

**FAYETTEVILLE-MANLIUS
CENTRAL SCHOOL DISTRICT**

SINGLE AUDIT REPORTING PACKAGE

**AS REQUIRED BY THE UNIFORM GUIDANCE AND
2 CFR section 200.512(c)**

June 30, 2021

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

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FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

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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, 2021, 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.

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 of Fayetteville-Manlius Central School District, as of June 30, 2021, 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 contributions and schedule of district's proportionate share of net pension asset (liability) on pages 4-12 and 53-58, respectively, 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, investment in capital assets, net of related debt and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on pages 59-61 and page 67, respectively, 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 and financing resources – capital projects fund, investment in capital assets, net of related debt and the schedule of expenditures of federal awards 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 and financing resources – capital projects

fund, investment in capital assets, net of related debt and the schedule of expenditures of federal awards 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 4, 2021 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 4, 2021

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2021

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, 2021 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 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, 2021

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

	District-Wide Statements	Governmental 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
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
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2021

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).
- 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, 2021

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, 2021 and a comparison to fiscal year ended June 30, 2020. Net position decreased by \$3,958 from the prior year.

Figure A-2

Summary of Net Position (in thousands of dollars)

	<u>2021</u>	<u>2020</u>	Increase (Decrease) from <u>Fiscal 2020</u>
Current and Other Assets	\$32,987	\$33,574	\$(587)
Capital Assets	85,292	68,317	16,975
Net Pension Asset	-	4,876	(4,876)
Total Assets	<u>118,279</u>	<u>106,767</u>	<u>11,512</u>
Deferred Outflows of Resources	<u>61,954</u>	<u>25,048</u>	<u>36,906</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 180,233</u>	<u>\$ 131,815</u>	<u>\$ 48,418</u>
Total Debt	\$ 46,661	\$ 31,953	\$ 14,708
Other Long-Term Liabilities	210,654	177,401	33,253
Net Pension Liability	5,192	8,433	(3,241)
Other Liabilities	2,456	3,081	(625)
Total Liabilities	<u>264,963</u>	<u>220,868</u>	<u>44,095</u>
Deferred Inflows of Resources	<u>46,157</u>	<u>37,876</u>	<u>8,281</u>
Net Position			
Net Investment in Capital Assets	38,726	36,471	2,255
Restricted	17,147	13,695	3,452
Unrestricted Net Deficit	(186,760)	(177,095)	(9,665)
Total Net Position	(130,887)	(126,929)	(3,958)
Total Liabilities, Inflows, and Net Position	<u>\$ 180,233</u>	<u>\$ 131,815</u>	<u>\$ 48,418</u>

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2021

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>Revenues</u>	Governmental Activities 2021	Governmental Activities 2020	Increase (Decrease) from Fiscal 2020
Program Revenues			
Charges for Services	\$ 273	\$ 931	\$ (658)
Operating Grants and Contributions	1,627	1,363	264
General Revenues			
Property Taxes	61,172	58,758	2,414
State Formula Aid	20,009	20,076	(67)
Interest Earnings	26	341	(315)
Miscellaneous	<u>6,655</u>	<u>6,470</u>	<u>185</u>
Total Revenues	<u>89,762</u>	<u>87,939</u>	<u>1,823</u>
<u>Expenses</u>			
General Support	10,789	12,767	(1,978)
Instruction	74,715	69,148	5,567
Pupil Transportation	6,939	7,081	(142)
Community Service	-	14	(14)
Debt Service	964	771	193
Cost of Sales - Food	<u>804</u>	<u>1,256</u>	<u>(452)</u>
Total Expenses	<u>94,211</u>	<u>91,037</u>	<u>3,174</u>
(Decrease) Increase in Net Position	<u>\$ (4,449)</u>	<u>\$ (3,098)</u>	<u>\$ (1,351)</u>

In general, expenses and revenues increased causing a decrease in Net Position equal to \$4,449.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2021

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

Figure A-4

Capital Assets Net of Depreciation

	2021	2020	Change from 2020
Land	\$ 413	\$ 413	\$ -
Construction in Process	27,284	7,963	19,321
Buildings	11,331	13,955	(2,624)
Site Improvements	42,347	42,204	143
Equipment and Furniture	1,453	1,338	115
Buses	2,465	2,444	21
Total	<u>\$ 85,293</u>	<u>\$ 68,317</u>	<u>\$ 16,976</u>

Figure A-5 illustrates District Fund Balances.

Figure A-5

Governmental Fund Balances at June 30, 2021 (in thousands of dollars)

General	Special Aid	School Lunch	Special Revenue Funds	Capital 2015 Ref	Capital WW Pre Ref	Capital Non-Major
\$ 22,569	\$ -	\$ -	\$ 427	\$ -	\$ (13,657)	\$ (5)

The District sustains financial health through sound business practices that include continued certification under ISO 9001. The District 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 2020-21, the District operations resulted in an unassigned general fund balance of \$3,623. The District assigned \$750 of the general fund balance to the 2021-22 budget.

The school lunch fund shows a zero fund balance due to the general fund supplementing with a \$107 interfund transfer for the year.

Special Aid Fund consists of District federal grants and special education summer school. Any expenses not covered by special aid fund revenue are covered by the general fund, resulting in a zero fund balance.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2021

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

The Special Revenue Funds consist of a Turf Replacement fund which was established in 2011-12 in the amount of \$100 and currently has a \$102 fund balance. In addition, the Extra classroom fund balance of \$272 and scholarship fund balance of \$53 are part of the special revenue funds.

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. This project has been completed.

The December 2017 Capital Referendum was approved in December 2017 for \$42,000 and includes renovations at Enders Road, High School, Wellwood Middle School and a Districtwide energy performance contract. The negative fund balance of \$13,657 is due to temporary financing and will be offset when the District obtains permanent financing for the project. The Wellwood Middle School project is the only on-going project.

Capital Non-Major shows a negative fund balance of \$5. 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. Since 2017-18 the District has financed buses through bus bonds 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. The negative fund balance is due to architecture fees related to a future project.

General Fund Budgetary Highlights

Figure A-6 compares the District's performance for the general fund for both revenues and expenditures.

Figure A-6

General Fund Expenditure and Revenues Analysis for 2020-21 (in thousands of dollars)

	<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>	\$88,298	\$89,568	\$85,448	1.4%	(4.6%)
<u>Revenues</u>	\$87,458	\$87,458	\$87,718	0.0%	0.3%

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2021

Total Expenses

The 1.4% increase from Original Budget to the Final Budget is primarily due to the following:

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. These encumbrances represent orders received but not billed at the close of the fiscal year.

The final actual expenditure results compared to the final budget shows the final actual being \$4,120 below the final budget. The 4.6% reduced expenditure was principally caused by the following adjustments:

1. Encumbrances, a routine business cycle item, of \$1,103 were applied for the 2020-21 school year to be paid in the 2021-22 school year.
2. Expenditures were favorable to budget partly due to the hybrid remote learning model implemented due to the COVID-19 pandemic. This generated savings in areas including but not limited to transportation, building maintenance, utilities, and athletics 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, 2020, when property taxes were levied for the 2020-21 school year, that valuation was (in thousands) \$2,537,224 for an approximate statutory debt limit of \$253,722. The District's current outstanding indebtedness is \$45,444 or 1.79%, 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 increased the District's foundation aid by \$1,603 for the 2021-22 school year and forecasts additional increases of \$2,250 each of the next two years. However, COVID-19 continues to effect state and local finances and future increases from the state are not certain. The District has been allocated \$5,059 in Federal stimulus funding as a result of COVID-19. This revenue will be recorded in future years.

