

**FAYETTEVILLE-MANLIUS
CENTRAL SCHOOL DISTRICT**

SINGLE AUDIT REPORTING PACKAGE

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

June 30, 2023

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

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CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, 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.

In our opinion, the accompanying financial statements 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fayetteville-Manlius Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Fayetteville-Manlius Central School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Fayetteville-Manlius Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fayetteville-Manlius Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fayetteville-Manlius Central School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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 is the responsibility of management and, 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.

Supplementary 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, net investment in capital assets, 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 – capital projects fund, net investment in capital assets 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 – capital projects fund, net investment in capital assets, 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 2, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 2, 2023

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2023

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, 2023 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.
- 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, 2023**

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 • Reconciliation of governmental fund revenues, expenditures and changes in fund balances to the statement of activities. • Reconciliation of the governmental funds balance sheet to the statement of net position. 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances.
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, 2023

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. Generally, the District is required by New York State General Municipal Law (para.36) to follow the system of accounts formulated and prescribed by the New York State Comptroller.
- 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, 2023

FINANCIAL ANALYSIS OF THE SCHOOL 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, 2023 and a comparison to fiscal year ended June 30, 2022. Net position decreased by \$1,215 from the prior year.

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

	2023	2022	Increase (Decrease) from Fiscal 2022
Current and Other Assets	\$ 32,128	\$ 34,005	\$ (1,877)
Capital Assets	95,218	93,717	1,501
Net Pension Asset	-	36,091	(36,091)
Total Assets	<u>127,346</u>	<u>163,813</u>	<u>(36,467)</u>
Deferred Outflows of Resources	55,919	57,573	(1,654)
Total Assets and Deferred Outflows of Resources	<u>\$ 183,265</u>	<u>\$ 221,386</u>	<u>\$ (38,121)</u>
Total Debt	\$ 47,042	\$ 50,744	\$ (3,702)
Other Long-Term Liabilities	209,938	221,423	(11,485)
Net Pension Liability	11,376	-	11,376
Other Liabilities	2,565	2,350	215
Total Liabilities	<u>270,921</u>	<u>274,517</u>	<u>(3,596)</u>
Deferred Inflows of Resources	<u>36,690</u>	<u>70,000</u>	<u>(33,310)</u>
Net Position (Deficit)			
Net Investment in Capital Assets	48,210	43,053	5,157
Restricted	14,014	12,176	1,838
Unrestricted Net Deficit	(186,570)	(178,360)	(8,210)
Total Net Position (Deficit)	<u>(124,346)</u>	<u>(123,131)</u>	<u>(1,215)</u>
Total Liabilities, Inflows, and Net Position (Deficit)	<u>\$ 183,265</u>	<u>\$ 221,386</u>	<u>\$ (38,121)</u>

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (all figures in thousands of dollars) (continued)

Figure A-3

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

	<u>Governmental Activities</u>		Increase (Decrease) from
	<u>2023</u>	<u>2022</u>	<u>Fiscal 2022</u>
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$ 1,438	\$ 599	\$ 839
Operating Grants and Contributions	2,418	7,444	(5,026)
General Revenues			
Property Taxes	63,686	62,276	1,410
State Formula Aid	28,667	24,326	4,341
Interest Earnings	1,428	49	1,379
Miscellaneous	6,460	6,798	(338)
Total Revenues	<u>104,097</u>	<u>101,492</u>	<u>2,605</u>
<u>Expenses</u>			
General Support	12,411	11,595	816
Instruction	80,496	71,782	8,714
Pupil Transportation	9,211	7,881	1,330
Debt Service	1,944	1,213	731
Cost of Sales - Food	1,250	1,266	(16)
Total Expenses	<u>105,312</u>	<u>93,737</u>	<u>11,575</u>
Increase (Decrease) in Net Position (Deficit)	<u>\$ (1,215)</u>	<u>\$ 7,755</u>	<u>\$ (8,970)</u>

In general, expenses increased and revenues increased, causing a decrease in Net Position equal to \$1,215.

**FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2023**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (all figures in thousands of dollars) (continued)

Figure A-4
Capital Assets Net of Depreciation

	2023	2022	Change from 2022
Land	\$ 413	\$ 413	\$ -
Construction in Process	4,232	33,995	(29,763)
Buildings	5,974	9,032	(3,058)
Site Improvements	79,010	45,176	33,834
Equipment and Furniture	2,614	2,567	47
Buses	2,975	2,534	441
Total	\$ 95,218	\$ 93,717	\$ 1,501

Figure A-5 illustrates District Fund Balances.

Figure A-5

Governmental Fund Balances at June 30, 2023 (in thousands of dollars)

General	Capital Dec 2017	Capital 2021 Ref	Special Aid	School Lunch	Special Revenue Funds	Capital Projects
\$ 19,332	\$ 15	\$ 3,632	\$ -	\$ 758	\$ 345	\$ 1,192

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 2022-23, the District operations resulted in an unassigned general fund balance of \$4,199. The District assigned \$69 of the general fund balance to the 2023-24 budget.

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, 2023**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (all figures in thousands of dollars) (continued)

The Special Revenue Funds consist of the Extraclassroom fund balance of \$302 and scholarship fund balance of \$43.

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 District obtained permanent financing in June 2022. Excess fund balance of \$15 will be transferred to the Debt Reserve.

Capital Projects shows a fund balance of \$1,192. 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. Since 2017-18 the District has financed buses through bus bonds. The District will receive one-fifth of the applicable state aid each year based on the current transportation aid ratio.

The December 2021 capital referendum was approved in December 2021 for \$52,000 and includes additions and renovations at the High School. A capital reserve of \$7,200 is being used to finance the initial design and preconstruction costs resulting in a \$3,632 fund balance as of June 30, 2023.

General Fund Budgetary Highlights

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

<u>Figure A-6</u>					
<u>General Fund Expenditure and Revenues Analysis for 2022-23 (in thousands of dollars)</u>					
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Final Actual</u>	<u>Variance Final Budget to Original Budget</u>	<u>Variance Final Actual to Final Budget</u>
<u>Expenses</u>	\$98,931	\$100,294	\$98,704	1.4%	(1.6%)
<u>Revenues</u>	\$97,769	\$97,769	\$99,577	0.0%	1.8%

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Management's Discussion & Analysis (MD&A)
For the Year Ended June 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (all figures in thousands of dollars) (continued)

Total Expenses

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

1. Encumbrances, a routine business cycle item, of \$1,363 were applied for the 2021-22 school year to be paid in the 2022-23 school year. These encumbrances represent orders placed 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 \$1,590 below the final budget. The 1.6% reduced expenditure was principally caused by the following adjustments:

1. Encumbrances, a routine business cycle item, of \$1,093 were applied for the 2022-23 school year to be paid in the 2023-24 school year.
2. Expenditures were favorable to budget due to strategic spending practices.

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, 2022, when property taxes were levied for the 2022-23 school year, that valuation was (in thousands) \$2,840,572 for an approximate statutory debt limit of \$284,057. The District's current outstanding indebtedness is \$42,731 or 1.50%, 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 has fully funded the District for foundation aid. The District has been allocated \$5,059 in Federal stimulus funding as a result of COVID-19. As of June 30, 2023, the District has received 90% of this funding and the remainder will be received in the 2023-24.

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 2023-24 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. Since 30% of the District's revenue is dependent on state aid any future economic downturn that could affect New York State may have a negative effect on school district revenues. 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, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (all figures in thousands of dollars) (continued)

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 established a new voter approved capital reserve fund in May 2023 to help offset the local share of any future capital projects and to reduce the amount to be financed.

