

MANAGEMENT LETTER

September 8, 2025

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 cash receipt documents. However, supporting documentation for cash disbursements was present and included all required signatures. Additionally, student ledgers were maintained throughout the year. We noted substantial improvement with the extraclassroom activity funds for 2024-2025 and encourage the Central Treasurer to continue reviewing club balances to the student records at least quarterly, and to remind advisors and student officers to provide signatures on all disbursements and receipts.

ACCOUNTING STANDARDS UPDATE

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, including 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

GASB Statement No. 104, *Disclosures of Certain Capital Assets*, is effective for the District's year ending June 30, 2026. This statement requires that lease assets, intangible right-to-use assets, and subscription assets be separately disclosed by major class of underlying asset in the capital assets note disclosures.

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.

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2025

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

Table of Contents

June 30, 2025

Independent Auditors' Report

Management's Discussion and Analysis

Financial Statements

Statement of Net Position

Statement of Activities

Balance Sheet – Governmental Funds

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

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

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

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

Statements of Fiduciary Net Position and Changes in Fiduciary Net Position – Custodial Fund

Notes to Financial Statements

Required Supplementary Information (Unaudited)

Schedule of the District's Proportionate Share of the Net Pension Position – New York State Teachers' Retirement System and Related Notes

Schedule of District Contributions – New York State Teachers' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Position – New York State and Local Employees' Retirement System and Related Notes

Schedule of District Contributions – New York State and Local Employees' Retirement System

Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability and Related Ratios and Notes

Supplementary Information

Schedule of Change from Original to Final Budget and Calculation of Unrestricted Fund Balance Limit – General Fund

Schedule of Capital Project Expenditures

Schedule of Expenditures of Federal Awards (SEFA)

Notes to SEFA

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

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Schedule of Findings and Questioned Costs

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, 2025, 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, 2025, 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 8, 2025 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.

September 8, 2025

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2025

Assets

Cash	\$ 2,601,552
Investments	9,623,459
Due from other governments	514,670
State and federal aid and other receivables	631,634
Due from custodial fund	2,000
Inventory and prepaid expenses	27,061
Net pension asset	1,076,843
Capital assets (Note 6)	63,378,021
Accumulated depreciation and amortization	(27,294,117)
Total assets	50,561,123

Deferred Outflows of Resources

Deferred outflows of resources related to pensions	2,917,375
Deferred outflows of resources related to OPEB	90,554
Total deferred outflows of resources	3,007,929

Liabilities

Accounts payable	1,761,363
Accrued liabilities	692,703
Due to retirement systems	804,514
Bond anticipation notes payable	15,800,000
Long-term liabilities	
Due within one year:	
Bonds	90,000
Energy performance contract	74,188
Compensated absences	345,000
Due beyond one year:	
Bonds	1,110,000
Energy performance contract	961,548
Compensated absences	1,380,000
Net pension liability	642,324
Total OPEB liability	11,153,449
Total liabilities	34,815,089

Deferred Inflows of Resources

Deferred inflows of resources related to pensions	1,343,075
Deferred inflows of resources related to OPEB	998,448
Total deferred inflows of resources	2,341,523

Net Position

Net investment in capital assets	19,803,020
Restricted	8,311,358
Unrestricted	(11,701,938)
Total net position	\$ 16,412,440

See accompanying notes.

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2025

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
General support	\$ 3,143,810	\$ -	\$ -	\$ (3,143,810)
Instruction	19,971,510	54,612	1,109,301	(18,807,597)
Pupil transportation	1,492,570	-	-	(1,492,570)
Community service	13,143	-	-	(13,143)
Interest expense	609,156	-	-	(609,156)
School food service	550,064	129,639	503,882	83,457
	<u>\$ 25,780,253</u>	<u>\$ 184,251</u>	<u>\$ 1,613,183</u>	<u>(23,982,819)</u>
General revenues				
Real property taxes				6,852,816
Miscellaneous				1,370,157
State aid				12,359,421
Total general revenues				<u>20,582,394</u>
Change in net position				(3,400,425)
Net position - beginning				21,148,865
Cumulative effect of a change in accounting principle (Note 2)				(1,336,000)
Net position - beginning as restated				<u>19,812,865</u>
Net position - ending				<u>\$ 16,412,440</u>

See accompanying notes.