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 2021-22 the District does not anticipate any changes in educational program or educational standards nor do we anticipate anything that would adversely affect the strong financial position of the district. However, the uncertainty of New York State's financial position in the future could have an impact on 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 sound business practices.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2021

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. The financial position of the District is still dependent on New York State's financial position. 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: A capital referendum vote may occur as early as December 2021 for renovations to the High School.

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

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, 2021

ASSETS	
Cash	
Unrestricted	\$ 13,493,510
Restricted	17,146,772
Receivables	
State and federal aid	771,405
Due from other governments	1,091,313
Other	446,010
Deferred Expenditures	400
Inventories	37,565
Capital assets, net	85,292,644
Net pension asset-proportionate share	-
Total assets	<u>118,279,619</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other postemployment benefits	37,168,334
Pensions	24,785,390
Total assets and deferred outflows of resources	<u><u>\$ 180,233,343</u></u>
LIABILITIES	
Payables	
Accounts payable	\$ 1,469,019
Accrued liabilities	889,582
Interest payable	9,904
Notes payable	
Bond anticipation	17,407,027
Deferred credits	
Deferred revenue	87,524
Long-term liabilities	
Due and payable within one year	
Bonds payable	2,746,556
Installment purchase debt payable	243,340
Due to employees retirement system	438,891
Due to teachers' retirement system - employee	231,264
Due to teachers' retirement system - employer	3,119,386
Compensated absences payable	222,212
Other postemployment benefits payable	4,557,141
Due and payable after one year	
Bonds payable	22,670,000
Installment purchase debt payable	335,000
Compensated absences payable	2,212,817
Other postemployment benefits payable	199,872,194
Premium on bond refunding	3,259,268
Net pension liability - proportionate share	5,191,648
Total Liabilities	<u>264,962,773</u>
DEFERRED INFLOWS OF RESOURCES	
Other postemployment benefits	33,521,016
Deferred amount on defeasance	105,000
Pensions	12,531,044
Total deferred inflows of resources	<u>46,157,060</u>
NET POSITION	
Net investment in capital assets	38,726,549
Restricted	17,146,772
Unrestricted deficit	<u>(186,759,811)</u>
Total net position	<u>(130,886,490)</u>
Total liabilities and net position	<u><u>\$ 180,233,343</u></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, 2021

	Expenses	Indirect Expenses Allocation	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS					
General support	\$ (7,875,091)	\$ (2,914,420)	\$ -	\$ -	\$ (10,789,511)
Instruction	(53,254,387)	(21,460,728)	121,127	1,096,046	(73,497,942)
Pupil transportation	(4,819,951)	(2,119,578)	-	-	(6,939,529)
Employee benefits	(26,494,726)	26,494,726	-	-	-
Debt service	(963,605)	-	-	-	(963,605)
School lunch program	(803,579)	-	151,665	530,975	(120,939)
	<u>\$ (94,211,339)</u>	<u>\$ -</u>	<u>\$ 272,792</u>	<u>\$ 1,627,021</u>	(92,311,526)
GENERAL REVENUES					
Real property taxes	\$ 61,171,822				
Other tax items	4,422,251				
Nonproperty taxes	147,056				
Use of money and property	94,580				
Sale of property and compensation for loss	91,468				
Miscellaneous	1,532,177				
State sources	20,009,062				
Federal sources	170,164				
Medicaid reimbursement	223,466				
	<u>87,862,046</u>				
Total General Revenues					<u>87,862,046</u>
Change in Net Assets (Deficiency)					(4,449,480)
Total Net Position - Beginning of year, restated					<u>(126,437,010)</u>
Total Net Position - End of year					<u>\$ (130,886,490)</u>

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

	General	Special Aid	School Lunch	Special Revenue Funds	Capital 2015 Referendum	Capital Dec 2017 Referendum	Non-Major Capital Projects	Total Governmental Funds
ASSETS								
Cash								
Unrestricted	\$ 8,164,492	\$ 50	\$ 38,726	\$ 373,840	\$ 33,874	\$ 4,602,526	\$ 280,002	\$ 13,493,510
Restricted	17,093,923	-	-	52,849	-	-	-	17,146,772
Receivables								
Due from other funds	1,021,467	-	107,329	-	104,077	-	89,469	1,322,342
Accounts receivable	350,421	-	7,589	-	-	-	88,000	446,010
State and federal aid	278,496	328,587	164,322	-	-	-	-	771,405
Due from other governments	1,091,313	-	-	-	-	-	-	1,091,313
Deferred expenditures	-	400	-	-	-	-	-	400
Inventories	-	-	37,565	-	-	-	-	37,565
Total assets	<u>\$ 28,000,112</u>	<u>\$ 329,037</u>	<u>\$ 355,531</u>	<u>\$ 426,689</u>	<u>\$ 137,951</u>	<u>\$ 4,602,526</u>	<u>\$ 457,471</u>	<u>\$ 34,309,317</u>
LIABILITIES								
Payables								
Accounts payable	\$ 634,301	\$ 12,212	\$ 2,824	\$ -	\$ -	\$ 803,700	\$ 15,982	\$ 1,469,019
Accrued liabilities	881,478	-	8,104	-	-	-	-	889,582
Due to other funds	115,432	316,825	257,094	-	137,951	390,963	104,077	1,322,342
Bond interest and matured bonds	9,904	-	-	-	-	-	-	9,904
Due to employees' retirement system	438,891	-	-	-	-	-	-	438,891
Due to teachers' retirement system - employee	231,264	-	-	-	-	-	-	231,264
Due to teachers' retirement system - employer	3,119,386	-	-	-	-	-	-	3,119,386
Notes payable								
Bond anticipation	-	-	-	-	-	17,065,000	342,027	17,407,027
Deferred credits								
Deferred revenues	15	-	87,509	-	-	-	-	87,524
Total liabilities	<u>5,430,671</u>	<u>329,037</u>	<u>355,531</u>	<u>-</u>	<u>137,951</u>	<u>18,259,663</u>	<u>462,086</u>	<u>24,974,939</u>
FUND BALANCES								
Nonspendable:								
Reserve for Inventory	-	-	37,565	-	-	-	-	37,565
Restricted For:								
Reserved for Debt Service	162,268	-	-	-	-	-	-	162,268
Reserved for Tax Certiorari	2,702,675	-	-	-	-	-	-	2,702,675
Reserved for State and Local Retirement System Contributions	1,755,565	-	-	-	-	-	-	1,755,565
Reserved for Teacher's Retirement System Contributions	1,330,288	-	-	-	-	-	-	1,330,288
Reserved for Employee Benefit Accrued Liabilities	2,435,028	-	-	-	-	-	-	2,435,028
Reserved for Liability Claims	294,949	-	-	-	-	-	-	294,949
Reserved for Worker's Compensation	1,355,950	-	-	-	-	-	-	1,355,950
Reserved for Unemployment Insurance	57,200	-	-	-	-	-	-	57,200
Reserved for Capital - 2017	7,000,000	-	-	-	-	-	-	7,000,000
Restricted for Scholarships	-	-	-	52,849	-	-	-	52,849
Committed To:								
Committed Fund Balance	-	-	-	272,201	-	-	-	272,201
Assigned To:								
Assigned appropriated fund balance	750,000	-	-	101,639	-	(13,657,137)	(4,615)	(12,810,113)
Assigned unappropriated fund balance	1,102,889	-	-	-	-	-	-	1,102,889
Unassigned:								
Unassigned fund balance	3,622,629	-	(37,565)	-	-	-	-	3,585,064
Total fund balances	<u>22,569,441</u>	<u>-</u>	<u>-</u>	<u>426,689</u>	<u>-</u>	<u>(13,657,137)</u>	<u>(4,615)</u>	<u>9,334,378</u>
Total liabilities and fund balances	<u>\$ 28,000,112</u>	<u>\$ 329,037</u>	<u>\$ 355,531</u>	<u>\$ 426,689</u>	<u>\$ 137,951</u>	<u>\$ 4,602,526</u>	<u>\$ 457,471</u>	<u>\$ 34,309,317</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, 2021