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, 2023

ASSETS	
Cash	
Unrestricted	\$ 14,655,286
Restricted	14,013,830
Receivables	
State and federal aid	1,633,320
Due from other governments	1,358,505
Other	426,195
Prepaid Expenditures	600
Inventories	40,017
Capital assets, net	95,218,493
Total assets	<u>127,346,246</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other postemployment benefits	31,350,418
Pensions	24,568,051
Total assets and deferred outflows of resources	<u>\$ 183,264,715</u>
LIABILITIES	
Payables	
Accounts payable	\$ 1,617,265
Accrued liabilities	872,998
Interest payable	1,824
Deferred credits	
Deferred revenue	72,785
Long-term liabilities	
Due and payable within one year	
Bonds payable	3,801,070
Installment purchase debt payable	135,000
Due to employees retirement system	396,552
Due to teachers' retirement system - employee	297,477
Due to teachers' retirement system - employer	3,595,485
Compensated absences payable	249,271
Other postemployment benefits payable	5,881,641
Due and payable after one year	
Bonds payable	38,450,000
Compensated absences payable	2,735,773
Other postemployment benefits payable	196,782,293
Premium on bond refunding	4,655,730
Net pension liability - proportionate share	11,375,564
Total liabilities	<u>270,920,728</u>
DEFERRED INFLOWS OF RESOURCES	
Other postemployment benefits	34,529,634
Deferred amount on defeasance	35,000
Pensions	2,125,647
Total deferred inflows of resources	<u>36,690,281</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	48,209,869
Restricted	14,013,830
Unrestricted deficit	<u>(186,569,993)</u>
Total net position	<u>(124,346,294)</u>
Total liabilities and net position	<u>\$ 183,264,715</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, 2023

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General support	\$ (9,442,463)	\$ (2,968,328)	\$ -	\$ -	\$ (12,410,791)
Instruction	(55,667,819)	(24,827,966)	202,771	2,091,491	(78,201,523)
Pupil transportation	(6,374,012)	(2,836,607)	-	-	(9,210,619)
Employee benefits	(30,632,901)	30,632,901	-	-	-
Debt service	(1,943,904)	-	-	-	(1,943,904)
School lunch program	(1,250,806)	-	1,234,940	326,846	310,980
	<u>\$ (105,311,905)</u>	<u>\$ -</u>	<u>\$ 1,437,711</u>	<u>\$ 2,418,337</u>	<u>(101,455,857)</u>
GENERAL REVENUES					
Real property taxes	\$ 63,686,189				
Other tax items	3,848,606				
Nonproperty taxes	186,222				
Use of money and property	1,560,360				
Sale of property and compensation for loss	61,924				
Miscellaneous	1,855,433				
State sources	28,666,506				
Medicaid reimbursement	375,670				
					<u>100,240,910</u>
Total general revenues					<u>100,240,910</u>
Change in net assets					(1,214,947)
Total net position - beginning of year					<u>(123,131,347)</u>
Total net position - end of year					<u>\$ (124,346,294)</u>

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2023

	Major Funds			Non-Major			Total Governmental Funds	
	General	Capital 2021 Referendum	Special Aid	School Lunch	Other Special Revenue Funds	Capital Dec 2017 Referendum		Capital Projects
ASSETS								
Cash								
Unrestricted	\$ 9,075,514	\$ 4,703,813	\$ 648	\$ 510,925	\$ 302,408	\$ 16,206	\$ 45,772	\$ 14,655,286
Restricted	13,970,859	-	-	-	42,971	-	-	14,013,830
Receivables								
Due from other funds	667,965	-	-	277,678	-	-	1,522,641	2,468,284
Accounts receivable	423,332	13	-	2,850	-	-	-	426,195
State and federal aid	980,732	-	636,849	15,739	-	-	-	1,633,320
Due from other governments	1,358,505	-	-	-	-	-	-	1,358,505
Prepaid expenditures	-	-	600	-	-	-	-	600
Inventories	-	-	-	40,017	-	-	-	40,017
Total assets	<u>\$ 26,476,907</u>	<u>\$ 4,703,826</u>	<u>\$ 638,097</u>	<u>\$ 847,209</u>	<u>\$ 345,379</u>	<u>\$ 16,206</u>	<u>\$ 1,568,413</u>	<u>\$ 34,596,037</u>
LIABILITIES								
Payables								
Accounts payable	\$ 359,304	\$ 881,723	\$ 15,394	\$ 3,774	\$ -	\$ -	\$ 357,070	\$ 1,617,265
Accrued liabilities	859,494	-	510	12,994	-	-	-	872,998
Due to other funds	1,634,919	190,275	622,193	-	-	1,546	19,351	2,468,284
Bond interest and matured bonds	1,824	-	-	-	-	-	-	1,824
Due to employees' retirement system	396,552	-	-	-	-	-	-	396,552
Due to teachers' retirement system - employee	297,477	-	-	-	-	-	-	297,477
Due to teachers' retirement system - employer	3,595,485	-	-	-	-	-	-	3,595,485
Notes payable	-	-	-	-	-	-	-	-
Bond anticipation	-	-	-	-	-	-	-	-
Deferred credits:	-	-	-	-	-	-	-	-
Deferred revenues	27	-	-	72,758	-	-	-	72,785
Total liabilities	<u>7,145,082</u>	<u>1,071,998</u>	<u>638,097</u>	<u>89,526</u>	<u>-</u>	<u>1,546</u>	<u>376,421</u>	<u>9,322,670</u>
FUND BALANCES								
Nonspendable:								
Reserve for inventory	-	-	-	40,017	-	-	-	40,017
Restricted For:								
Reserved for debt service	363,698	-	-	-	-	-	-	363,698
Reserved for tax certiorari	2,085,037	-	-	-	-	-	-	2,085,037
Reserved for state and local retirement system contributions	1,586,208	-	-	-	-	-	-	1,586,208
Reserved for teacher's retirement system contributions	2,358,533	-	-	-	-	-	-	2,358,533
Reserved for employee benefit accrued liabilities	2,985,044	-	-	-	-	-	-	2,985,044
Reserved for liability claims	2,675,127	-	-	-	-	-	-	2,675,127
Reserved for worker's compensation	1,123,478	-	-	-	-	-	-	1,123,478
Reserved for unemployment insurance	26,975	-	-	-	-	-	-	26,975
Reserved for capital - 2023	766,759	-	-	-	-	-	-	766,759
Restricted for scholarships	-	-	-	-	42,971	-	-	42,971
Committed To:								
Committed fund balance	-	-	-	-	302,408	-	-	302,408
Assigned To:								
Assigned appropriated fund balance	69,150	3,631,828	-	-	-	14,660	1,191,992	4,907,630
Assigned unappropriated fund balance	1,093,144	-	-	717,666	-	-	-	1,810,810
Unassigned:								
Unassigned fund balance	4,198,672	-	-	-	-	-	-	4,198,672
Total fund balances	<u>19,331,825</u>	<u>3,631,828</u>	<u>-</u>	<u>757,683</u>	<u>345,379</u>	<u>14,660</u>	<u>1,191,992</u>	<u>25,273,367</u>
Total liabilities and fund balances	<u>\$ 26,476,907</u>	<u>\$ 4,703,826</u>	<u>\$ 638,097</u>	<u>\$ 847,209</u>	<u>\$ 345,379</u>	<u>\$ 16,206</u>	<u>\$ 1,568,413</u>	<u>\$ 34,596,037</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, 2023