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2025

	General	Capital Projects	Special Aid	Food Service	Miscellaneous Special Revenue	Total Governmental Funds
Assets						
Cash	\$ 1,178,001	\$ 1,342,611	\$ 3,812	\$ 13,786	\$ 63,342	\$ 2,601,552
Investments	7,252,271	2,371,188	-	-	-	9,623,459
Due from other governments	514,670	-	-	-	-	514,670
State and federal aid and other receivables	360,698	-	231,684	39,252	-	631,634
Due from other funds, net	968,569	-	-	146,467	9,636	1,124,672
Inventory and prepaid expenses	15,629	-	-	11,432	-	27,061
Total assets	\$ 10,289,838	\$ 3,713,799	\$ 235,496	\$ 210,937	72,978	\$ 14,523,048
Liabilities						
Accounts payable	\$ 688,722	\$ 1,071,771	\$ -	\$ 870	\$ -	\$ 1,761,363
Accrued liabilities	116,719	-	-	5,372	1,612	123,703
Due to retirement systems	804,514	-	-	-	-	804,514
Due to other funds, net	-	887,176	235,496	-	-	1,122,672
Bond anticipation notes payable	-	15,800,000	-	-	-	15,800,000
Total liabilities	1,609,955	17,758,947	235,496	6,242	1,612	19,612,252
Fund Balances						
Nonspendable	15,629	-	-	11,432	-	27,061
Restricted	7,163,149	-	-	-	71,366	7,234,515
Assigned	1,007,061	-	-	193,263	-	1,200,324
Unassigned	494,044	(14,045,148)	-	-	-	(13,551,104)
Total fund balances	8,679,883	(14,045,148)	-	204,695	71,366	(5,089,204)
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,289,838	\$ 3,713,799	\$ 235,496	\$ 210,937	\$ 72,978	\$ 14,523,048

See accompanying notes.

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

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

June 30, 2025

Total fund balances - governmental funds \$ (5,089,204)

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. 36,083,904

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 financial statements and include:

Net pension asset	1,076,843	
Deferred outflows of resources related to pensions	2,917,375	
Net pension liability	(642,324)	
Deferred inflows of resources related to pensions	<u>(1,343,075)</u>	2,008,819

The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide financial statements and include:

Deferred outflows of resources related to OPEB	90,554	
Total OPEB liability	(11,153,449)	
Deferred inflows of resources related to OPEB	<u>(998,448)</u>	(12,061,343)

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

Bonds	(1,200,000)	
Energy performance contract	(1,035,736)	
Accrued interest	(569,000)	
Compensated absences	<u>(1,725,000)</u>	(4,529,736)

Net position - governmental activities \$ 16,412,440

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2025

	General	Capital Projects	Special Aid	Food Service	Miscellaneous Special Revenue	Total Governmental Funds
Revenues						
Real property taxes	\$ 4,580,651	\$ -	\$ -	\$ -	\$ -	\$ 4,580,651
Real property tax items	2,272,165	-	-	-	-	2,272,165
Charges for services	54,612	-	-	-	-	54,612
Use of money and property	368,700	280,863	-	-	1,885	651,448
Sale of property and compensation for loss	1,256	-	-	-	-	1,256
Miscellaneous	648,863	75,990	-	19,473	-	744,326
State sources	12,359,421	-	405,783	155,111	-	12,920,315
Federal sources	66,207	-	637,311	348,771	-	1,052,289
Sales	-	-	-	110,658	-	110,658
Total revenues	20,351,875	356,853	1,043,094	634,013	1,885	22,387,720
Expenditures						
General support	2,473,538	-	-	181,702	1,251	2,656,491
Instruction	11,656,956	-	1,019,957	-	-	12,676,913
Pupil transportation	1,433,100	-	59,470	-	-	1,492,570
Community service	7,761	-	-	-	-	7,761
Employee benefits	3,891,859	-	-	98,984	-	3,990,843
Debt service						
Principal	157,229	-	-	-	-	157,229
Interest	48,856	-	-	-	-	48,856
Cost of sales	-	-	-	251,254	-	251,254
Capital outlay	-	14,489,030	-	60,505	-	14,549,535
Total expenditures	19,669,299	14,489,030	1,079,427	592,445	1,251	35,831,452
Excess revenues (expenditures)	682,576	(14,132,177)	(36,333)	41,568	634	(13,443,732)
Other financing sources (uses)						
Operating transfers, net	(229,601)	193,268	36,333	-	-	-
Net change in fund balances	452,975	(13,938,909)	-	41,568	634	(13,443,732)
Fund balances (deficit) - beginning	8,226,908	(106,239)	-	163,127	70,732	8,354,528
Fund balances (deficit) - ending	\$ 8,679,883	\$ (14,045,148)	\$ -	\$ 204,695	\$ 71,366	\$ (5,089,204)

See accompanying notes.

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

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, 2025

Total net change in fund balances - governmental funds \$ (13,443,732)

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. 13,522,290

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:

2025 TRS and ERS contributions	894,628	
2025 ERS accrued contribution	(51,279)	
2024 ERS accrued contribution	(44,046)	
2025 TRS pension expense	(525,138)	
2025 ERS pension expense	<u>(144,410)</u>	129,755

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. (3,222,667)

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. 157,229

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	17,000	
Interest	<u>(560,300)</u>	(543,300)

Change in net position - governmental activities \$ (3,400,425)