ASSETS	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications And Eliminations	Statement of Net Position Totals
Cash	\$ 13,493,510	\$ -	\$ -	\$ 13,493,510
Unrestricted				
Restricted	17,146,772	-	-	17,146,772
Accounts receivable	446,010	-	-	446,010
Due from other funds	1,322,342	-	(1,322,342)	-
Due from other governments	1,862,718	-	-	1,862,718
Deferred expenditures	400			400
Inventories	37,565	-	-	37,565
Land, buildings and equipment (net)	-	85,292,644	-	85,292,644
Net pension asset - proportionate share	-	-	-	-
Total assets	<u>\$ 34,309,317</u>	<u>\$85,292,644</u>	<u>\$(1,322,342)</u>	<u>\$118,279,619</u>
DEFERRED OUTFLOWS OF RESOURCES				
	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications And Eliminations	Statement of Net Position Totals
Other postemployment benefits	-	37,168,334	-	37,168,334
Pensions	-	24,785,390		24,785,390
Total assets and deferred outflows of resources	<u>\$ 34,309,317</u>	<u>\$ 147,246,368</u>	<u>\$ (1,322,342)</u>	<u>\$ 180,233,343</u>
LIABILITIES				
	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications And Eliminations	Statement of Net Position Totals
Accounts payable	\$ 1,469,019	\$ -	\$ -	\$ 1,469,019
Accrued liabilities	889,582	-	-	889,582
Bonds payable	-	25,416,556	-	25,416,556
Installment purchase debt	-	578,340	-	578,340
Bond anticipation notes payable	17,407,027	-	-	17,407,027
Interest payable	9,904	-	-	9,904
Due to other funds	1,322,342	-	(1,322,342)	-
Due to employee's retirement system	438,891			438,891
Due to teachers' retirement system - EE	231,264	-	-	231,264
Due to teachers' retirement system - ER	3,119,386	-	-	3,119,386
Deferred credits	87,524	-	-	87,524
Deferred revenue				
Compensated absences	-	2,435,029	-	2,435,029
Postemployment benefits	-	204,429,335	-	204,429,335
Premium on Bond Refunding	-	3,259,268		3,259,268
Net pension liability-proportionate share	-	5,191,648	-	5,191,648
Total Liabilities	<u>24,974,939</u>	<u>241,310,176</u>	<u>(1,322,342)</u>	<u>264,962,773</u>
DEFERRED INFLOWS OF RESOURCES				
	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications And Eliminations	Statement of Net Position Totals
Other postemployment benefits	-	33,521,016	-	33,521,016
Defeasance gain	-	105,000	-	105,000
Pensions	-	12,531,044	-	12,531,044
FUND EQUITY\NET POSITION				
	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications And Eliminations	Statement of Net Position Totals
Total Fund Equity\Net Position	<u>9,334,378</u>	<u>(140,220,868)</u>	<u>-</u>	<u>(130,886,490)</u>
Total Liabilities, Inflows and Equity	<u>\$ 34,309,317</u>	<u>\$ 147,246,368</u>	<u>\$ (1,322,342)</u>	<u>\$ 180,233,343</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, 2021

	General	Special Aid	School Lunch	Special Revenue Funds	Capital March 2015 Ref	Capital Dec 2017 Referendum	Non-Major Capital Projects	Total Governmental Funds
REVENUES								
Real property taxes	\$ 61,171,822	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,171,822
Other tax items	4,422,251	-	-	-	-	-	-	4,422,251
Nonproperty taxes	147,056	-	-	-	-	-	-	147,056
Charges for services	121,127	-	-	-	-	-	-	121,127
Use of money and property	94,516	-	-	64	-	-	-	94,580
Sale of property and compensation for loss	91,468	-	-	-	-	-	-	91,468
Miscellaneous	1,364,539	-	3,086	162,606	3	4,864	165	1,535,263
State sources	19,906,875	102,187	11,483	-	-	-	-	20,020,545
Medicaid reimbursement	223,466	-	-	-	-	-	-	223,466
Federal sources	170,164	1,096,046	490,831	-	-	-	-	1,757,041
Surplus food	-	-	28,661	-	-	-	-	28,661
Sales - school lunch	-	-	148,579	-	-	-	-	148,579
Total Revenues	87,713,284	1,198,233	682,640	162,670	3	4,864	165	89,761,859
EXPENDITURES								
General support	8,116,046	8,082	-	-	-	107,306	-	8,231,434
Instruction	44,435,721	1,161,442	-	-	-	-	-	45,597,163
Pupil transportation	4,000,835	-	-	-	-	-	-	4,000,835
Employee benefits	23,994,979	15,497	219,163	-	-	-	-	24,229,639
Debt service								
Principal	2,811,764	-	-	-	-	-	-	2,811,764
Interest	1,257,801	-	-	-	-	-	-	1,257,801
Cost of sales	-	-	233,118	-	-	-	-	233,118
Other expenditures	-	-	351,298	329,052	-	-	-	680,350
Capital outlay	84,151	5,764	-	-	4,779	19,951,678	1,322,191	21,368,563
Total Expenditures	84,701,297	1,190,785	803,579	329,052	4,779	20,058,984	1,322,191	108,410,667
Excess (Deficiency) of Revenues Over Expenditures	3,011,987	7,448	(120,939)	(166,382)	(4,776)	(20,054,120)	(1,322,026)	(18,648,808)
OTHER FINANCING SOURCES AND USES								
Bond Proceeds	-	-	-	-	-	2,600,000	681,556	3,281,556
Premium on Bond	-	-	-	-	-	582,306	-	582,306
Operating transfers in	4,932	93,652	114,654	-	104,077	-	538,000	855,315
BANS Redeemed from Appropriations	-	-	-	-	-	60,000	216,627	276,627
Operating transfers (out)	(746,306)	-	-	-	(3)	(4,864)	(104,142)	(855,315)
Total Other Sources (Uses)	(741,374)	93,652	114,654	-	104,074	3,237,442	1,332,041	4,140,489
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	2,270,613	101,100	(6,285)	(166,382)	99,298	(16,816,678)	10,015	(14,508,319)
Fund Balances - Beginning of year, as restated	20,298,828	(101,100)	6,285	593,071	(99,298)	3,159,541	(14,630)	23,842,697
Fund Balances - End of year	\$ 22,569,441	\$ -	\$ -	\$ 426,689	\$ -	\$ (13,657,137)	\$ (4,615)	\$ 9,334,378