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	\$ 14,655,286	\$ -	\$ -	\$ 14,655,286
Restricted	14,013,830	-	-	14,013,830
Accounts receivable	426,195	-	-	426,195
Due from other funds	2,468,284	-	(2,468,284)	-
Due from other governments	2,991,825	-	-	2,991,825
Prepaid expenditures	600	-	-	600
Inventories	40,017	-	-	40,017
Land, buildings and equipment (net)	-	95,218,493	-	95,218,493
	<u>\$ 34,596,037</u>	<u>\$ 95,218,493</u>	<u>\$ (2,468,284)</u>	<u>\$ 127,346,246</u>
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	-	31,350,418	-	31,350,418
Pensions	-	24,568,051	-	24,568,051
	<u>\$ 34,596,037</u>	<u>\$ 151,136,962</u>	<u>\$ (2,468,284)</u>	<u>\$ 183,264,715</u>
LIABILITIES				
Accounts payable	\$ 1,617,265	\$ -	\$ -	\$ 1,617,265
Accrued liabilities	872,998	-	-	872,998
Bonds payable	-	42,251,070	-	42,251,070
Installment purchase debt	-	135,000	-	135,000
Interest payable	1,824	-	-	1,824
Due to other funds	2,468,284	-	(2,468,284)	-
Due to employee's retirement system	396,552	-	-	396,552
Due to teachers' retirement system - EE	297,477	-	-	297,477
Due to teachers' retirement system - ER	3,595,485	-	-	3,595,485
Deferred credits:				
Deferred revenue	72,785	-	-	72,785
Compensated absences	-	2,985,044	-	2,985,044
Postemployment benefits	-	202,663,934	-	202,663,934
Premium on bond refunding	-	4,655,730	-	4,655,730
Net pension liability-proportionate share	-	11,375,564	-	11,375,564
	<u>9,322,670</u>	<u>264,066,342</u>	<u>(2,468,284)</u>	<u>270,920,728</u>
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	-	34,529,634	-	34,529,634
Defeasance gain	-	35,000	-	35,000
Pensions	-	2,125,647	-	2,125,647
FUND EQUITY\NET POSITION				
Total fund equity/net position (deficit)	<u>25,273,367</u>	<u>(149,619,661)</u>	<u>-</u>	<u>(124,346,294)</u>
Total liabilities, inflows and equity	<u>\$ 34,596,037</u>	<u>\$ 151,136,962</u>	<u>\$ (2,468,284)</u>	<u>\$ 183,264,715</u>

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	Major Funds				Non-Major Funds			Total Governmental Funds
	General	Capital 2021 Referendum	Special Aid	School Lunch	Other Special Revenue Funds	Capital Dec 2017 Referendum	Capital Projects	
REVENUES								
Real property taxes	\$ 63,686,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,686,189
Other tax items	3,848,606	-	-	-	-	-	-	3,848,606
Nonproperty taxes	186,222	-	-	-	-	-	-	186,222
Charges for services	202,771	-	-	-	-	-	-	202,771
Use of money and property	1,560,360	-	-	-	-	-	-	1,560,360
Sale of property and compensation for loss	61,924	-	-	-	-	-	-	61,924
Miscellaneous	999,202	186,268	-	7,558	634,669	20,290	8,174	1,856,161
State sources	28,110,018	-	420,812	6,251	-	-	129,425	28,666,506
Medicaid reimbursement	375,670	-	-	-	-	-	-	375,670
Federal sources	-	-	2,091,491	272,044	-	-	-	2,363,535
Surplus food	-	-	-	54,802	-	-	-	54,802
Sales - school lunch	-	-	-	1,234,940	-	-	-	1,234,940
Total revenues	<u>99,030,962</u>	<u>186,268</u>	<u>2,512,303</u>	<u>1,575,595</u>	<u>634,669</u>	<u>20,290</u>	<u>137,599</u>	<u>104,097,686</u>
EXPENDITURES								
General support	8,943,779	-	182,743	-	-	-	-	9,126,522
Instruction	48,802,195	-	2,282,661	-	-	-	-	51,084,856
Pupil transportation	5,477,207	-	91,596	-	-	-	-	5,568,803
Employee benefits	26,417,664	-	22,033	225,400	-	-	-	26,665,097
Debt service								
Principal	4,179,059	-	-	-	-	-	-	4,179,059
Interest	2,402,924	-	-	-	-	-	-	2,402,924
Cost of sales	-	-	-	454,484	-	-	-	454,484
Other expenditures	-	-	-	796,322	615,376	-	-	1,411,698
Capital outlay	711,172	2,377,525	2,999	84,628	-	1,550,213	1,864,861	6,591,398
Total expenditures	<u>96,934,000</u>	<u>2,377,525</u>	<u>2,582,032</u>	<u>1,560,834</u>	<u>615,376</u>	<u>1,550,213</u>	<u>1,864,861</u>	<u>107,484,841</u>
Excess (deficiency) of revenues over expenditures	<u>2,096,962</u>	<u>(2,191,257)</u>	<u>(69,729)</u>	<u>14,761</u>	<u>19,293</u>	<u>(1,529,923)</u>	<u>(1,727,262)</u>	<u>(3,387,155)</u>
OTHER FINANCING SOURCES AND USES								
Bond proceeds	-	-	-	-	-	-	886,070	886,070
Premium on bond	-	-	-	-	-	-	-	-
Interfund transfers	545,675	-	69,729	-	-	-	1,700,000	2,315,404
BANS redeemed from appropriations	-	-	-	-	-	-	125,400	125,400
Operating transfers (out)	(1,769,729)	(186,268)	-	(200,000)	-	(151,233)	(8,174)	(2,315,404)
Total other sources (uses)	<u>(1,224,054)</u>	<u>(186,268)</u>	<u>69,729</u>	<u>(200,000)</u>	<u>-</u>	<u>(151,233)</u>	<u>2,703,296</u>	<u>1,011,470</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	<u>872,908</u>	<u>(2,377,525)</u>	<u>-</u>	<u>(185,239)</u>	<u>19,293</u>	<u>(1,681,156)</u>	<u>976,034</u>	<u>(2,375,685)</u>
Fund balances - beginning of year	<u>18,458,917</u>	<u>6,009,353</u>	<u>-</u>	<u>942,922</u>	<u>326,086</u>	<u>1,695,816</u>	<u>215,958</u>	<u>27,649,052</u>
Fund balances - end of year	<u>\$ 19,331,825</u>	<u>\$ 3,631,828</u>	<u>\$ -</u>	<u>\$ 757,683</u>	<u>\$ 345,379</u>	<u>\$ 14,660</u>	<u>\$ 1,191,992</u>	<u>\$ 25,273,367</u>

