
Pupil transportation	1,432,058	1,345,919	1,339,498	-	(6,421)
Community service	34,177	3,178	1,951	-	(1,227)
Employee benefits	3,692,189	3,522,243	3,522,096	-	(147)
Debt service					
Principal	277,863	277,863	277,863	-	-
Interest	106,485	102,662	102,659	-	(3)
Total expenditures	17,753,173	17,725,309	17,386,826	152,074	(186,409)
Excess revenues (expenditures)	64,361	92,225	1,721,495	(152,074)	1,477,196
Other financing sources (uses)					
Operating transfers out	(110,000)	(4,677,864)	(4,677,863)	-	(1)
Appropriated fund balance and encumbrances	45,639	4,585,639	-	-	(4,585,639)
Total other financing sources (uses)	(64,361)	(92,225)	(4,677,863)	-	(4,585,638)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ (2,956,368)	\$ (152,074)	\$ (3,108,442)

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2023

Assets

Cash	\$ 109,502
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Liabilities

Accrued liabilities	851
Due to other funds	9,161
	<u>10,012</u>

Net Position

Extraclass activity balances	\$ 99,490
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BARKER CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2023

Additions

Property tax collections for Barker Public Library	\$ 81,182
Student activity additions	146,806
	<u>227,988</u>

Deductions

Property tax distributed to Barker Public Library	81,182
Student activity deductions	122,600
	<u>203,782</u>

Change in net position	24,206
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Net position - beginning	75,284
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Net position - ending	\$ 99,490
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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, 2023, the District was billed \$3,172,000 for BOCES administrative and program costs and recognized revenue of \$309,000 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 8.

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, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) capital grants and contributions limited to the purchase or construction of specific capital assets, if any. 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 student activity accounts and library taxes.

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

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities 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, 2023, the tax lien was issued on August 8, 2022 for collection from September 1, 2022 through October 31, 2022. 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.

In 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 has received \$2,000,000 through June 30, 2023 and the remaining \$250,000 is expected by September 30, 2023.

In 2022, the District was approved funding from the Electric Generation Facility Cessation Mitigation Program (the Program) by Empire State Development. Through the Program, the District received \$2,174,148 for the year ended June 30, 2023. 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, 2022 was approved by a majority of the voters in a general election held on May 17, 2022.

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 assets 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 equipment	\$ 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 7) 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

The District is required to classify net position into three categories:

- *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 related liabilities and deferred inflows of resources. Restrictions are imposed by external organizations such as federal or state laws or required by the 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 and prepaid expenses	\$ 25,013
Restricted:	
Capital	6,158,454
Employee benefit accrued liability	2,821,280
Retirement contribution	1,017,451
Property loss and liability	329,601
Unemployment insurance	10,475
Scholarships	69,358
Assigned:	
Encumbrances	152,074
Food service	113,555
Unassigned	727,826
	<u>\$ 11,425,087</u>

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

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

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. In 2023, voters approved the termination of the 2009 and 2011 reserves with remaining funds of \$926,331 transferred to a newly approved reserve with maximum funding of \$10,000,000. The reserve has been funded in the amount of \$2,323,322 and is available for use in the general fund at June 30, 2023.
- *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.
- *Retirement contribution* – is used to finance retirement contributions payable to ERS.
- *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.
- *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.

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. Cash and Cash Equivalents

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. Cash equivalents include certificates of deposit with original maturities less than 90 days.

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, 2023, the District's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' agents in the District's name.

3. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 4,989,263	\$ 8,326,641	\$ -	\$ 4,677,863
Special aid	899,957	1,606,665	32,554	-
Capital projects	5,033,577	1,065,754	4,640,000	-
Food service	507,997	430,631	5,309	-
Miscellaneous special revenue	8,058	-	-	-
Custodial	-	9,161	-	-
	<u>\$ 11,438,852</u>	<u>\$ 11,438,852</u>	<u>\$ 4,677,863</u>	<u>\$ 4,677,863</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 owes the capital projects fund for transfers from its capital reserve. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program, to the food service fund to cover negative student balances, and to the capital projects fund to pay capital project costs from the capital reserve.