DRAFT

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, 2025

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 5,157,400	\$ 4,580,651	\$ 4,580,651		\$ -
Real property tax items	1,648,449	2,225,198	2,272,165		46,967
Charges for services	37,000	37,000	54,612		17,612
Use of money and property	2,600	2,600	368,700		366,100
Sale of property and compensation for loss	1,500	1,500	1,256		(244)
Miscellaneous	187,500	687,500	648,863		(38,637)
State sources	11,861,269	11,861,269	12,359,421		498,152
Federal sources	-	-	66,207		66,207
Total revenues	18,895,718	19,395,718	20,351,875		956,157
Expenditures					
General support					
Board of education	30,470	30,470	27,260	-	(3,210)
Central administration	228,850	228,850	239,089	-	10,239
Finance	329,860	329,860	367,051	-	37,191
Staff	80,098	80,098	100,835	-	20,737
Central services	1,632,927	1,632,927	1,484,620	9,451	(138,856)
Special items	236,413	236,413	254,683	-	18,270
Instruction					
Instruction, administration, and improvement	631,326	631,326	641,250	-	9,924
Teaching - regular school	5,485,455	5,485,455	5,752,844	2,643	270,032
Programs for children with handicapping conditions	2,659,654	3,159,654	3,302,649	1,014	144,009
Occupational education	530,000	530,000	491,150	-	(38,850)
Teaching - special schools	22,800	22,800	22,212	-	(588)
Instructional media	370,673	370,673	362,877	1,196	(6,600)
Pupil services	957,895	957,895	1,083,974	424	126,503
Pupil transportation	1,441,593	1,441,593	1,433,100	-	(8,493)
Community service	33,600	33,600	7,761	-	(25,839)
Employee benefits	3,970,860	4,466,603	3,891,859	-	(574,744)
Debt service					
Principal	157,230	157,230	157,229	-	(1)
Interest	48,857	48,857	48,856	-	(1)
Total expenditures	18,848,561	19,844,304	19,669,299	14,728	(160,277)
Excess revenues (expenditures)	47,157	(448,586)	682,576	(14,728)	1,116,434
Other financing sources (uses)					
Operating transfers in	-	-	124	-	124
Operating transfers out	(110,000)	(110,000)	(229,725)	-	119,725
Appropriated fund balance, appropriated reserves, and carryover encumbrances	62,843	558,586	-	-	(558,586)
Total other financing sources (uses)	(47,157)	448,586	(229,601)	-	(678,187)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 452,975	\$ (14,728)	\$ 438,247

See accompanying notes.

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2025

Assets

Cash \$ 109,705

Liabilities

Accounts payable 9,258

Accrued liabilities 47

Due to other funds 2,000

11,305

Net Position

Extraclass activity balances \$ 98,400

* * *

BARKER CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2025

Additions

Property tax collections for Barker Public Library \$ 98,834

Student activity additions 145,247

244,081

Deductions

Property tax distributed to Barker Public Library 98,834

Student activity deductions 141,135

239,969

Change in net position 4,112

Net position - beginning 94,288

Net position - ending \$ 98,400

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, 2025, the District was billed \$3,967,000 for BOCES administrative and program costs and recognized revenue of \$223,000 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 11.

Basis of Presentation

Government-Wide Financial 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.
- *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:

- *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.
- *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.

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 additions 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, 2025, the tax lien was issued on August 12, 2024 for collection from September 1, 2024 through October 31, 2024. 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.

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 \$1,641,445 for the year ended June 30, 2025. 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, 2024 was approved by a majority of the voters in a general election held on May 21, 2024.

DRAFT

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 Investments

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.

Certificates of deposit with original maturities greater than 90 days are recorded as investments at fair value on a recurring basis as determined by quoted prices in active markets.

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, 2025, 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 financial 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

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid and unused accumulated sick and vacation time that is more likely than not to be used, paid, or settled by noncash means prior to or at the termination of employment. Such accumulated time is valued based on a combination of the applicable employees' rates of pay at year end and contractual rates of payout at retirement, based on estimates of amounts to be used for each. The liability also includes an estimate of leave that is not attributable to a specific employee but rather is available for use by all employees within certain bargaining units and is valued at the estimated pay rates of all eligible employees. Year to year changes in the liability are presented as a net increase or decrease (Note 8).

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 financial 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 (Note 9) on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide financial statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense for the District's defined benefit healthcare plan (Note 10) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Equity Classifications

Government-Wide Financial 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 Financial 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.

DRAFT

Fund balance is categorized as follows:

Nonspendable:	
Inventory and prepaid expenses	\$ 27,061
Restricted:	
Capital	3,820,047
Employee benefit accrued liability	2,512,486
Retirement contribution	466,060
Property loss and liability	353,327
Unemployment insurance	11,229
Scholarships	71,366
Assigned:	
Designated for subsequent year	992,333
Encumbrances	14,728
Food service	193,263
Unassigned	(13,551,104)
	<u>\$ (5,089,204)</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, \$3,820,047 is available for use in the general fund at June 30, 2025.
- *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.