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Reconciliation of Governmental Funds Revenues, Expenditures, and Changes in
Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 63,686,189	\$ -	\$ -	\$ -	\$ 63,686,189
Other tax items	3,848,606	-	-	-	3,848,606
Nonproperty taxes	186,222	-	-	-	186,222
Charges for services	202,771	-	-	-	202,771
Use of money and property	1,560,360	-	-	-	1,560,360
Sale of property and compensation for loss	61,924	-	-	-	61,924
Miscellaneous	1,856,161	-	(728)	-	1,855,433
State sources	28,666,506	-	-	-	28,666,506
Medicaid reimbursement	375,670	-	-	-	375,670
Federal sources	2,363,535	-	-	-	2,363,535
Surplus food	54,802	-	-	-	54,802
Sales - school lunch	1,234,940	-	-	-	1,234,940
Total revenues	104,097,686	-	(728)	-	104,096,958
EXPENDITURES\EXPENSES					
General support	9,126,522	-	315,941	-	9,442,463
Instruction	51,084,856	-	3,967,587	-	55,052,443
Pupil transportation	5,568,803	-	805,209	-	6,374,012
Employee benefits	26,665,097	2,739,908	-	1,227,896	30,632,901
Debt service	6,581,983	-	-	(4,638,079)	1,943,904
Cost of sales	454,484	-	-	-	454,484
Other expenditures	1,411,698	-	-	-	1,411,698
Capital outlay	6,591,398	-	(6,591,398)	-	-
Total expenditures	107,484,841	2,739,908	(1,502,661)	(3,410,183)	105,311,905
Excess (deficiency) of revenues over expenditures	<u>(3,387,155)</u>	<u>(2,739,908)</u>	<u>1,501,933</u>	<u>3,410,183</u>	<u>(1,214,947)</u>
OTHER SOURCES AND USES					
Bond proceeds	886,070	-	-	(886,070)	-
Premium on bond	-	-	-	-	-
BANS redeemed from appropriations	125,400	-	-	(125,400)	-
Operating transfers in	2,315,404	(2,315,404)	-	-	-
Operating transfers (out)	(2,315,404)	2,315,404	-	-	-
Total other sources (uses)	1,011,470	-	-	(1,011,470)	-
Net change for the year	<u>\$ (2,375,685)</u>	<u>\$ (2,739,908)</u>	<u>\$ 1,501,933</u>	<u>\$ 2,398,713</u>	<u>\$ (1,214,947)</u>

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

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, 2023

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 \$7,349,952 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,018,900. 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, 2022 (the most recent available audited financial statements), OCMBOCES has a total net position (deficit) of \$(192,000,407).

The District contracts with OCMBOCES whereby the contracts conveys control of the right to use the underlying assets in the contracts for a period of time in an exchange like transaction. These contracts at inception, have terms ranging from 4 to 5 years and are for technology and other equipment. These contracts are not significant to these financial statements and are recognized as an outflow of resources in accordance with the terms and conditions of the contracts.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

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.

The Statement of Activities presents a comparison between direct 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. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District reports the following 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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

Other Special Revenue Funds:

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

Expendable Trust: 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.

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 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, compensated absences, pensions, and other post-employment benefits which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2022 and become a lien on August 31, 2022. Taxes were collected during the period September 1, 2022 to October 31, 2022. Uncollected real property taxes are subsequently enforced by Onondaga and Madison Counties, in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F) Restricted resources:

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

G) Inter-fund transactions:

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

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

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

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

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

I) Cash and investments:

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

J) Accounts receivable:

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

K) Inventories and prepaid items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventorial items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures.

L) Other assets/restricted assets:

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

M) Capital assets:

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

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

N) Deferred revenue:

The District reports deferred revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, deferred 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 deferred revenue is removed and recognized.

O) Deferred outflows and inflows of resources:

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

O) Deferred outflows and inflows of resources (continued)

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

P) Vested employee benefits:

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

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

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

Q) Other benefits:

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

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

Q) Other benefits (continued)

The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure. For the year ended June 30, 2023 the District recognized \$5,350,223 for its share of insurance premiums for currently enrolled retirees.

R) Short-term debt:

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

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

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

S) Accrued liabilities and long-term obligations:

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

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

T) Fund Balance Classifications

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

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

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

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

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

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$40,017.

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, 2023:

<u>General Fund:</u>	
Reserved for Debt Service	\$ 363,698
Reserved for Tax Certiorari	2,085,037
Reserved for State and Local Retirement System Contribution	1,586,208
Reserved for Teacher's Retirement System Contributions	2,358,533
Reserved for Employee Benefit Accrued Liabilities	2,985,044
Reserved for Liability Claims	2,675,127
Reserved for Workers' Compensation	1,123,478
Reserved for Unemployment Insurance	26,975
Reserved for Capital - 2023	766,759
<u>Special Revenue Funds:</u>	
Restricted for Scholarships	42,971
	<u>\$ 14,013,830</u>

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

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

Capital Reserve Fund

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

Debt Service Reserve Fund

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

Employee Benefit Accrued Liability Reserve Fund

According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Insurance Reserve Fund

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

Liability Claims and Property Loss Reserve Fund

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

Repair Reserve Fund

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

Retirement Contributions

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

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.

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, 2023 totaled \$1,093,144.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

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 \$302,408 in committed fund balances as of June 30, 2023 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, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$1,093,144. The School Lunch Fund also reports assigned fund balance of \$717,666. The District’s General Fund encumbrances were classified as follows:

General support	\$ 463,376
Instruction	380,086
Pupil transportation	50,221
Employee benefits	<u>199,461</u>
	<u>\$ 1,093,144</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. 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, excluding the reserve for tax reduction, 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, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation. See supplemental schedule #5 for more information.

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1 – Summary of Certain Significant Accounting Policies (continued)

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.

U) New Accounting Standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2023, the District implemented the following new standard issued by GASB:

- GASB Statement No. 96 - Subscription-Based Information Technology Arrangements, effective for the year ending June 30, 2023. The adoption of this new standard was not significant to the District.

V) Future Changes in Accounting Standards:

- GASB has issued Statement 101, *Compensated Absences*, which will be effective for fiscal years beginning after December 15, 2023. The District will evaluate the impact this pronouncements may have on its financial statements and will implement as applicable and when material.

Note 2 – Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements

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

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

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 2 – Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements
(continued)

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.

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 3 – Stewardship, Compliance and Accountability

Budgets

The District administration prepares a proposed budget for approval by the Board of Education, which in turn is either approved or disapproved by eligible voters in the school district. The voters of the District approved the proposed appropriation budget for the General Fund on May 17, 2022.

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.

The General Fund is the only fund with a legally approved budget for the fiscal 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.

Encumbrances

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.

Note 4 – Cash and Cash Equivalents

Total financial institution bank balances at year-end, per the bank, were \$29,161,526. 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 \$13,970,859 within the general fund and \$42,971 in the special revenue funds.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 4 – Cash and Cash Equivalents (continued)

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, 2023 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. The District has \$3,344,100 of money market investments as of June 30, 2023 which are considered cash and cash equivalents for financial reporting purposes.

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.

External Investment Pool: The District participates in an external investment pool, the New York Cooperative Liquid Assets Securities System (NYCLASS). NYCLASS was established in September 1989, as a cooperative investment arrangement organized under the NYCLASS Municipal Cooperation Agreement made pursuant to New York General Municipal Law, Article 3A and 5-G. NYCLASS is available for investment by any New York State Municipal Cooperation or District. NYCLASS operates like a money market mutual fund with shares valued at \$1.00. NYCLASS is administered by and elected governing board of up to fifteen members. A board member must be either a participant's chief fiscal officer, other designated officer, or employee of the participant who has knowledge and expertise in financial matters. The board invests cooperative funds only in securities that are legal for public funds investment in New York.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 4 – Cash and Cash Equivalents (continued)

The board limits these investments to repurchase agreements collateralized 102% with U.S. Treasury securities and agency securities backed by the full faith and credit of the U.S. Government, U.S. Treasury bills and notes, obligations of the state of New York, collateralized bank deposits, and other U.S. government guaranteed obligations. NYCLASS measures its investments at fair value in accordance with GASB standards. NYCLASS reports the amortized cost of investments to participants, which approximates fair value. NYCLASS is rated by S&P Global Ratings and the current rating was AAAM as of March 28, 2023, whereby AAAM is defined as extremely strong capacity to maintain principal stability and limit exposure to principal losses due to credit market and/or liquidity risks. As of June 30, 2023, the District's investment in NYCLASS totaled \$21,333,036 (\$16,640,152 general fund and \$4,692,884 capital projects fund) which are included in cash and cash equivalents. Financial statements, independently audited, of NYCLASS are available from NYCLASS at www.newyorkclass.org.

