

MANAGEMENT LETTER

September 21, 2020

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, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control we consider to be material weaknesses.

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

1. Financial accounting and external reporting

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

INFORMATIONAL POINTS

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

Potential impact from upcoming GASB Statements

GASB Statement No. 84, *Fiduciary Activities*, is now effective for the District's year ending June 30, 2021 due to the extended date provided by GASB 95. This statement establishes criteria for identifying fiduciary activities and generally focuses on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. This statement describes four fiduciary funds that should be reported, if applicable, and requires presentation of a statement of fiduciary net position and a statement of changes in fiduciary net position for each. It will impact the District's accounting for payroll liabilities, scholarships, and extraclassroom activities.

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

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

PRIOR YEAR RECOMMENDATIONS

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

- We continue to recommend a process of analyzing the interfund accounts to liquate the interfund activity. If necessary, transfers should be made permanent with the appropriate documentation and Board approval.
- Extraclassroom activity funds:
 - We are pleased to report that the Central Treasurer verified Club advisor signatures on deposit receipts and cash disbursement forms. Additionally, cash receipts are now being deposited in the bank on a timely basis.
 - Based on 2020 club activity, there are eight clubs with no activity during the year and holding funds of \$4,022. A determination should be made as to whether clubs are active and if not, the remaining funds should be transferred in accordance with Board policy.
- We continue to recommend general journal entries written and posted by the District Treasurer be reviewed and approved on a monthly basis.
- We found that the Payroll Certification Officer is now reviewing a payroll change report as part of the overall review of payroll.

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.

Symaden & McCormick, LLP

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

September 21, 2020

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

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of Barker Central School District (the District) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated May 29, 2020 and in our planning meeting on June 8, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus.

Estimates

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

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

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

Footnote Disclosures

Certain financial statement disclosures are particularly important because of their significance to financial statement users. The most important disclosures affecting financial statements are reflected in Note 5 – Long-Term Liabilities, Note 6 – Pension Plans, Note 7 – OPEB, Note 8 – Risk Management, and Note 10 – Risks and Uncertainties. These disclosures present the existing obligations of the District; the actuarially determined net pension position for the District’s participation in the State’s pension plans; its total OPEB liability; the nature of the District’s participation in health and workers’ compensation risk pools; as well as uncertainties related to the future impact of COVID-19 on the District.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2020.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

Restriction on Use

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

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

BARKER CENTRAL SCHOOL DISTRICT

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JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Barker Central School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Barker Central School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District as of June 30, 2020, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information 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 21, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

September 21, 2020

Management's Discussion and Analysis (unaudited)

June 30, 2020

Introduction

Management's Discussion and Analysis (MD&A) of Barker Central School District (the District) provides an overview of the District's financial activities and performance for the year ended June 30, 2020. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) reconciliations between the government-wide and governmental fund financial statements; (4) agency fund statements; (5) notes to the financial statements; and (6) supplementary information.

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

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

Agency funds are used to account for resources held for the benefit of parties outside the District. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide and governmental fund financial statements.

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

Condensed Statement of Net Position	Change			
	2020	2019	\$	%
Current and other assets	\$ 13,077,000	\$ 15,916,000	\$ (2,839,000)	(17.8%)
Capital assets	14,121,000	14,625,000	(504,000)	(3.4%)
Total assets	27,198,000	30,541,000	(3,343,000)	(10.9%)
Deferred outflows of resources	5,784,000	5,827,000	(43,000)	(0.7%)
Long-term liabilities	10,534,000	9,979,000	555,000	5.6%
Other liabilities	821,000	1,003,000	(182,000)	(18.1%)
Total liabilities	11,355,000	10,982,000	373,000	3.4%
Deferred inflows of resources	2,103,000	1,101,000	1,002,000	91.0%
Net position				
Net investment in capital assets	13,622,000	13,844,000	(222,000)	(1.6%)
Restricted	7,877,000	7,844,000	33,000	0.4%
Unrestricted	(1,975,000)	2,597,000	(4,572,000)	(176.0%)
Total net position	\$ 19,524,000	\$ 24,285,000	\$ (4,761,000)	(19.6%)

Net position amounted to \$19,524,000 and \$24,285,000 as of June 30, 2020 and 2019. The largest portion of the District's net position is its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

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

Total assets decreased by \$3,343,000 (\$1,687,000 decrease in 2019). Current and other assets decreased \$2,839,000 due to a decrease in the District's cash balances due to operating losses. Specifically, Payments in Lieu of Taxes (PILOT) of \$1,775,000 were not paid by the company who had the arrangement with the District. The decrease in capital assets of \$504,000 (decrease of \$663,000 in 2019) is due to depreciation expense exceeding capital additions.

Long-term liabilities increased by \$555,000 (increase of \$2,142,000 in 2019) due to a \$171,000 increase in compensated absences and an increase of \$730,000 in the net pension liability related to New York State and Local Employee's Retirement System (ERS). These increases were offset by a decrease in bond payments of \$375,000.

