

MANAGEMENT LETTER

September 9, 2024

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, 2024, 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.

- *Reasonably possible.* The chances of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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.

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:

Extraclassroom activity funds

We again noted multiple instances of missing signatures on supporting documents and student account ledgers 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.

Interfund receivables and payables

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. We are pleased to report that during 2024, management liquidated interfund activity and should continue to review and reconcile the interfund accounts on a regular basis.

Capital Assets

We previously recommended that the District coordinate with the third party responsible for maintaining its capital asset inventory to eliminate discrepancies existing between their reports and financial statements. During the current year management switched third party vendors to maintain and report its capital asset inventory and had the new vendor perform a full reconciliation of the Districts capital asset inventory. We are pleased to note that as a result of these changes, the capital asset inventory and accounting records were updated accordingly.

ACCOUNTING STANDARDS UPDATE

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.

GASB Statement No. 102, *Certain Risk Disclosures*, is effective for the District's year ending June 30, 2025. This statement requires disclosure of certain concentrations or constraints that may have significant negative effects on the District. Concentrations are defined as significant inflows or outflows of resources that lack diversity. Constraints include limitations imposed by external parties or by the Board of Education.

GASB Statement No. 103, *Financial Reporting Model Improvements*, is effective for the District's year ending June 30, 2026. This statement attempts to improve key components of the financial reporting model by limiting management's discussion and analysis to five specific topics, requiring separate presentation of unusual or infrequent items, and requiring that budgetary comparisons be presented as required supplementary information.

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.

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 9, 2024

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, 2024 and have issued our report thereon dated September 9, 2024. 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 June 17, 2024, 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 2024. 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 6 – Long-Term Liabilities, Note 7 – Pension Plans, and Note 8 – 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 and has acknowledged and has taken responsibility for all adjustments required to convert the fund basis financial statements to the government-wide basis.

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.

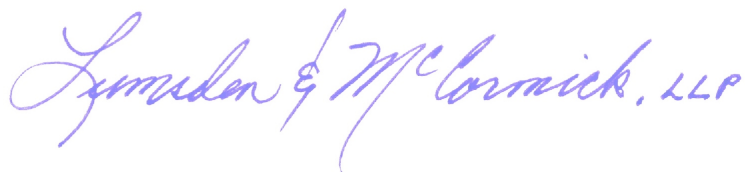
Other Significant Matters, Findings, or Issues

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.

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

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 "Lynden & McCormick, LLP". The signature is written in a cursive, flowing style.

BARKER CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2024

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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, 2024, 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, 2024, 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

GAAP requires 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 (GASB), 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 9, 2024 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.

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September 9, 2024

Management's Discussion and Analysis (unaudited)

June 30, 2024

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, 2024. 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 and deferred outflows of resources less liabilities and deferred inflows of resources with the 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, the New York State Education Department, and the Federal government.

Condensed Statement of Net Position	Change			
	2024	2023	\$	%
Current and other assets	\$ 11,629,000	\$ 13,066,000	\$ (1,437,000)	(11.0%)
Capital assets	22,562,000	17,596,000	4,966,000	28.2%
Total assets	34,191,000	30,662,000	3,529,000	11.5%
Deferred outflows of resources	3,578,000	4,830,000	(1,252,000)	(25.9%)
Long-term liabilities	11,852,000	12,639,000	(787,000)	(6.2%)
Other liabilities	3,284,000	1,401,000	1,883,000	134.4%
Total liabilities	15,136,000	14,040,000	1,096,000	7.8%
Deferred inflows of resources	1,484,000	1,503,000	(19,000)	(1.3%)
Net position				
Net investment in capital assets	20,169,000	15,047,000	5,122,000	34.0%
Restricted	7,463,000	10,407,000	(2,944,000)	(28.3%)
Unrestricted	(6,483,000)	(5,505,000)	(978,000)	17.8%
Total net position	\$ 21,149,000	\$ 19,949,000	\$ 1,200,000	6.0%

Net position at June 30, 2024 and 2023 was \$21,149,000 and \$19,949,000, 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 for unemployment insurance and property loss and liability.

Total assets increased by \$3,529,000 or 11.5% in 2024 (decrease of \$6,496,000 or 18.2% in 2023). Capital assets increased \$4,966,000 (increase of \$371,000 or 2.4% in 2023) due to additions exceeding depreciation and amortization expense. Current and other assets decreased by \$1,437,000 (decrease of \$6,867,000 or 34.5% in 2023) due to a decrease in cash and investments of \$2,388,000 offset by an increase in state and federal aid and other receivables of \$1,034,000.

Total liabilities increased \$1,096,000 or 7.8% in 2024 (increase of \$545,000 or 4.0% in 2023). Other liabilities increased by \$1,883,000 (increase of \$227,000 or 19.3% in 2023) due to an increase in accounts payable from capital project activity near year-end. Long-term liabilities decreased by \$787,000 (increase of \$318,000 or 2.6% in 2023) due to a decrease of \$506,000 in net pension liabilities for the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS) and principal repayments of \$155,000 on bonds and energy performance contracts outstanding.