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, 2021

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 61,171,822	\$ -	\$ -	\$ -	\$ 61,171,822
Other tax items	4,422,251	-	-	-	4,422,251
Nonproperty Taxes	147,056	-	-	-	147,056
Charges for services	121,127	-	-	-	121,127
Use of money and property	94,580	-	-	-	94,580
Sale of property and compensation for loss	91,468				91,468
Miscellaneous	1,535,263	-	-	-	1,535,263
State sources	20,020,545	-	-	-	20,020,545
Medicaid reimbursement	223,466	-	-	-	223,466
Federal sources	1,757,041	-	-	-	1,757,041
Surplus food	28,661	-	-	-	28,661
Sales - school lunch	148,579	-	-	-	148,579
Total Revenues	89,761,859	-	-	-	89,761,859
EXPENDITURES\EXPENSES					
General support	8,231,434	(556,275)	199,932	-	7,875,091
Instruction	45,597,163	3,954,618	3,373,554	-	52,925,335
Pupil transportation	4,000,835	-	819,116	-	4,819,951
Employee benefits	24,229,639	-	-	2,484,250	26,713,889
Debt service	4,069,565	-	-	(3,105,960)	963,605
Cost of sales	233,118	-	-	-	233,118
Other expenditures	680,350	-	-	-	680,350
Capital outlay	21,368,563	-	(21,368,563)	-	-
Total Expenditures	108,410,667	3,398,343	(16,975,961)	(621,710)	94,211,339
Excess (Deficiency) of Revenues Over Expenditures	(18,648,808)	(3,398,343)	16,975,961	621,710	(4,449,480)
OTHER SOURCES AND USES					
Bond Proceeds	3,281,556	-	-	(3,281,556)	-
Premium on Bond	582,306	-	-	(582,306)	-
BANS Redeemed from Appropriations	276,627	-	-	(276,627)	-
Operating transfers in	855,315	(855,315)	-	-	-
Operating transfers (out)	(855,315)	855,315	-	-	-
Total Other Sources (Uses)	4,140,489	-	-	(4,140,489)	-
Net Change for the Year	\$ (14,508,319)	\$ (3,398,343)	\$ 16,975,961	\$ (3,518,779)	\$ (4,449,480)

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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 for various student organizations in a special revenue fund.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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 \$6,426,732 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,618,982. This is \$193,841 higher than originally anticipated due to New York State restoration of prior year 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, 2020 (the most recent available audited financial statements), OCMBOCES has a total net position (deficit) of \$(187,250,589).

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, 2021

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.

Extraclassroom Activities Fund: Used to account for funds of the students of the District that are committed for use by student organizations.

Expendable Trust Fund: Used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students, which is restricted for such use.

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

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.

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.

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2020 and become a lien on August 31, 2020. Taxes were collected during the period September 8, 2020 to November 2, 2020. 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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

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.

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

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.

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

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 two items that qualifies for this category. The first 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.

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 three items that qualify for reporting in this category. The first 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. The second 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 third 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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

O) 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.

P) 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.

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, 2021 the District recognized \$4,557,141 for its share of insurance premiums for currently enrolled retirees.

Q) 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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

Q) Short-term debt (continued):

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.

R) 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.

S) 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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

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 \$37,565.

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, 2021:

General Fund:

Reserved for Debt Service	\$ 162,268
Reserved for Tax Certiorari	2,702,675
Reserved for State and Local Retirement System Contribution	1,755,565
Reserved for Teacher's Retirement System Contributions	1,330,288
Reserved for Employee Benefit Accrued Liabilities	2,435,028
Reserved for Liability Claims	294,949
Reserved for Workers' Compensation	1,355,950
Reserved for Unemployment Insurance	57,200
Reserved for Capital - 2017	7,000,000

Special Revenue Funds:

Restricted for Scholarships	52,849
	<u>\$ 17,146,772</u>

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

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.

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

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, 2021

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, 2021 totaled \$1,102,889.

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 \$272,201 in committed fund balances as of June 30, 2021 for student deposits of the extra classroom fund.

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 \$1,102,889.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

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

General Support	\$	189,985
Instruction		844,584
Pupil Transportation		<u>68,320</u>
	\$	<u>1,102,889</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 determine 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, 2021

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, 2021, the District implemented the following new standard issued by GASB:

- GASB Statement No. 84: Fiduciary Activities Effective for the year ending June 30, 2021
- GASB Statement No. 90: Accounting and Financial Reporting for Majority Equity Interest Effective for the year ending June 30, 2021

V) Future Changes in Accounting Standards:

- 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. 91- Conduct Debt Obligations Effective for the year ending June 30, 2023.
- GASB has issued Statement No. 92, Omnibus 2020, effective for the year ending June 30, 2022.
- GASB has issued Statement No. 93, Replacement of Interbank Offered Rates, effective for the year ending June 30, 2021 (paragraphs 11b, 13, and 14 are effective for the year ending June 30, 2022).
- GASB has issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the year ending June 30, 2023.
- GASB has issued Statement No. 96 - Subscription-Based Information Technology Arrangements, effective for the year ending June 30, 2023.
- GASB has issued Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, effective for the year ending June 30, 2022 (the requirements in paragraph 4, as they apply to defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans, and paragraph 5 were effective as of June 2020).

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

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.

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

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 June 16, 2020.

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. No supplemental appropriations 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 2017 Referendum and Non-major Capital Projects Fund had a deficit fund balance of \$13,657,137 and \$4,615, respectively. These will be funded upon the district obtaining permanent financing for ongoing construction projects.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 4 – Cash and Cash Equivalents

Total financial institution bank balances at year-end, per the bank, were \$31,590,952. 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 \$17,093,923 within the general fund and \$52,849 in the special revenue funds.

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, 2021 all deposits were fully insured and collateralized by the District's agent in the District's name.

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 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.

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.