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

Condensed Statement of Activities	2020	2019	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 252,000	\$ 235,000	\$ 17,000	7.2%
Operating grants and contributions	888,000	852,000	36,000	4.2%
General revenues				
Taxes and related items	4,540,000	6,277,000	(1,737,000)	(27.7%)
State aid	7,950,000	7,918,000	32,000	0.4%
Other	348,000	474,000	(126,000)	(26.6%)
Total revenue	13,978,000	15,756,000	(1,778,000)	(11.3%)
Expenses				
Instruction	14,755,000	14,070,000	685,000	4.9%
Support services				
General support	2,672,000	2,824,000	(152,000)	(5.4%)
Pupil transportation	826,000	987,000	(161,000)	(16.3%)
Food service	405,000	392,000	13,000	3.3%
Interest and other	81,000	102,000	(21,000)	(20.6%)
Total expenses	18,739,000	18,375,000	364,000	2.0%
Change in net position	(4,761,000)	(2,619,000)	(2,142,000)	81.8%
Net position – beginning	24,285,000	26,904,000	(2,619,000)	(9.7%)
Net position – ending	\$ 19,524,000	\$ 24,285,000	\$ (4,761,000)	(19.6%)

District revenues decreased 11.3% or \$1,778,000 in 2020 (decrease of \$103,000 in 2019). This decrease was primarily due to taxes and related items, which is the result of the District's largest taxpayer not making the aforementioned PILOT payment. Other variances were in line with expectations and minimal fluctuation.

Total expenses increased \$364,000 or 2.0% (increase of \$1,054,000 or 6.1% in 2019). TRS and ERS increased \$873,000 and was offset by a planned decrease in district-wide salaries of \$242,000, and a decrease in transportation services of \$161,000 as the District was closed beginning in mid-March.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased from \$14,211,000 to \$11,229,000. Expenditures of \$16,968,000 exceeded revenues of \$13,986,000, resulting in the decrease of \$2,982,000.

- Total fund revenue decreased \$1,771,000 or 11.2% (decrease of \$114,000 or 0.7% in 2019) and total fund expenditures decreased \$86,000 or 0.5% (decrease of \$326,000 or 1.9% in 2019). Revenues decreased due to the reduction in the PILOT payment mentioned previously. The overall decrease in expenditures is due to a decrease in transportation costs of \$161,000, reduction in general support expenditures of \$152,000, which was due to decreases in salaries, and overall reduction of expenditures during the year. These expense reductions were offset by increases of capital project expenditures totaling \$132,000, and increases in employee benefits of \$160,000 primarily due to increases in health insurance.
- The general fund experienced a decrease in fund balance of \$1,393,000 during 2019 compared to a \$2,922,000 decrease for 2020.
- The school lunch fund had a decrease in fund balance of \$22,000 in 2020 compared to excess revenue of \$1,000 in 2019. At June 30, 2020, there is \$11,000 in fund balance compared to a \$33,000 fund balance in 2019.

General Fund Budgetary Highlights

Total revenue of \$13,060,000 was less than budgeted revenue by \$1,745,000 and is totally related to PILOT payments. The final expenditure budget for the year ended 2020 was \$17,152,000.

Actual expenditures and carryover encumbrances were less than the final amended budget by \$1,259,000 or 7.3%. The difference is attributable to many factors and unknown items when the budget is prepared. These differences are due to conservative budgeting and a conscious effort to manage expenses. The District cautiously managed its budget with savings primarily in pupil transportation, employee benefits, and teaching.

Capital Assets

	2020	2019
Land and land improvements	\$ 1,137,000	\$ 1,137,000
Buildings and improvements	34,553,000	34,552,000
Furniture and equipment	2,837,000	2,777,000
Vehicles	147,000	147,000
Construction in progress	145,000	7,000
	38,819,000	38,620,000
Accumulated depreciation	(24,698,000)	(23,995,000)
	\$ 14,121,000	\$ 14,625,000

Current year additions of \$221,000 were offset by depreciation and disposals of assets of \$725,000.

Debt

At June 30, 2020 the District had \$500,000 in bonds outstanding with \$165,000 due within one year (\$875,000 outstanding at June 30, 2019). Outstanding compensated absences payable were \$4,434,000, with \$917,000 expected to be paid within one year (\$4,263,000 outstanding at June 30, 2019).

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

Current Financial Issues and Concerns

The extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on all school districts, residents, employees, and vendors, none of which can be predicted. The District has already experienced a 20% holdback of State aid that could become permanent. Significant reductions are expected in 2020-2021 for State aid and sales tax revenues. Federal revenue sources are expected to increase but the extent of Federal assistance is not yet known.

The District will continue to mitigate the impact of rising costs of education on the overall budget, including using reserve funds as permitted by law to lessen their budgetary impact. The property tax levy requires using reserves judiciously. These issues and concerns are exacerbated by COVID-19 requiring management to plan carefully and prudently to provide the educational resources necessary to meet student needs and the flexibility on how students are taught.