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. 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	2024	2023	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 140,000	\$ 313,000	\$ (173,000)	(55.3%)
Operating grants, capital grants, and contributions	2,692,000	2,056,000	636,000	30.9%
General revenues				
Taxes and related items	7,032,000	7,151,000	(119,000)	(1.7%)
State aid	11,532,000	10,163,000	1,369,000	13.5%
Other	792,000	566,000	226,000	39.9%
Total revenue	22,188,000	20,249,000	1,939,000	9.6%
Expenses				
Instruction	15,821,000	15,685,000	136,000	0.9%
Support services				
General support	3,159,000	2,771,000	388,000	14.0%
Pupil transportation	1,430,000	1,396,000	34,000	2.4%
Food service	521,000	471,000	50,000	10.6%
Interest and other	57,000	87,000	(30,000)	(34.5%)
Total expenses	20,988,000	20,410,000	578,000	2.8%
Change in net position	1,200,000	(161,000)	1,361,000	(845.3%)
Net position – beginning	19,949,000	18,665,000	1,284,000	6.9%
Restatement – valuation of capital assets	-	1,445,000	(1,445,000)	(100.0%)
Net position – beginning, as restated	19,949,000	20,110,000	(161,000)	(0.8%)
Net position – ending	\$ 21,149,000	\$ 19,949,000	\$ 1,200,000	6.0%

District revenues increased \$1,939,000 or 9.6% in 2024 (decrease of \$1,390,000 or 6.4% in 2023). State aid increased \$1,369,000 (increase of \$783,000 or 8.3% in 2023) primarily due to increases in general aid and excess cost aid. Operating and capital grants increased \$636,000 (decrease of \$121,000 or 5.6% in 2023) as a result of an increase of \$382,000 in American Rescue Plan Act funds and State capital grants of \$246,000.

Total expenses increased \$578,000 or 2.8% (increase of \$1,499,000 or 7.9% in 2023) mainly as a result of an increase in District-wide salaries of \$315,000 or 3.8% due to contractual salary increases.

The District restated capital assets and net position \$1,445,000 to correct prior year amounts reported.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased from \$11,425,000 to \$8,355,000 as described below:

- On an overall basis, expenditures of \$25,518,000 exceeded revenues and other financing sources of \$22,448,000 resulting in the decrease of \$3,070,000.
- Total fund revenue increased \$1,198,000 or 5.6% (increase of \$860,000 or 4.2% in 2023) and total fund expenditures decreased \$4,930,000 or 24.0% (decrease of \$605,000 or 2.9% in 2023). Revenues increased due to an increase in state aid as previously mentioned, as well as an increase in federal sources due to the American Rescue Plan Act funds as previously mentioned. The increase in expenditures is mainly due to an increase in capital outlays of \$3,937,000 primarily related to the ongoing capital improvement project, as well as an increase in salaries as previously mentioned.
- The general fund experienced an increase in fund balance of \$829,000 during 2024 compared to a \$2,956,000 decrease in 2023, which is primarily due to transfers to the capital projects fund of \$784,000 in 2024 compared to \$4,640,000 in 2023.
- The capital projects fund experienced a decrease of \$3,941,000 (increase of \$3,615,000 in 2023) which is due to expenses incurred for capital improvement projects exceeding project funding. Capital outlay expenditures were \$4,964,000 as compared to \$1,026,000 in 2023, while other financing sources decreased due to the transfers as previously discussed.
- The food service fund increased \$40,000 in 2024 compared to a decrease of \$6,000 in 2023, which is a result of increased state grant revenue in 2024 through the Community Eligibility Provision program.

General Fund Budgetary Highlights

Total revenue of \$19,712,000 was more than budgeted revenue by \$1,516,000 primarily due to an increase in state sources as previously discussed, and use of money and property due to increased interest earnings.

The final expenditure budget for the year ended 2024 was \$18,438,000. Actual expenditures and carryover encumbrances were less than the final amended budget by \$196,000 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.

Capital Assets

	2024	2023
Land and land improvements	\$ 1,123,000	\$ 1,123,000
Buildings and improvements	37,747,000	36,200,000
Furniture and equipment	3,621,000	3,287,000
Vehicles	147,000	147,000
Construction in progress	5,624,000	2,207,000
	48,262,000	42,964,000
Accumulated depreciation	(26,112,000)	(25,471,000)
	22,150,000	17,493,000
Right-to-use leased equipment, net	412,000	103,000
	\$ 22,562,000	\$ 17,596,000

The increase in capital assets is a result of current year additions of \$5,858,000 offset by depreciation and amortization expense and disposals of \$892,000.

Debt

At June 30, 2024 the District had \$2,393,000 in outstanding debt with \$157,000 due within one year (\$2,548,000 outstanding at June 30, 2023). Outstanding compensated absences payable were \$4,532,000, with \$906,000 expected to be paid within one year (\$4,569,000 outstanding at June 30, 2023).

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 remain elevated due to pandemic-related funding but are expected to decrease beginning in 2024-2025. The District continues to plan for years when these additional funds are no longer available. School districts in New York State also remain impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this process.

Contacting the District's Financial Management

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

BARKER CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2024 (With comparative totals as of June 30, 2023)	2024	(As Restated) 2023
Assets		
Cash and cash equivalents	\$ 4,032,756	\$ 11,189,755
Due from other governments	575,005	647,673
State and federal aid and other receivables	2,228,471	1,194,702
Due from custodial fund	-	9,161
Investments	4,769,375	-
Inventory and prepaid expenses	23,837	25,013
Capital assets (Note 5)	48,737,836	43,112,145
Accumulated depreciation and amortization	(26,176,222)	(25,516,919)
Total assets	34,191,058	30,661,530
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	3,370,139	4,371,795
Deferred outflows of resources related to OPEB	207,925	457,995
Total deferred outflows of resources	3,578,064	4,829,790
Liabilities		
Accounts payable	2,380,946	318,139
Accrued liabilities	153,789	314,931
Due to retirement systems	742,804	747,447
Unearned revenue	6,077	20,000
Long-term liabilities		
Due within one year:		
Bonds	85,000	85,000
Energy performance contract	72,229	70,324
Compensated absences	906,000	944,000
Due beyond one year:		
Bonds	1,200,000	1,285,000
Energy performance contract	1,035,736	1,107,965
Compensated absences	3,626,000	3,625,000
Net pension liability	981,999	1,488,457
Total OPEB liability	3,945,199	4,033,320
Total liabilities	15,135,779	14,039,583
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	509,076	356,035
Deferred inflows of resources related to OPEB	975,402	1,146,647
Total deferred inflows of resources	1,484,478	1,502,682
Net Position		
Net investment in capital assets	20,168,649	15,046,937
Restricted	7,463,340	10,406,619
Unrestricted	(6,483,124)	(5,504,501)
Total net position	\$ 21,148,865	\$ 19,949,055