DRAFT

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

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

2. Change in Accounting Principle

Effective July 1, 2024, the District adopted GASB Statement No. 101, *Compensated Absences*. This statement clarifies what is considered unused leave balances for employees. Under this statement, the liability for compensated absences should be recognized on the government-wide financial statements for leave that has not been used and leave that has been used but not yet paid or settled. Additionally, a portion of the liability previously reported as compensated absences is now included with the total OPEB liability. Beginning net position has been restated as follows on the government-wide financial statements:

Net position July 1, 2024	\$	21,148,865
Decrease in compensated absences liability		2,790,000
Increase in total OPEB liability		(4,126,000)
Net position as restated, July 1, 2024	\$	<u>19,812,865</u>

3. Stewardship and Compliance

The capital projects fund's deficit fund balance of \$13,965,148 will be funded when the District obtains permanent financing for its projects.

4. Investments

At June 30, 2025, 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, 2025 is 46 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 77 days.

5. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 2,936,053	\$ 2,047,484	\$ 124	\$ 309,725
Special aid	-	235,496	36,333	-
Capital projects	1,800,521	2,607,697	273,392	124
Food service	146,467	-	-	-
Miscellaneous special revenue	9,636	-	-	-
Custodial	-	2,000	-	-
	<u>\$ 4,892,677</u>	<u>\$ 4,892,677</u>	<u>\$ 309,849</u>	<u>\$ 309,849</u>

DRAFT

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 capital projects fund made permanent transfers to the general fund for excess project funds.

6. Capital Assets

	July 1, 2024	Increases	Retirements/ Reclassifications	June 30, 2025
Non-depreciable and non-amortizable capital assets:				
Land	\$ 104,102	\$ -	\$ -	\$ 104,102
Construction in progress	5,623,520	8,740,089	(5,498,688)	8,864,921
Total non-depreciable and non-amortizable assets	5,727,622	8,740,089	(5,498,688)	8,969,023
Depreciable capital assets:				
Land improvements	1,018,434	-	-	1,018,434
Buildings and improvements	37,747,318	5,753,483	5,490,796	48,991,597
Furniture and equipment	3,620,945	162,942	-	3,783,887
Vehicles	146,842	-	-	146,842
Total depreciable assets	42,533,539	5,916,425	5,490,796	53,940,760
Accumulated depreciation:				
Land improvements	(985,180)	(6,001)	-	(991,181)
Buildings and improvements	(22,174,258)	(886,727)	-	(23,060,985)
Furniture and equipment	(2,818,216)	(168,553)	-	(2,986,769)
Vehicles	(134,243)	(5,637)	-	(139,880)
Total accumulated depreciation	(26,111,897)	(1,066,918)	-	(27,178,815)
Total depreciable assets, net	16,421,642	4,849,507	5,490,796	26,761,945
Right-to-use lease assets:				
Equipment	476,675	35,921	(44,358)	468,238
Accumulated amortization	(64,325)	(95,335)	44,358	(115,302)
Total right-to-use assets, net	412,350	(59,414)	-	352,936
	\$ 22,561,614	\$ 13,530,182	\$ (7,892)	\$ 36,083,904

Depreciation and amortization expense has been allocated to the following functions: general support \$92,291, instruction \$1,069,223, and community service \$739.

As of June 30, 2025, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation and amortization	\$ 36,083,904
Bonds	(1,200,000)
Energy performance contract	(1,035,736)
Bond anticipation notes payable, net of unspent proceeds	(13,965,148)
	<u>\$ 19,883,020</u>

7. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2025 amounted to \$15,800,000 and carry interest of 4.25% to 4.50%. In July 2025, the District obtained new BANs of \$20,665,000 with interest at 4.0% maturing in June 2026. The District intends to continue to reissue the BANs until paid or converted to permanent financing.

8. Long-Term Liabilities

	July 1, (As Restated)	Increases	Decreases	June 30, 2025	Amount Due in One Year
Bonds	\$ 1,285,000	\$ -	\$ 85,000	\$ 1,200,000	\$ 90,000
Energy performance contract	1,107,965	-	72,229	1,035,736	74,188
Compensated absences	1,742,000	-	17,000	1,725,000	345,000
	<u>\$ 4,134,965</u>	<u>\$ -</u>	<u>\$ 174,229</u>	<u>\$ 3,960,736</u>	<u>\$ 509,188</u>

Existing Obligations

Description	Maturity	Rate	Balance
Serial Bonds – 2021	September 2036	1.57%	\$ 1,200,000
Energy performance contract – 2021	June 2037	2.69%	1,035,736
			<u>\$ 2,235,736</u>

Debt Service Requirements

Years ending June 30,	Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
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	95,000	12,285	82,564	19,015
2031-2035	515,000	37,719	447,634	60,264
2036-2037	220,000	3,455	196,501	6,657
	<u>\$ 1,200,000</u>	<u>\$ 117,358</u>	<u>\$ 1,035,736</u>	<u>\$ 183,218</u>

9. 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.