Contacting the District's Financial Management

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

BARKER CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2020

(With comparative totals as of June 30, 2019)

	2020	2019
Assets		
Cash	\$ 11,175,710	\$ 14,122,082
Due from other governments, net	168,619	365,450
Accounts, state, and federal aid receivable, net	668,865	584,911
Due from fiduciary funds	-	121,291
Inventory	27,277	6,505
Net pension asset	1,036,652	716,108
Capital assets (Note 4)	38,819,335	38,621,105
Accumulated depreciation	(24,697,804)	(23,995,780)
Total assets	27,198,654	30,541,672
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	4,174,959	4,272,299
Deferred outflows of resources related to OPEB	1,609,546	1,554,711
Total deferred outflows of resources	5,784,505	5,827,010
Liabilities		
Accounts payable	48,252	205,825
Accrued liabilities	76,239	19,644
Due to retirement systems	637,324	777,400
Due from fiduciary funds	59,727	-
Long-term liabilities		
Due within one year:		
Bonds	165,000	375,000
Compensated absences	917,000	880,000
Due beyond one year:		
Bonds	335,000	500,000
Compensated absences	3,517,000	3,383,000
Net pension liability	1,032,342	302,191
Total OPEB liability	4,567,488	4,539,419
Total liabilities	11,355,372	10,982,479
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	1,459,291	1,014,841
Deferred inflows of resources related to OPEB	644,135	86,126
Total deferred inflows of resources	2,103,426	1,100,967
Net Position		
Net investment in capital assets	13,621,531	13,843,793
Restricted	7,877,673	7,844,388
Unrestricted	(1,974,843)	2,597,055
Total net position	\$ 19,524,361	\$ 24,285,236

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2020

(With summarized comparative totals for June 30, 2019)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	2020	2019
Governmental activities					
General support	\$ 2,672,396	\$ -	\$ -	\$ (2,672,396)	\$ (2,823,936)
Instruction	14,754,919	140,531	616,142	(13,998,246)	(13,376,888)
Pupil transportation	825,552	-	-	(825,552)	(986,444)
Community service	53,866	-	-	(53,866)	(53,253)
Interest expense	26,625	-	-	(26,625)	(49,213)
School food service	405,448	111,137	271,755	(22,556)	1,026
	<u>\$ 18,738,806</u>	<u>\$ 251,668</u>	<u>\$ 887,897</u>	<u>(17,599,241)</u>	<u>(17,288,708)</u>
General revenues					
Real property taxes				4,540,234	6,277,162
Miscellaneous				348,478	474,285
State aid				7,949,654	7,918,222
Total general revenues				<u>12,838,366</u>	<u>14,669,669</u>
Change in net position				(4,760,875)	(2,619,039)
Net position - beginning				24,285,236	26,904,275
Net position - ending				<u>\$ 19,524,361</u>	<u>\$ 24,285,236</u>

BARKER CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2020

(With summarized comparative totals as of June 30, 2019)

	General	Special Aid	Capital Projects	School Lunch	Total Governmental Funds	
					2020	2019
Assets						
Cash	\$ 10,848,530	\$ 53,739	\$ 202,621	\$ 70,820	\$ 11,175,710	\$ 14,122,082
Due from other governments, net	168,619	-	-	-	168,619	365,450
Accounts, state aid, and federal aid receivable, net	261,626	379,273	-	27,966	668,865	584,911
Due from other funds, net	612,304	-	-	-	612,304	561,921
Inventory	-	-	-	27,277	27,277	6,505
Total assets	\$ 11,891,079	\$ 433,012	\$ 202,621	\$ 126,063	\$ 12,652,775	\$ 15,640,869
Liabilities						
Accounts payable	\$ 30,819	\$ 830	\$ 16,603	\$ -	\$ 48,252	\$ 205,825
Accrued liabilities	60,000	-	-	6,239	66,239	5,644
Due to retirement systems	637,324	-	-	-	637,324	777,400
Due to other funds, net	-	432,182	130,778	109,071	672,031	440,630
Total liabilities	728,143	433,012	147,381	115,310	1,423,846	1,429,499
Fund Balances						
Nonspendable:						
Inventory	-	-	-	27,277	27,277	6,505
Restricted:						
Capital	4,563,950	-	55,240	-	4,619,190	4,601,948
Unemployment insurance	10,367	-	-	-	10,367	10,241
Employee benefit accrued liability	2,921,887	-	-	-	2,921,887	3,003,403
Property loss and liability	326,229	-	-	-	326,229	322,264
Assigned:						
Designated for subsequent year's expenditures	2,384,453	-	-	-	2,384,453	2,466,981
Designated for future tax proceedings	239,266	-	-	-	239,266	3,077,430
Other purposes	27,403	-	-	-	27,403	4,902
Unassigned	689,381	-	-	(16,524)	672,857	717,696
Total fund balances	11,162,936	-	55,240	10,753	11,228,929	14,211,370
Total liabilities and fund balances	\$ 11,891,079	\$ 433,012	\$ 202,621	\$ 126,063	\$ 12,652,775	\$ 15,640,869

See accompanying notes.