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2024

(With summarized comparative totals for June 30, 2023)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2024	2023
Governmental activities						
General support	\$ 3,159,025	\$ 6,006	\$ -	\$ -	\$ (3,153,019)	\$ (2,767,027)
Instruction	15,821,109	48,307	1,969,465	245,700	(13,557,637)	(13,779,481)
Pupil transportation	1,430,342	-	-	-	(1,430,342)	(1,395,702)
Community service	600	-	-	-	(600)	(1,951)
Interest expense	56,577	-	-	-	(56,577)	(84,859)
School food service	520,672	85,547	476,543	-	41,418	(11,739)
	<u>\$ 20,988,325</u>	<u>\$ 139,860</u>	<u>\$ 2,446,008</u>	<u>\$ 245,700</u>	<u>(18,156,757)</u>	<u>(18,040,759)</u>
General revenues						
Real property taxes					7,031,810	7,151,467
Miscellaneous					792,236	566,126
State aid					11,532,521	10,162,834
Total general revenues					<u>19,356,567</u>	<u>17,880,427</u>
Change in net position					1,199,810	(160,332)
Net position - beginning					19,949,055	18,664,798
Restatement - valuation of capital assets (Note 5)					-	1,444,589
Net position - beginning, as restated					<u>19,949,055</u>	<u>20,109,387</u>
Net position - ending					\$ 21,148,865	\$ 19,949,055

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2024

(With summarized comparative totals as of June 30, 2023)

	General	Special Aid	Capital Projects	Food Service	Miscellaneous Special Revenue	Total Governmental Funds	
						2024	2023
Assets							
Cash and cash equivalents	\$ 3,924,990	\$ 5,082	\$ 32,773	\$ 7,204	\$ 62,707	\$ 4,032,756	\$ 11,189,755
Due from other governments	575,005	-	-	-	-	575,005	647,673
State and federal aid and other receivables	347,146	1,845,110	-	35,057	1,158	2,228,471	1,194,702
Due from other funds, net	-	-	1,523,771	119,160	8,479	1,651,410	4,053,247
Investments	4,769,375	-	-	-	-	4,769,375	-
Inventory and prepaid expenses	15,629	-	-	8,208	-	23,837	25,013
Total assets	\$ 9,632,145	\$ 1,850,192	\$ 1,556,544	\$ 169,629	72,344	\$ 13,280,854	\$ 17,110,390
Liabilities							
Accounts payable	\$ 358,918	\$ 357,278	\$ 1,662,783	\$ 1,967	\$ -	\$ 2,380,946	\$ 318,139
Accrued liabilities	134,511	4,431	-	4,535	1,612	145,089	305,631
Due to retirement systems	742,804	-	-	-	-	742,804	747,447
Due to other funds, net	168,544	1,482,866	-	-	-	1,651,410	4,044,086
Unearned revenue	460	5,617	-	-	-	6,077	20,000
Total liabilities	1,405,237	1,850,192	1,662,783	6,502	1,612	4,926,326	5,435,303
Deferred inflows of resources							
Unavailable revenue	-	-	-	-	-	-	250,000
Fund Balances							
Nonspendable	15,629	-	-	8,208	-	23,837	25,013
Restricted	7,392,608	-	-	-	70,732	7,463,340	10,406,619
Assigned	62,843	-	-	154,919	-	217,762	265,629
Unassigned	755,828	-	(106,239)	-	-	649,589	727,826
Total fund balances	8,226,908	-	(106,239)	163,127	70,732	8,354,528	11,425,087
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,632,145	\$ 1,850,192	\$ 1,556,544	\$ 169,629	\$ 72,344	\$ 13,280,854	\$ 17,110,390

See accompanying notes.

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

June 30, 2024

Total fund balances - governmental funds \$ 8,354,528

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. 22,561,614

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	3,370,139	
Net pension liability	(981,999)	
Deferred inflows of resources related to pensions	<u>(509,076)</u>	1,879,064

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	207,925	
Total OPEB liability	(3,945,199)	
Deferred inflows of resources related to OPEB	<u>(975,402)</u>	(4,712,676)

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

Bonds	(1,285,000)	
Energy performance contract	(1,107,965)	
Accrued interest	(8,700)	
Compensated absences	<u>(4,532,000)</u>	(6,933,665)

Net position - governmental activities \$ 21,148,865

BARKER CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2024

(With summarized comparative totals for June 30, 2023)