Note 5 – Capital Assets

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

Governmental activities:	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets that are not depreciated:				
Land	\$ 412,900	\$ -	\$ -	\$ 412,900
Construction in progress	33,994,688	4,903,452	(34,666,312)	4,231,828
Total nondepreciable historical cost	<u>34,407,588</u>	<u>4,903,452</u>	<u>(34,666,312)</u>	<u>4,644,728</u>
Capital assets that are depreciated:				
Buildings	49,054,207	-	-	49,054,207
Site Improvements	74,781,938	29,950	34,666,312	109,478,200
Buses	8,613,987	1,109,309	-	9,723,296
Furniture and equipment	7,994,489	548,687	(209,346)	8,333,830
Total depreciable historical cost	<u>140,444,621</u>	<u>1,687,946</u>	<u>34,456,966</u>	<u>176,589,533</u>
Less: accumulated depreciation:				
Buildings	40,022,720	3,057,906	-	43,080,626
Site Improvements	29,605,994	862,181	-	30,468,175
Buses	6,079,545	668,199	-	6,747,744
Furniture and equipment	5,427,390	500,451	(208,618)	5,719,223
Total accumulated depreciation	<u>81,135,649</u>	<u>5,088,737</u>	<u>(208,618)</u>	<u>86,015,768</u>
Total depreciable historical cost, net	<u>\$ 93,716,560</u>	<u>\$ 1,502,661</u>	<u>\$ (728)</u>	<u>\$ 95,218,493</u>
Depreciation expense was charged to governmental functions as follows:				
Administrative services		\$ 222,758		
Regular Instruction		3,442,380		
Special education instruction		486,303		
Pupil services		38,904		
Operating & maintenance of plant		93,183		
Pupil transportation		805,209		
		<u>\$ 5,088,737</u>		

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 6 – Short-Term Debt

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

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN Maturing 7/29/2022 at 0.49%	\$ 125,400	\$ -	\$ 125,400	\$ -

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

Interest paid	\$ 614
Less interest accrued in the prior year	(563)
Plus interest accrued in the current year	-
Total expense	\$ 51

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.

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

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

Interest paid	\$ 2,405,573
Less interest accrued in the prior year	(4,526)
Plus interest accrued in the current year	1,824
Total expense	\$ 2,402,871

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, \$480,000, 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, 2023

Note 7 – Long-Term Debt Obligations (continued)

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government activities:					
Bonds and notes payable:					
General obligation debt:					
2013 issue	\$ 4,485,000	\$ -	\$ 420,000	\$ 4,065,000	\$ 435,000
Refunded 2005 Issue	450,000	-	450,000	-	-
2016 issue	5,055,000	-	485,000	4,570,000	510,000
2018 issue	1,420,000	-	125,000	1,295,000	130,000
2018 Bus issue	270,000	-	135,000	135,000	135,000
2019 Bus issue	420,000	-	140,000	280,000	140,000
Refunded 2010 Issue	1,030,000	-	585,000	445,000	380,000
2020 Issue	6,440,000	-	300,000	6,140,000	310,000
2020 Bus issue	560,000	-	130,000	430,000	140,000
2021 Issue	2,540,000	-	135,000	2,405,000	140,000
2021 Bus Bond	713,659	-	133,659	580,000	140,000
2022 Revenue Bonds	21,835,000	-	815,000	21,020,000	1,185,000
2023 Bus Bond	-	886,070	-	886,070	156,070
Lease-purchase obligation	335,000	-	200,000	135,000	135,000
Total bonds and notes payable	<u>45,553,659</u>	<u>886,070</u>	<u>4,053,659</u>	<u>42,386,070</u>	<u>3,936,070</u>
Other liabilities:					
Due to employee's retirement system	305,635	396,552	305,635	396,552	396,552
Due to teachers' retirement system - employee	257,540	297,477	257,540	297,477	297,477
Due to teachers' retirement system - employer	3,316,931	3,595,485	3,316,931	3,595,485	3,595,485
Compensated absences	2,550,326	2,985,044	2,550,326	2,985,044	249,271
Other post-employment benefits payable	214,992,369	12,458,708	24,787,143	202,663,934	5,881,641
Net pension liability	-	11,375,564	-	11,375,564	-
Premium on bond refunding	5,064,750	-	409,020	4,655,730	-
Total other liabilities	<u>226,487,551</u>	<u>31,108,830</u>	<u>31,626,595</u>	<u>225,969,786</u>	<u>10,420,426</u>
Total long-term liabilities	<u>\$ 272,041,210</u>	<u>\$ 31,994,900</u>	<u>\$ 35,680,254</u>	<u>\$ 268,355,856</u>	<u>\$ 14,356,496</u>

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 7 – Long-Term Debt Obligations (continued)

The following is a schedule of bonds outstanding at June 30, 2023:

	Date of Original Issue	Original Amount	Maturity Date	Interest Rate	Balance June 30, 2023
2013 Serial Bond	6/13/2013	7,610,000	6/15/2042	2.00%-4.00%	\$ 4,065,000
2016 Serial Bond	6/15/2016	7,440,000	6/15/2031	2.00%-5.00%	4,570,000
2018 Serial Bond	6/7/2018	1,835,000	6/15/2032	4.00%-5.00%	1,295,000
2018 Bus Bond	7/16/2018	639,005	6/15/2023	2.50%-2.625%	135,000
2019 Bus Bond	7/15/2019	675,137	7/15/2024	1.85%-2.00%	280,000
2019 Refunding Bond	10/22/2019	2,715,000	4/15/2025	1.50%-5.00%	445,000
2020 Serial Bonds	6/17/2020	6,885,000	6/15/2040	3.00%-5.00%	6,140,000
2020 Bus Bond	9/15/2020	681,556	9/15/2025	1.00%	430,000
2021 Serial Bonds	6/16/2021	2,600,000	6/15/2036	4.00%-5.00%	2,405,000
2021 Bus Bond	10/15/2021	713,659	10/15/2026	.875%-1.00%	580,000
2022 Revenue Bonds	6/15/2022	21,835,000	6/15/2036	5.00%	21,020,000
2023 Bus Bond	10/18/2022	886,070	4/15/2028	3.625%-3.875%	886,070
					<u>\$ 42,251,070</u>

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

	Serial Bonds		Total
	Principal	Interest	
Fiscal year ended June 30,			
2024	\$ 3,801,070	\$ 1,961,880	\$ 5,762,950
2025	3,515,000	1,783,238	5,298,238
2026	3,445,000	1,634,888	5,079,888
2027	3,455,000	1,486,594	4,941,594
2028	3,250,000	1,332,491	4,582,491
5 subsequent years: 2029 - 2033	14,450,000	4,426,206	18,876,206
5 subsequent years: 2034 - 2038	9,190,000	1,130,700	10,320,700
5 subsequent years: 2039 - 2043	1,145,000	88,850	1,233,850
Totals	<u>\$ 42,251,070</u>	<u>\$ 13,844,847</u>	<u>\$ 56,095,917</u>

In addition to the above leases, the District's remaining obligation of government activities under a finance type lease are one payment of \$135,000 during the 2024 fiscal year. This payment for \$135,000 represents the present value of minimum lease payments for the District's finance type lease.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 8 – Interfund Balances and Activity