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

June 30, 2020

Total fund balances - governmental funds		\$ 11,228,929
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.		14,121,531
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:		
Net pension asset	1,036,652	
Deferred outflows of resources related to pensions	4,174,959	
Net pension liability	(1,032,342)	
Deferred inflows of resources related to pensions	<u>(1,459,291)</u>	2,719,978
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:		
Deferred outflows of resources related to OPEB	1,609,546	
Total OPEB liability	(4,567,488)	
Deferred inflows of resources related to OPEB	<u>(644,135)</u>	(3,602,077)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Bonds	(500,000)	
Accrued interest	(10,000)	
Compensated absences	<u>(4,434,000)</u>	(4,944,000)
Net position - governmental activities		\$ 19,524,361

BARKER CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2020

(With summarized comparative totals for June 30, 2019)

	General	Special Aid	Capital Projects	School Lunch	Total Governmental Funds	
					2020	2019
Revenues						
Real property taxes	\$ 3,698,856	\$ -	\$ -	\$ -	\$ 3,698,856	\$ 3,497,040
Real property tax items	841,378	-	-	-	841,378	2,780,122
Charges for services	140,531	-	-	-	140,531	84,633
Use of money and property	134,377	-	-	-	134,377	240,440
Sale of property and compensation for loss	12,361	-	-	-	12,361	1,465
Miscellaneous	210,112	-	-	-	210,112	232,380
State sources	7,949,654	158,815	-	8,434	8,116,903	8,086,367
Federal sources	72,672	384,655	-	263,321	720,648	683,727
Sales	-	-	-	111,137	111,137	150,176
Total revenues	13,059,941	543,470	-	382,892	13,986,303	15,756,350
Expenditures						
General support	1,881,175	-	-	146,409	2,027,584	2,143,874
Instruction	9,395,991	540,574	-	-	9,936,565	10,011,321
Pupil transportation	806,682	18,870	-	-	825,552	984,673
Community service	31,274	-	-	-	31,274	33,389
Employee benefits	3,344,877	-	-	128,138	3,473,015	3,313,287
Debt service						
Principal	375,000	-	-	-	375,000	365,000
Interest	30,625	-	-	-	30,625	53,213
Cost of sales	-	-	-	130,901	130,901	143,426
Capital outlay	-	-	138,228	-	138,228	6,532
Total expenditures	15,865,624	559,444	138,228	405,448	16,968,744	17,054,715
Excess expenditures	(2,805,683)	(15,974)	(138,228)	(22,556)	(2,982,441)	(1,298,365)
Other financing sources (uses)						
Operating transfers	(115,974)	15,974	100,000	-	-	-
Net change in fund balances	(2,921,657)	-	(38,228)	(22,556)	(2,982,441)	(1,298,365)
Fund balances - beginning	14,084,593	-	93,468	33,309	14,211,370	15,509,735
Fund balances - ending	\$ 11,162,936	\$ -	\$ 55,240	\$ 10,753	\$ 11,228,929	\$ 14,211,370

See accompanying notes.

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

For the year ended June 30, 2020

Total net change in fund balances - governmental funds \$ (2,982,441)

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

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

This is the amount by which depreciation expense and disposals exceed capital outlays. (503,794)

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:

2020 TRS and ERS contributions	761,660	
2020 ERS accrued contribution	49,730	
2019 ERS accrued contribution	(54,968)	
2020 TRS pension expense	(1,334,732)	
2020 ERS pension expense	<u>(373,087)</u>	(951,397)

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. (531,243)

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. 375,000

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	(171,000)	
Interest	<u>4,000</u>	(167,000)

Change in net position - governmental activities \$ (4,760,875)

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, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 4,494,687	\$ 4,494,687	\$ 3,698,856		\$ (795,831)
Real property tax items	1,819,559	1,819,559	841,378		(978,181)
Charges for services	43,500	43,500	140,531		97,031
Use of money and property	100,000	100,000	134,377		34,377
Sale of property and compensation for loss	3,500	3,500	12,361		8,861
Miscellaneous	201,500	201,500	210,112		8,612
State sources	8,117,619	8,117,619	7,949,654		(167,965)
Federal sources	25,000	25,000	72,672		47,672
Total revenues	14,805,365	14,805,365	13,059,941		(1,745,424)
Expenditures					
General support					
Board of education	33,825	34,900	28,256	-	(6,644)
Central administration	263,073	269,170	266,963	-	(2,207)
Finance	169,940	175,210	172,539	-	(2,671)
Staff	73,433	73,433	64,128	4,000	(5,305)
Central services	1,287,020	1,221,583	1,142,251	3,352	(75,980)
Special items	215,832	215,832	207,038	-	(8,794)
Instruction					
Instruction, administration, and improvement	447,652	470,752	436,309	1,010	(33,433)
Teaching - regular school	5,156,568	5,133,015	4,986,176	3,796	(143,043)
Programs for children with handicapping conditions	2,185,382	2,186,232	2,126,299	-	(59,933)
Occupational education	436,700	436,700	436,700	-	-
Teaching - special schools	18,140	18,140	17,278	-	(862)
Instructional media	526,618	580,634	567,051	43	(13,540)
Pupil services	917,617	921,101	826,178	14,568	(80,355)
Pupil transportation	1,382,840	1,382,840	806,682	-	(576,158)
Community service	33,600	33,600	31,274	-	(2,326)
Employee benefits	3,585,781	3,585,781	3,344,877	634	(240,270)
Debt service					
Principal	375,000	375,700	375,000	-	(700)
Interest	38,325	37,625	30,625	-	(7,000)
Total expenditures	17,147,346	17,152,248	15,865,624	27,403	(1,259,221)
Excess expenditures	(2,341,981)	(2,346,883)	(2,805,683)	(27,403)	(486,203)
Other financing sources (uses)					
Operating transfers out	(125,000)	(125,000)	(115,974)	-	(9,026)
Appropriated fund balance and encumbrances	2,466,981	2,471,883	2,471,883	-	-
Total other financing sources (uses)	2,341,981	2,346,883	2,355,909	-	(9,026)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ (449,774)	\$ (27,403)	\$ (477,177)