4. Capital Assets

	July 1, 2022	Increases	Retirements/ Reclassifications	June 30, 2023
Non-depreciable and non-amortizable capital assets:				
Land	\$ 104,102	\$ -	\$ -	\$ 104,102
Construction in progress	2,817,957	1,026,358	(1,637,443)	2,206,872
Total non-depreciable and non-amortizable assets	2,922,059	1,026,358	(1,637,443)	2,310,974
Depreciable capital assets:				
Land improvements	1,033,677	-	-	1,033,677
Buildings and improvements	34,624,075	-	1,637,443	36,261,518
Furniture and equipment	3,118,428	90,797	(16,778)	3,192,447
Vehicles	146,752	-	-	146,752
Total depreciable assets	38,922,932	90,797	1,620,665	40,634,394
Accumulated depreciation:				
Land improvements	(1,033,677)	-	-	(1,033,677)
Buildings and improvements	(22,489,021)	(688,239)	-	(23,177,260)
Furniture and equipment	(2,499,423)	(63,501)	15,939	(2,546,985)
Vehicles	(128,692)	(11,547)	-	(140,239)
Total accumulated depreciation	(26,150,813)	(763,287)	15,939	(26,898,161)
Total depreciable assets, net	12,772,119	(672,490)	1,636,604	13,736,233
Right-to-use lease assets:				
Equipment	145,874	47,008	(43,619)	149,263
Accumulated amortization	(60,279)	(29,173)	43,619	(45,833)
Total right-to-use assets, net	85,595	17,835	-	103,430
	\$ 15,779,773	\$ 371,703	\$ (839)	\$ 16,150,637

Depreciation and amortization expense has been allocated to the following functions: general support \$72,134 and instruction \$720,326.

As of June 30, 2023, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation and amortization	\$ 16,150,637
Bonds	(1,370,000)
Energy performance contract	(1,178,289)
	<u>\$ 13,602,348</u>

5. Long-Term Liabilities

	July 1, 2022	Increases	Decreases	June 30, 2023	Amount Due in One Year
Bonds	\$ 1,612,534	\$ -	\$ 242,534	\$ 1,370,000	\$ 85,000
Energy performance contract	1,213,618	-	35,329	1,178,289	70,324
Compensated absences	4,520,000	49,000	-	4,569,000	944,000
	<u>\$ 7,346,152</u>	<u>\$ 49,000</u>	<u>\$ 277,863</u>	<u>\$ 7,117,289</u>	<u>\$ 1,099,324</u>

Existing Obligations

Description	Maturity	Rate	Balance
Serial Bonds – 2021	September 2036	1.57%	\$ 1,370,000
Energy performance contract – 2021	June 2037	2.69%	1,178,289
			<u>\$ 2,548,289</u>

Debt Service Requirements

Years ending June 30,	Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
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	95,000	15,268	78,264	23,315
2029-2033	495,000	53,576	424,318	83,581
2034-2037	430,000	13,660	382,767	23,549
	<u>\$ 1,370,000</u>	<u>\$ 157,707</u>	<u>\$ 1,178,289</u>	<u>\$ 243,823</u>

6. 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 10.29% for 2023. 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 2023, these rates ranged from 8.3%-13.1%.

The amount outstanding and payable to TRS for the year ended June 30, 2023 was \$682,458. A liability to ERS of \$40,011 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$690,093 for its proportionate share of the TRS net pension position and a liability of \$798,364 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures applied to roll forward the net pension position to June 30, 2022. 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, 2022, the District's proportion was 0.035963%, a decrease of 0.001221 from its proportion measured as of June 30, 2021.