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 667,965	\$ 1,634,919	\$ 545,675	\$ 1,769,729
Special Aid Funds	-	622,193	69,729	-
School Lunch Fund	277,678	-	-	200,000
Capital Funds	1,522,641	211,172	1,700,000	345,675
Total government activities	\$ 2,468,284	\$ 2,468,284	\$ 2,315,404	\$ 2,315,404

The District typically transfers from the General Fund to the Capital Fund to help fund capital renovations and additions. The district also transfers from the General Fund to the Special Aid fund to fund the local portion of the Special Education Summer School Program. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

Note 9 - Unrestricted Net Position

Unrestricted net position in the general fund consist of the following at June 30, 2023:

Designated for subsequent year's expenditures	\$ 69,150
Reserve for encumbrances	1,093,144
Unreserved	4,198,672
Total unrestricted net position general fund	\$ 5,360,966

Note 10 – Pension Plans

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

Plan Description and Benefits Provided

Teachers' Retirement System (TRS)

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10 – Pension Plans (continued)

Teachers' Retirement System (TRS) (continued)

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

Employees' Retirement System (ERS)

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

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

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	NYSTRS	NYSERS
2020-2021	\$ 3,119,386	\$ 1,549,570
2021-2022	3,311,079	1,643,847
2022-2023	3,595,485	1,287,546

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10 – Pension Plans (continued)

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

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of June 30, 2022 for TRS and March 31, 2023 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(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	4/1/2022	6/30/2021
Net pension asset/(liability)	\$ (7,709,391)	\$ (3,666,173)
District's portion of the Plan's total net pension asset/(liability)	0.0359512%	0.1910570%

For the year ended June 30, 2023, the District's recognized pension expense of \$4,633,428 for TRS and \$2,931,224 for ERS.

At June 30, 2023, 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	\$ 821,110	\$ 3,841,685	\$ 216,509	\$ 73,464
Changes of assumption	3,744,178	7,111,755	41,380	1,476,838
Net difference between projected and actual earnings on pension plan investments	-	4,737,043	45,292	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	531,474	206,335	72,611	199,553
District's contribution subsequent to the measurement date	-	3,574,471	-	-
Total	\$ 5,096,762	\$ 19,471,289	\$ 375,792	\$ 1,749,855

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10 – Pension Plans (continued)

District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2024 for ERS and June 30, 2023 for TRS. 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
2023	\$ -	\$ 2,714,391
2024	1,191,890	1,440,451
2025	(264,536)	(579,777)
2026	1,641,156	9,318,340
2027	2,152,459	1,187,630
Thereafter	-	65,928
	\$ 4,720,969	\$ 14,146,963

Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary increases	4.40%	1.95%-5.18%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 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, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10 – Pension Plans (continued)

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

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Asset type	ERS		TRS	
	Target Allocation	Long-term expected Real rate of return	Target Allocation	Long-term expected Real rate of return
	2023	2023	2022	2022
Domestic equity	32%	4.30%	33.00%	6.50%
International equity	15%	6.85%	16.00%	7.20%
Real estate	9%	4.60%	11.00%	6.20%
Private equities	10%	7.50%	8.00%	9.90%
Domestic fixed income securities	0%	0.00%	16.00%	1.10%
Global fixed income securities	0%	0.00%	2.00%	0.60%
Credit	4%	5.43%	0.00%	0.00%
High-yield fixed income securities	23%	1.50%	1.00%	3.30%
Private debt	0%	0.00%	2.00%	5.30%
Real estate debt	0%	0.00%	6.00%	2.40%
Opportunistic portfolio	3%	5.38%	0.00%	0.00%
Cash	1%	0.00%	1.00%	-0.30%
Global equities	0%	0.00%	4.00%	6.90%
Real assets	3%	5.84%	0.00%	0.00%
	<u>100%</u>		<u>100%</u>	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.4% for TRS.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10 – Pension Plans (continued)

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 6.95% 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 asset/(liability).

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2023 calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (5.95% for TRS and 4.90% for ERS) or 1 percentage point higher (7.95% for TRS and 6.90% for ERS) than the current rate:

ERS	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (18,630,291)	\$ (7,709,391)	\$ 1,416,292
 TRS	 1% Decrease <u>(5.95%)</u>	 Current Assumption <u>(6.95%)</u>	 1% Increase <u>(7.95%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (33,803,831)	\$ (3,666,173)	\$ 21,679,400

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, 2023 is \$7,495,851,000 for ERS and \$2,434,628,787 for TRS.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10 – Pension Plans (continued)

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023 amounted to \$3,892,962.

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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$396,552 of employer contributions.

Note 11 – 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, 2023, approximately \$5,350,000 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, 2023 the following employees were covered by the benefit terms:

Retirees and Survivors	520
Active employees	700
	1,220
	1,220

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 11 – Postemployment (Health Insurance) Benefits (continued)

B. Total OPEB Liability

The District's total OPEB liability of \$202,663,934 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2023 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%
Salary Increases	3.00%
Discount Rate	3.54%
Healthcare Cost Trend Rates:	
Medical	7.80% for 2024, decreasing to 3.94% by 2093
Dental	2.00%
Vision	1.00%

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

Mortality rates were based on RPH-2014 Mortality Table for employees, sex distinct with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2020.

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, 2023

Note 11 – Postemployment (Health Insurance) Benefits (continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	\$ 214,992,369
Changes for the Year:	
Service cost	7,742,272
Interest	4,716,436
Changes of benefit terms	-
Differences between expected and actual experience	5,351,370
Changes in assumptions or other inputs	(25,457,606)
Benefit payments	<u>(4,680,907)</u>
Net changes	<u>(12,328,435)</u>
Balance at June 30, 2023	<u><u>\$ 202,663,934</u></u>

Changes in assumptions and other inputs reflects a change in the discount rate from 2.14% in 2022 to 3.54% in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54%) or 1 percentage point higher (4.54%) than the current discount rate.

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 240,236,336</u>	<u>\$ 202,663,934</u>	<u>\$ 172,895,314</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	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 169,470,254</u>	<u>\$ 202,663,934</u>	<u>\$ 245,922,779</u>

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 11 – 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, 2023, the District recognized OPEB expense of \$5,881,641. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,485,453	\$ 10,662,153
Changes of assumptions or other inputs	21,776,502	23,867,481
Contributions subsequent to the measurement period	5,088,463	-
	\$ 31,350,418	\$ 34,529,634

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

Year Ended June 30,	Amount
2024	\$ (3,710,092)
2025	149,635
2026	1,384,106
2027	(2,304,119)
2028	(3,201,595)
Thereafter	(585,614)
	\$ (8,267,679)

Note 12 – 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, 2023

Note 12 – 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 \$19,036,264 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 \$1,123,478 as of June 30, 2023. 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 \$578,000 for the current year. Payments of claims and claim adjustment expenses are pooled for the group and each member's premiums are adjusted accordingly.

Note 13 – Donor-Restricted Endowments

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 14 – 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.

The majority of the District's employees are covered by various collective bargaining agreements. The Fayetteville-Manlius Teacher's Association represents the largest percentage of employees covered by a collective bargaining agreement. Employees represented by this agreement include teachers, department chairpersons/team leaders, school counselors, librarians, school psychologists, social workers, registered nurses, occupational therapists, physical therapists and speech therapists. This agreement is through June 30, 2023. The new contract was ratified by the board of education in September of 2023 and goes through June 30, 2026. The district has additional collective bargaining agreements in place with different expiration dates.