See accompanying notes.

BARKER CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2020

	Private-Purpose Trusts	Agency
Assets		
Cash	\$ 62,677	\$ 68,036
Due from governmental funds	-	59,727
Total assets	62,677	127,763
Liabilities		
Extraclassroom activities balances	-	\$ 73,428
Agency liabilities	-	54,335
Total liabilities	-	127,763
Net Position		
Restricted for scholarships	\$ 62,677	

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BARKER CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2020

	Private-Purpose Trusts
Additions	
Gifts and donations	\$ 1,300
Interest and earnings	973
	2,273
Deductions	
Scholarship awards	2,750
Change in net position	(477)
Net position - beginning	63,154
Net position - ending	\$ 62,677

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Joint Venture

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

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

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

During the year ended June 30, 2020, the District was billed \$2,622,000 for BOCES administrative and program costs and recognized revenue of \$192,000 as a refund from prior year expenditures paid to BOCES. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the Orleans/Niagara School Health Plan and the Orleans/Niagara Schools Workers' Compensation Plan, which are public entity risk pools. These plans are designed to provide health insurance and workers' compensation coverage for participating entities. These activities are further presented in Note 8.

Basis of Presentation

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

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

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

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

The District reports the following major funds:

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

The District also elected to display the following as a major fund:

- *School lunch fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.

The District reports the following fiduciary funds:

- *Private-purpose trust fund.* This fund reports trust arrangements under which principal and income benefit various third party scholarship arrangements.
- *Agency fund.* This fund accounts for assets held by the District as agent for various student groups and clubs, payroll, and employee third party withholdings. The agency fund is custodial in nature and does not involve measurement of results of operations.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and equipment and property purchased under capital leases are reported as other financing sources.

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2020, the tax lien was issued on August 12, 2019 for collection from September 3, 2019 through November 1, 2019. 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.

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, 2019 was approved by a majority of the voters in a general election held on May 21, 2019.

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

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

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

Inventory

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

Capital Assets

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

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

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

Pensions

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

Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense for the District’s defined benefit healthcare plan (Note 7) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Compensated Absences

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

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

Equity Classifications

Government-Wide Statements

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

Governmental Fund Statements

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

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

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

Fund balance restrictions consist of the following reserves:

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

Fund balance assignments designated for future tax proceedings had been authorized by the Board and were specifically related to the largest tax paying entity within the District. A Payment in-Lieu of Taxes (PILOT) arrangement had been established by the County and the District. This was the last year of the arrangement, but the entity was unable to make the payment in the amount of \$1,777,500. The remaining amount of the assigned fund balance at June 30, 2020 was \$239,000.

Interfund Balances

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

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

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

2. Cash

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

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2020, the District's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' agents in the District's name.

3. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 1,082,727	\$ 470,423	\$ -	\$ 115,974
Special aid	272,613	704,795	15,974	-
Capital projects	-	130,778	100,000	-
School lunch	-	109,071	-	-
Fiduciary	59,727	-	-	-
	<u>\$ 1,415,067</u>	<u>\$ 1,415,067</u>	<u>\$ 115,974</u>	<u>\$ 115,974</u>

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

4. Capital Assets

	July 1, 2019	Increases	Retirements/ Reclassifications	June 30, 2020
Non-depreciable capital assets:				
Land	\$ 104,102	\$ -	\$ -	\$ 104,102
Construction in progress	6,532	138,228	-	144,760
Total non-depreciable assets	110,634	138,228	-	248,862
Depreciable capital assets:				
Land improvements	1,033,677	-	-	1,033,677
Buildings and improvements	34,552,668	-	-	34,552,668
Furniture and equipment	2,777,374	82,745	(22,743)	2,837,376
Vehicles	146,752	-	-	146,752
Total depreciable assets	38,510,471	82,745	(22,743)	38,570,473
Less accumulated depreciation:				
Land improvements	1,011,978	7,478	-	1,019,456
Buildings and improvements	20,413,675	691,312	-	21,104,987
Furniture and equipment	2,466,733	15,403	(14,371)	2,467,765
Vehicles	103,394	2,202	-	105,596
Total accumulated depreciation	23,995,780	716,395	(14,371)	24,697,804
Total depreciable assets, net	14,514,691	(633,650)	(8,372)	13,872,669
	\$ 14,625,325	\$ (495,422)	\$ (8,372)	\$ 14,121,531

Depreciation expense has been allocated to the following functions: general support \$106,886, instruction \$606,677, and community services \$2,832.