The ERS total pension liability at the March 31, 2023 measurement date was determined by an actuarial valuation as of April 1, 2022, with update procedures applied to roll forward the net pension position to March 31, 2023. 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, 2023, the District's proportion was 0.0037230%, a decrease of 0.0003066 from its proportion measured as of March 31, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$1,246,164 on the government-wide statements (TRS expense of \$961,723 and ERS expense of \$284,441). At June 30, 2023, 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	\$ 723,130	\$ (13,828)	\$ 85,032	\$ (22,421)
Changes of assumptions	1,338,664	(277,989)	387,737	(4,285)
Net difference between projected and actual earnings on pension plan investments	891,666	-	-	(4,690)
Changes in proportion and differences between contributions and proportionate share of contributions	194,586	(10,255)	28,511	(22,567)
District contributions subsequent to the measurement date	682,458	-	40,011	-
	<u>\$ 3,830,504</u>	<u>\$ (302,072)</u>	<u>\$ 541,291</u>	<u>\$ (53,963)</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
2024	\$ 575,313	\$ 109,751
2025	308,305	(39,945)
2026	(82,553)	163,292
2027	1,785,748	214,219
2028	241,786	-
Thereafter	17,375	-
	<u>\$ 2,845,974</u>	<u>\$ 447,317</u>

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2021 valuation, with update procedures used to roll forward the total pension liability to June 30, 2022, 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-2021, 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, 2022 valuation, with update procedures used to roll forward the total pension liability to March 31, 2023, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation – 2.9%

Salary increases – 4.4%

COLA – 1.5% annually

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

Mortality – Society of Actuaries' Scale MP-2021

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%	6.5%	32%	4.3%
Global and International equities	20%	6.9%-7.2%	15%	6.9%
Private equities	8%	9.9%	10%	7.5%
Real estate equities	11%	6.2%	9%	4.6%
Domestic fixed income securities	16%	1.1%	23%	1.5%
Global fixed income securities	2%	0.6%	-	-
Bonds and mortgages	6%	2.4%	-	-
Short-term	1%	(0.3)%	1%	-
Other	3%	3.3%-5.3%	10%	5.4%-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)	\$ (6,362,983)	\$ (690,093)	\$ 4,080,770
District's proportionate share of the ERS net pension asset (liability)	\$ (1,929,304)	\$ (798,364)	\$ 146,667

7. 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 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, 2023, employees covered by the Plan include:

Active employees	113
Inactive employees or beneficiaries currently receiving benefits	56
Inactive employees entitled to but not yet receiving benefits	-
	<u>169</u>

Total OPEB Liability

The District's total OPEB liability of \$4,033,320 was measured as of April 1, 2023 and was determined by an actuarial valuation as of June 30, 2023.

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 2014-2030 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2023 version 1f (updated October 2022) for long-term rates, initially 5.5% with an ultimate rate of 4.0% after 2070

Salary increases – 3.53%

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 – 3.78% based on the Fidelity Municipal GO AA 20-Year Bond rate as of the measurement date

Inflation rate – 2.53%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 4,974,434
Changes for the year:	
Service cost	131,983
Interest	139,231
Changes of benefit terms	-
Differences between expected and actual experience	(679,500)
Changes of assumptions or other inputs	(346,251)
Benefit payments	(186,577)
Net changes	(941,114)
Balance at June 30, 2023	\$ 4,033,320

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 (2.78%)	Discount Rate (3.78%)	1.0% Increase (4.78%)
Total OPEB liability	\$ (4,461,299)	\$ (4,033,320)	\$ (3,665,088)

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 (4.5% to 3.0%)	Healthcare Cost Trend Rate (5.5% to 4.0%)	1.0% Increase (6.5% to 5.0%)
Total OPEB liability	\$ (3,597,653)	\$ (4,033,320)	\$ (4,553,294)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2023, the District recognized OPEB expense of \$184,506. At June 30, 2023, 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	\$ 292,495	\$ (649,194)
Changes of assumptions or other inputs	118,856	(497,453)
District contributions subsequent to the measurement date	46,644	-
	\$ 457,995	\$ (1,146,647)

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,	
2024	\$ (62,735)
2025	(113,421)
2026	(128,025)
2027	(148,659)
2028	(148,659)
Thereafter	(133,797)
	\$ (735,296)

8. 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, 2022 (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, 2022, 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, 2022 (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, 2022, which can be obtained from Orleans/Niagara BOCES, 4232 Shelby Basin Road, Medina, New York 14103.

