

**FAYETTEVILLE-MANLIUS
CENTRAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

June 30, 2020

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
Basic Financial Statements	
Statement of Net Position	13
Statement of Activities and Changes in Net Position	14
Balance Sheet - Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	18
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
Notes to Basic Financial Statements	21-54
Required Supplementary Information	
SS1 Schedule of Funding Progress – Other Postemployment Benefit Plans	55
SS2 Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund	56-58
SS3 Schedule of District Contributions	59
SS4 Schedule of District's Proportionate Share of the Net Pension Asset (Liability)	60
Supplementary Information	
SS5 Schedule of Change from Adopted to Final Budget and the Real Property Tax Limit	61
SS6 Schedule of Project Expenditures and Financing Resources – Capital Projects Fund	62
SS7 Investment in Capital Assets, Net of Related Debt	63



grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Education
Fayetteville-Manlius Central School District
Fayetteville-Manlius, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fayetteville-Manlius Central School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Fayetteville-Manlius Central School District's basic financial statements as listed in the table of contents. We also have audited each fiduciary fund type of Fayetteville-Manlius Central School District, as of and for the year ended June 30, 2020, as displayed in the Fayetteville-Manlius Central School District's basic financial statements.

Management's Responsibility for the Financial Statements

Fayetteville-Manlius Central School District's 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.

Auditor's 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 auditor's 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 aggregate remaining fund information, as well as each fiduciary fund type of Fayetteville-Manlius Central School District, as of June 30, 2020, and the respective changes in financial position 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, schedule of funding progress other postemployment benefit plans, schedule of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual – general fund, schedule of district's contributions and schedule of district proportionate share of net pension asset (liability) on pages 4-12 and 55-60 be presented to supplement the basic 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 basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fayetteville-Manlius Central School District's basic primary government financial statements. The schedule of change from adopted to final budget and the real property tax limit, the schedule of project expenditures – capital projects fund and investment in capital assets, net of related debt (the supplementary information) on pages 61-63 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of change from adopted to final budget and the real property tax limit, the schedule of project expenditures– capital projects fund, and investment in capital assets, net of related debt is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of change from adopted to final budget and the real property tax limit, the schedule of project expenditures– capital projects fund,

and investment in capital assets, net of related are fairly stated in all material respects in relation to the basic 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 October 5, 2020 on our consideration of Fayetteville-Manlius Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 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 Fayetteville-Manlius Central School District's internal control over financial reporting and compliance.

Grossman St Amour CPAs

Syracuse, New York
October 5, 2020

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2020

Fayetteville-Manlius Central School District (the District) is a K-12 public school District located in Manlius, New York. Generally accepted accounting principles (GAAP) according to Government Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34) require the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements. GASB 34 also requires presentation of the Management's Discussion and Analysis. Management's Discussion and Analysis is intended to be the District's discussion and analysis of the financial results for the fiscal year ended June 30, 2020 based upon currently known facts, decisions, or conditions and both sets of financial statements.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis highlights the structure and contents of each of the statements.

**FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2020**

Figure A-1
Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District-Wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund equity 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2020

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are shown as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, reconciliation schedules are provided on pages 16 and 18 that explain the relationship (or differences) between them.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2020

Fund Financial Statements (continued)

- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole (all figures in thousands of dollars)

Figures A-2 and A-3 provide a summarized overview of the District's financial status and change for the current fiscal year as of June 30, 2020 and a comparison to fiscal year ended June 30, 2019. Net position decreased by \$3,099 from the prior year.

Figure A-2
Summary of Net Position (in thousands of dollars)

	2020	2019	Increase (Decrease) from Fiscal 2019
Current and Other Assets	\$ 33,574	\$ 30,623	\$ 2,951
Capital Assets	68,317	61,126	7,191
Net Pension Asset	4,876	3,428	1,448
Total Assets	<u>106,767</u>	<u>95,177</u>	<u>11,590</u>
Deferred Outflows of Resources	25,048	23,238	1,810
Total Assets and Deferred Outflows of Resources	<u>\$ 131,815</u>	<u>\$ 118,415</u>	<u>\$ 13,400</u>
Total Debt	\$ 31,953	\$ 22,561	\$ 9,392
Other Long-Term Liabilities	177,401	171,968	5,433
Net Pension Liability	8,433	2,319	6,114
Other Liabilities	3,081	3,306	(225)
Total Liabilities	<u>220,868</u>	<u>200,154</u>	<u>20,714</u>
Deferred Inflows of Resources	37,876	42,091	(4,215)
Net Position			
Net Investment in Capital Assets	36,471	38,588	(2,117)
Restricted	13,695	12,591	1,104
Unrestricted Net Deficit	(177,095)	(175,009)	(2,086)
Total Net Position	<u>(126,929)</u>	<u>(123,830)</u>	<u>(3,099)</u>
Total Liabilities, Inflows, and Net Position	<u>\$ 131,815</u>	<u>\$ 118,415</u>	<u>\$ 13,400</u>

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2020

Financial Analysis of the District as a Whole (all figures in thousands of dollars) (continued)

Figure A-3

Changes in Net Position from Operating Results (in thousands of dollars)

	<u>Governmental Activities</u>		Increase (Decrease) from Fiscal 2019
	<u>2020</u>	<u>2019</u>	
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$ 931	\$ 1,416	\$ (485)
Operating Grants and Contributions	1,363	1,344	19
General Revenues			
Property Taxes	58,758	56,283	2,475
State Formula Aid	20,076	19,362	714
Interest Earnings	341	404	(63)
Miscellaneous	6,470	7,593	(1,123)
Total Revenues	<u>87,939</u>	<u>86,402</u>	<u>1,537</u>
<u>Expenses</u>			
General Support	12,767	11,268	1,499
Instruction	69,148	65,758	3,390
Pupil Transportation	7,081	7,133	(52)
Community Service	14	16	(2)
Debt Service	771	724	47
Cost of Sales - Food	1,256	1,395	(139)
Total Expenses	<u>91,037</u>	<u>86,294</u>	<u>4,743</u>
(Decrease) Increase in Net Position	<u>\$ (3,098)</u>	<u>\$ 108</u>	<u>\$ (3,206)</u>

In general, expenses and revenues increased causing a decrease in Net Position equal to \$3,098.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2020

Financial Analysis of the District as a Whole (all figures in thousands of dollars) (continued)

Figure A-4
Capital Assets Net of Depreciation

	2020	2019	Change from 2019
Land	\$ 413	\$ 413	\$ -
Construction in Process	7,963	4,876	3,087
Buildings	13,955	16,587	(2,632)
Site Improvements	42,204	34,659	7,545
Equipment and Furniture	1,338	1,516	(178)
Buses	2,444	3,075	(631)
Total	\$ 68,317	\$ 61,126	\$ 7,191

Figure A-5 illustrates District Fund Balances.

Figure A-5
Governmental Fund Balances at June 30, 2020 (in thousands of dollars)
Fund Balances

General	Special Aid	School Lunch	Turf Replacement	Capital 2015 Ref	Capital WW Pre Ref	Capital Non-Major	Non-Major
\$ 20,299	\$ (101)	\$ 6	\$ 101	\$ (99)	\$ 3,160	\$ (15)	

The District sustains financial health through sound business practices that include continued certification under ISO 9001. The District just completed a successful transition to ISO 9001:2015 from ISO 9001:2008 in the 2017-18 school year. These new requirements focus heavily on risk management and risk opportunities.

Budget management is evidenced by the District's strong commitment to maintaining the maximum limits for unassigned fund balance. The District also has created and maintained reserves to offset future liabilities that may arise which include tax certiorari, unemployment, and workers' compensation. For 2019-20, the District operations resulted in an unassigned general fund balance of \$3,523. The District assigned \$840 of the general fund balance to the 2020-21 budget.

Special Aid Fund consists of District federal grants and special education summer school. Funding for special education summer school may take up to three years for reimbursement. Since this time frame exceeds the fund's ninety-day period for recording of a receivable, the revenue is not shown to offset the negative \$101 fund balance.

A Turf Replacement fund was established in 2011-12 in the amount of \$100 and currently has a \$101 fund balance.

**FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management’s Discussion & Analysis (MD&A)
For the Year Ended June 30, 2020**

A Capital Referendum was approved in May 2015 for \$2,569. A second Capital Referendum was approved in May 2017 for a scope modification related to the May 2015 project which allocated unspent funds from the May 2015 Capital Referendum for \$817. The current fund balance is negative \$99 for this project.

The December 2017 Capital Referendum was approved in December 2017 for \$42,000 and includes renovations at Enders Road, High School and Wellwood Middle School. There is currently a fund balance of \$3,160 due to the capital reserve transfer of \$9,420 less expenses incurred for approved projects as of June 30, 2020.