As of June 30, 2020, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	\$ 14,121,531
Bonds	(500,000)
	<u>\$ 13,621,531</u>

5. Long-Term Liabilities

	July 1, 2019	Increases	Decreases	June 30, 2020	Amount Due in One Year
Bonds	\$ 875,000	\$ -	\$ 375,000	\$ 500,000	\$ 165,000
Compensated absences	4,263,000	171,000	-	4,434,000	917,000
	<u>\$ 5,138,000</u>	<u>\$ 171,000</u>	<u>\$ 375,000</u>	<u>\$ 4,934,000</u>	<u>\$ 1,082,000</u>

Existing Obligations

Description	Maturity	Rate	Balance
Serial Bonds - 2007	January 2023	4.3%-4.5%	<u>\$ 500,000</u>

Debt Service Requirements

Years ending June 30,	Principal	Interest
2021	\$ 165,000	\$ 22,500
2022	165,000	15,075
2023	170,000	7,650
	<u>\$ 500,000</u>	<u>\$ 45,225</u>

6. Pension Plans

Plan Descriptions

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

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

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

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 8.86% for 2020. 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 2020, these rates ranged from 9.4%-15.9%.

The amount outstanding and payable to TRS for the year ended June 30, 2020 was \$572,556. A liability to ERS of \$49,730 is accrued based on the District's legally required contribution for employee services rendered from April 1, 2020 through June 30, 2020.

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

At June 30, 2020, the District reported an asset of \$1,036,652 for its proportionate share of the TRS net pension position and a liability of \$1,032,342 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2019, and the total pension liability was determined by an actuarial valuation as of June 30, 2018, with update procedures applied to roll forward the net pension position to June 30, 2019. 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, 2019, the District's proportion was 0.039902%, an increase of 0.0003 from its proportion measured as of June 30, 2018.

The ERS net pension position was measured as of March 31, 2020, and the total pension liability was determined by an actuarial valuation as of April 1, 2019. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2020 measurement date, the District's proportion was 0.0038985%, a decrease of .0003665 from its proportion measured as of March 31, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$1,707,819 on the government-wide statements (TRS expense of \$1,334,732 and ERS expense of \$373,087). At June 30, 2020, 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	\$ 702,513	\$ 77,087	\$ 60,757	\$ -
Changes of assumptions	1,958,374	477,507	20,786	17,949
Net difference between projected and actual earnings on pension plan investments	-	831,341	529,228	-
Changes in proportion and differences between contributions and proportionate share of contributions	222,322	21,107	58,693	34,300
District contributions subsequent to the measurement date	572,556	-	49,730	-
	<u>\$ 3,455,765</u>	<u>\$ 1,407,042</u>	<u>\$ 719,194</u>	<u>\$ 52,249</u>

District contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the year ending June 30, 2021. 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
2021	\$ 522,664	\$ 111,585
2022	83,427	155,483
2023	520,964	193,525
2024	339,723	156,622
2025	45,770	-
Thereafter	(36,381)	-
	<u>\$ 1,476,167</u>	<u>\$ 617,215</u>

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2018 valuation, with update procedures used to roll forward the total pension liability to June 30, 2019, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

Inflation – 2.2%

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

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

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

Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018, applied on a generational basis

Discount rate – 7.1%

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

For ERS, the actuarial assumptions used in the April 1, 2019 valuation, with update procedures used to roll forward the total pension liability to March 31, 2020, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%

Salary increases – 4.2%

COLA – 1.3% annually

Investment rate of return – 6.8% compounded annually, net of investment expense, including inflation

Mortality – Society of Actuaries' Scale MP-2018

Discount rate – 6.8%

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%	6.3%	36%	4.1%
Global and International equities	20%	7.2-7.8%	14%	6.2%
Private equities	8%	9.9%	10%	6.8%
Real estate	11%	4.6%	10%	5.0%
Inflation-indexed bonds	-	-	4%	0.5%
Domestic fixed income securities	16%	1.3%	-	-
Global fixed income securities	2%	0.9%	-	-
Bonds and mortgages	7%	2.9%	17%	0.8%
Short-term	1%	0.3%	1%	-
Other	2%	3.6-6.5%	8%	3.3%-6.0%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of its net pension position calculated using the discount rate of 7.1% (TRS) and 6.8% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ (4,679,339)	\$ 1,036,652	\$ 5,831,723
District's proportionate share of the ERS net pension asset (liability)	\$ (1,894,638)	\$ (1,032,342)	\$ (238,163)

7. OPEB

Plan Description

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

At April 1, 2019, employees covered by the Plan include:

Active employees	116
Inactive employees or beneficiaries currently receiving benefits	70
Inactive employees entitled to but not yet receiving benefits	-
	<u>186</u>

Total OPEB Liability

The District's total OPEB liability of \$4,567,488 was measured as of April 1, 2019 and was determined by an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total OPEB liability to June 30, 2020.