DRAFT

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 10.11% for 2025. 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 2025, these rates ranged from 11.4%-17.9%.

The amount outstanding and payable to TRS for the year ended June 30, 2025 was \$718,445. A liability to ERS of \$51,279 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2025.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported an asset of \$1,076,843 for its proportionate share of the TRS net pension position and a liability of \$642,324 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023, with update procedures applied to roll forward the net pension position to June 30, 2024. 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, 2024, the District's proportion was 0.036092%, an increase of 0.000182 from its proportion measured as of June 30, 2023.

The ERS total pension liability at the March 31, 2025 measurement date was determined by an actuarial valuation as of April 1, 2024, with update procedures applied to roll forward the net pension position to March 31, 2025. 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, 2025, the District's proportion was 0.0037463%, an decrease of 0.000134 from its proportion measured as of March 31, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$772,107 on the government-wide statements (TRS expense of \$627,697 and ERS expense of \$144,410). At June 30, 2025, 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	\$ 1,159,563	\$ -	\$ 159,429	\$ (7,520)
Changes of assumptions	644,170	(108,355)	26,938	-
Net difference between projected and actual earnings on pension plan investments	-	(1,196,464)	50,395	-
Changes in proportion and differences between contributions and proportionate share of contributions	88,675	(9,761)	18,481	(20,975)
District contributions subsequent to the measurement date	718,445	-	51,279	-
	<u>\$ 2,610,853</u>	<u>\$ (1,314,580)</u>	<u>\$ 306,522</u>	<u>\$ (28,495)</u>

DRAFT

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
2026	\$ (525,726)	\$ (98,717)
2027	1,349,263	113,204
2028	(200,180)	166,436
2029	(237,087)	(56,934)
2030	138,207	-
Thereafter	53,350	-
	<u>\$ 577,827</u>	<u>\$ 123,989</u>

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2023 valuation, with update procedures used to roll forward the total pension liability to June 30, 2024, 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, 2024 valuation, with update procedures used to roll forward the total pension liability to March 31, 2025, 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 – 4.3%

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%	6.6%	25%	3.5%
Global and international equities	19%	6.9%-7.4%	14%	6.6%
Private equities	9%	10.0%	15%	7.3%
Real estate equities	11%	6.3%	12%	5.0%
Domestic fixed income securities	16%	2.6%	22%	2.0%
Global and high-yield bonds	3%	2.5%-4.8%	-	-
Cash and cash equivalents	1%	0.5%	1%	0.3%
Other	8%	3.9%-5.9%	11%	5.3%-5.6%
	100%		100%	

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)	\$ (4,974,000)	\$ 1,076,843	\$ 6,165,765
District's proportionate share of the ERS net pension asset (liability)	\$ (1,796,349)	\$ (642,324)	\$ 451,798

10. 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.

DRAFT

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 \$11,153,449 was measured as of March 31, 2024 and was determined by an actuarial valuation as of June 30, 2024, with updated procedures to roll forward the total OPEB liability to June 30, 2025.

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 2016-2032 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2025 version 1b for long-term rates, initially 5.30% with an ultimate rate of 3.71% after 2070

Salary increases – 3.30%

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 – 4.39% based on the Fidelity Municipal General Obligation AA 20-Year Bond rate as of the measurement date

Inflation rate – 2.30%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024, previously stated	\$ (3,945,199)
Restatement (Note 2)	(4,126,000)
Balance at June 30, 2024, as restated	<u>(8,071,199)</u>
Changes for the year:	
Service cost	(120,398)
Interest	(152,292)
Changes of benefit terms	(3,384,453)
Differences between expected and actual experience	204,381
Changes of assumptions or other inputs	131,356
Benefit payments	239,156
Net changes	<u>(3,082,250)</u>
Balance at June 30, 2025	<u>\$ (11,153,449)</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 (3.39%)	Discount Rate (4.39%)	1.0% Increase (5.39%)
Total OPEB liability	<u>\$ (12,105,854)</u>	<u>\$ (11,153,449)</u>	<u>\$ (10,300,947)</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 (4.30% to 2.71%)	Healthcare Cost Trend Rate (5.30% to 3.71%)	1.0% Increase (6.30% to 4.71%)
Total OPEB liability	<u>\$ (10,103,976)</u>	<u>\$ (11,153,449)</u>	<u>\$ (12,373,511)</u>

DRAFT

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$7,601,316. At June 30, 2025, 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	\$ 30,765	\$ (629,375)
Changes of assumptions or other inputs	-	(369,073)
District contributions subsequent to the measurement date	59,789	-
	<u>\$ 90,554</u>	<u>\$ (998,448)</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,	
2026	\$ (196,431)
2027	(217,065)
2028	(217,065)
2029	(202,203)
2030	(68,406)
Thereafter	<u>(66,513)</u>
	<u>\$ (967,683)</u>

11. 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, 2024 (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, 2024, 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, 2024 (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, 2024, which can be obtained from Orleans/Niagara BOCES, 4232 Shelby Basin Road, Medina, New York 14103.