Capital Non-Major shows a negative fund balance of \$15. This fund consists principally of approved capital transfer expenditures and school bus purchases. The District, through a vehicle replacement plan combined with inspection reports, determines the required number of school buses each year. Bonds or bond anticipation notes finance these buses. The District obtained a bus bond anticipation note for the purchase of their buses in 2015-16 and 2016-17. The District obtained a bus bond for the 2017-18 and the 2018-19 purchase of buses and renewed bus bond anticipation notes for the buses previously purchased. The district will receive one-fifth of the applicable state aid each year based on the current transportation aid ratio.

General Fund Budgetary Highlights

Figure A-5 compares the District’s performance for the general fund for both revenues and expenditures.

<u>Figure A-5</u>					
<u>General Fund Expenditure and Revenues Analysis for 2019-20 (in thousands of dollars)</u>					
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Final Actual</u>	<u>Variance Final Budget to Original Budget</u>	<u>Variance Final Actual to Final Budget</u>
<u>Expenses</u>	\$85,875	\$86,600	\$82,364	0.8%	(4.9%)
<u>Revenues</u>	\$85,125	\$85,138	\$85,188	0.0%	0.1%

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2020

Total Expenses

The 0.8% increase from Original Budget to the Final Budget is primarily due to the following:

1. Encumbrances, a routine business cycle item, of \$712 were applied for the 2018-19 school year to be paid in the 2019-20 school year. These encumbrances represent orders received but not billed at the close of the fiscal year. An additional budget revision was made for athletic gate proceeds of \$14.

The final actual expenditure results compared to the final budget shows the final actual being \$4,236 below the final budget. The 4.9% reduced expenditure was principally caused by the following adjustments:

1. Encumbrances, a routine business cycle item, of \$1,270 were applied for the 2019-20 school year to be paid in the 2020-21 school year.
2. Expenditures were favorable to budget due to the COVID-19 related shutdown of normal school operations from mid-March 2020 through June 30, 2020. This generated savings in areas of transportation, building maintenance, utilities, athletics, safety officers and substitute payroll expense.

Capital Asset and Debt Administration

In general, the New York State Legislature has authorized the power and procedure for the District to borrow and incur indebtedness by enactment of the Local Finance Law, subject to the constitutional provisions set forth. For this District, the maximum limit on borrowing is generally capped at 10% of the full valuation of the taxable real property in the District. On September 1, 2019, when property taxes were levied for the 2019-20 school year, that valuation was (in thousands) \$2,467,159 for an approximate statutory debt limit of \$246,716. The District's current outstanding indebtedness is \$31,879 or 1.29%, which is well below statutory requirements.

Factors bearing on the District's Future

Revenue: The New York State Legislature has enacted legislation that has established a "property tax cap" which limits the increase in the tax levy based upon calculation factors in growth in taxable value and inflation (CPI). This limitation could severely limit the amount of tax levy that the district can collect. However, the District continues to see growth in taxable values, which allows for increases in the tax levy without major effect on tax rates. New York State is experiencing a budget deficit, due in part to COVID-19. As a result, the District has seen a 20% reduction in aid payments, starting in July 2020. Should New York State continue to cut the District's aid by 20% the District would lose approximately \$5 million in revenue during the 2020-21 school year.

Expenditures: The District continues to employ a conservative budgeting practice, which includes funding for contingency spending in case of significant and unforeseen expenditures arising during the course of the fiscal year. For 2020-21 the District does not anticipate any changes in educational program or educational standards that would adversely affect the strong financial position of the district. However, the uncertainty of New York State's financial position and future state aid cuts could have an impact on many areas in the District. Debt service expenditures are budgeted and have not had any negative impact on the financial condition of the District. The District continues to underspend the annual budget due to fiscal restraint and good business practice.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management’s Discussion & Analysis (MD&A)
For the Year Ended June 30, 2020

Balance Sheet: The District has a healthy balance sheet with adequate reserve funds established to cover future liabilities, including any future litigation against the District. However, the uncertainty of New York State’s financial position and future state aid cuts could have an impact on many areas in the District. The District also has a voter approved capital reserve fund to help offset the local share of any future capital projects and to reduce the amount to be financed.

Future Capital Projects: There are no future capital project plans at this time.

Enrollment: The District’s enrollment has been fairly steady over the past several years in the District:

<u>Year</u>	<u>K-12 Student Enrollment</u>
2013-14	4,236
2014-15	4,170
2015-16	4,214
2016-17	4,226
2017-18	4,236
2018-19	4,231
2019-20	4,228
2020-21	4,260 <i>projected</i>
2021-22	4,262 <i>projected</i>

Contacting The District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Fayetteville-Manlius Central School District, Manlius, New York.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2020

ASSETS	
Cash	
Unrestricted	\$ 17,181,379
Restricted	14,665,600
Receivables	
State and federal aid	724,773
Due from other governments	775,363
Other	168,033
Inventories	58,530
Capital assets, net	68,316,683
Net pension asset-proportionate share	4,876,100
Total assets	<u>106,766,461</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other postemployment benefits	4,129,771
Pensions	20,918,564
Total assets and deferred outflows of resources	<u>\$ 131,814,796</u>
LIABILITIES	
Payables	
Accounts payable	\$ 2,180,045
Accrued liabilities	413,566
Due to other funds	366,868
Retainage payable	-
Interest payable	22,462
Notes payable	
Bond anticipation	3,758,654
Deferred credits	
Deferred revenue	97,092
Long-term liabilities	
Due and payable within one year	
Bonds payable	2,350,137
Installment purchase debt payable	231,629
Due to employees retirement system	385,677
Due to teachers' retirement system - employee	192,833
Due to teachers' retirement system - employer	2,805,280
Compensated absences payable	272,780
Other postemployment benefits payable	4,122,769
Due and payable after one year	
Bonds payable	22,135,000
Installment purchase debt payable	578,340
Compensated absences payable	2,203,659
Other postemployment benefits payable	167,418,441
Premium on bond refunding	2,899,529
Net pension liability - proportionate share	8,432,720
Total Liabilities	<u>220,867,481</u>
DEFERRED INFLOWS OF RESOURCES	
Other postemployment benefits	30,844,918
Deferred amount on defeasance	130,000
Pensions	6,900,903
Total deferred inflows of resources	<u>37,875,821</u>
NET POSITION	
Net investment in capital assets	36,470,932
Restricted	13,695,352
Unrestricted deficit	<u>(177,094,790)</u>
Total net position	<u>(126,928,506)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 131,814,796</u>

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2020

	<u>Expenses</u>	<u>Indirect Expenses Allocation</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
			<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS					
General support	\$ (10,291,011)	\$ (2,476,186)	\$ -	\$ -	\$ (12,767,197)
Instruction	(50,914,611)	(18,233,733)	105,279	1,126,971	(67,916,094)
Pupil transportation	(5,279,702)	(1,800,862)	-	-	(7,080,564)
Community service	(14,094)	-	-	-	(14,094)
Employee benefits	(22,510,781)	22,510,781	-	-	-
Debt service	(771,399)	-	-	-	(771,399)
School lunch program	(1,255,993)	-	825,244	236,260	(194,489)
	<u>\$ (91,037,591)</u>	<u>\$ -</u>	<u>\$ 930,523</u>	<u>\$ 1,363,231</u>	<u>(88,743,837)</u>
GENERAL REVENUES					
Real property taxes	\$ 58,667,472				
Other tax items	4,927,315				
Nonproperty taxes	152,678				
Use of money and property	456,462				
Sale of property and compensation for loss	115,207				
Miscellaneous	984,418				
State sources	20,075,745				
Medicaid reimbursement	266,300				
					<u>85,645,597</u>
Total General Revenues					<u>85,645,597</u>
Change in Net Assets (Deficiency)					(3,098,240)
Total Net Position - Beginning of year					<u>(123,830,266)</u>
Total Net Position - End of year					<u>\$ (126,928,506)</u>