9. 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 are budgeted not to exceed \$29,098,000. At June 30, 2023, \$4,140,000 has been expended on the projects and numerous open contracts are in place.

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,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.035963%	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)	\$ (690,093)	\$ 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	\$ 6,370,969	\$ 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
District's proportionate share of the net pension position as a percentage of its covered payroll	10.83%	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	98.57%	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%	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.95% - 5.18%	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%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

BARKER CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 682,458	\$ 624,355	\$ 601,463	\$ 572,556	\$ 707,182	\$ 632,170	\$ 755,474	\$ 866,063	\$ 1,200,108	\$ 1,090,335
Contribution in relation to the contractually required contribution	(682,458)	(624,355)	(601,463)	(572,556)	(707,182)	(632,170)	(755,474)	(866,063)	(1,200,108)	(1,090,335)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,632,245	\$ 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
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

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,	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0037230%	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)	\$ (798,364)	\$ 329,404	\$ (3,812)	\$ (1,032,242)	\$ (302,191)	\$ (152,653)	\$ (435,482)	\$ (761,656)	\$ (150,233)
District's covered payroll	\$ 1,080,804	\$ 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	73.87%	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	90.78%	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	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2021	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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 124,292	\$ 179,680	\$ 174,877	\$ 189,104	\$ 189,066	\$ 203,055	\$ 214,000	\$ 250,527	\$ 242,227	\$ 277,183
Contribution in relation to the contractually required contribution	(124,292)	(179,680)	(174,877)	(189,104)	(189,066)	(203,055)	(214,000)	(250,527)	(242,227)	(277,183)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,080,804	\$ 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
Contributions as a percentage of covered payroll	11.50%	16.29%	15.00%	15.01%	14.81%	14.82%	15.27%	18.32%	18.09%	19.08%

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,	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ 4,974,434	\$ 4,853,178	\$ 4,567,488	\$ 4,539,419	\$ 2,683,830	\$ 2,667,698	\$ 2,389,453
Changes for the year:							
Service cost	131,983	138,656	100,146	105,285	97,988	69,852	69,852
Interest	139,231	109,574	112,453	155,351	154,600	78,280	78,280
Changes of benefit terms	-	-	3,597	-	-	-	-
Differences between expected and actual experience	(679,500)	369,658	(272,694)	(767,459)	1,054	-	376,824
Changes of assumptions or other inputs	(346,251)	(331,841)	475,424	663,592	1,724,427	-	(124,124)
Benefit payments	(186,577)	(164,791)	(133,236)	(128,700)	(122,480)	(132,000)	(122,587)
Net change in total OPEB liability	(941,114)	121,256	285,690	28,069	1,855,589	16,132	278,245
Total OPEB liability - ending	\$ 4,033,320	\$ 4,974,434	\$ 4,853,178	\$ 4,567,488	\$ 4,539,419	\$ 2,683,830	\$ 2,667,698
Covered-employee payroll	\$ 7,483,196	\$ 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	53.9%	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.

Changes of assumptions in 2019 include retiree claims are assumed to be 10% higher than active claims (previously 0%).