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 2011-2027 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2020 (updated September 2019) for long-term rates, initially 5.20% with an ultimate rate of 4.18% after 2070

Salary increases – 3.22%

Mortality – Pub-2010 Public Retirement Plans Mortality Tables, headcount-weighted, employee group, without separate contingent survivor mortality; fully generational using scale MP-2019

Discount rate – 2.48% based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date

Inflation rate – 2.22%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	<u>\$ 4,539,419</u>
Changes for the year:	
Service cost	105,285
Interest	155,351
Changes of benefit terms	-
Differences between expected and actual experience	(767,459)
Changes of assumptions or other inputs	663,592
Benefit payments	<u>(128,700)</u>
Net changes	28,069
Balance at June 30, 2020	<u>\$ 4,567,488</u>

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

	1.0% Decrease (1.48%)	Discount Rate (2.48%)	1.0% Increase (3.48%)
Total OPEB liability	\$ (5,286,620)	\$ (4,567,488)	\$ (3,979,944)

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 (4.20% to 3.18%)	Healthcare Cost Trend Rate (5.20% to 4.18%)	1.0% Increase (6.20% to 5.18%)
Total OPEB liability	\$ (3,873,080)	\$ (4,567,488)	\$ (5,439,939)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2020, the District recognized OPEB expense of \$692,030. At June 30, 2020, 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	\$ 223,534	\$ 570,675
Changes of assumptions or other inputs	1,353,925	73,460
District contributions subsequent to the measurement date	32,087	-
	<u>\$ 1,609,546</u>	<u>\$ 644,135</u>

Amounts reported as deferred outflows of resources for benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. 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,	
2021	\$ 431,394
2022	427,911
2023	1,814
2024	25,785
2025	25,785
Thereafter	20,635
	<u>\$ 933,324</u>

8. Risk Management

General Liability

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

Health Insurance

The District participates in the Orleans/Niagara School Health Plan (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the nine participating members as of June 30, 2019 (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, 2019, 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, 2019 (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, 2019, which can be obtained from Orleans/Niagara BOCES, 4232 Shelby Basin Road, Medina, New York 14103.

9. Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

The District's taxpayers approved capital projects that remain in progress at year end and budgeted not to exceed \$1,539,000. At June 30, 2020, \$35,000 has been expended on the projects and numerous open contracts are in place.

10. Risks and Uncertainties

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and all schools, resulting in a severe disruption of operations for organizations. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak on school districts, its residents, employees, and vendors, none which can be predicted.

BARKER CENTRAL SCHOOL DISTRICT

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

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

The following is a summary of changes of assumptions:

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

Data prior to 2013 is unavailable.

BARKER CENTRAL SCHOOL DISTRICT

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

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

Data prior to 2013 is unavailable.

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

As of the measurement date of March 31,	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0038985%	0.0042650%	0.0047299%	0.0046347%	0.0047454%	0.0044471%
District's proportionate share of the net pension liability	\$ (1,032,342)	\$ (302,191)	\$ (152,653)	\$ (435,482)	\$ (761,656)	\$ (150,233)
District's covered payroll	\$ 1,259,667	\$ 1,276,580	\$ 1,369,690	\$ 1,401,461	\$ 1,367,430	\$ 1,338,961
District's proportionate share of the net pension position as a percentage of its covered payroll	81.95%	23.67%	11.15%	31.07%	55.70%	11.22%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:						
Inflation	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

BARKER CENTRAL SCHOOL DISTRICT

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

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

Data prior to 2013 is unavailable.

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

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

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

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

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

The following is a summary of changes of assumptions:

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

Data prior to 2017 is unavailable.

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

For the year ended June 30, 2020

Original expenditure budget	\$ 17,272,346
Encumbrances carried over from prior year	<u>4,902</u>
Revised expenditure budget	<u>\$ 17,277,248</u>
* * *	
Unrestricted Fund Balance	
Assigned	\$ 2,651,122
Unassigned	<u>689,381</u>
	3,340,503
Encumbrances included in assigned fund balance	(27,403)
Appropriated for future tax proceedings	(239,266)
Appropriated fund balance used for tax levy	<u>(2,384,453)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 689,381</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2021 expenditure budget (unaudited)	\$ 17,254,712
4% of budget	<u>690,188</u>
Actual percentage of 2021 expenditure budget	<u>4.0%</u>

BARKER CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2020

Project Title	Original Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
Capital Outlay 2018-2019	\$ 100,000	\$ 6,532	\$ -	\$ 6,532	\$ 93,468
Capital Outlay 2019-2020	100,000	-	5,573	5,573	94,427
Solar Project	1,538,530	-	35,275	35,275	1,503,255
Smart Schools Bond Act	596,160	176,438	97,380	273,818	322,342
Total	\$ 2,334,690	\$ 182,970	\$ 138,228	\$ 321,198	\$ 2,013,492