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.
- 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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 5 – Capital assets

Capital asset balances and activity for the year ended June 30, 2021 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	7,962,707	20,367,587	(1,046,208)	27,284,086
Total nondepreciable historical cost	<u>8,375,607</u>	<u>20,367,587</u>	<u>(1,046,208)</u>	<u>27,696,986</u>
Capital assets that are depreciated:				
Buildings	49,054,207	-	-	49,054,207
Site Improvements	70,205,523	-	1,046,208	71,251,731
Buses	8,401,017	685,384	(143,880)	8,942,521
Furniture and equipment	7,417,057	498,433	(54,311)	7,861,179
Total depreciable historical cost	<u>135,077,804</u>	<u>1,183,817</u>	<u>848,017</u>	<u>137,109,638</u>
Less accumulated depreciation:				
Buildings	35,099,444	2,623,709	-	37,723,153
Site Improvements	28,001,985	902,433	-	28,904,418
Buses	5,956,629	654,064	(132,903)	6,477,790
Furniture and equipment	6,078,670	381,489	(51,540)	6,408,619
Total accumulated depreciation	<u>75,136,728</u>	<u>4,561,695</u>	<u>(184,443)</u>	<u>79,513,980</u>
Total depreciable historical cost, net	<u>\$ 68,316,683</u>	<u>\$ 16,989,709</u>	<u>\$ (13,748)</u>	<u>\$ 85,292,644</u>

Depreciation expense was charged to governmental functions as follows:

Administrative services	\$ 114,488
Regular instruction	3,091,609
Special education instruction	427,791
Pupil services	34,224
Operating & maintenance of plant	85,444
Pupil transportation	808,139
	<u>\$ 4,561,695</u>

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 6 – Short-term debt

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN Maturing 7/30/2020 at 2.00%	\$ 3,200,000	\$ -	\$ 3,200,000	\$ -
	0			
BAN Maturing 7/29/2021 at 1.25%		3,140,000	3,075,000	65,000
BAN Maturing 7/31/2020 at 2.50%	558,654	-	558,654	-
BAN Maturing 7/30/2021 at 0.88%	-	342,027	-	342,027
BAN Maturing 7/22/2021 at 1.50%	-	12,000,000	-	12,000,000
BAN Maturing 7/22/2021 at 1.00%	-	5,000,000	-	5,000,000
	<u>\$ 3,758,654</u>	<u>\$ 20,482,027</u>	<u>\$ 6,833,654</u>	<u>\$ 17,407,027</u>

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

Interest paid	\$ 121,624
Less interest accrued in the prior year	(12,802)
Plus interest accrued in the current year	<u>2,743</u>
Total expense	<u>\$ 111,565</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	\$ 1,148,735
Less interest accrued in the prior year	(9,660)
Plus interest accrued in the current year	<u>7,160</u>
Total expense	<u>\$ 1,146,235</u>

In October 2019, 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, \$1.7 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, \$900,000, 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, 2021

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:					
2013 issue	\$ 5,280,000	\$ -	\$ 390,000	\$ 4,890,000	\$ 405,000
Refunded 2005 Issue	1,325,000	-	430,000	895,000	445,000
2016 issue	5,960,000	-	440,000	5,520,000	465,000
2018 issue	1,660,000	-	120,000	1,540,000	120,000
2018 Bus issue	520,000	-	125,000	395,000	125,000
2019 Bus issue	675,137	-	120,137	555,000	135,000
Refunded 2010 Issue	2,180,000	-	560,000	1,620,000	590,000
2020 Issue	6,885,000	-	165,000	6,720,000	280,000
2020 Bus issue	-	681,556	-	681,556	121,556
2021 Issue	-	2,600,000	-	2,600,000	60,000
Lease-purchase obligation	809,969	-	231,629	578,340	243,340
Total bonds and notes payable	25,295,106	3,281,556	2,581,766	25,994,896	2,989,896
Other liabilities:					
Due to employee's retirement system	385,677	438,891	385,677	438,891	438,891
Due to teachers' retirement system - employee	192,833	231,264	192,833	231,264	231,264
Due to teachers' retirement system - employer	2,805,280	3,119,386	2,805,280	3,119,386	3,119,386
Compensated absences	2,476,439	2,435,028	2,476,438	2,435,029	222,212
Other post-employment benefits payable	171,541,210	10,634,576	(22,253,549)	204,429,335	4,557,141
Net pension liability	8,432,720	(3,241,072)	-	5,191,648	-
Premium on bond refunding	2,899,529	582,306	222,567	3,259,268	-
Total other liabilities	188,733,688	14,200,379	(16,170,754)	219,104,821	8,568,894
Total long-term liabilities	\$ 214,028,794	\$ 17,481,935	\$ (13,588,988)	\$ 245,099,717	\$ 11,558,790

The following is a schedule of bonds outstanding at June 30, 2021:

	Date of Original Issue	Original Amount	Maturity Date	Interest Rate	Balance June 30, 2021
2013 Refunding Bond	7/2/2013	\$ 5,055,000	5/15/2023	2.00%-4.00%	\$ 895,000
2013 Serial Bond	6/13/2013	7,610,000	6/15/2042	2.00%-4.00%	4,890,000
2016 Serial Bond	6/15/2016	7,440,000	6/15/2031	2.00%-5.00%	5,520,000
2018 Serial Bond	6/7/2018	1,835,000	6/15/2032	4.00%-5.00%	1,540,000
2018 Bus Bond	7/16/2018	639,005	6/15/2023	2.50%-2.625%	395,000
2019 Bus Bond	7/15/2019	675,137	7/15/2024	1.85%-2.00%	555,000
2019 Refunding Bond	10/22/2019	2,715,000	4/15/2025	1.50%-5.00%	1,620,000
2020 Serial Bonds	6/17/2020	6,885,000	6/15/2040	3.00%-5.00%	6,720,000
2020 Bus Bond	9/15/2020	681,556	9/15/2025	1.00%	681,556
2021 Serial Bonds	6/16/2021	2,600,000	6/15/2036	4.00%-5.00%	2,600,000
					<u>\$ 25,416,556</u>

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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	
2022	\$ 2,746,556	\$ 1,099,572	\$ 3,846,128
2023	2,905,000	973,705	3,878,705
2024	2,320,000	859,078	3,179,078
2025	1,945,000	763,581	2,708,581
2026	1,810,000	685,681	2,495,681
5 subsequent years: 2027 - 2031	7,785,000	2,298,169	10,083,169
5 subsequent years: 2032 - 2036	4,000,000	841,450	4,841,450
5 subsequent years: 2037 - 2041	1,730,000	204,750	1,934,750
5 subsequent years: 2042 - 2043	175,000	7,000	182,000
Totals	<u>\$ 25,416,556</u>	<u>\$ 7,732,986</u>	<u>\$ 33,149,542</u>

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

Fiscal year ended June 30,	Total
2022	\$ 243,340
2023	200,000
2024	<u>135,000</u>
Present value of minimum lease payments	<u>\$ 578,340</u>

Note 8 – Interfund balances and activity

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,021,467	\$ 115,432	\$ 4,932	\$ 746,306
Special Aid Funds	-	316,825	93,652	-
School Lunch Fund	107,329	257,094	114,654	-
Capital Funds	<u>193,546</u>	<u>632,991</u>	<u>642,077</u>	<u>109,009</u>
Total government activities	<u>\$ 1,322,342</u>	<u>\$ 1,322,342</u>	<u>\$ 855,315</u>	<u>\$ 855,315</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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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.

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 9 – Pension Plans (continued)

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
2018-2019	\$ 3,327,020	\$ 1,418,175
2019-2020	2,805,224	1,488,451
2020-2021	3,119,386	1,549,570

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.