	General	Special Aid	Capital Projects	Food Service	Miscellaneous Special Revenue	Total Governmental Funds	
						2024	2023
Revenues							
Real property taxes	\$ 4,381,710	\$ -	\$ -	\$ -	\$ -	\$ 4,381,710	\$ 4,257,482
Real property tax items	2,900,100	-	-	-	-	2,900,100	3,893,985
Charges for services	48,307	-	-	-	-	48,307	188,515
Use of money and property	413,785	-	79	-	1,320	415,184	203,400
Sale of property and compensation for loss	8,057	-	-	-	-	8,057	1,081
Miscellaneous	382,192	-	-	6,050	2,244	390,486	370,352
State sources	11,532,521	219,209	245,700	142,809	-	12,140,239	10,419,746
Federal sources	45,072	1,705,184	-	333,734	-	2,083,990	1,799,010
Sales	-	-	-	79,497	-	79,497	115,850
Total revenues	19,711,744	1,924,393	245,779	562,090	3,564	22,447,570	21,249,421
Expenditures							
General support	2,782,944	8,440	-	177,001	2,190	2,970,575	2,566,586
Instruction	10,283,591	1,818,722	-	-	-	12,102,313	11,405,144
Pupil transportation	1,387,663	24,151	-	-	-	1,411,814	1,376,698
Community service	600	-	-	-	-	600	1,951
Employee benefits	3,511,007	-	-	94,394	-	3,605,401	3,616,682
Debt service							
Principal	155,324	-	-	-	-	155,324	277,863
Interest	57,177	-	-	-	-	57,177	102,659
Cost of sales	-	-	-	245,097	-	245,097	207,060
Capital outlay	-	-	4,964,418	5,410	-	4,969,828	1,032,988
Total expenditures	18,178,306	1,851,313	4,964,418	521,902	2,190	25,518,129	20,587,631
Excess revenues (expenditures)	1,533,438	73,080	(4,718,639)	40,188	1,374	(3,070,559)	661,790
Other financing sources (uses)							
Operating transfers, net	(704,188)	(73,080)	777,268	-	-	-	-
Net change in fund balances	829,250	-	(3,941,371)	40,188	1,374	(3,070,559)	661,790
Fund balances - beginning	7,397,658	-	3,835,132	122,939	69,358	11,425,087	10,763,297
Fund balances (deficit) - ending	\$ 8,226,908	\$ -	\$ (106,239)	\$ 163,127	\$ 70,732	\$ 8,354,528	\$ 11,425,087

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, 2024

Total net change in fund balances - governmental funds \$ (3,070,559)

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. 4,966,388

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:

2024 TRS and ERS contributions	832,627	
2024 ERS accrued contribution	44,046	
2023 ERS accrued contribution	(40,011)	
2024 TRS pension expense	(1,228,556)	
2024 ERS pension expense	<u>(256,345)</u>	(648,239)

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. 9,296

Revenue is recorded to the extent received within ninety days of year end for the governmental funds, but on the statement of activities, revenue is recognized when earned. This is the amount by which unavailable payments in-lieu of taxes changed from the previous year. (250,000)

Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position. 155,324

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	37,000	
Interest	<u>600</u>	37,600

Change in net position - governmental activities \$ 1,199,810

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, 2024

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 5,017,125	\$ 4,381,710	\$ 4,381,710		\$ -
Real property tax items	2,153,449	2,788,864	2,900,100		111,236
Charges for services	-	-	48,307		48,307
Use of money and property	-	-	413,785		413,785
Sale of property and compensation for loss	-	-	8,057		8,057
Miscellaneous	-	-	382,192		382,192
State sources	11,025,078	11,025,078	11,532,521		507,443
Federal sources	-	-	45,072		45,072
Total revenues	18,195,652	18,195,652	19,711,744		1,516,092
Expenditures					
General support					
Board of education	30,179	27,379	26,583	-	(796)
Central administration	223,751	228,851	225,280	-	(3,571)
Finance	323,759	558,374	535,529	-	(22,845)
Staff	78,350	73,767	93,158	1,293	20,684
Central services	1,745,706	1,770,810	1,670,152	43,027	(57,631)
Special items	231,952	236,777	232,242	-	(4,535)
Instruction					
Instruction, administration, and improvement	592,760	597,961	605,234	-	7,273
Teaching - regular school	5,135,892	5,056,845	4,971,721	1,717	(83,407)
Programs for children with handicapping conditions	2,588,500	2,588,469	2,782,025	1,654	195,210
Occupational education	510,000	510,000	497,040	-	(12,960)
Teaching - special schools	22,600	27,600	27,110	-	(490)
Instructional media	386,075	400,942	438,837	853	38,748
Pupil services	938,654	930,245	961,624	2,200	33,579
Pupil transportation	1,414,975	1,414,975	1,387,663	1,546	(25,766)
Community service	33,600	33,600	600	-	(33,000)
Employee benefits	3,773,551	3,773,551	3,511,007	10,553	(251,991)
Debt service					
Principal	155,324	155,324	155,324	-	-
Interest	52,098	52,098	57,177	-	5,079
Total expenditures	18,237,726	18,437,568	18,178,306	62,843	(196,419)
Excess revenues (expenditures)	(42,074)	(241,916)	1,533,438	(62,843)	1,712,511
Other financing sources (uses)					
Operating transfers in	-	-	106,232	-	106,232
Operating transfers out	(110,000)	(793,500)	(810,420)	-	16,920
Appropriated fund balance, appropriated reserves, and carryover encumbrances	152,074	1,035,416	-	-	(1,035,416)
Total other financing sources (uses)	42,074	241,916	(704,188)	-	(946,104)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 829,250	\$ (62,843)	\$ 766,407

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2024

Assets

Cash	\$ 95,199
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Liabilities

Accrued liabilities	<u>911</u>
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Net Position

Extraclass activity balances	<u>\$ 94,288</u>
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BARKER CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2024

Additions

Property tax collections for Barker Public Library	\$ 90,258
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Student activity additions	<u>171,222</u>
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<u>261,480</u>

Deductions

Property tax distributed to Barker Public Library	90,258
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Student activity deductions	<u>176,424</u>
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<u>266,682</u>

Change in net position	(5,202)
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Net position - beginning	<u>99,490</u>
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Net position - ending	<u>\$ 94,288</u>
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Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

The financial statements of the District have been prepared in conformity with 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, 2024, the District was billed \$3,835,000 for BOCES administrative and program costs and recognized revenue of \$296,000 as a refund from prior year expenditures paid to BOCES. Audited financial statements are available from BOCES' administrative offices.