12. 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 \$25,993,000. At June 30, 2025, \$19,316,000 has been expended on the projects and numerous open contracts are in place.

DRAFT

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,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.036092%	0.035910%	0.035963%	0.037184%	0.038073%	0.039902%	0.039602%	0.040677%	0.042326%	0.045575%
District's proportionate share of the net pension asset (liability)	\$ 1,076,843	\$ (410,660)	\$ (690,093)	\$ 6,443,567	\$ (1,052,069)	\$ 1,036,652	\$ 716,108	\$ 309,188	\$ (453,334)	\$ 4,733,818
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
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	15.63%	(6.19%)	(10.83%)	102.10%	(16.28%)	15.57%	11.10%	4.80%	(6.94%)	69.15%
Plan fiduciary net position as a percentage of the total pension liability	102.09%	99.17%	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%

The following is a summary of changes of assumptions:

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

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 718,445	\$ 672,585	\$ 682,458	\$ 624,355	\$ 601,463	\$ 572,556	\$ 707,182	\$ 632,170	\$ 755,474	\$ 866,063
Contribution in relation to the contractually required contribution	(718,445)	(672,585)	(682,458)	(624,355)	(601,463)	(572,556)	(707,182)	(632,170)	(755,474)	(866,063)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,106,281	\$ 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
Contributions as a percentage of covered payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%

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,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension position	0.0037463%	0.0038803%	0.0037230%	0.0040296%	0.0038279%	0.0038985%	0.0042650%	0.0047299%	0.0046347%	0.0047454%
District's proportionate share of the net pension asset (liability)	\$ (642,324)	\$ (571,339)	\$ (798,364)	\$ 329,404	\$ (3,812)	\$ (1,032,242)	\$ (302,191)	\$ (152,653)	\$ (435,482)	\$ (761,656)
District's covered payroll	\$ 1,174,657	\$ 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
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(54.68%)	(46.23%)	(73.87%)	29.86%	(0.33%)	(81.95%)	(23.67%)	(11.15%)	(31.07%)	(55.70%)
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

The following is a summary of changes of assumptions:

Inflation	2.9%	2.9%	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%
Salary increases	4.3%	4.4%	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%
Cost of living adjustments	1.5%	1.5%	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%
Investment rate of return	5.9%	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%
Discount rate	5.9%	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014

DRAFT

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,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 176,183	\$ 160,042	\$ 124,292	\$ 179,680	\$ 174,877	\$ 189,104	\$ 189,066	\$ 203,055	\$ 214,000	\$ 250,527
Contribution in relation to the contractually required contribution	(176,183)	(160,042)	(124,292)	(179,680)	(174,877)	(189,104)	(189,066)	(203,055)	(214,000)	(250,527)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,174,657	\$ 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
Contributions as a percentage of covered payroll	15.00%	12.95%	11.50%	16.29%	15.00%	15.01%	14.81%	14.82%	15.27%	18.32%

DRAFT

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,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ (3,945,199)	\$ (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	(120,398)	(111,540)	(131,983)	(138,656)	(100,146)	(105,285)	(97,988)	(69,852)	(69,852)
Interest	(152,292)	(149,657)	(139,231)	(109,574)	(112,453)	(155,351)	(154,600)	(78,280)	(78,280)
Changes of benefit terms	(7,510,453)	-	-	-	(3,597)	-	-	-	-
Differences between expected and actual experience	204,381	94,935	679,500	(369,658)	272,694	767,459	(1,054)	-	(376,824)
Changes of assumptions or other inputs	131,356	68,692	346,251	331,841	(475,424)	(663,592)	(1,724,427)	-	124,124
Benefit payments	239,156	185,691	186,577	164,791	133,236	128,700	122,480	132,000	122,587
Net change in total OPEB liability	(7,208,250)	88,121	941,114	(121,256)	(285,690)	(28,069)	(1,855,589)	(16,132)	(278,245)
Total OPEB liability - ending	\$ (11,153,449)	\$ (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	\$ 7,814,230	\$ 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	142.7%	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%).

Changes of benefit terms in 2025 include post-retirement medical benefits previously reported as compensated absences under GASB Statement No. 16 are now under GASB Statement No. 75.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	5.30%-3.71%	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	3.30%	3.42%	3.53%	3.44%	3.11%	3.22%	3.36%	3.31%	3.31%
Discount rate	4.39%	3.98%	3.78%	2.83%	2.27%	2.48%	3.44%	3.80%	3.80%
Inflation rate	2.30%	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-2021	MP-2020	MP-2019	MP-2018	MP-2016	MP-2016

Data prior to 2017 is unavailable.