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2020

	General	Special Aid	School Lunch	Special Revenue - Turf Replacement	Capital 2015 Referendum	Capital Dec 2017 Referendum	Non-Major Capital Projects	Total Governmental Funds
ASSETS								
Cash								
Unrestricted	\$ 8,122,660	\$ 341	\$ 123,284	\$ 101,575	\$ 39,970	\$ 8,304,419	\$ 489,130	\$ 17,181,379
Restricted	14,665,600	-	-	-	-	-	-	14,665,600
Receivables								
Due from other funds	797,078	-	-	-	1,191	-	98,341	896,610
Accounts receivable	163,164	-	4,869	-	-	-	-	168,033
State and federal aid	363,152	294,421	67,200	-	-	-	-	724,773
Due from other governments	775,363	-	-	-	-	-	-	775,363
Inventories	-	-	58,530	-	-	-	-	58,530
Total assets	<u>\$ 24,887,017</u>	<u>\$ 294,762</u>	<u>\$ 253,883</u>	<u>\$ 101,575</u>	<u>\$ 41,161</u>	<u>\$ 8,304,419</u>	<u>\$ 587,471</u>	<u>\$ 34,470,288</u>
LIABILITIES								
Payables								
Accounts payable	\$ 465,445	\$ 56,032	\$ 4,564	\$ -	\$ -	\$ 1,610,557	\$ 43,447	\$ 2,180,045
Accrued liabilities	404,701	-	8,865	-	-	-	-	413,566
Retainage payable	-	-	-	-	-	-	-	-
Due to other funds	311,791	339,830	137,077	-	140,459	334,321	-	1,263,478
Bond interest and matured bonds	22,462	-	-	-	-	-	-	22,462
Due to employees' retirement system	385,677	-	-	-	-	-	-	385,677
Due to teachers' retirement system - employee	192,833	-	-	-	-	-	-	192,833
Due to teachers' retirement system - employer	2,805,280	-	-	-	-	-	-	2,805,280
Notes payable								
Bond anticipation	-	-	-	-	-	3,200,000	558,654	3,758,654
Deferred credits								
Deferred revenues	-	-	97,092	-	-	-	-	97,092
Total liabilities	<u>4,588,189</u>	<u>395,862</u>	<u>247,598</u>	<u>-</u>	<u>140,459</u>	<u>5,144,878</u>	<u>602,101</u>	<u>11,119,087</u>
FUND BALANCES								
Nonspendable:								
Reserve for Inventory	-	-	58,530	-	-	-	-	58,530
Restricted For:								
Reserved for Debt Service	155,514	-	-	-	-	-	-	155,514
Reserved for Tax Certiorari	2,500,000	-	-	-	-	-	-	2,500,000
Reserved for State and Local Retirement System Contributions	1,792,707	-	-	-	-	-	-	1,792,707
Reserved for Teacher's Retirement System Contributions	675,404	-	-	-	-	-	-	675,404
Reserved for Employee Benefit Accrued Liabilities	2,476,440	-	-	-	-	-	-	2,476,440
Reserved for Liability Claims	294,844	-	-	-	-	-	-	294,844
Reserved for Worker's Compensation	1,755,915	-	-	-	-	-	-	1,755,915
Reserved for Unemployment Insurance	344,001	-	-	-	-	-	-	344,001
Reserved for Capital - 2017	4,670,775	-	-	-	-	-	-	4,670,775
Restricted For - Other:								
Special Aid	-	-	-	-	-	-	-	-
Assigned To:								
Assigned appropriated fund balance	840,000	-	-	101,575	(99,298)	3,159,541	(14,630)	3,987,188
Assigned unappropriated fund balance	1,270,127	-	-	-	-	-	-	1,270,127
Unassigned:								
Unassigned fund balance	3,523,101	(101,100)	(52,245)	-	-	-	-	3,369,756
Total fund balances	<u>20,298,828</u>	<u>(101,100)</u>	<u>6,285</u>	<u>101,575</u>	<u>(99,298)</u>	<u>3,159,541</u>	<u>(14,630)</u>	<u>23,351,201</u>
Total liabilities and fund balances	<u>\$ 24,887,017</u>	<u>\$ 294,762</u>	<u>\$ 253,883</u>	<u>\$ 101,575</u>	<u>\$ 41,161</u>	<u>\$ 8,304,419</u>	<u>\$ 587,471</u>	<u>\$ 34,470,288</u>

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	\$ 17,181,379	\$ -	\$ -	\$ 17,181,379
Restricted	14,665,600	-	-	14,665,600
Accounts receivable	168,033	-	-	168,033
Due from other funds	896,610	-	(896,610)	-
Due from other governments	1,500,136	-	-	1,500,136
Inventories	58,530	-	-	58,530
Land, buildings and equipment (net)	-	68,316,683	-	68,316,683
Net pension asset - proportionate share	-	4,876,100	-	4,876,100
	<u>\$ 34,470,288</u>	<u>\$ 73,192,783</u>	<u>\$ (896,610)</u>	<u>\$ 106,766,461</u>
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	-	4,129,771	-	4,129,771
Pensions	-	20,918,564	-	20,918,564
	<u>\$ 34,470,288</u>	<u>\$ 98,241,118</u>	<u>\$ (896,610)</u>	<u>\$ 131,814,796</u>
LIABILITIES				
Accounts payable	\$ 2,180,045	\$ -	\$ -	\$ 2,180,045
Accrued liabilities	413,566	-	-	413,566
Retainage payable	-	-	-	-
Bonds payable	-	24,485,137	-	24,485,137
Installment purchase debt	-	809,969	-	809,969
Bond anticipation notes payable	3,758,654	-	-	3,758,654
Interest payable	22,462	-	-	22,462
Due to other funds	1,263,478	-	(896,610)	366,868
Due to employee's retirement system	385,677	-	-	385,677
Due to teachers' retirement system - EE	192,833	-	-	192,833
Due to teachers' retirement system - ER	2,805,280	-	-	2,805,280
Deferred credits				
Deferred revenue	97,092	-	-	97,092
Compensated absences	-	2,476,439	-	2,476,439
Postemployment benefits	-	171,541,210	-	171,541,210
Premium on Bond Refunding	-	2,899,529	-	2,899,529
Net pension liability-proportionate share	-	8,432,720	-	8,432,720
	<u>11,119,087</u>	<u>210,645,004</u>	<u>(896,610)</u>	<u>220,867,481</u>
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	-	30,844,918	-	30,844,918
Defeasance gain	-	130,000	-	130,000
Pensions	-	6,900,903	-	6,900,903
FUND EQUITY\NET POSITION				
Total Fund Equity\Net Position	<u>23,351,201</u>	<u>(150,279,707)</u>	<u>-</u>	<u>(126,928,506)</u>
Total Liabilities, Inflows and Equity	<u>\$ 34,470,288</u>	<u>\$ 98,241,118</u>	<u>\$ (896,610)</u>	<u>\$ 131,814,796</u>

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Equity - Governmental Funds
For the Year Ended June 30, 2020

	General	Special Aid	School Lunch	Special Revenue - Turf Replacement	Capital March 2015 Ref	Capital Dec 2017 Referendum	Non-Major Capital Projects	Total Governmental Funds
REVENUES								
Real property taxes	\$ 58,667,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,667,472
Other tax items	4,927,315	-	-	-	-	-	-	4,927,315
Nonproperty taxes	152,678	-	-	-	-	-	-	152,678
Charges for services	105,279	-	-	-	-	-	-	105,279
Use of money and property	455,879	-	-	583	-	-	-	456,462
Sale of property and compensation for loss	115,207	-	-	-	-	-	-	115,207
Miscellaneous	918,702	-	3,203	-	121	64,835	760	987,621
State sources	19,578,077	268,116	8,215	-	-	-	229,552	20,083,960
Medicaid reimbursement	266,300	-	-	-	-	-	-	266,300
Federal sources	-	1,126,971	195,415	-	-	-	-	1,322,386
Surplus food	-	-	32,630	-	-	-	-	32,630
Sales - school lunch	-	-	822,041	-	-	-	-	822,041
Total Revenues	85,186,909	1,395,087	1,061,504	583	121	64,835	230,312	87,939,351
EXPENDITURES								
General support	8,371,463	12,982	-	-	-	174,595	-	8,559,040
Instruction	42,749,899	1,326,170	-	-	-	-	-	44,076,069
Pupil transportation	4,330,223	78,438	-	-	-	-	-	4,408,661
Community service	14,094	-	-	-	-	-	-	14,094
Employee benefits	22,783,493	9,278	262,394	-	-	-	-	23,055,165
Debt service								
Principal	2,365,632	-	-	-	-	-	-	2,365,632
Interest	822,395	-	-	-	-	-	-	822,395
Cost of sales	-	-	465,423	-	-	-	-	465,423
Other expenditures	-	-	528,176	-	-	-	-	528,176
Capital outlay	333,123	10,616	-	-	219,320	10,792,185	522,606	11,877,850
Total Expenditures	81,770,322	1,437,484	1,255,993	-	219,320	10,966,780	522,606	96,172,505
Excess (Deficiency) of Revenues Over Expenditures	3,416,587	(42,397)	(194,489)	583	(219,199)	(10,901,945)	(292,294)	(8,233,154)
OTHER FINANCING SOURCES AND USES								
Bond Proceeds	-	-	-	-	-	6,885,000	675,137	7,560,137
Premium on Bond	-	-	-	-	-	1,123,535	-	1,123,535
Operating transfers in	881	143,341	798	-	-	-	450,000	595,020
BANS Redeemed from Appropriations	-	-	-	-	-	-	216,627	216,627
Operating transfers (out)	(594,139)	-	-	-	(121)	-	(760)	(595,020)
Total Other Sources (Uses)	(593,258)	143,341	798	-	(121)	8,008,535	1,341,004	8,900,299
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	2,823,329	100,944	(193,691)	583	(219,320)	(2,893,410)	1,048,710	667,145
Fund Balances - Beginning of year	17,475,499	(202,044)	199,976	100,992	120,022	6,052,951	(1,063,340)	22,684,056
Fund Balances - End of year	\$ 20,298,828	\$ (101,100)	\$ 6,285	\$ 101,575	\$ (99,298)	\$ 3,159,541	\$ (14,630)	\$ 23,351,201