Note 15 – Subsequent Events

Management has evaluated subsequent events through October 2, 2023, which is the date the financial statements were available to be issued. On July 19, 2023, the District issued \$15,100,000 in bond anticipation notes at an interest rate of 4.75% maturing on July 18, 2024. The BAN is a general obligation of the District.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Funding Progress
Other Postemployment Benefits
For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Measurement date	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB liability	\$ 202,663,934	\$ 214,992,369	\$ 204,429,335	\$ 171,541,210	\$ 165,731,550	\$ 178,212,604
Service cost	7,742,272	7,859,973	5,431,175	5,626,937	5,907,525	7,686,685
Interest	4,716,436	4,643,489	6,121,762	6,556,858	6,565,351	5,734,503
Changes in benefit terms	-	(230,970)	(918,361)	(366,332)	228,677	-
Differences between expected and actual experience in the measurement	5,351,370	-	(12,840,915)	-	(20,068,530)	-
Changes in assumptions or other inputs	(25,457,606)	2,643,830	39,224,235	(2,146,553)	(1,615,505)	(27,086,466)
Benefit payments	(4,680,907)	(4,353,288)	(4,129,771)	(3,861,250)	(3,498,572)	(3,292,083)
Net change in total OPEB liability	(12,328,435)	10,563,034	32,888,125	5,809,660	(12,481,054)	(16,957,361)
Total OPEB liability - beginning	214,992,369	204,429,335	171,541,210	165,731,550	178,212,604	195,169,965
Total OPEB liability - ending	\$ 202,663,934	\$ 214,992,369	\$ 204,429,335	\$ 171,541,210	\$ 165,731,550	\$ 178,212,604
Covered payroll	48,651,665	45,684,065	\$ 44,837,765	\$ 44,268,754	\$ 41,502,998	\$ 41,209,768
Total OPEB liability as a percentage of covered payroll	417%	471%	456%	387%	399%	432%

See paragraph on required 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, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local sources				
Real property taxes	\$ 67,545,365	\$ 67,545,365	\$ 67,534,795	\$ (10,570)
Nonproperty taxes	175,000	175,000	186,222	11,222
Charges for services	145,000	145,000	202,771	57,771
Use of money and property	281,574	281,574	1,560,360	1,278,786
Sale of property and compensation for loss	45,000	45,000	61,924	16,924
Miscellaneous	1,360,000	1,360,000	999,202	(360,798)
Total local sources	69,551,939	69,551,939	70,545,274	993,335
State sources	27,901,723	27,901,723	28,110,018	208,295
Medicaid reimbursement	315,000	315,000	375,670	60,670
Total revenues	97,768,662	97,768,662	99,030,962	1,262,300
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	545,675	545,675
Designated for subsequent year expenditures	-	-	-	-
Total revenues and other Financing sources	\$ 97,768,662	\$ 97,768,662	\$ 99,576,637	\$ 1,807,975

See paragraph on required 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, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General support					
Board of education	\$ 64,844	\$ 50,133	\$ 44,272	\$ 60	\$ 5,801
Central administration	338,930	335,086	326,629	3,950	4,507
Finance	1,021,883	994,883	985,339	-	9,544
Staff	468,749	443,753	440,298	-	3,455
Central services	7,092,271	7,286,454	6,812,069	459,366	15,019
Special items	685,755	689,993	684,075	-	5,918
Total general support	<u>9,672,432</u>	<u>9,800,302</u>	<u>9,292,682</u>	<u>463,376</u>	<u>44,244</u>
Instruction					
Administration and improvement	3,473,890	3,630,681	3,556,852	24,285	49,544
Teaching - regular school	31,157,329	30,829,574	30,210,513	333,569	285,492
Programs for students with disabilities	7,383,624	7,426,022	7,404,975	15,796	5,251
Teaching - special schools	173,110	93,261	92,935	-	326
Instructional media	3,314,390	3,470,406	3,430,849	3,413	36,144
Pupil services	4,212,334	4,508,503	4,461,684	3,023	43,796
Total instruction	<u>\$ 49,714,677</u>	<u>\$ 49,958,447</u>	<u>\$ 49,157,808</u>	<u>\$ 380,086</u>	<u>\$ 420,553</u>

See paragraph on required 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, 2023

Pupil transportation	\$ 4,662,131	\$ 5,536,359	\$ 5,483,859	\$ 50,221	\$ 2,279
Employee benefits	26,722,627	26,639,850	26,417,668	199,462	22,720
Debt service	<u>6,589,064</u>	<u>6,589,064</u>	<u>6,581,983</u>	<u>-</u>	<u>7,081</u>
Total expenditures	97,360,931	98,524,022	96,934,000	1,093,145	496,877
OTHER FINANCING USES					
Transfer to other funds	<u>1,570,000</u>	<u>1,770,000</u>	<u>1,769,729</u>	<u>-</u>	<u>271</u>
Total expenditures and other uses	<u>98,930,931</u>	<u>100,294,022</u>	<u>98,703,729</u>	<u>\$ 1,093,145</u>	<u>\$ 497,148</u>
Net change in fund balance	(1,162,269)	(2,525,360)	872,908		
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>18,458,917</u>		
Fund balance - ending	<u>\$ (1,162,269)</u>	<u>\$ (2,525,360)</u>	<u>\$ 19,331,825</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Schedule of District Contributions
For the year ended June 30, 2023

<i>Teachers' Retirement System</i>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,595,485	\$ 3,311,079	\$ 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>3,595,485</u>	<u>3,311,079</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 34,941,545	\$ 33,786,520	\$ 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%	10%	10%	9%	11%	10%	13%	18%	18%
<i>Employees' Retirement System</i>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,287,546	\$ 1,643,847	\$ 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>1,287,546</u>	<u>1,643,847</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 11,859,760	\$ 10,776,700	\$ 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	11%	15%	14%	14%	14%	12%	13%	17%	16%

See paragraph on required 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, 2023

	<i>Teachers' Retirement System</i>									
	2023	2022	2021	2020	2019	2018	(as restated) 2017	2016	2015	
District's proportion of the net pension asset (liability)	0.191057%	0.192847%	0.186664%	0.187686%	0.189607%	0.190452%	0.187170%	0.018719%	1.858390%	
District's proportionate share of the net pension asset (liability)	\$ (3,666,173)	\$ 33,418,498	\$ (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	\$ 34,941,545	\$ 33,786,520	\$ 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	10%	99%	-16%	15%	11%	5%	-7%	81%	96%	
Plan fiduciary net position as a percentage of the total pension liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	
	<i>Employees' Retirement System</i>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
District's proportion of the net pension asset (liability)	0.0359512%	0.0326881%	0.0337670%	0.0318449%	0.0327287%	0.0306827%	0.0317576%	0.0326664%	3.2748100%	
District's proportionate share of the net pension asset (liability)	\$ (7,709,391)	\$ 2,672,120	\$ (33,623)	\$ (8,432,720)	\$ (2,318,927)	\$ (990,267)	\$ (2,984,016)	\$ (5,243,052)	\$ (1,106,306)	
District's covered payroll	\$ 11,859,760	\$ 10,776,700	\$ 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	65.0%	24.8%	0.3%	79%	23%	9%	27%	55%	10%	
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	

See paragraph on required 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, 2023

CHANGE FROM ADOPTED TO FINAL BUDGET

Adopted budget	\$ 98,930,931
Add: prior year's encumbrances	<u>1,363,091</u>
Original budget	100,294,022
Budget revision:	
Athletic Gate Proceeds	
Home School Association gifts for playground equipment	
Appropriation of Capital Reserve	
Appropriation of Tax Certiorari Reserve	<u> </u>
Revised budget	<u>\$ 100,294,022</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 voter-approved expenditure budget	
Maximum allowed (4% of 2022-2023 budget)	\$ 104,966,845
General Fund-Fund Balance Subject to 1318 of Real Property Tax Law *:	
Unrestricted fund balance:	
Assigned fund balance	\$ 1,162,294
Unassigned fund balance	<u>4,198,672</u>
Total unrestricted fund balance	<u>5,360,966</u>
Less:	
Appropriated fund balance	69,150
Encumbrances included in committed and assigned fund balance	<u>1,093,144</u>
Total adjustments	<u>1,162,294</u>
General Fund-Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 4,198,672</u>
Actual percentage	4.00%