The following is a summary of changes of assumptions:

Healthcare cost trend rates	5.50% - 4.00%	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	3.53%	3.44%	3.11%	3.22%	3.36%	3.31%	3.31%
Discount rate	3.78%	2.83%	2.27%	2.48%	3.44%	3.80%	3.80%
Inflation rate	2.53%	2.44%	2.11%	2.22%	2.36%	2.20%	2.20%
Society of Actuaries' mortality scale	MP-2021	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, 2023

Original expenditure budget	\$ 17,817,534
Encumbrances carried over from prior year	45,639
Use of capital reserve - 2009 reserve	1,524,684
Use of capital reserve - 2011 reserve	<u>3,015,316</u>
Revised expenditure budget	<u>\$ 22,403,173</u>

* * *

Unrestricted Fund Balance

Assigned	\$ 152,074
Unassigned	<u>727,826</u>
	879,900
Encumbrances included in assigned fund balance	(152,074)
Appropriated fund balance used for tax levy	<u>-</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 727,826</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2024 expenditure budget (unaudited)	\$ 18,195,652
4% of budget	<u>727,826</u>
Actual percentage of 2024 expenditure budget	<u>4.0%</u>

BARKER CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2023

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Capital Outlay 2018-2019	\$ 100,000	\$ 95,166	\$ 82,172	\$ 12,994	\$ 95,166	\$ -
Capital Outlay 2019-2020	100,000	99,745	78,551	21,194	99,745	-
Capital Outlay 2020-2021	100,000	98,857	71,407	27,450	98,857	-
Capital Outlay 2021-2022	100,000	100,000	7,000	8,267	15,267	84,733
Capital Outlay 2022-2023	100,000	100,000	-	-	-	100,000
Smart Schools Bond Act	596,160	596,160	393,209	-	393,209	202,951
Solar Project	1,538,530	1,459,318	1,136,103	163,643	1,299,746	159,572
Energy Performance Contract Project	1,442,533	1,442,533	1,416,750	25,783	1,442,533	-
2023 Capital Improvement Project	25,205,000	25,205,000	-	767,027	767,027	24,437,973
Total	\$ 29,282,223	\$ 29,196,779	\$ 3,185,192	\$ 1,026,358	\$ 4,211,550	\$ 24,985,229

BARKER CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

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	0032-23-0614	\$ 196,415
COVID-19 Special Education Grants to States	84.027	5532-22-0614	23,574
Special Education Preschool Grants	84.173	0033-23-0614	11,531
COVID-19 Special Education Grants to States	84.173	5533-22-0617	4,267
Total Special Education Cluster			235,787
Title I Grants to Local Educational Agencies	84.010	0021-23-1985	191,246
Supporting Effective Instruction State Grants	84.367	0147-23-1985	28,891
Student Support and Academic Enrichment Program	84.424	0204-23-1985	12,814
Education Stabilization Fund:			
Governor's Emergency Education Relief Fund	84.425C	5896-21-1985	23,895
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-1985	121,032
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-1985	360,050
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5882-21-1985	87,432
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5883-21-1985	24,487
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5884-21-1985	245,462
American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth Fund	84.425W	5218-21-0830	9,591
Total Education Stabilization Fund			871,949
Total U.S. Department of Education			1,340,687
<u>Federal Communications Commission:</u>			
Emergency Connectivity Fund Program	32.009	N/A	55,200
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	91,469 ¹
National School Lunch Program	10.555	N/A	209,160 ¹
Child Nutrition Discretionary Grants Limited Availability	10.579	0005-21-0035	20,000
Pandemic EBT Administrative Costs	10.649	N/A	628
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	30,383 ¹
Total U.S. Department of Agriculture			351,640
Total Expenditures of Federal Awards			\$ 1,747,527

¹ Total Child Nutrition Cluster - \$331,012

See accompanying notes.

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 permitted 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, 2023, the District used \$30,383 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, 2023, 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 11, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

September 11, 2023

**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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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.

Lumden & McCormick, LLP

September 11, 2023

Schedule of Findings and Questioned CostsFor the year ended June 30, 2023

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

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Education Stabilization Fund	84.425	<u>\$ 871,949</u>

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

Auditee qualified as low-risk auditee? Yes

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, 2023

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, 2023, 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, 2023, in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 \$146,806.