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in
Fund Equity to the Statement of Activities
For the Year Ended June 30, 2020

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 58,667,472	\$ -	\$ -	\$ -	\$ 58,667,472
Other tax items	4,927,315	-	-	-	4,927,315
Nonproperty Taxes	152,678	-	-	-	152,678
Charges for services	105,279	-	-	-	105,279
Use of money and property	456,462	-	-	-	456,462
Sale of property and compensation for loss	115,207	-	-	-	115,207
Miscellaneous	987,621	-	-	-	987,621
State sources	20,083,960	-	-	-	20,083,960
Medicaid reimbursement	266,300	-	-	-	266,300
Federal sources	1,322,386	-	-	-	1,322,386
Surplus food	32,630	-	-	-	32,630
Sales - school lunch	822,041	-	-	-	822,041
Total Revenues	87,939,351	-	-	-	87,939,351
EXPENDITURES\EXPENSES					
General support	8,559,040	1,549,463	182,508	-	10,291,011
Instruction	44,076,069	3,204,904	3,633,638	-	50,914,611
Pupil transportation	4,408,661	-	871,041	-	5,279,702
Community service	14,094	-	-	-	14,094
Employee benefits	23,055,165	-	-	(281,990)	22,773,175
Debt service	3,188,027	-	-	(2,416,628)	771,399
Cost of sales	465,423	-	-	-	465,423
Other expenditures	528,176	-	-	-	528,176
Capital outlay	11,877,850	-	(11,877,850)	-	-
Total Expenditures	96,172,505	4,754,367	(7,190,663)	(2,698,618)	91,037,591
Excess (Deficiency) of Revenues Over Expenditures	(8,233,154)	(4,754,367)	7,190,663	2,698,618	(3,098,240)
OTHER SOURCES AND USES					
Bond Proceeds	7,560,137	-	-	(7,560,137)	-
Premium on Bond	1,123,535	-	-	(1,123,535)	-
BANS Redeemed from Appropriations	216,627	-	-	(216,627)	-
Operating transfers in	595,020	(595,020)	-	-	-
Operating transfers (out)	(595,020)	595,020	-	-	-
Total Other Sources (Uses)	8,900,299	-	-	(8,900,299)	-
Net Change for the Year	\$ 667,145	\$ (4,754,367)	\$ 7,190,663	\$ (6,201,681)	\$ (3,098,240)

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
For the Year Ended June 30, 2020

	Private Purpose Trusts	Agency
ASSETS		
Cash	\$ 58,843	\$ 546,930
Accounts Receivable	-	35,600
Due from governmental funds	-	366,868
Total Assets	\$ 58,843	\$ 949,398
LIABILITIES		
Extraclassroom activity balances	\$ -	\$ 432,653
Other liabilities	-	516,745
Total Liabilities	-	\$ 949,398
NET POSITION		
Reserved for scholarships	58,843	
TOTAL LIABILITIES AND NET POSITION	\$ 58,843	

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For the Year Ended June 30, 2020

	Private Purpose Trusts
ADDITIONS	
Contributions	\$ -
Investment earnings	
Interest	72
Total Additions	72
 DEDUCTIONS	
Scholarships and awards	6,300
Change in Net Position	(6,228)
Net Position - Beginning of year	65,071
Net Position - End of year	\$ 58,843

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies

The financial statements of the Fayetteville-Manlius Central School District (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (“GASB”), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A) Reporting entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of nine members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity* as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

Extraclassroom Activity Funds:

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office. The district accounts for assets held as an agent for various student organizations in an agency fund.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

B) Joint venture:

The District is a component district in Onondaga Cortland Madison Board of Cooperative Education Services (OCMBOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

The participation in OCMBOCES is accounted for as a joint venture by the District since it has both an ongoing financial interest and an ongoing financial responsibility to OCMBOCES. The District has an ongoing financial interest since OCMBOCES pays surpluses to the component districts on an annual basis, although the District has no equity interest in OCMBOCES. The District does not control the financial or operating policies of OCMBOCES; however, it has an ongoing financial responsibility since the continued existence of OCMBOCES depends on continued funding from the participating school districts.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES' Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$6,363,673 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,969,243. This is \$193,841 lower than originally anticipated due to New York State aid cuts as a result of the COVID-19 health crisis. Financial statements for the BOCES are available from the OCMBOCES administrative office at 6820 Thompson Road, Syracuse, New York 13221-4754. As of June 30, 2018 (the most recent available audited financial statements), OCMBOCES has a total net position (deficit) of \$(185,984,679).

C) Basis of presentation:

i) District-wide financial statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Fund financial statements:

The fund 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 fund financial statements is on major governmental funds, each displayed in a separate column. The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. Special revenue funds include the following:

Special Aid Funds: Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

School Lunch Fund: Used to account for transactions of the lunch and breakfast programs.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of the related bonds outstanding.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

Fiduciary Fund: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. The District has the following classes of fiduciary funds:

Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

Private Purpose Trust Funds: These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. A scholarship is an example of a Private-Purpose Trust Fund. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committee to determine who benefits.

D) Measurement focus and basis of accounting:

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-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 transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, state aid, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements 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 the revenues are collected within 90 days after the end of the fiscal year as it matches the liquidation of related obligations.

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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2019 and become a lien on August 31, 2019. Taxes were collected during the period September 4, 2019 to October 31, 2019. Uncollected real property taxes are subsequently enforced by Onondaga and Madison Counties, in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G) Inter-fund transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These inter-fund receivables and payables are expected to be repaid with one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statement of Net Position for inter-fund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all inter-fund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all inter-fund transactions as originally recorded. Inter-fund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) 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 reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

I) Cash and investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC 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 Districts. Investments are stated at fair value.

J) Accounts receivable:

Accounts receivable are shown net of an allowance for uncollectible accounts, when applicable. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventorial items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

L) Other assets/restricted assets:

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants. In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

M) Capital assets:

Capital assets, except for technology equipment, are reported at actual cost for acquisitions subsequent to June 30, 1999. Assets acquired prior to July 1, 1999 and technology equipment are reported at estimated historical cost based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received. Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$1,000	Straight Line	50 yrs.
Building improvements	1,000	Straight Line	20 yrs.
Site improvements	1,000	Straight Line	20 yrs.
Furniture and equipment	1,000	Straight Line	5-15 yrs.

N) Deferred revenue:

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for unearned revenue is removed and recognized.

O) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The district has four items that qualifies for this category. The first item that qualifies is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

O) Deferred Outflows and Inflows of Resources (continued):

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District’s proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District’s contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenue from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

P) Vested employee benefits:

Compensated absences consist of unpaid accumulated annual sick leave and vacation. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. District employees are granted vacation in varying amounts, based primarily on length of service and position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund statements only, the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Q) Other benefits:

Eligible District employees participate in the New York State and Local Employees’ Retirement System or the New York State Teachers’ Retirement System. District employees may choose to participate in the District’s elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District’s employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

Q) Other benefits (continued):

The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure. For the year ended June 30, 2020 the District recognized \$4,122,769 for its share of insurance premiums for currently enrolled retirees.

R) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

S) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

T) Equity Classifications

In the District-wide statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position – reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$58,530.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The School District has established the following restricted fund balances at June 30, 2020:

Reserved for Debt Service	\$	155,514
Reserved for Tax Certiorari		2,500,000
Reserved for State and Local Retirement System Contribution		1,792,707
Reserved for Teacher's Retirement System Contributions		675,404
Reserved for Employee Benefit Accrued Liabilities		2,476,440
Reserved for Liability Claims		294,844
Reserved for Workers' Compensation		1,755,915
Reserved for Unemployment Insurance		344,001
Reserved for Capital - 2017		4,670,775
		4,670,775
	\$	14,665,600

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

The following restricted funds are available to school districts within the State of New York:

Capital Reserve Fund

According to Education Law §3651, expenditures made from the capital reserve fund must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Debt Service Reserve Fund

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

Employee Benefit Accrued Liability Reserve Fund

According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be 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. This reserve is accounted for in the General Fund.