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

At June 30, 2021, 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, 2020 for TRS and March 31, 2021 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	4/1/2020	6/30/2019
Net pension asset/(liability)	\$ (33,623)	\$ (5,158,025)
District's portion of the Plan's total		
net pension asset/(liability)	0.0337670%	0.1866640%

For the year ended June 30, 2021, the District's recognized pension expense of \$6,956,079 for TRS and \$993,307 for ERS.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 9 – Pension plans (continued)

At June 30, 2021, 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	\$ 410,630	\$ 4,519,462	\$ -	\$ 264,339
Changes of assumption	6,182,212	6,523,701	116,598	2,325,358
Net difference between projected and actual earnings on pension plan investments	-	3,368,643	9,658,547	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	597,307	185,400	44,719	121,483
District's contribution subsequent to the measurement date	-	2,998,035	-	-
Total	<u>\$ 7,190,149</u>	<u>\$ 17,595,241</u>	<u>\$ 9,819,864</u>	<u>\$ 2,711,180</u>

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, 2021. 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
2021	\$ -	\$ 2,020,897
2022	(386,718)	4,067,729
2023	(42,961)	3,336,300
2024	(414,919)	2,092,413
2025	(1,785,117)	118,585
Thereafter	-	250,102
	<u>\$ (2,629,715)</u>	<u>\$ 11,886,026</u>

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 9 – Pension plans (continued)

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:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary increases	3.00 - 6.00%	1.90%-4.72%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.70%	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 AA. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2015. For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 9 – Pension plans (continued)

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	Long-term expected Real rate of return	Target Allocation	Long-term expected Real rate of return
	2021	2021	2020	2020
Domestic equity	32%	4.05%	33.00%	7.10%
International equity	15%	6.30%	16.00%	7.70%
Real estate	9%	4.95%	11.00%	6.80%
Private equities	10%	6.75%	8.00%	10.40%
Domestic fixed income securities	0%	0.00%	16.00%	1.80%
Global fixed income securities	0%	0.00%	2.00%	1.00%
Credit	4%	3.63%	0.00%	0.00%
High-yield fixed income securities	23%	0.00%	1.00%	3.90%
Private debt	0%	0.00%	1.00%	5.20%
Real estate debt	0%	0.00%	7.00%	3.60%
Opportunistic portfolio	3%	4.50%	0.00%	0.00%
Cash	1%	0.00%	1.00%	0.70%
Global equities	0%	0.00%	4.00%	7.40%
Real assets	3%	5.95%	0.00%	0.00%
	<u>100%</u>		<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.7% for ERS and 2.2% for TRS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 7.10% for TRS and 5.90% 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 determined. 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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 9 – Pension plans (continued)

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 5.90% 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 4.90% for ERS) or 1 percentage point higher (8.10% for TRS and 6.90% for ERS) than the current rate:

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (9,332,485)	\$ (33,623)	\$ 8,542,103
TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension asset (liability)	\$ (32,581,468)	\$ (5,158,025)	\$ 17,857,193

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 \$2,312,200,454 for ERS and \$3,727,814,187 for TRS.

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS covered wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$3,350,650.

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, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$438,891 of employer contributions.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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, 2021, approximately \$4,557,000 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, 2021 the following employees were covered by the benefit terms:

Retirees and Survivors	483
Active employees	<u>697</u>
	<u><u>1,180</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$204,429,335 was measured as of July 1, 2020, and was determined by an actuarial valuation as of that date.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
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Salary Increases	3.00%
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Discount Rate	2.21%
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Healthcare Cost Trend Rates:

Medical	7.00% for 2022, decreasing to 4.04% by 2091
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Dental	2.00%
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Vision	1.00%
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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 are assumed to participate at a rate of 50% 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, 2021

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 171,541,210
Changes for the Year:	
Service cost	5,431,175
Interest	6,121,762
Changes of benefit terms	(918,361)
Differences between expected and actual experience	(12,840,915)
Changes in assumptions or other inputs	39,224,235
Benefit payments	<u>(4,129,771)</u>
Net Changes	<u>32,888,125</u>
Balance at June 30, 2021	<u>\$ 204,429,335</u>

Changes in assumptions and other inputs reflects a change in the discount rate from 3.5% in 2020 to 2.21% in 2021.

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 (1.21%) or 1 percentage point higher (3.21%) than the current discount rate.

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 245,620,334</u>	<u>\$ 204,429,335</u>	<u>\$ 172,167,117</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:

Healthcare	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 168,458,383</u>	<u>\$ 204,429,335</u>	<u>\$ 252,034,954</u>

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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, 2021, the District recognized OPEB expense of \$6,878,948. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 21,239,621
Changes of assumptions or other inputs	32,815,046	12,281,395
Contributions subsequent to the measurement period	<u>4,353,288</u>	-
	<u>\$ 37,168,334</u>	<u>\$ 33,521,016</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ (3,755,628)
2023	(3,755,628)
2024	(888,653)
2025	2,971,074
2026	4,205,545
Thereafter	<u>517,320</u>
	<u>\$ (705,970)</u>

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, 2021

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 \$17,001,000 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 \$1,355,950 as of June 30, 2021. 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 \$701,000 for the current year. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

In March 2020, the World Health Organization categorized Coronavirus Disease 2019 ("COVID-19") as a pandemic, and the President of the United States declared the COVID-19 outbreak a national emergency. The spread of this virus globally in 2020 and 2021 has caused business disruption domestically in the United States, the area in which the District operates. The Organization received approximately \$170,000 in federal COVID-19 relief funding to help mitigate the impact of the pandemic. The extent of any future financial impact and duration of this matter cannot be reasonably estimated at this time.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2021

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.

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 4, 2021, which is the date the financial statements were available to be issued.

On July 21, 2021, the District received proceeds from a bond anticipation note for \$24,746,061 to finance their on-going construction project.

On July 29, 2021 the District received proceeds from a bond anticipation note for \$125,400 to finance the purchase of buses. In addition, the District will be issuing \$713,659 of serial bonds on October 15, 2021 to finance the purchase of buses.

There were no additional material subsequent events through October 4, 2021.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Funding Progress
Other Postemployment Benefits
For the Year Ended June 30, 2021