Risk Management

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

Basis of Presentation

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

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

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (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. 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 expenditure 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 GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, 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 GAAP 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, 2024, the tax lien was issued on August 14, 2023 for collection from September 1, 2023 through October 31, 2023. 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 required the Taxpayer to pay \$2,250,000 of the unpaid balance with quarterly payments through September 30, 2023. The District received the final \$250,000 payment during the year ended June 30, 2024.

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 \$1,960,920 for the year ended June 30, 2024. 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, 2023 was approved by a majority of the voters in a general election held on May 16, 2023.

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.

Cash and Cash Equivalents

Cash and investment management is governed by State laws and as established in the District's written policies. Cash must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District's policies permit the Treasurer to use demand and time accounts, certificates of deposit, obligations of the United States Treasury and its Agencies, and obligations of the State or its localities, including those held under repurchase agreements or in external investment pools.

Cash equivalents include certificates of deposits with original maturities fewer than 90 days.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. 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. At June 30, 2024, the District's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' agents in the District's name.

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 entire 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	\$ 23,837
Restricted:	
Capital	3,687,232
Employee benefit accrued liability	2,903,639
Retirement contribution	449,856
Property loss and liability	341,042
Unemployment insurance	10,839
Scholarships	70,732
Assigned:	
Encumbrances	62,843
Food service	154,919
Unassigned	649,589
	<u>\$ 8,354,528</u>

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

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 a reserve with maximum funding of \$10,000,000. The reserve has been funded in the amount of \$3,606,582 to date, and including interest earned, \$3,687,232 is available for use in the general fund at June 30, 2024.
- *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. Stewardship and Compliance

The capital projects fund's deficit fund balance of \$106,239 will be funded from subsequent budget appropriations.

3. Investments

At June 30, 2024, the District's investments include certificates of deposits with original maturities more than 90 days and amounts held in an external investment pool comprised of U.S. Treasury Securities, repurchase agreements, and deposits held by custodian banks. Investments are recognized at fair value using quoted prices for similar assets and liabilities in active markets. The external investment pool issues its own financial statements which are included in its annual report available at www.newyorkclass.org.

Credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's external investment pool is rated AAAM by S&P Global Ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit its exposure, the District's external investment pool limits the maturity date of its investments. The dollar weighted average days to maturity (WAM) at June 30, 2024 is 38 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of the pool is 72 days.

4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 1,475,011	\$ 1,643,555	\$ 106,232	\$ 810,420
Special aid	5,617	1,488,483	26,920	100,000
Capital projects	1,526,095	2,324	783,500	6,232
Food service	119,160	-	-	-
Miscellaneous special revenue	8,479	-	-	-
	<u>\$ 3,134,362</u>	<u>\$ 3,134,362</u>	<u>\$ 916,652</u>	<u>\$ 916,652</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. Investments held in the general fund include amounts for the capital projects fund. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program and to the capital projects fund for an emergency project. The special aid fund transferred funds to the general fund for grant reimbursements received that were previously expended from the general fund.

5. Capital Assets

	(As Restated) July 1, 2023	Increases	Retirements/ Reclassifications	June 30, 2024
Non-depreciable and non-amortizable capital assets:				
Land	\$ 104,102	\$ -	\$ -	\$ 104,102
Construction in progress	2,206,872	4,716,394	(1,299,746)	5,623,520
Total non-depreciable and non-amortizable assets	2,310,974	4,716,394	(1,299,746)	5,727,622
Depreciable capital assets:				
Land improvements	1,018,434	-	-	1,018,434
Buildings and improvements	36,199,548	248,024	1,299,746	37,747,318
Furniture and equipment	3,287,084	554,662	(220,801)	3,620,945
Vehicles	146,842	-	-	146,842
Total depreciable assets	40,651,908	802,686	1,078,945	42,533,539
Accumulated depreciation:				
Land improvements	(979,179)	(6,001)	-	(985,180)
Buildings and improvements	(21,471,318)	(702,940)	-	(22,174,258)
Furniture and equipment	(2,892,932)	(136,650)	211,366	(2,818,216)
Vehicles	(127,657)	(6,586)	-	(134,243)
Total accumulated depreciation	(25,471,086)	(852,177)	211,366	(26,111,897)
Total depreciable assets, net	15,180,822	(49,491)	1,290,311	16,421,642
Right-to-use lease assets:				
Equipment	149,263	338,772	(11,360)	476,675
Accumulated amortization	(45,833)	(29,852)	11,360	(64,325)
Total right-to-use assets, net	103,430	308,920	-	412,350
	\$ 17,595,226	\$ 4,975,823	\$ (9,435)	\$ 22,561,614

Depreciation and amortization expense has been allocated to the following functions: general support \$73,966 and instruction \$808,063.