BARKER CENTRAL SCHOOL DISTRICT

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, 2025

Original expenditure budget	\$ 18,895,718
Encumbrances carried over from prior year	62,843
Use of reserves - employee benefit accrued liability reserve	495,743
Credit from the Inflation Reduction Act	<u>500,000</u>
Revised expenditure budget	<u>\$ 19,954,304</u>

* * *

Unrestricted Fund Balance

Assigned	\$ 1,007,061
Unassigned	<u>494,044</u>
	1,501,105
Encumbrances included in assigned fund balance	(14,728)
Appropriated fund balance used for tax levy	<u>(992,333)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 494,044</u>

§1318 of Real Property Tax Law - unrestricted fund balance limit calculation

2026 expenditure budget (unaudited)	\$ 22,475,710
4% of budget	<u>899,028</u>
Actual percentage of 2026 expenditure budget	<u>2.2%</u>

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2025

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Capital Outlay 2022-2023	\$ 100,000	\$ 100,000	\$ 54,036	\$ 45,964	\$ 100,000	\$ -
Capital Outlay 2023-2024	100,000	92,108	-	5,944	5,944	86,164
Capital Outlay 2024-2025	100,000	100,000	-	653	653	99,347
Emergency Project 2023	700,000	700,000	149,000	551,000	700,000	-
Emergency Project 2024	161,000	156,892	619	156,273	156,892	-
Smart Schools Bond Act	596,160	596,160	393,208	-	393,208	202,952
2023 Capital Improvement Project	25,205,000	25,205,000	5,187,141	13,729,196	18,916,337	6,288,663
Total	\$ 26,962,160	\$ 26,950,160	\$ 5,784,004	\$ 14,489,030	\$ 20,273,034	\$ 6,677,126

BARKER CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Department of Education:</u>			
Small Rural School Achievement Program	84.358A	S358A242802	\$ 23,583
Small Rural School Achievement Program	84.358A	S358A232690	24,967
			48,550
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-25-0614	200,538
Special Education Preschool Grants	84.173	0033-25-0614	11,627
Total Special Education Cluster			212,165
Title I Grants to Local Educational Agencies	84.010	0021-25-1985	174,131
Supporting Effective Instruction State Grants	84.367	0147-25-1985	24,420
Student Support and Academic Enrichment Program	84.424	0204-25-1985	13,819
Education Stabilization Fund:			
Emergency Relief Fund	84.425U	5880-21-1985	20,201
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5882-21-1985	5,887
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5883-21-1985	10,717
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5884-21-1985	121,891
American Rescue Plan Elementary and Secondary School Emergency Relief Homeless Children and Youth Fund	84.425W	5218-21-0830	5,530
Total Education Stabilization Fund			164,226
Total U.S. Department of Education			637,311
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	97,171 ¹
National School Lunch Program	10.555	N/A	228,851 ¹
Local Food for Schools Cooperative Agreement Program	10.185	N/A	2,305
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	20,444 ¹
Total U.S. Department of Agriculture			348,771
Total Expenditures of Federal Awards			\$ 986,082

¹ Total Child Nutrition Cluster - \$346,466

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 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, 2025, the District used \$20,444 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, 2025, 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 8, 2025.

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*.

DRAFT

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.

September 8, 2025

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, 2025. 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, 2025.

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.

DRAFT

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.

September 8, 2025

BARKER CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the year ended June 30, 2025

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
Special Education Cluster:		
Special Education Grants to States	84.027	\$ 200,538
Special Education Preschool Grants	84.173	11,627
		<u>\$ 212,165</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.

DRAFT

BARKER CENTRAL SCHOOL DISTRICT

EXTRACLASROOM ACTIVITY

JUNE 30, 2025

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, 2025, 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 the District's extraclassroom activity for the year ended June 30, 2025, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Qualified Opinion

Certain accounting records of the District's extraclassroom activity accounts were not adequate for us to form an opinion regarding the completeness of additions in the accompanying schedule stated at \$145,247.

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.

DRAFT

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.

DRAFT

BARKER CENTRAL SCHOOL DISTRICT EXTRACURRICULAR ACTIVITY

Schedule of Additions and Deductions

For the year ended June 30, 2025

	July 1, 2024	Additions	Deductions	June 30, 2025
Class Clubs:				
2024	\$ 2,151	\$ -	\$ 2,151	\$ -
2025	4,017	21,863	18,315	7,565
2026	2,427	9,782	9,359	2,850
2027	1,335	694	688	1,341
2028	-	1,736	1,259	477
2029	-	31,979	31,478	501
American Field Service Club	2,827	1,157	2,155	1,829
Band Club	4,475	8,574	7,106	5,943
Barker Singers Club	2,964	527	679	2,812
Baseball Club	455	-	65	390
Boys Basketball Club	4,716	5,476	6,649	3,543
Conservation Club	371	1,228	996	603
Cross Country Club	5,566	12,164	13,809	3,921
E-Club	1,580	1,500	1,023	2,057
Elementary Musical Club	6,936	5,578	6,411	6,103
English A&E Club	482	-	313	169
Field Hockey Club	2,782	2,620	2,140	3,262
Gay Straight Alliance	1,292	2,350	908	2,734
Girls Basketball Club	2,284	3,988	2,132	4,140
Golf Club	147	2,791	2,793	145
High School Musical Club	14,144	11,493	12,291	13,346
International Exchange Club	2,421	-	2,215	206
Latrator (Yearbook Club)	19,217	7,870	10,044	17,043
National Honor Society	51	-	-	51
Shop Deluxe Club	4,705	368	168	4,905
Soccer Club	115	-	-	115
Softball Club	358	351	324	385
Student Council Club - High School	1,189	2,790	1,165	2,814
Student Council Club - Middle School	1,327	2,329	519	3,137
Swimming Club	218	-	-	218
Tennis Club	394	-	20	374
Track Club	258	-	-	258
Varsity Club	3,084	6,039	3,960	5,163
	<u>\$ 94,288</u>	<u>\$ 145,247</u>	<u>\$ 141,135</u>	<u>\$ 98,400</u>