* 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, 2023

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance 30-Jun-23	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total		
December 2021 Ref												
Alterations: High School (and pre-ref)	\$ 52,000,000	\$ 52,000,000	\$ 1,190,646	\$ 2,377,526	\$ 3,568,172	\$ 48,431,828	\$ -	\$ -	\$ 7,200,000	\$ 7,200,000	\$ 3,631,828	
December 2017 Ref												
Alterations: Wellwood (and pre-ref WW)	34,166,061	34,166,061	32,924,239	1,550,211	34,474,450	(308,389)	23,901,869	-	10,587,241	34,489,110	14,660	
	<u>34,166,061</u>	<u>34,166,061</u>	<u>32,924,239</u>	<u>1,550,211</u>	<u>34,474,450</u>	<u>(308,389)</u>	<u>23,901,869</u>	<u>-</u>	<u>10,587,241</u>	<u>34,489,110</u>	<u>14,660</u>	
Non-Major												
Prior Year Bus BAN	125,400	125,400	125,400	-	125,400	-	-	-	125,400	125,400	-	
Bus Purchase 22-23 Bond	886,070	886,070	-	885,603	885,603	467	886,070	-	-	886,070	467	
High School Door Security (18/19)	-	138,082	115,417	18,018	133,435	4,647	-	-	138,082	138,082	4,647	
2021/22 Capital Transfer Projects-terrazzo/paving	200,000	195,000	18,983	150,615	169,598	25,402	-	-	195,000	195,000	25,402	
2021/22 Capital Transfer Projects-Enders Flooring	250,000	255,000	21,463	247,819	269,282	(14,282)	-	-	255,000	255,000	(14,282)	
2022/23 Capital Transfer Projects-Fay El Air Cond	1,395,000	1,389,560	56,846	396,007	452,853	936,707	-	-	1,389,560	1,389,560	936,707	
2022/23 Capital Transfer Projects-Enders Entrance	105,000	110,440	12,150	6,162	18,312	92,128	-	-	110,441	110,441	92,129	
SAM Grant Baseball Field	200,000	200,000	129,425	8,543	137,968	62,032	-	129,425	-	129,425	(8,543)	
Eagle Hill Emerg-Exhaust Hood	200,000	200,000	-	79,650	79,650	120,350	-	-	200,000	200,000	120,350	
2023/24 Capital Transfer Project-Mott Rd	2,000,000	-	-	72,445	72,445	(72,445)	-	-	-	-	(72,445)	
Prior Years Unallocated transfer	-	-	-	-	-	317,940	-	-	107,560	107,560	107,560	
	<u>5,361,470</u>	<u>3,499,552</u>	<u>479,684</u>	<u>1,864,862</u>	<u>2,344,546</u>	<u>1,472,946</u>	<u>886,070</u>	<u>129,425</u>	<u>2,521,043</u>	<u>3,536,538</u>	<u>1,191,992</u>	
Totals	<u>\$ 91,527,531</u>	<u>\$ 89,665,613</u>	<u>\$ 34,594,569</u>	<u>\$ 5,792,599</u>	<u>\$ 40,387,168</u>	<u>\$ 49,596,385</u>	<u>\$ 24,787,939</u>	<u>\$ 129,425</u>	<u>\$ 20,308,284</u>	<u>\$ 45,225,648</u>	<u>\$ 4,838,480</u>	

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
For the Year Ended June 30, 2023

Capital assets, net		\$ 95,218,493
Add:		
Savings on old bond defeasement		35,000
Deduct:		
Premium on bond refunding	(4,655,730)	
Short-term portion of bonds payable	(3,801,070)	
Long-term portion of bonds payable	(38,450,000)	
Short-term portion of capital leases	(135,000)	
Interest payable	(1,824)	
Total deductions	(47,043,624)	(47,043,624)
Investment in capital assets, net of related debt		\$ 48,209,869

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



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CERTIFIED PUBLIC ACCOUNTANTS PLLC

**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, 2023, 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 2, 2023.

Report on 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) as a basis for designing 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Grossman St Amour CPAs

Syracuse, New York
October 2, 2023



grossman st. amour

CERTIFIED PUBLIC ACCOUNTANTS PLLC

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

Opinion on Each Major Federal Program

We have audited Fayetteville-Manlius Central School District's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, Fayetteville-Manlius Central School District complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Fayetteville-Manlius Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination Fayetteville-Manlius Central School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Fayetteville-Manlius Central School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fayetteville-Manlius Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Fayetteville-Manlius Central School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fayetteville-Manlius Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fayetteville-Manlius Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Fayetteville-Manlius Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 purposed described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitation, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Grossman St Amour CPAs

Syracuse, New York
October 2, 2023

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

	Federal CFDA Number	Pass-through Number	Passed Through to Subrecipients	Current Year Expenditures
U.S. Department of Agriculture:				
(Passed through the State Department of Education) (Grantor's No. 251601060000)				
National School Breakfast Program	10.553			\$ 21,852
National School Lunch Program	10.555			232,115
National School Lunch Program (Food Distribution)	10.555			54,802
National Special Milk Program	10.556			14,309
Pandemic EBT Grant	10.649			<u>3,768</u>
Total U.S. Department of Agriculture				<u>326,846</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	0032-23-0649		863,199
Special Education-Grants to States (IDEA, B)	84.027A	0032-22-0649		145
Special Education-Preschool Grants (IDEA, Preschool)	84.173A	0033-23-0649		11,860
Special Education-Preschool Grants (IDEA, Preschool)	84.173A	0033-22-0649		145
Special Education-Grants to States (IDEA, B) - American Rescue Plan	84.027X	5532-22-0649		<u>63,083</u>
Total IDEA, Part B Cluster				938,432
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010A	0021-23-2135		161,024
Improving Teacher Quality State Grants (Title II, A)	84.367A	0147-22-2135		66,907
Education Stabilization Funds				
Coronavirus Response & Relief Supplemental Appropriations Act (CRRSA) ESSER 2	84.425D	5891-21-2135		243,914
American Rescue Plan (ARP) Universal Pre-K	84.425U	5870-23-9093		453,600
American Rescue Plan (ARP ESSER 3)	84.425U	5880-21-2135		<u>227,614</u>
Total Education Stabilization Funds				925,128
Total U.S. Department of Education				<u>2,091,491</u>
Total Expenditures of Federal Awards				<u>\$ 2,418,337</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. CFDA numbers and pass-through numbers are provided, when available.

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.

3. Indirect Cost Rate

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data provided. Fayetteville-Manlius Central School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Food Distribution

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted approximately \$55,000 of commodities under the National School Lunch Program (CFDA 10.555) for the June 30, 2023 fiscal year.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

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)*

Education Stabilization Funds 84.425D, 84.425U

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

Auditee qualified as low-risk auditee? Yes No

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT

**Schedule Findings and Questioned Costs
For the year ended June 30, 2023**

Section II. Financial Statement Findings

None reported

Section III. Federal Award Findings and Questioned Costs

None reported

Section IV. Prior Year Findings

There were no findings in the fiscal year ended June 30, 2022.