The District corrected certain capital assets and accumulated depreciation. The impact of this restatement on the District's government-wide net position for the earliest period presented is as follows:

	Government-Wide
Net position, July 1, 2022	\$ 18,664,798
Capital assets, net	1,444,589
Net position, as restated, July 1, 2022	\$ 20,109,387

As of June 30, 2024, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation and amortization	\$ 22,561,614
Bonds	(1,285,000)
Energy performance contract	(1,107,965)
	<u>\$ 20,168,649</u>

6. Long-Term Liabilities

	July 1, 2023	Increases	Decreases	June 30, 2024	Amount Due in One Year
Bonds	\$ 1,370,000	\$ -	\$ 85,000	\$ 1,285,000	\$ 85,000
Energy performance contract	1,178,289	-	70,324	1,107,965	72,229
Compensated absences	4,569,000	-	37,000	4,532,000	906,000
	<u>\$ 7,117,289</u>	<u>\$ -</u>	<u>\$ 192,324</u>	<u>\$ 6,924,965</u>	<u>\$ 1,063,229</u>

Existing Obligations

Description	Maturity	Rate	Balance
Serial Bonds – 2021	September 2036	1.57%	\$ 1,285,000
Energy performance contract – 2021	June 2037	2.69%	1,107,965
			<u>\$ 2,392,965</u>

Debt Service Requirements

Years ending June 30,	Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
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	95,000	13,777	80,386	21,194
2030-2034	505,000	45,726	435,820	72,078
2035-2037	325,000	7,733	290,879	13,858
	<u>\$ 1,285,000</u>	<u>\$ 136,865</u>	<u>\$ 1,107,965</u>	<u>\$ 212,567</u>

7. Pension Plans

Plan Descriptions

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

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

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

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 9.76% for 2024. 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 2024, these rates ranged from 9.6%-15.0%.

The amount outstanding and payable to TRS for the year ended June 30, 2024 was \$672,585. A liability to ERS of \$44,046 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$410,660 for its proportionate share of the TRS net pension position and a liability of \$571,339 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, with update procedures applied to roll forward the net pension position to June 30, 2023. 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, 2023, the District's proportion was 0.03591%, a decrease of 0.000053 from its proportion measured as of June 30, 2022.

The ERS total pension liability at the March 31, 2024 measurement date was determined by an actuarial valuation as of April 1, 2023, with update procedures applied to roll forward the net pension position to March 31, 2024. 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, 2024, the District's proportion was 0.0038803%, an increase of 0.0001573 from its proportion measured as of March 31, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$1,484,901 on the government-wide statements (TRS expense of \$1,228,556 and ERS expense of \$256,345). At June 30, 2024, 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	\$ 995,741	\$ (2,461)	\$ 184,028	\$ (15,579)
Changes of assumptions	884,139	(192,693)	216,010	-
Net difference between projected and actual earnings on pension plan investments	209,921	-	-	(279,096)
Changes in proportion and differences between contributions and proportionate share of contributions	132,433	(6,637)	31,236	(12,610)
District contributions subsequent to the measurement date	672,585	-	44,046	-
	<u>\$ 2,894,819</u>	<u>\$ (201,791)</u>	<u>\$ 475,320</u>	<u>\$ (307,285)</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
2025	\$ 208,699	\$ (98,717)
2026	(181,597)	113,204
2027	1,683,941	166,436
2028	142,244	(56,934)
2029	105,474	-
Thereafter	61,682	-
	<u>\$ 2,020,443</u>	<u>\$ 123,989</u>

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2022 valuation, with update procedures used to roll forward the total pension liability to June 30, 2023, 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, 2023 valuation, with update procedures used to roll forward the total pension liability to March 31, 2024, 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%	6.8%	32%	4.0%
Global and International equities	19%	7.2%-7.6%	15%	6.7%
Private equities	9%	10.1%	10%	7.3%
Real estate equities	11%	6.3%	9%	4.6%
Domestic fixed income securities	16%	2.2%	23%	1.5%
Global fixed income securities	2%	1.6%	-	-
Bonds and mortgages	6%	3.2%	-	-
Short-term	1%	0.3%	1%	0.3%
Other	3%	4.4%-6.0%	10%	5.3%-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.

	At Current		
	1.0% Decrease	Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ (6,254,558)	\$ (410,660)	\$ 4,504,311
District's proportionate share of the ERS net pension asset (liability)	\$ (1,796,349)	\$ (571,339)	\$ 451,798

8. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance and dental benefits for certain District retirees and spouses. 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 March 31, 2024, employees covered by the Plan include:

Active employees	110
Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	-
	<u>169</u>

Total OPEB Liability

The District's total OPEB liability of \$3,945,199 was measured as of March 31, 2024 and was determined by an actuarial valuation as of June 30, 2024.

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 2015-2031 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2024 version 1b (updated October 2022) for long-term rates, initially 5.10% with an ultimate rate of 3.86% after 2070

Salary increases – 3.42%

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 – 3.98% based on the Fidelity Municipal GO AA 20-Year Bond rate as of the measurement date

Inflation rate – 2.42%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2023	<u>\$ (4,033,320)</u>
Changes for the year:	
Service cost	(111,540)
Interest	(149,657)
Changes of benefit terms	-
Differences between expected and actual experience	94,935
Changes of assumptions or other inputs	68,692
Benefit payments	<u>185,691</u>
Net changes	<u>88,121</u>
Balance at June 30, 2024	<u>\$ (3,945,199)</u>

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

	1.0% Decrease (2.98%)	Discount Rate (3.98%)	1.0% Increase (4.98%)
Total OPEB liability	<u>\$ (4,322,051)</u>	<u>\$ (3,945,199)</u>	<u>\$ (3,614,849)</u>