Insurance Reserve Fund

According to General Municipal Law §6-n, all expenditures made from the insurance reserve fund must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

Liability Claims and Property Loss Reserve Fund

According to Education Law §1709(8) (c), funds must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population under 125,000. This reserve is accounted for in the General Fund.

Repair Reserve Fund

According to General Municipal Law §6-d, expenditures made from the repair reserve fund must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund.

Tax Certiorari Reserve Fund

According to Education Law §3651.1-a, funds must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

Unemployment Insurance Payment Reserve Fund

According to General Municipal Law §6-m, all expenditures made from the unemployment insurance payment reserve fund must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

Workers' Compensation Reserve Fund

According to General Municipal Law §6-j, all expenditures made from the worker's compensation reserve fund must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year. Encumbrances held by the District at June 30, 2020 totaled \$1,270,127.

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2020.

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$1,270,127.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

The District's General Fund encumbrances were classified as follows:

General Support	\$ 464,835
Instruction	566,460
Pupil Transportation	<u>238,832</u>
	<u>\$ 1,270,127</u>

Unassigned - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Net Position/Fund Balance

Net position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted sources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of certain significant accounting policies (continued)

U) New Accounting Standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standard issued by GASB:

- GASB Statement No. 83: Certain Asset Retirement Obligations
- GASB Statement No. 88: Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements
- GASB Statement No. 95: Postponement of the Effective Dates of Certain Authoritative Guidance

V) Future Changes in Accounting Standards:

- GASB Statement No. 84: Fiduciary Activities Effective for the year ending June 30, 2021
- GASB Statement No. 87: Leases Effective for the year ending June 30, 2022
- GASB Statement No. 89: Accounting for Interest Cost Incurred Before the End of a Construction Period Effective for the year ending June 30, 2022
- GASB Statement No. 90: Accounting and Financial Reporting for Majority Equity Interest Effective for the year ending June 30, 2021
- GASB Statement No. 91- Conduct Debt Obligations Effective for the year ending June 30, 2023.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Note 2 – Explanation of certain differences between governmental fund statements and District-wide statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

A) Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits. This reconciliation is performed on page 16.

B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the funds’ Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. This reconciliation is performed on page 18.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 2 – Explanation of certain differences between governmental fund statements and District-wide statements
(continued)

i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension differences:

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

v) OPEB differences:

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

Note 3 – Stewardship, compliance and accountability

The District administration prepares a proposed budget for approval by the Board of Education, which in turn is either approved or disapproved by eligible voters in the school district. The voters of the District approved the proposed appropriation budget for the General Fund on May 21, 2019.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 3 – Stewardship, compliance and accountability (continued)

Appropriations are adopted at the program level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. There was a supplemental appropriation of \$14,000 in athletic gate proceeds that occurred during the year.

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The Capital 2015 Referendum and Non-major Capital Projects Fund had a deficit fund balance of \$99,298 and \$14,630, respectively. These will be funded upon the district obtaining permanent financing for ongoing construction projects.

The Special Aid Fund shows an unreserved deficit fund balance of \$101,100. This deficit results from revenues that are due and expected to be received in subsequent years. In accordance with GASBS 33, *Accounting and Financial Reporting for Non-exchange Transactions*, this amount does not meet the availability criteria for recognition as revenue in the current period.

Note 4 – Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 4 – Cash and Cash Equivalents (continued)

- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

Total financial institution bank balances at year-end, per the bank, were \$33,410,149. These deposits are insured or collateralized with securities held by the financial institution in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$14,665,600 within the governmental funds and \$605,773 in the fiduciary funds.

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2020 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 5 – Capital assets

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 412,900	\$ -	\$ -	\$ 412,900
Construction in progress	4,876,616	11,534,111	(8,448,020)	7,962,707
Total nondepreciable historical cost	<u>5,289,516</u>	<u>11,534,111</u>	<u>(8,448,020)</u>	<u>8,375,607</u>
Capital assets that are depreciated:				
Buildings	49,054,207	-	-	49,054,207
Site Improvements	61,732,345	25,158	8,448,020	70,205,523
Buses	8,742,888	81,959	(423,830)	8,401,017
Furniture and equipment	7,242,492	215,208	(40,643)	7,417,057
Total depreciable historical cost	<u>126,771,932</u>	<u>322,325</u>	<u>7,983,547</u>	<u>135,077,804</u>
Less accumulated depreciation:				
Buildings	32,467,494	2,631,950	-	35,099,444
Site Improvements	27,073,302	928,683	-	28,001,985
Buses	5,667,914	712,545	(423,830)	5,956,629
Furniture and equipment	5,726,718	390,509	(38,557)	6,078,670
Total accumulated depreciation	<u>70,935,428</u>	<u>4,663,687</u>	<u>(462,387)</u>	<u>75,136,728</u>
Total depreciable historical cost, net	<u>\$ 61,126,020</u>	<u>\$ 7,192,749</u>	<u>\$ (2,086)</u>	<u>\$ 68,316,683</u>
Depreciation expense was charged to governmental functions as follows:				
Administrative services		\$ 101,648		
Regular instruction		3,140,494		
Special education instruction		434,856		
Pupil services		34,788		
Operating & maintenance of plant		80,860		
Pupil transportation		871,041		
		<u>\$ 4,663,687</u>		

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 6 – Short-term debt

Transactions in short-term debt for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN Maturing 7/30/2020 at 1.33%	\$ -	\$ 3,200,000	\$ -	\$ 3,200,000
BAN Maturing 7/17/2020 at 1.23%	-	7,833,939	7,833,939	-
BAN Maturing 8/02/2019 at 2.75%	775,281	-	775,281	-
BAN Maturing 7/31/2020 at 1.85%	-	558,654	-	558,654
	<u>\$ 775,281</u>	<u>\$ 11,592,593</u>	<u>\$ 8,609,220</u>	<u>\$ 3,758,654</u>

Interest on short-term debt for the year was composed of:

Interest paid	\$ 21,320
Less interest accrued in the prior year	(19,543)
Plus interest accrued in the current year	<u>12,802</u>
Total expense	<u>\$ 14,579</u>

Note 7 – Long-term debt obligations

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the un-matured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Interest on long-term debt for the year was composed of:

Interest paid	\$ 810,181
Less interest accrued in the prior year	(12,024)
Plus interest accrued in the current year	<u>9,660</u>
Total expense	<u>\$ 807,817</u>

Effective October 22, 2019 the District issued a \$2,715,000 Refunding Bond to refund the District's previously outstanding \$2,810,000 principal balance of the School District (Serial) Bonds dated April 15, 2010. The present value of cash flow savings amounts to approximately \$101,578 over the remaining six-year term of the Refunding Bond. The liability for the defeased bonds, \$2.2 million, and the trust account assets are not included in the financial statements.

In July 2013, certain general obligation bonds were defeased by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. The liability for the defeased bonds, \$1.4 million, and the trust account assets are not included in the financial statements.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 7 – Long-term debt obligations (continued)

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due Within One Year
Government activities:					
Bonds and notes payable:					
General obligation debt:					
2010 issue	\$ 2,810,000	\$ -	\$ 2,810,000	\$ -	\$ -
2013 issue	5,655,000	-	375,000	5,280,000	390,000
Refunded 2005 Issue	1,740,000	-	415,000	1,325,000	430,000
2016 issue	6,380,000	-	420,000	5,960,000	440,000
2018 issue	1,770,000	-	110,000	1,660,000	120,000
2018 Bus issue	639,005	-	119,005	520,000	125,000
2019 Bus issue	-	675,137	-	675,137	120,137
Refunded 2010 Issue	-	2,715,000	535,000	2,180,000	560,000
2020 Issue	-	6,885,000	-	6,885,000	165,000
Lease-purchase obligation	1,029,946	-	219,977	809,969	231,629
Total bonds and notes payable	20,023,951	10,275,137	5,003,982	25,295,106	2,581,766
Other liabilities:					
Due to employee's retirement system	356,757	385,677	356,757	385,677	385,677
Due to teachers' retirement system - employee	173,416	192,833	173,416	192,833	192,833
Due to teachers' retirement system - employer	3,327,020	2,805,280	3,327,020	2,805,280	2,805,280
Compensated absences	2,379,493	2,476,439	2,379,493	2,476,439	272,780
Other post-employment benefits payable	165,731,550	11,817,463	6,007,803	171,541,210	4,122,769
Net pension liability	2,318,927	6,113,793	-	8,432,720	-
Premium on bond refunding	1,762,013	1,303,905	166,389	2,899,529	-
Total other liabilities	176,049,176	25,095,390	12,410,878	188,733,688	7,779,339
Total long-term liabilities	\$ 196,073,127	\$ 35,370,527	\$ 17,414,860	\$ 214,028,794	\$ 10,361,105

The following is a schedule of bonds outstanding at June 30, 2020:

	Date of Original Issue	Original Amount	Maturity Date	Interest Rate	Balance June 30, 2020
2013 Refunding Bond	7/2/2013	\$ 5,055,000	5/15/2023	2.00%-4.00%	\$ 1,325,000
2013 Serial Bond	6/13/2013	7,610,000	6/15/2042	2.00%-4.00%	5,280,000
2016 Serial Bond	6/15/2016	7,440,000	6/15/2031	2.00%-5.00%	5,960,000
2018 Serial Bond	6/7/2018	1,835,000	6/15/2032	4.00%-5.00%	1,660,000
2018 Bus Bond	7/16/2018	639,005	6/15/2023	2.50%-2.625%	520,000
2019 Bus Bond	7/15/2019	675,137	7/15/2024	1.85%-2.00%	675,137
2019 Refunding Bond	10/22/2019	2,715,000	4/15/2025	1.50%-5.00%	2,180,000
2020 Serial Bonds	6/17/2020	6,885,000	6/15/2040	3.00%-5.00%	6,885,000
					\$ 24,485,137

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 7 – Long-term debt obligations (continued)

The following is a summary of the maturity of long-term indebtedness:

Fiscal year ended June 30,	Serial Bonds		Total
	Principal	Interest	
2021	\$ 2,350,137	\$ 1,129,416	\$ 3,479,553
2022	2,565,000	936,520	3,501,520
2023	2,640,000	852,805	3,492,805
2024	2,040,000	744,928	2,784,928
2025	1,655,000	656,456	2,311,456
5 subsequent years: 2026 - 2030	7,275,000	2,254,719	9,529,719
5 subsequent years: 2031 - 2035	3,700,000	868,706	4,568,706
5 subsequent years: 2036 - 2040	1,920,000	274,300	2,194,300
5 subsequent years: 2041 - 2042	340,000	20,600	360,600
Totals	\$ 24,485,137	\$ 7,738,450	\$ 32,223,587

The following is a summary of obligations of government activities under capital lease payments:

Fiscal year ended June 30,	Total
2021	\$ 231,629
2022	243,340
2023	200,000
2024	135,000
2025	-
Present value of minimum lease payments	\$ 809,969

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 8 – Interfund balances and activity

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 797,078	\$ 311,791	\$ 881	\$ 594,139
Special Aid Funds	-	339,830	143,341	-
School Lunch Fund	-	137,077	798	-
Capital Funds	99,532	474,780	450,000	881
	<u>896,610</u>	<u>1,263,478</u>	<u>595,020</u>	<u>595,020</u>
Total government activities	896,610	1,263,478	595,020	595,020
Fiduciary Agency Fund	<u>366,868</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,263,478</u>	<u>\$ 1,263,478</u>	<u>\$ 595,020</u>	<u>\$ 595,020</u>

The District typically transfers from the General Fund to the Capital Fund to help fund capital renovations and additions. The district also transfers from the General Fund to the Special Aid fund to fund the local portion of the Special Education Summer School Program.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

Note 9 – Pension Plans

General Information:

The District participates in the New York State Employees’ Retirement System (NYSERS) and the New York State Teachers’ Retirement System (NYSTRS).

Plan Description and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers’ Retirement System (NYSTRS). This is a cost-sharing multiple employer retirement system. The System provides retirement benefits, as well as, death and disability 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. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 9 – Pension Plans (continued)

Teachers' Retirement System (TRS) (continued)

Benefits can be changed for future members only by enactment of a Statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost sharing multiple-employer retirement system. The System provides retirement benefits, as well as, death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, were:

	NYSTRS	NYSERS
2017-2018	\$ 3,026,713	\$ 1,385,753
2018-2019	3,327,020	1,418,175
2019-2020	2,805,280	1,488,451

The District contributions made to the Systems were equal to 100% of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 9 – Pension Plans (continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of June 30, 2019 for TRS and March 31, 2020 for ERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District:

	ERS	TRS
Actuarial valuation date	4/1/2019	6/30/2018
Net pension asset/(liability)	\$ (8,432,720)	\$ 4,876,100
District's portion of the Plan's total net pension asset/(liability)	0.0318449%	0.1876860%

For the year ended June 30, 2020, the District's recognized pension expense of \$6,013,930 for TRS and \$3,037,914 for ERS. At June 30, 2020, the District has reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflow of resources		Deferred inflow of resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 496,300	\$ 3,304,408	\$ -	\$ 362,596
Changes of assumption	169,795	9,211,605	146,615	2,246,050
Net difference between projected and actual earnings on pension plan investments	4,323,022	-	-	3,910,380
Changes in proportion and differences between the District's contributions and proportionate share of contributions	445,511	162,643	74,906	160,356
District's contribution subsequent to the measurement date	-	2,805,280	-	-
Total	\$ 5,434,628	\$ 15,483,936	\$ 221,521	\$ 6,679,382

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 9 – Pension plans (continued)

District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	ERS	TRS
2020	\$ -	\$ 2,189,810
2021	945,627	123,771
2022	1,325,139	2,181,814
2023	1,648,024	1,446,378
2024	1,294,318	195,496
Thereafter	-	(137,997)
	\$ 5,213,108	\$ 5,999,272

Actuarial Assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%
Salary increases	4.20%	1.90%-4.72%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.50%	2.20%

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014. System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-14. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-14. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 9 – Pension plans (continued)

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. 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.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense 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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset Type	ERS		TRS	
	Target Allocation 2020	Long-term expected Real rate of return 2020	Target Allocation 2019	Long-term expected Real rate of return 2019
Domestic equity	36%	4%	33%	6%
International equity	14%	6%	16%	8%
Real estate	10%	5%	11%	5%
Private equities	10%	7%	8%	10%
Domestic fixed income securities	0%	0%	16%	1%
Global fixed income securities	0%	0%	0%	0%
Global equities	0%	0%	4%	7%
High-yield fixed income securities	0%	0%	1%	4%
Mortgages	17%	1%	10%	10%
Short-term	0%	0%	0%	1%
Opportunistic portfolio	3%	5%	0%	0%
Cash	1%	0%	1%	0%
Inflation-indexed bonds	4%	0%	0%	0%
Absolute return strategies	2%	3%	0%	0%
Real assets	3%	6%	0%	0%
	<u>100%</u>		<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.3% for TRS.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 9 – Pension plans (continued)

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 7.10% for TRS and 6.80% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The table on the following page presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10% for TRS and 6.80% for ERS, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.10% for TRS and 5.80% for ERS) or 1 percentage point higher (8.10% for TRS and 7.80% for ERS) than the current rate:

ERS	1% Decrease <u>(5.80%)</u>	Current Assumption <u>(6.80%)</u>	1% Increase <u>(7.80%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (15,576,422)	\$ (8,432,720)	\$ (1,945,441)
TRS	1% Decrease <u>(6.10%)</u>	Current Assumption <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (22,010,205)	\$ 4,876,100	\$ 27,430,675

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2020 is \$3,037,914 for ERS and \$6,013,930 for TRS.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 9 – Pension plans (continued)

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS covered wages multiplied by the employer’s contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$2,998,113.

For ERS, employer contributions are paid annually based on the System’s fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$385,677 of employer contributions.

Note 10 – Postemployment (health insurance) benefits

A. General information about the plan and benefits

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend benefit terms and financing requirements to the District Board. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy – The obligation of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 5 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2020, approximately \$4,123,000 was paid on behalf of retirees.

Benefits Provided – The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2020 the following employees were covered by the benefit terms:

Retirees and Survivors	443
Active employees	711
	1,154

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 10 – Postemployment (health insurance) benefits (continued)

B. Total OPEB Liability

The District's total OPEB liability of \$171,541,210 was measured as of July 1, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary Increases	3.00%
Discount Rate	3.50%
Healthcare Cost Trend Rates:	
Medical	8.00% for 2020, decreasing to 3.94% by 2080
Dental	2.00%
Vision	1.00%

The Discount rate was based on the Bond Buyer Weekly 20-Bond GO Index.

Mortality rates were based on RPH-2014 Mortality Table for employees, sex distinct with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2018.

Retirement participation rate assumed that 100% of eligible employees will elect to participate in medical and dental coverage at retirement age, and 60% will elect vision coverage. Teachers and Administrators and 100% of participants other than Teachers and Administrators will elect medical and dental coverage at retirement age. The participation rate assumed that 90% of Teachers and Administrators will include spouse coverage, while spouses of participants other than Teachers and Administrators re assumed to participate at a rate of 60% for medical and dental coverage, and 60% for vision coverage. It is assumed that 70% of retirees will be married at the time of their retirement. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption. Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System for female employees. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 10 – Postemployment (health insurance) benefits (continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 165,731,550
Changes for the Year:	
Service cost	5,626,937
Interest	6,556,858
Changes of benefit terms	(366,332)
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(2,146,553)
Benefit payments	<u>(3,861,250)</u>
Net Changes	<u>5,809,660</u>
Balance at June 30, 2020	<u>\$ 171,541,210</u>

Changes in assumptions and other inputs reflects a change in the discount rate from 3.87% in 2019 to 3.5% in 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current discount rate.