	2021	2020	2019	2018
Measurement Date	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability	\$ 204,429,335	\$ 171,541,210	\$ 165,731,550	\$ 178,212,604
Service Cost	5,431,175	5,626,937	5,907,525	7,686,685
Interest	6,121,762	6,556,858	6,565,351	5,734,503
Changes in benefit terms	(918,361)	(366,332)	228,677	-
Differences between expected and actual experience in the measurement	(12,840,915)	-	(20,068,530)	-
Changes in assumptions or other inputs	39,224,235	(2,146,553)	(1,615,505)	(27,086,466)
Benefit payments	<u>(4,129,771)</u>	<u>(3,861,250)</u>	<u>(3,498,572)</u>	<u>(3,292,083)</u>
Net change in total OPEB liability	32,888,125	5,809,660	(12,481,054)	(16,957,361)
Total OPEB liability- beginning	<u>171,541,210</u>	<u>165,731,550</u>	<u>178,212,604</u>	<u>195,169,965</u>
Total OPEB liability- ending	<u><u>\$ 204,429,335</u></u>	<u><u>\$ 171,541,210</u></u>	<u><u>\$ 165,731,550</u></u>	<u><u>\$ 178,212,604</u></u>
Covered payroll	\$ 44,837,765	\$ 44,268,754	\$ 41,502,998	\$ 41,209,768
Total OPEB liability as a percentage of covered payroll	456%	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, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local Sources				
Real property taxes	\$ 65,608,713	\$ 65,608,713	\$ 65,594,073	\$ (14,640)
Nonproperty taxes	125,000	125,000	147,056	22,056
Charges for services	126,694	126,694	121,127	(5,567)
Use of money and property	238,000	238,000	94,516	(143,484)
Sale of property and compensation for loss	125,000	125,000	91,468	(33,532)
Miscellaneous	891,517	891,517	1,364,537	473,020
Total Local Sources	67,114,924	67,114,924	67,412,777	297,853
State Sources	20,159,374	20,159,374	19,906,875	(252,499)
Federal Sources	-	-	170,165	170,165
Medicaid Reimbursement	184,000	184,000	223,466	39,466
Total Revenues	87,458,298	87,458,298	87,713,283	254,985
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	4,933	4,933
Designated for subsequent year expenditures	-	-	-	-
Total Revenues and other Financing Sources	\$ 87,458,298	\$ 87,458,298	\$ 87,718,216	\$ 259,918

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, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of Education	\$ 67,543	\$ 67,296	\$ 42,816	\$ -	\$ 24,480
Central Administration	317,512	311,408	294,042	-	17,366
Finance	942,343	968,666	959,751	-	8,915
Staff	465,695	486,251	413,298	3,091	69,862
Central Services	6,222,490	6,284,117	5,807,900	186,894	289,323
Special Items	627,726	622,938	616,393	-	6,545
Total General Support	8,643,309	8,740,676	8,134,200	189,985	416,491
Instruction					
Administration and Improvement	3,273,889	3,434,568	3,282,760	11,825	139,983
Teaching - Regular School	29,475,346	30,554,720	28,508,649	608,394	1,437,677
Programs for Students with Disabilities	6,442,725	6,212,939	5,952,069	1,910	258,960
Teaching - Special Schools	122,544	173,497	173,495	-	2
Instructional media	2,855,583	3,347,135	3,129,457	181,753	35,925
Pupil Services	3,655,916	3,695,956	3,455,288	40,702	199,966
Total Instruction	45,826,003	47,418,815	44,501,718	844,584	2,072,513

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, 2021

Pupil Transportation	4,208,040	4,161,221	4,000,835	68,320	92,066
Community Services	-	-	-	-	-
Employee Benefits	25,009,378	24,409,839	23,994,979	-	414,860
Debt Service	4,091,568	4,091,568	4,069,565	-	22,003
Undistributed Salaries	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	87,778,298	88,822,119	84,701,297	1,102,889	3,017,933
OTHER FINANCING USES					
Transfer to other Funds	<u>520,000</u>	<u>746,306</u>	<u>746,306</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses	<u>88,298,298</u>	<u>89,568,425</u>	<u>85,447,603</u>	<u>\$ 1,102,889</u>	<u>\$ 3,017,933</u>
Net change in fund balance	(840,000)	(2,110,127)	2,270,613		
Fund balance - beginning	<u>840,000</u>	<u>2,110,127</u>	<u>20,298,828</u>		
Fund balance - ending	<u>\$ -</u>	<u>-</u>	<u>\$ 22,569,441</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, 2021

Teachers' Retirement System							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,119,386	\$ 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>3,119,386</u>	<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>	<u>\$ -</u>
District's covered payroll	\$ 32,732,281	\$ 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	10%	9%	11%	10%	13%	18%	18%
Employees' Retirement System							
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,549,570	\$ 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>1,549,570</u>	<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>	<u>\$ -</u>
District's covered payroll	\$ 11,208,058	\$ 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%	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, 2021

	<i>Teachers' Retirement System</i>						
	2021	2020	2019	2018	(as restated) 2017	2016	2015
District's proportion of the net pension asset (liability)	0.186664%	0.187686%	0.189607%	0.190452%	0.187170%	0.018719%	1.858390%
District's proportionate share of the net pension asset (liability)	\$ (5,158,025)	\$ 4,876,100	\$ 3,428,592	\$ 1,447,627	\$ (2,006,205)	\$ 23,273,012	\$ 25,630,495
District's covered payroll	\$ 32,732,281	\$ 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	-16%	15%	11%	5%	-7%	81%	96%
Plan fiduciary net position as a percentage of the total pension liability	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
	<i>Employees' Retirement System</i>						
	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0337670%	0.0318449%	0.0327287%	0.0306827%	0.0317576%	0.0326664%	3.2748100%
District's proportionate share of the net pension asset (liability)	\$ (33,623)	\$ (8,432,720)	\$ (2,318,927)	\$ (990,267)	\$ (2,984,016)	\$ (5,243,052)	\$ (1,106,306)
District's covered payroll	\$ 11,208,058	\$ 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	0.3%	79%	23%	9%	27%	55%	10%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	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, 2021

CHANGE FROM ADOPTED TO FINAL BUDGET

Adopted Budget	\$ 88,298,298
Add: Prior year's encumbrances	<u>1,270,127</u>
Original Budget	89,568,425
Budget revision: Athletic Gate Proceeds	<u>-</u>
Revised Budget	<u><u>\$ 89,568,425</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter-approved expenditure budget	
Maximum allowed (4% of 2020-2021 budget)	\$ 93,417,637
General Fund-Fund Balance Subject to 1318 of Real Property Tax Law *:	
Unrestricted fund balance:	
Assigned fund balance	\$ 1,852,889
Unassigned fund balance	<u>3,622,629</u>
Total unrestricted fund balance	<u>5,475,518</u>
Less:	
Appropriated fund balance	750,000
Encumbrances included in committed and assigned fund balance	<u>1,102,889</u>
Total adjustments	<u>1,852,889</u>
General Fund-Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,622,629</u></u>
Actual Percentage	3.88%

- * 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.

Fayetteville-Manlius Central School District
Schedule of Project Expenditures -
Capital Projects Fund
For the Year Ended June 30, 2021