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

	1.0% Decrease (4.10% to 2.86%)	Healthcare Cost Trend Rate (5.10% to 3.86%)	1.0% Increase (6.10% to 4.86%)
Total OPEB liability	<u>\$ (3,545,607)</u>	<u>\$ (3,945,199)</u>	<u>\$ (4,418,912)</u>

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2024, the District recognized OPEB expense of \$176,047. At June 30, 2024, 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	\$ 161,629	\$ (564,474)
Changes of assumptions or other inputs	-	(410,928)
District contributions subsequent to the measurement date	46,296	-
	<u>\$ 207,925</u>	<u>\$ (975,402)</u>

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,	
2025	\$ (135,836)
2026	(150,440)
2027	(171,074)
2028	(171,074)
2029	(156,212)
Thereafter	(29,137)
	<u>\$ (813,773)</u>

9. Risk Management

General Liability

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

Health Insurance

The District participates in the Orleans/Niagara School Health Plan (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the nine participating members as of June 30, 2023 (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, 2023, 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, 2023 (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, 2023, which can be obtained from Orleans/Niagara BOCES, 4232 Shelby Basin Road, Medina, New York 14103.

10. Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

The District's approved capital projects that remain in progress at year end and are budgeted not to exceed \$26,601,000. At June 30, 2024, \$5,784,000 has been expended on the projects and numerous open contracts are in place. In July 2024, the District issued bond anticipation notes of \$12,800,000 at 4.5% interest to finance the 2023 capital improvement project.

BARKER CENTRAL SCHOOL DISTRICT

Required Supplementary Information (Unaudited)
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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension position	0.035910%	0.035963%	0.037184%	0.038073%	0.039902%	0.039602%	0.040677%	0.042326%	0.045575%	0.045423%
District's proportionate share of the net pension asset (liability)	\$ (410,660)	\$ (690,093)	\$ 6,443,567	\$ (1,052,069)	\$ 1,036,652	\$ 716,108	\$ 309,188	\$ (453,334)	\$ 4,733,818	\$ 5,059,893
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
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(6.19%)	(10.83%)	102.10%	(16.28%)	15.57%	11.10%	4.80%	(6.94%)	69.15%	75.41%
Plan fiduciary net position as a percentage of the total pension liability	99.17%	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

The following is a summary of changes of assumptions:

Inflation	2.4%	2.4%	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%
Salary increases	1.95% - 5.18%	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%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%
Investment rate of return	6.95%	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%
Discount rate	6.95%	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA

BARKER CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 672,585	\$ 682,458	\$ 624,355	\$ 601,463	\$ 572,556	\$ 707,182	\$ 632,170	\$ 755,474	\$ 866,063	\$ 1,200,108
Contribution in relation to the contractually required contribution	(672,585)	(682,458)	(624,355)	(601,463)	(572,556)	(707,182)	(632,170)	(755,474)	(866,063)	(1,200,108)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 6,891,240	\$ 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
Contributions as a percentage of covered payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

BARKER CENTRAL SCHOOL DISTRICT

Required Supplementary Information (Unaudited)
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,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0038803%	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)	\$ (571,339)	\$ (798,364)	\$ 329,404	\$ (3,812)	\$ (1,032,242)	\$ (302,191)	\$ (152,653)	\$ (435,482)	\$ (761,656)	\$ (150,233)
District's covered payroll	\$ 1,235,977	\$ 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 asset (liability) as a percentage of its covered payroll	(46.23%)	(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	93.88%	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%	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.5%	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%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	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-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

BARKER CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 160,042	\$ 124,292	\$ 179,680	\$ 174,877	\$ 189,104	\$ 189,066	\$ 203,055	\$ 214,000	\$ 250,527	\$ 242,227
Contribution in relation to the contractually required contribution	(160,042)	(124,292)	(179,680)	(174,877)	(189,104)	(189,066)	(203,055)	(214,000)	(250,527)	(242,227)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,235,977	\$ 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
Contributions as a percentage of covered payroll	12.95%	11.50%	16.29%	15.00%	15.01%	14.81%	14.82%	15.27%	18.32%	18.09%

BARKER CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ (4,033,320)	\$ (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	(111,540)	(131,983)	(138,656)	(100,146)	(105,285)	(97,988)	(69,852)	(69,852)
Interest	(149,657)	(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	94,935	679,500	(369,658)	272,694	767,459	(1,054)	-	(376,824)
Changes of assumptions or other inputs	68,692	346,251	331,841	(475,424)	(663,592)	(1,724,427)	-	124,124
Benefit payments	185,691	186,577	164,791	133,236	128,700	122,480	132,000	122,587
Net change in total OPEB liability	88,121	941,114	(121,256)	(285,690)	(28,069)	(1,855,589)	(16,132)	(278,245)
Total OPEB liability - ending	\$ (3,945,199)	\$ (4,033,320)	\$ (4,974,434)	\$ (4,853,178)	\$ (4,567,488)	\$ (4,539,419)	\$ (2,683,830)	\$ (2,667,698)
Covered-employee payroll	\$ 7,555,821	\$ 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	52.2%	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. In 2020, differences between expected and actual experience also include the impact of Congress' repeal of the Affordable Care Act's excise "Cadillac" taxes.