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

The Board of Education
Barker Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Barker Central School District (the District) as of and for the year ended June 30, 2020, 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 21, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Financial accounting and external reporting

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

Management's Response

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

September 21, 2020

BARKER CENTRAL SCHOOL DISTRICT

EXTRAClassroom Activity

JUNE 30, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Education
Barker Central School District

We have audited the accompanying statement of cash receipts and disbursements of Barker Central School District (the District) Extraclassroom Activity for the year ended June 30, 2020, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of this financial statement in the circumstances. Management is also responsible 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Basis for Qualified Opinion

Certain accounting records of Barker Central School District Extraclassroom Activity accounts were not adequate for us to form an opinion regarding the completeness of cash receipts in the accompanying statement of cash receipts and disbursements stated at \$182,868.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash receipts and disbursements of Barker Central School District Extraclassroom Activity for the year ended June 30, 2020, in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of this financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.


September 21, 2020

BARKER CENTRAL SCHOOL DISTRICT EXTRACURRICULAR ACTIVITY

Statement of Cash Receipts and Disbursements

For the year ended June 30, 2020

	July 1, 2019	Receipts	Disbursements	June 30, 2020
Class Clubs:				
2020	\$ 2,417	\$ 11,244	\$ 13,661	\$ -
2021	2,183	3,168	1,490	3,861
2022	3,169	890	879	3,180
2023	3,039	374	527	2,886
2024	340	35,179	22,825	12,694
2025	3,091	666	666	3,091
American Field Service Club	3,154	7,492	7,461	3,185
Band Club	2,158	6,510	5,882	2,786
Barker Singers Club	2,930	2,948	3,869	2,009
Baseball Club	1,612	-	1,124	488
Boys Basketball Club	3,326	2,636	3,252	2,710
Cross Country Club	4,949	10,750	11,834	3,865
E-Club	140	-	-	140
Field Hockey Club	455	7,369	6,916	908
Football Club	63	-	-	63
Foreign Language Club	1,589	-	-	1,589
Girls Basketball Club	1,184	2,082	1,908	1,358
Golf	731	1,578	622	1,687
High School Musical Club	8,550	3,301	7,139	4,712
International Exchange Club	1,904	72,328	73,566	666
Latrator (Yearbook Club)	11,210	8,274	7,410	12,074
National Academy of Finance Club	967	-	-	967
National Honor Society	-	1,900	1,681	219
Shop Deluxe Club	4,044	542	459	4,127
Soccer Club	115	-	-	115
Softball Club	405	-	-	405
Student Council Club - High School	59	349	153	255
Student Council Club - Middle School	1,124	340	381	1,083
Swimming Club	311	1,317	1,410	218
Tennis Club	698	-	-	698
Track Club	748	-	2	746
Varsity Club	307	1,631	1,340	598
Wrestling Club	45	-	-	45
Totals	\$ 67,017	\$ 182,868	\$ 176,457	\$ 73,428

See accompanying notes.

Notes to Financial Statement

1. Summary of Significant Accounting Policies

Financial Reporting Entity

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

Basis of Presentation

The District's policy is to prepare the accompanying financial statement on the cash basis of accounting. Consequently, revenues are recognized when received rather than when earned, and expenses are recognized when cash is disbursed rather than when the obligation is incurred.



Yes: 6, No: 0

Motion carried.

The recommendation to accept the Extraclassroom Report dated June 30 & July 31, 2020 was removed from the agenda.

Yes: 6, No: 0

Motion carried.

Motion by Mr. Sweeney, seconded by Mrs. Ecker to approve the Agreement between New Directions Youth and Family Services and Barker School District for the 2020 - 2021 school year.

Yes: 6, No: 0

Motion carried.

Motion by Mr. Sweeney, seconded by Mrs. Ecker to approve the Resolution for the Energy Performance Bid Contract with Day Automation.

BE IT RESOLVED, that the Board of Education hereby approves the scope of work and services reflected in the proposed Energy Performance Contract with Day Automation for the performance of services identified in the Energy Performance Contract, and authorizes the Superintendent of Barker Central School District to execute such contract. A copy of such contract shall be incorporated by reference within the minutes of this meeting.

Yes: 6, No: 0

Motion carried.

Motion by Mr. Sweeney, seconded by Mrs. Ecker to accept the School Safety Excellence Award at the Titanium with Honors level in the amount of \$500.00 from Utica National Insurance Group.

Yes: 6, No: 0

Motion carried.

Motion by Mr. Sweeney, seconded by Mrs. Ecker to approve the 2020 Year-end Audit performed by Lumsden & McCormick, LLP.

Yes: 6

No: 0

Motion carried.

END OF PUBLIC

SESSION A motion by Mrs. Ecker, seconded by Mr. Sweeney, to end the Public Session and enter into Executive Session at 7:27 p.m. for the purpose of discussing particular legal matters.

Yes: 6, No: 0

Motion carried.

EXECUTIVE

SESSION Motion by Mr. Sweeney, seconded by Mrs. Ecker, to approve the adjournment of the Executive Session at 8:55 p.m. and return to Public Session.

Yes: 6, No: 0

Motion carried.