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance 30-Jun-21
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
December 2017 Ref											
Alterations: Wellwood (and pre-ref WW)	-	33,875,841	3,834,354	19,341,913	23,176,267	10,699,574	-	-	9,420,000	9,420,000	(13,756,267)
High School, Enders Road Phase I	-	8,008,535	8,083,401	(9,317)	8,074,084	(65,549)	8,008,535	-	201,247	8,209,782	135,698
EPC Project*	3,200,000	3,315,624	2,552,486	726,388	3,278,874	36,750	3,182,306	-	60,000	3,242,306	(36,568)
*expense includes \$107,306 cost of issuance											
	3,200,000	45,200,000	14,470,241	20,058,984	34,529,225	10,670,775	11,190,841	-	9,681,247	20,872,088	(13,657,137)
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	1,034,075	1,029,296	4,779	1,034,075	-	874,998	-	159,077	1,034,075	-
	2,569,262	2,785,870	2,781,091	4,779	2,785,870	-	2,046,793	-	739,077	2,785,870	-
					2,785,870						
Non-Major											
Prior Year Bus BAN	558,654	558,654	558,654	-	558,654	-			216,627	216,627	(342,027)
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
Bus Purchase 20-21 Bond	681,556	681,556	-	681,556	681,556	-	681,656	-	-	681,656	100
											-
Smart Schools	2,818,631	1,727,955	1,727,396	-	1,727,396	559	-	1,727,396	-	1,727,396	-
											-
Mott Road Windows (2016/17 & 2017/18)	407,149	383,359	366,294	17,065	383,359	-	-	-	407,149	407,149	23,790
Mott Road Fire Alarms (18/19)	350,000	221,515	28,765	192,748	221,513	2	-	-	221,515	221,515	2
FE Office & Site Renovation	149,000	149,000	-	104,077	104,077	44,923	-	-	149,000	149,000	44,923
HS Emergency-Wall/Entry Way	150,116	209,933	209,933		209,933	-	-	-		-	(209,933)
HS Window Security (18/19)	100,000	90,403	64,501	25,902	90,403	-	-	-	90,403	90,403	-
FE Electric Service (19/20)	450,000	450,000	254,088	31,294	285,382	164,618	-	-	450,000	450,000	164,618
Pride Lane Paving/HS Exit 14 (2020/21)	350,000	350,000	8,400	275,626	284,026	65,974	-	-	350,000	350,000	65,974
Enders Rd flooring (2020/21)	100,000	100,000	8,400	14,395	22,795	77,205	-	-	100,000	100,000	77,205
High School Door Security (18/19)	-	138,082		9,742	9,742	128,340	-	-	138,082	138,082	128,340
Fay Elem Emergency-Gym Wall Repair (20/21)	88,000	88,000	-	12,402	12,402	75,598	-	-	88,000	88,000	75,598
2021/22 Capital Transfer Projects-terrazzo/paving	200,000	-	-	11,780	11,780	(11,780)	-	-	-	-	(11,780)
2021/22 Capital Transfer Projects-Enders Rd Flooring	250,000	-	-	11,780	11,780	(11,780)	-	-	-	-	(11,780)
Pre-Referendum Planning 2021 Referendum	-	-	-	37,900	37,900	(37,900)	-	-	-	-	(37,900)
Prior Years Unallocated transfer		-	-	-	-	26,417	-	-	25,958	25,958	
	7,967,248	6,462,599	4,538,276	1,426,267	5,964,543	524,473	1,995,798	1,727,396	2,236,734	5,959,928	(4,615)
Totals	\$ 13,736,510	\$ 54,448,469	\$ 21,789,608	\$ 21,490,030	\$ 43,279,638	\$ 11,195,248	\$ 15,233,432	\$ 1,727,396	\$ 12,657,058	\$ 29,617,886	\$ (13,661,752)

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, 2021

Capital assets, net		\$ 85,292,644
Add:		
Savings on old bond defeasement		105,000
Deduct:		
Bond anticipation notes	(17,407,027)	
Premium on bond refunding	(3,259,268)	
Short-term portion of bonds payable	(2,746,556)	
Long-term portion of bonds payable	(22,670,000)	
Short-term portion of capital leases	(243,340)	
Long-term portion of capital leases	(335,000)	
Interest payable	(9,904)	
Total Deductions		(46,671,095)
Investment in capital assets, net of related debt		\$ 38,726,549

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



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fayetteville-Manlius Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Fayetteville-Manlius Central School District's basic financial statements and have issued our report thereon dated October 4, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fayetteville-Manlius Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fayetteville-Manlius Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fayetteville-Manlius Central School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Grossman St Amour CPAs

Syracuse, New York

October 4, 2021

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Fayetteville-Manlius Central School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Fayetteville-Manlius Central School District's major federal programs for the year ended June 30, 2021. Fayetteville-Manlius Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fayetteville-Manlius Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fayetteville-Manlius Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Fayetteville-Manlius Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Fayetteville-Manlius Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Fayetteville-Manlius Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fayetteville-Manlius Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fayetteville-Manlius Central School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Schedule of Expenditures of Federal Awards

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise Fayetteville-Manlius Central School District's basic financial statements. We issued our report thereon dated October 4, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Restricted Use

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grossman St Amour CPAs

Syracuse, New York
October 4, 2021

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2021

	<u>Federal CFDA Number</u>	<u>Pass-through Number</u>	<u>Passed Through to Subrecipients</u>	<u>Current Year Expenditures</u>
U.S. Department of Agriculture:				
(Passed through the State Department of Education)				
(Grantor's No. 251601060000)				
National School Breakfast Program	10.553			\$ 74,406
National School Lunch Program	10.555			416,426
National School Lunch Program (Food Distribution)	10.555			28,661
Total U.S. Department of Agriculture				<u>519,493</u>
U.S. Department of Education:				
(Passed through the State Department of Education)				
(Grantor's No. 251601060000)				
IDEA, Part B Cluster				
Special Education-Grants to States (IDEA, B)	84.027A	0032-20-0649		830,806
Special Education-Preschool Grants (IDEA, Preschool)	84.173A	0033-20-0649		15,618
Total IDEA, Part B Cluster				<u>846,424</u>
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010A	0021-19-2135		170,625
Title IV Student Support and Academic Enrichment Program	84.424A	0204-20-2135		10,901
Improving Teacher Quality State Grants (Title II, A)	84.367A	0147-19-2135		52,595
Elementary and Secondary Emergency Relief (ESSER) Fund	84.425D	5890-21-2135		145,853
Governor's Emergency Education Relief (GEER) Fund	84.425C	5895-21-2135		24,766
Coronavirus Response & Relief Supplemental Appropriations Act (CRRSA)	84.425D	5891-21-2135		13,905
Total U.S. Department of Education				<u>1,265,069</u>
Total Expenditures of Federal Awards				<u>\$ 1,784,562</u>

The accompanying notes are an integral part of the schedule

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Fayetteville-Manlius Central School District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The accompanying schedule of expenditures of federal awards is a summary of the activity of Fayetteville-Manlius Central School District's federal award programs and presents transactions that are included in the financial statements of the District presented on the modified accrual basis of accounting, as required by accounting principles generally accepted in the United States of America.

2. Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of Fayetteville-Manlius Central School District's federal award programs and presents transactions that are included in the financial statements of the District presented on the modified accrual basis of accounting, as required by accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Fayetteville-Manlius Central School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Non-Cash Assistance

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted approximately \$29,000 of commodities under the National School Lunch Program (CFDA 10.555) for the June 30, 2021 fiscal year.

4. Subsequent Events

Management has evaluated subsequent events through October 4, 2021, which is the date the financial statement was available to be issued.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2021

I. Summary of Audit Results

Financial Statements

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are not considered to be a material weakness? ☐ Yes ☒ None reported

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are not considered to be a material weakness? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs: *unmodified*

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

Identification of major programs:

Name of Federal Program or Cluster *CFDA Number(s)*

Special Education Cluster

Special Education - Grants to States (IDEA, Part B) 84.027A

Special Education - Preschool Grants (IDEA Preschool) 84.173A

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

IV. Summary Schedule of Prior Audit Findings and Questioned Costs

There were no findings in fiscal year ended June 30, 2020.