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	5.10%-3.86%	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	3.42%	3.53%	3.44%	3.11%	3.22%	3.36%	3.31%	3.31%
Discount rate	3.98%	3.78%	2.83%	2.27%	2.48%	3.44%	3.80%	3.80%
Inflation rate	2.42%	2.53%	2.44%	2.11%	2.22%	2.36%	2.20%	2.20%
Society of Actuaries' mortality scale	MP-2021	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, 2024

Original expenditure budget	\$ 18,195,652
Encumbrances carried over from prior year	152,074
Use of tax certiorari reserve	199,842
Use of unappropriated fund balance - emergency capital project	<u>683,500</u>
Revised expenditure budget	<u>\$ 19,231,068</u>
* * *	
Unrestricted Fund Balance	
Assigned	\$ 62,843
Unassigned	<u>755,828</u>
	818,671
Encumbrances included in assigned fund balance	(62,843)
Appropriated fund balance used for tax levy	<u>-</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 755,828</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2025 expenditure budget (unaudited)	\$ 18,895,718
4% of budget	<u>755,829</u>
Actual percentage of 2025 expenditure budget	<u>4.0%</u>

BARKER CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2024

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Capital Outlay 2021-2022	\$ 100,000	\$ 107,892	\$ 15,267	\$ 92,625	\$ 107,892	\$ -
Capital Outlay 2022-2023	100,000	100,000	-	54,036	54,036	45,964
Emergency Project 2024	700,000	700,000	-	149,619	149,619	550,381
Smart Schools Bond Act	596,160	596,160	393,208	-	393,208	202,952
Solar Project	1,538,530	1,547,770	1,299,746	248,024	1,547,770	-
2023 Capital Improvement Project	25,205,000	25,205,000	767,027	4,420,114	5,187,141	20,017,859
Total	\$ 28,239,690	\$ 28,256,822	\$ 2,475,248	\$ 4,964,418	\$ 7,439,666	\$ 20,817,156

BARKER CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2024

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	0032-24-0614	\$ 202,666
COVID-19 Special Education Grants to States	84.027	5532-22-0614	14,750
Special Education Preschool Grants	84.173	0033-24-0614	11,659
Total Special Education Cluster			<u>229,075</u>
Title I Grants to Local Educational Agencies	84.010	0021-24-1985	184,129
Supporting Effective Instruction State Grants	84.367	0147-24-1985	22,955
Student Support and Academic Enrichment Program	84.424	0204-24-1985	15,476
Education Stabilization Fund:			
Governor's Emergency Education Relief Fund	84.425C	5896-21-1985	1,884
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-1985	19,195
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-1985	348,524
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5882-21-1985	55,830
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5883-21-1985	43,384
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5884-21-1985	540,349
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5875-23-0011	100,000
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5875-24-0011	150,000
American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth Fund	84.425W	5218-21-0830	(5,617)
Total Education Stabilization Fund			<u>1,253,549</u>
Total U.S. Department of Education			<u>1,705,184</u>
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	88,799 ¹
National School Lunch Program	10.555	N/A	222,168 ¹
Local Food for Schools Cooperative Agreement Program	10.185	N/A	3,430
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	19,337 ¹
Total U.S. Department of Agriculture			<u>333,734</u>
Total Expenditures of Federal Awards			<u>\$ 2,038,918</u>

¹ Total Child Nutrition Cluster - \$330,304

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, 2024, the District used \$19,337 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 (GAAP) 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, 2024, 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 9, 2024.

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 9, 2024

**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, 2024. 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, 2024.

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.

Lunden & McCormick, LLP

September 9, 2024

Schedule of Findings and Questioned CostsFor the year ended June 30, 2024

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>\$ 1,253,549</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, 2024

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, 2024, 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, 2024, 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 \$171,222.

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.



September 9, 2024

BARKER CENTRAL SCHOOL DISTRICT EXTRACURRICULAR ACTIVITY

Schedule of Additions and Deductions

For the year ended June 30, 2024

	July 1, 2023	Additions	Deductions	June 30, 2024
Class Clubs:				
2022	\$ 565	\$ 420	\$ 985	\$ -
2023	1,798	985	2,783	-
2024	6,569	18,029	22,447	2,151
2025	6,085	7,985	10,053	4,017
2026	1,908	1,330	811	2,427
2027	548	2,469	1,682	1,335
2028	-	61,684	61,684	-
American Field Service Club	3,846	-	1,019	2,827
Band Club	4,751	7,924	8,200	4,475
Barker Singers Club	1,639	7,328	6,003	2,964
Baseball Club	754	-	299	455
Boys Basketball Club	3,643	5,462	4,389	4,716
Conservation Club	296	75	-	371
Cross Country Club	4,034	15,487	13,955	5,566
E-Club	1,431	839	690	1,580
Elementary Musical Club	5,898	5,759	4,721	6,936
English A&E Club	515	-	33	482
Field Hockey Club	1,649	3,724	2,591	2,782
Gay Straight Alliance	330	1,066	104	1,292
Girls Basketball Club	1,805	3,736	3,257	2,284
Golf Club	498	1,849	2,200	147
High School Musical Club	16,344	7,438	9,638	14,144
International Exchange Club	2,038	1,354	971	2,421
Latrator (Yearbook Club)	22,972	8,063	11,818	19,217
National Honor Society	51	-	-	51
Shop Deluxe Club	4,423	500	218	4,705
Soccer Club	115	-	-	115
Softball Club	358	-	-	358
Student Council Club - High School	1,214	1,130	1,155	1,189
Student Council Club - Middle School	1,092	1,147	912	1,327
Swimming Club	218	-	-	218
Tennis Club	698		304	394
Track Club	354	132	228	258
Varsity Club	1,051	5,307	3,274	3,084
	\$ 99,490	\$ 171,222	\$ 176,424	\$ 94,288

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.