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 GAAP, 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.

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

September 11, 2023

BARKER CENTRAL SCHOOL DISTRICT EXTRACURRICULAR ACTIVITY

Schedule of Additions and Deductions

For the year ended June 30, 2023

	July 1, 2022	Additions	Deductions	June 30, 2023
Class Clubs:				
2022	\$ 465	\$ 100	\$ -	\$ 565
2023	2,706	16,692	17,600	1,798
2024	9,708	4,950	8,089	6,569
2025	5,808	1,017	740	6,085
2026	2,175	621	888	1,908
2027	-	41,260	40,712	548
American Field Service Club	3,492	992	638	3,846
Band Club	1,078	13,738	10,065	4,751
Barker Singers Club	1,096	1,058	515	1,639
Baseball Club	1,767	1,421	2,434	754
Boys Basketball Club	2,006	3,468	1,831	3,643
Conservation Club	-	296	-	296
Cross Country Club	3,551	12,916	12,433	4,034
E-Club	1,270	1,886	1,725	1,431
Elementary Musical Club	4,459	5,965	4,526	5,898
English A&E Club	512	3	-	515
Field Hockey Club	1,983	1,168	1,502	1,649
Gay Straight Alliance	-	500	170	330
Girls Basketball Club	1,623	3,070	2,888	1,805
Golf Club	983	1,070	1,555	498
High School Musical Club	6,555	18,169	8,380	16,344
International Exchange Club	2,038	-	-	2,038
Latrator (Yearbook Club)	12,479	11,143	650	22,972
National Honor Society	200	-	149	51
Shop Deluxe Club	4,111	539	227	4,423
Soccer Club	115	-	-	115
Softball Club	528	-	170	358
Student Council Club - High School	994	1,220	1,000	1,214
Student Council Club - Middle School	1,182	502	592	1,092
Swimming Club	218	-	-	218
Tennis Club	698	-	-	698
Track Club	603	65	314	354
Varsity Club	881	2,977	2,807	1,051
	\$ 75,284	\$ 146,806	\$ 122,600	\$ 99,490

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.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 11, 2023

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, 2023 and have issued our report thereon dated September 11, 2023. 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 April 26, 2023, 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. No new accounting policies were adopted and the application of existing policies was not changed during 2023. 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 5 – Long-Term Liabilities, Note 6 – Pension Plans, and Note 7 – OPEB. These disclosures present 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.

MANAGEMENT LETTER

September 11, 2023

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the remaining fund information of Barker Central School District (the District) as of and for the year ended June 30, 2023, 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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OBSERVATION

Capital Assets

The District uses a third party to maintain and report its capital asset inventory. Discrepancies exist between the current third party report and the financial statements. Discrepancies result from the failure to transfer assets from construction in progress to depreciable capital asset categories upon project completion and lack of reconciliation in beginning balances of accumulated depreciation to prior year ending balances. We recommend the District reconcile its capital asset inventory systems to the accounting records and develop processes and procedures to ensure all additions and disposals are reflected in the capital asset inventory systems. We encourage the District to continue to update capital asset records throughout the year to ensure accurate financial reporting.

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 2023 club testing, we noted multiple instances of missing signatures on supporting documents. Additionally, a student account ledger was not properly maintained during the year to agree with central treasurer records. To ensure accurate extraclassroom records, we recommend that the Central Treasurer check their club balances to the student records at least quarterly, and that the claims auditor reviews all Extraclassroom disbursements for proper approvals and signatures prior to payment.
- New York State Education Department (NYSED) regulations state the food service fund should not exceed three months' average expenditures, as defined, at any time. For the year ended June 30, 2023, the District's food service fund balance decreased \$6,400 and expenditures increased \$60,000, resulting in compliance with the NYSED regulation.

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. 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.