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 204,202,675</u>	<u>\$ 171,541,210</u>	<u>\$ 145,813,890</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 141,670,424</u>	<u>\$ 171,541,210</u>	<u>\$ 210,851,436</u>

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 10 – Postemployment (health insurance) benefits (continued)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$3,750,835. At June 30, 2020, the District reported deferred outflows of resources 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	\$ -	\$ 13,687,440
Changes of assumptions or other inputs	-	17,157,478
Contributions subsequent to the measurement period	4,129,771	-
	\$ 4,129,771	\$ 30,844,918

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2021	\$ (8,066,628)
2022	(8,066,628)
2023	(8,066,628)
2024	(5,199,653)
2025	(1,339,926)
Thereafter	(105,455)
	\$ (30,844,918)

Note 11 – Risk management

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

The District incurs costs related to an employee health insurance plan (plan). The plan objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the plan must remain a member for a minimum of two years; a member may withdraw from the plan after that time by providing written intent to withdraw on or before May 1st of the commencement of the school year for which the withdrawal is intended to be effective. The Central New York Health Insurance consortium has thirty (30) members with each bearing a pro-rata share of the plan's assets and claims liabilities. Plan members are subject to a pro-rata supplemental assessment in the event of deficiencies.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 11 – Risk management (continued)

If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. All plan cash accounts are collateralized by securities held by the financial institution where deposits are made. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount.

Such claims are based on the ultimate cost of the claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. The District incurred premiums totaling approximately \$16,135,000 for the current year. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

The District incurs costs related to an employee workers' compensation plan. The plan objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the plan must remain a member for a minimum of two years; a member may withdraw from the plan after that time by submitting written notice prior to January 31st effective the next June 30th. The Onondaga Cortland Madison Workers' Compensation Consortium includes thirty-one (31) members with each bearing a pro-rata share of the plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The District's share of the Consortium's outstanding case reserves that includes estimates of future payments totals \$1,054,541 as of June 30, 2020. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of the claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. The District incurred premiums totaling approximately \$608,000 for the current year. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

Note 12 – Donor-restricted endowments

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships. Donor-restricted endowments are reported at fair value. The District authorizes expenditures from donor-restricted endowments, when applicable, in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2020

Note 13 – Commitments and contingent liabilities

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the district's administration believes disallowances, if any, will be immaterial.

New York State Education Law requires that most capital projects require approval by the New York Office of Facilities Planning. New York State provides building aid for certain type of capital projects undertaken by school districts. Building aid is subject to numerous reporting requirements. The failure to adhere to these reporting requirements could lead to the refund of building aid already received and the loss of future aid on these particular capital projects. Building aid represents a significant source of financing for the Districts' financing of such projects and any loss or refund of building aid could have a significant impact on these financial statements.

Several tax certiorari actions are pending against the District for reductions in the assessment value of various properties. Management believes that the likelihood of a reduction is probable. Provisions for losses for those cases are recorded as long-term liabilities. The District plans on funding any settlements from the Tax Certiorari Reserve, and/or future appropriations.

Note 14 – Subsequent events

Management has evaluated subsequent events through October 5, 2020, which is the date the financial statements were available to be issued. The coronavirus that causes COVID-19 surfaced in December 2019 and early 2020. The spread of this virus globally during 2020 has caused business disruption domestically in the northeastern United States, the area in which the District primarily operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this pandemic. Therefore, the ultimate extent of the financial impact on District's net position cannot be reasonably estimated at this time. Due to COVID-19 implications, in August 2020, the New York State Division of Budget (DOB) began withholding 20% of most local aid payments and all or a portion of the amount withheld may be converted to permanent reductions, depending on the size and timing of new federal aid, if any. This reduction would impact the District's 2020-2021 budget.

The following short-term and long-term debt transactions have taken place subsequent to June 30, 2020:

- On July 29, 2020, the District received proceeds from a bond anticipation note for \$3,140,000 to finance their energy performance contract.
- On July 30, 2020 the District received proceeds from a bond anticipation note for \$342,027 to finance the purchase of buses.
- On September 15, 2020, the District issued \$681,556 in serial bonds with an interest rate of 1.00% over the life of the bonds. Final maturity is in 2025.
- On September 30, 2020, the District received proceeds from a bond anticipation note for \$12,000,000 to finance their on-going construction project.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Funding Progress
Other Postemployment Benefits
For the Year Ended June 30, 2020

	2020	2019	2018
Measurement Date	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability	\$ 171,541,210	\$ 165,731,550	\$ 178,212,604
Service Cost	5,626,937	5,907,525	7,686,685
Interest	6,556,858	6,565,351	5,734,503
Changes in benefit terms	(366,332)	228,677	-
Differences between expected and actual experience in the measurement	-	(20,068,530)	-
Changes in assumptions or other inputs	(2,146,553)	(1,615,505)	(27,086,466)
Benefit payments	<u>(3,861,250)</u>	<u>(3,498,572)</u>	<u>(3,292,083)</u>
Net change in total OPEB liability	5,809,660	(12,481,054)	(16,957,361)
Total OPEB liability- beginning	<u>165,731,550</u>	<u>178,212,604</u>	<u>195,169,965</u>
Total OPEB liability- ending	<u>\$ 171,541,210</u>	<u>\$ 165,731,550</u>	<u>\$ 178,212,604</u>
Covered payroll	\$ 44,268,754	\$ 41,502,998	\$ 41,209,768
Total OPEB liability as a percentage of covered payroll	387%	399%	432%

See paragraph on supplementary schedules included in the auditor's report.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund (continued)
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local Sources				
Real property taxes	\$ 63,495,145	\$ 63,495,145	\$ 63,594,788	\$ 99,643
Nonproperty taxes	135,000	135,000	152,678	17,678
Charges for services	12,152	12,152	105,279	93,127
Use of money and property	458,000	458,000	455,879	(2,121)
Sale of property and compensation for loss	100,000	100,000	115,207	15,207
Miscellaneous	1,010,000	1,023,488	918,701	(104,787)
Total Local Sources	65,210,297	65,223,785	65,342,532	118,747
State Sources	19,914,385	19,914,385	19,578,077	(336,308)
Medicaid Reimbursement	-	-	266,300	266,300
Total Revenues	85,124,682	85,138,170	85,186,909	48,739
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	881	881
Designated for subsequent year expenditures	-	-	-	-
Total Revenues and other Financing Sources	\$ 85,124,682	\$ 85,138,170	\$ 85,187,790	\$ 49,620

See paragraph on supplementary schedules included in the auditor's report.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund (continued)
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of Education	\$ 58,985	\$ 59,442	\$ 49,383	\$ -	\$ 10,059
Central Administration	301,100	301,123	298,618	-	2,505
Finance	1,008,774	1,043,751	1,001,774	4,570	37,407
Staff	454,711	491,452	395,054	7,429	88,969
Central Services	6,785,827	6,924,371	6,132,797	452,835	338,739
Special Items	640,606	659,988	634,080	1	25,907
Total General Support	9,250,003	9,480,127	8,511,706	464,835	503,586
Instruction					
Administration and Improvement	3,160,740	3,197,404	3,038,358	18,278	140,768
Teaching - Regular School	28,886,253	29,102,494	28,099,088	401,682	601,724
Programs for Students with Disabilities	6,852,446	6,643,933	6,341,371	81,286	221,276
Teaching - Special Schools	19,315	19,315	18,921	-	394
Instructional media	2,059,925	2,266,666	2,207,527	35,066	24,073
Pupil Services	3,657,114	3,851,884	3,237,514	30,147	584,223
Total Instruction	44,635,793	45,081,696	42,942,779	566,459	1,572,458

See paragraph on supplementary schedules included in the auditor's report.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2020

Pupil Transportation	4,299,734	4,575,748	4,330,223	238,833	6,692
Community Services	16,300	16,300	14,094	-	2,206
Employee Benefits	23,942,976	23,642,293	22,783,493	-	858,800
Debt Service	3,209,876	3,209,876	3,188,027	-	21,849
Undistributed Salaries	-	-	-	-	-
	<u>85,354,682</u>	<u>86,006,040</u>	<u>81,770,322</u>	<u>1,270,127</u>	<u>2,965,591</u>
OTHER FINANCING USES					
Transfer to other Funds	<u>520,000</u>	<u>594,341</u>	<u>594,139</u>	<u>-</u>	<u>202</u>
	<u>85,874,682</u>	<u>86,600,381</u>	<u>82,364,461</u>	<u>\$ 1,270,127</u>	<u>\$ 2,965,793</u>
Net change in fund balance	(750,000)	(1,462,211)	2,823,329		
Fund balance - beginning	<u>750,000</u>	<u>1,462,211</u>	<u>17,475,499</u>		
Fund balance - ending	<u>\$ -</u>	<u>-</u>	<u>\$ 20,298,828</u>		