See accompanying notes.

Notes to the Schedule

1. Summary of Significant Accounting Policies

Financial Reporting Entity

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 8, 2025

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, 2025 and have issued our report thereon dated September 8, 2025. Professional standards also require that we advise you of the following information related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 28, 2025, 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. As discussed in Note 2 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, during 2025. Other than the adoption of this standard, no new accounting policies were adopted and the application of existing policies was not changed. 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
- Pensions, other postemployment benefits (OPEB), and related footnote disclosures

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 and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most important disclosures affecting the financial statements are reflected in Note 2 – Change in Accounting Principle, Note 6 – Long-Term Liabilities, Note 7 – Pension Plans, and Note 8 – OPEB. These disclosures present the impact of GASB Statement No. 101 on the District's financial statements and the existing long-term obligations of the District, including the actuarially determined net pension position in the State's pension plans and the actuarial accrued liability for the District's OPEB. We evaluated all disclosures in relation to each entity's financial statements as a whole and determined that they are reasonable.

Significant Difficulties Encountered During the Audit

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

Uncorrected and Corrected Misstatements

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

September 8, 2025

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

This representation letter is provided in connection with your separate audits of the financial statements and ~~extraclassroom activity financial statements of Barker Central School District (the District)~~, which comprise the respective financial position of the governmental activities, each major fund, and the remaining fund information as of June 30, 2025, and the respective changes in financial position and budgetary comparison of the general fund, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

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

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 28, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed with the requirements of U.S. GAAP.
- Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
- You have proposed adjusting journal entries that have been posted. We are in agreement with those adjustments.

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

Information Provided

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

Government – specific

- There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.

- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- As part of your audit, you prepared the adjusting journal entries necessary to convert our modified cash basis to the accrual basis of accounting for GASB 34 presentation and acknowledge that we have reviewed and approved these entries. You also assisted with the preparation of the financial statements, related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have assumed all management responsibilities. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
- The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance reserves and designations are properly classified and, if applicable, approved.
- Provisions for uncollectible receivables have been properly identified and recorded, if any.
- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- Deposits are properly classified as to risk and are properly disclosed.
- Capital assets, including infrastructure and intangible assets, if any, are properly capitalized, reported, and, if applicable, depreciated.
- We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource

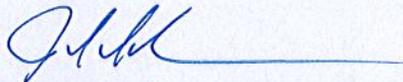
classification is available. That policy determines the fund balance classifications for financial reporting purposes.

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

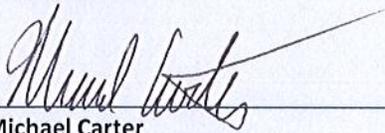
Schedule of Expenditures of Federal Awards and Award Programs

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

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



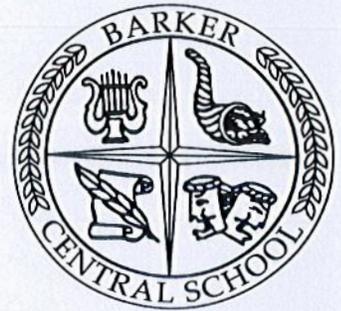
Jacob Reimer
Superintendent



Michael Carter
School Business Administrator

Barker Central School

1628 Quaker Road, Barker, New York 14012-0328



October 1, 2025

To the Office of Audit Services (OAS):

This letter is in response to the requested Corrective Action Plan (CAP) noted in our Management Letter for fiscal year ending June 30, 2025.

The Central Treasurer will improve upon regularly checking the Extra Classroom records to ensure there are not instances of missing signatures on supporting documents. The main issue had to do primarily with cash receipt documents. The Central Treasurer will check this during each monthly cash deposit.

Sincerely,

A handwritten signature in blue ink, appearing to read "JRM", with a horizontal line extending to the right.

Jacob Reimer
Superintendent of Schools

SUPERINTENDENT'S STATEMENT,

that the Board of Education, upon recommendation of the Superintendent of Schools, approve the Corrective Action Plan letter in connection with the draft 2025-2026 Financial Audit performed by the external auditors, Lumsden McCormick.