See paragraph on supplementary schedules included in the auditor's report.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Schedule of District Contributions
For the year ended June 30, 2020

<i>Teachers' Retirement System</i>						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,805,280	\$ 3,327,020	\$ 3,026,713	\$ 4,016,868	\$ 5,123,299	\$ 4,667,512
Contributions in relation to the contractually required contribution	<u>2,805,280</u>	<u>3,327,020</u>	<u>3,026,713</u>	<u>4,016,868</u>	<u>5,123,299</u>	<u>4,667,512</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 31,662,299	\$ 31,327,872	\$ 30,018,618	\$ 30,175,399	\$ 28,882,241	\$ 26,610,673
Contributions as a percentage of covered payroll	9%	11%	10%	13%	18%	18%
<i>Employees' Retirement System</i>						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,488,451	\$ 1,418,175	\$ 1,385,753	\$ 1,402,601	\$ 1,630,005	\$ 1,725,018
Contributions in relation to the contractually required contribution	<u>1,488,451</u>	<u>1,418,175</u>	<u>1,385,753</u>	<u>1,402,601</u>	<u>1,630,005</u>	<u>1,725,018</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 10,735,899	\$ 10,047,627	\$ 11,191,150	\$ 11,040,321	\$ 9,491,777	\$ 10,975,012
Contributions as a percentage of covered payroll	14%	14%	12%	13%	17%	16%

See paragraph on supplementary schedules included in the auditor's report.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Schedule of District's Proportionate Share of the Net Pension Asset (Liability)
For the year ended June 30, 2020

	<i>Teachers' Retirement System</i>					
	2020	2019	2018	(as restated) 2017	2016	2015
District's proportion of the net pension asset (liability)	0.187686%	0.189607%	0.190452%	0.187170%	0.018719%	1.858390%
District's proportionate share of the net pension asset (liability)	\$ 4,876,100	\$ 3,428,592	\$ 1,447,627	\$ (2,006,205)	\$ 23,273,012	\$ 25,630,495
District's covered payroll	\$ 31,662,299	\$ 31,327,872	\$ 30,018,618	\$ 30,175,399	\$ 28,882,241	\$ 26,610,673
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	15%	11%	5%	-7%	81%	96%
Plan fiduciary net position as a percentage of the total pension liability	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
	<i>Employees' Retirement System</i>					
	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0318449%	0.0327287%	0.0306827%	0.0317576%	0.0326664%	3.2748100%
District's proportionate share of the net pension asset (liability)	\$ (8,432,720)	\$ (2,318,927)	\$ (990,267)	\$ (2,984,016)	\$ (5,243,052)	\$ (1,106,306)
District's covered payroll	\$ 10,735,899	\$ 10,047,627	\$ 11,191,150	\$ 11,040,321	\$ 9,491,777	\$ 10,975,012
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	79%	23%	9%	27%	55%	10%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

See paragraph on supplementary schedules included in the auditor's report.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Schedule of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit
For the Year Ended June 30, 2020

CHANGE FROM ADOPTED TO FINAL BUDGET

Adopted Budget	\$ 85,874,682
Add: Prior year's encumbrances	<u>712,211</u>
Original Budget	86,586,893
Budget revision: Athletic Gate Proceeds	<u>13,488</u>
Revised Budget	<u><u>\$ 86,600,381</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter-approved expenditure budget	
Maximum allowed (4% of 2020-2021 budget)	\$ 88,298,298
General Fund-Fund Balance Subject to 1318 of Real Property Tax Law *:	
Unrestricted fund balance:	
Assigned fund balance	\$ 2,110,127
Unassigned fund balance	<u>3,523,101</u>
Total unrestricted fund balance	<u>5,633,228</u>
Less:	
Appropriated fund balance	840,000
Encumbrances included in committed and assigned fund balance	<u>1,270,127</u>
Total adjustments	<u>2,110,127</u>
General Fund-Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,523,101</u></u>
Actual Percentage	3.99%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of General Fund-fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

See paragraph on supplementary schedules included in the auditor's report.

Fayetteville-Manlius Central School District
 Schedule of Project Expenditures -
 Capital Projects Fund
 For the Year Ended June 30, 2020

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance 30-Jun-20	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
December 2017 Ref											
Alterations: Wellwood (and pre-ref WW)	\$ -	\$ 34,000,000	\$ 1,168,749	\$ 2,447,772	\$ 3,616,521	\$ 30,383,479	\$ -	\$ -	\$ 9,420,000	\$ 9,420,000	\$ 5,803,479
High School, Enders Road Phase I*	-	8,000,000	2,215,230	5,911,408	8,126,638	(126,638)	7,833,939	-	201,247	8,035,186	(91,452)
EPC Project	3,200,000	3,200,000	119,481	2,433,005	2,552,486	647,514	-	-	-	-	(2,552,486)
*expense includes \$174,596.35 cost of issuance											
	3,200,000	45,200,000	3,503,460	10,792,185	14,295,645	30,904,355	7,833,939	-	9,621,247	17,455,186	3,159,541
March 2015 Referendum											
Roofing - Fayetteville Elem - Phase I	1,751,795	1,751,795	1,751,795	-	1,751,795	-	1,171,795	-	580,000	1,751,795	-
Roofing - Fayetteville Elem - Phase II	817,467	901,613	809,976	219,320	1,029,296	(127,683)	663,205	-	266,793	929,998	(99,298)
*expense includes \$84,145.55 bond premium											
	2,569,262	2,653,408	2,561,771	219,320	2,781,091	(127,683)	1,835,000	-	846,793	2,681,793	(99,298)
Non-Major											
Prior Year Bus BAN	775,281	775,281	775,281	-	775,281	-	216,627	-	-	216,627	(558,654)
Bus Purchases 17-18 Bond	639,005	639,005	636,763	-	636,763	2,242	639,005	-	-	639,005	2,242
Bus Purchases 18-19 Bond	675,137	675,137	675,082	-	675,082	55	675,137	-	-	675,137	55
Smart Schools	2,818,631	1,727,955	1,727,396	-	1,727,396	559	-	1,727,396	-	1,727,396	-
Mott Road Windows	407,149	407,149	360,942	5,352	366,294	40,855	-	-	407,149	407,149	40,855
Mott Road Fire Alarms (18/19)	350,000	350,000	24,150	4,615	28,765	321,235	-	-	350,000	350,000	321,235
LGI Renovations-HS (Grant)	230,000	230,000	21,392	208,160	229,552	448	229,552	-	-	229,552	-
FE Office & Site Renovation	149,000	149,000	-	-	-	149,000	-	-	149,000	149,000	149,000
HS Emergency-Wall/Entry Way	150,116	210,000	209,933	-	209,933	67	-	-	-	-	(209,933)
HS Security (18/19)	100,000	100,000	8,510	55,991	64,501	35,499	-	-	100,000	100,000	35,499
FE Electric Service (19/20)	450,000	255,000	22,400	231,688	254,088	912	-	-	450,000	450,000	195,912
2020/21 Capital Transfer Projects	-	-	-	16,800	16,800	(16,800)	-	-	-	-	(16,800)
Prior Years Unallocated transfer	-	-	-	-	-	26,417	-	-	25,958	25,958	25,958
	6,744,319	5,518,527	4,461,849	522,606	4,984,455	560,489	1,760,321	1,727,396	1,482,107	4,969,824	(14,630)
Totals	\$ 12,513,581	\$ 53,371,935	\$ 10,527,080	\$ 11,534,111	\$ 22,061,191	\$ 31,337,161	\$ 11,429,260	\$ 1,727,396	\$ 11,950,147	\$ 25,106,803	\$ 3,045,613

See paragraph on supplementary schedules included in the auditor's report.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Investment in Capital Assets, Net of Related Debt
For the Year Ended June 30, 2020

Capital assets, net		\$ 68,316,683
Add:		
Savings on old bond defeasement		130,000
Deduct:		
Bond anticipation notes	(3,758,654)	
Premium on bond refunding	(2,899,529)	
Short-term portion of bonds payable	(2,350,137)	
Long-term portion of bonds payable	(22,135,000)	
Short-term portion of capital leases	(231,629)	
Long-term portion of capital leases	(578,340)	
Interest payable	(22,462)	
Total Deductions	(31,975,751)	(31,975,751)
Investment in capital assets, net of related debt		\$ 36,470,932

See paragraph on supplementary schedules included in the auditor's report.