FAYETTEVILLE-MANLIUS
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

June 30, 2026

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, 2026, 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, 2026, and the respective changes in financial position thereof for the year 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 changes in the district's total OPEB liability and related ratios, budgetary comparison schedule – general fund, schedule of district contributions and schedule of district's proportionate share of net pension asset (liability) on pages 4-12 and 57-63, 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, and the net investment in capital assets, on pages 64-66 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2026, 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 5, 2026

The purpose of management's discussion and analysis (MD&A) is to help the Fayetteville-Manlius Central School District's (the District) residents and other readers understand what the financial statements and notes in this financial report say about the District's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the District's finance team's knowledge of the District's finances.

If you have questions about this report or require further information, contact the District's business office, Fayetteville-Manlius Central School District, Manlius, New York. You may also visit the Districts website at www.fmschools.org for further information.

Overview of the Financial Statements

The District's financial report contains basic financial statements. Those financial statement present the District's finances at both an overall and a detailed level. The first financial statement is the government-wide financial statements that cover the District's governmental activities.

- Governmental activities comprise the District's most basic functions of delivering quality educational services to students by carrying out the District's mission. Our District's mission: inspiring students and promoting personal success.

The remaining basic financial statements present the District's finances in greater detail. These fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The District currently reports all of its governmental activities in the following types of governmental funds:

- The general fund accounts for all financial resources except those accounted for in another fund.
- Special revenue funds account for the proceeds of specific revenue sources that are restricted or committed to expenditure for a specific purpose, such as the District's school food service program or the District's special aid fund whereby revenue sources are primarily from federal and state grants.
- The District also uses capital projects funds to account for financial resources to be used for the acquisition or construction of capital facilities and other capital assets.

The next section of this financial report contains notes to the financial statements, which delve deeper into the District's finances as reported in the financial statements. The information in the notes is as important to understanding the District's finances as the information in the financial statements. The District use notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts where determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.

The District's government wide financial statements use the economic resources measurement of focus and accrual basis of accounting. In other words, they comprehensively report all types of financial statement elements:

- *Assets*—resources the District controls, from short-term assets like cash to long-term assets like buildings and other capital equipment.
- *Liabilities*—amounts the District owes, from short-term liabilities such as salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.

- *Deferred outflows of resources* and *deferred inflows of resources*—flows that occurred during the year, or in *prior* years, that will not be reported as expenses and revenues until the future year to which they are related.
- *Revenues and expenses*—inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the *current financial resources measurement focus and modified accrual basis of accounting* to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on the capital activities of the District.

	Financial Statements	
	Government-Wide	Governmental Fund
Types of assets and liabilities	All assets and liabilities, both financial and nonfinancial, short term and long term.	Only current financial resources, such as cash, taxes receivable, and accounts payable.
Types of revenues/additions	All types of revenues/additions that flow into the District during the year that relate to that year, regardless of when cash is paid.	Only revenues that are measurable and available to finance expenditures of that year.
Types of expenses / deductions / expenditures	All types of expenses/deductions that flow out of the District during the year that relate to that year, regardless of when cash is paid.	Only expenditures for which the related governmental fund liability is incurred in that year.
Types of deferred outflows of resources and deferred inflows of resources	All types of resources that flow into and out of the District during the year that relate to a future year.	Current financial resources that flow into and out of the governmental funds during the year that relate to a future year.

More detail about the measurement focuses and bases of accounting can be found in the first note to the financial statements, the summary of significant accounting policies, beginning on page 18.

Analysis of the District's Finances

Table 1:

	District Net Position		Percentage Change
	2026	2025	2026 - 2025
Current and other assets	$ 51,704,000	$ 51,870,000	-0.32%
Capital assets	140,917,000	128,212,000	9.91%
Net pension asset	11,504,000	5,672,000	102.82%
Total assets	204,125,000	185,754,000	9.89%
Deferred outflow of resources	26,493,000	33,190,000	-20.18%
Total assets and deferred outflow of resources	$ 230,618,000	$ 218,944,000	
Total debt	97,144,000	85,724,000	13.32%
Other long-term liabilities	182,074,000	209,120,000	-12.93%
Net pension liability	1,922,000	5,887,000	-67.35%
Other liabilities	3,371,000	6,777,000	-50.26%
Total liabilities	284,511,000	307,508,000	-7.48%
Deferred inflow of resources	64,160,000	39,504,000	62.41%
Net position (deficit):			
Invested in capital assets	43,773,000	40,472,000	8.16%
Restricted	20,870,000	18,816,000	10.92%
Unrestricted net deficit	(182,696,000)	(187,357,000)	-2.49%
Total net position (deficit)	(118,053,000)	(128,069,000)	-7.82%
Total liabilities, deferred Inflows and net position (deficit)	$ 230,618,000	$ 218,943,000	

The condensed summary above shows that as of June 30, 2026, the District's total net position (deficit) was ($118,053,000) representing an increase of $10,016,000 or 7.82% from 2025. The increase is primarily due to the $5,832,000 net increase of the TRS pension asset and the $3,965,000 net decrease of the ERS liability, which results in the net position increase of $9,797,000.

Governmental Activities

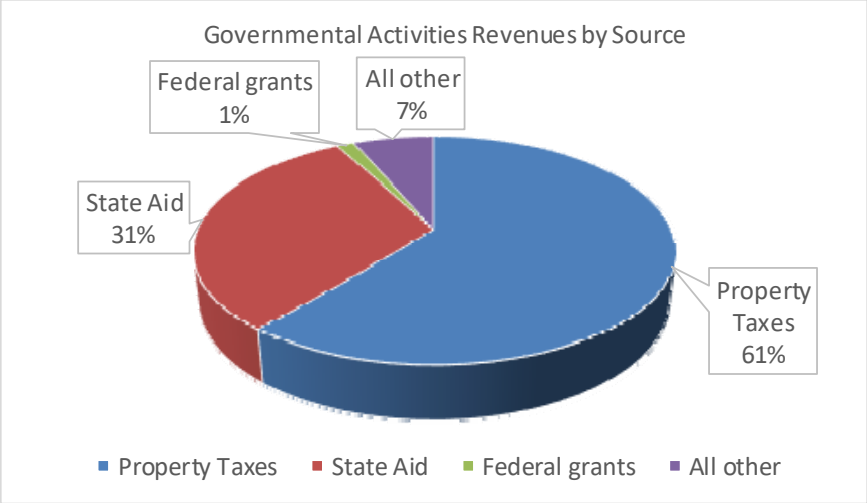
The District's overall revenues exceeded expenses in the current year, which resulted in an increase in net position of $10,016,000. The overall increase in net position is attributed to the following significant items:

- Revenues increased $4,021,000 due to increases in New York State Aid, including expenditure-based aid increases and $1,000,000 aid increase due to the implementation of the free school lunch program. Property taxes increased based on the NYS tax cap calculation.
- Expenses decreased $8,119,000. This change is primarily due to actuarial calculations the District has no control over for pension plans (ERS and TRS) and other postemployment benefits. The 2026 calculation resulted in a decrease of $4,780,024.

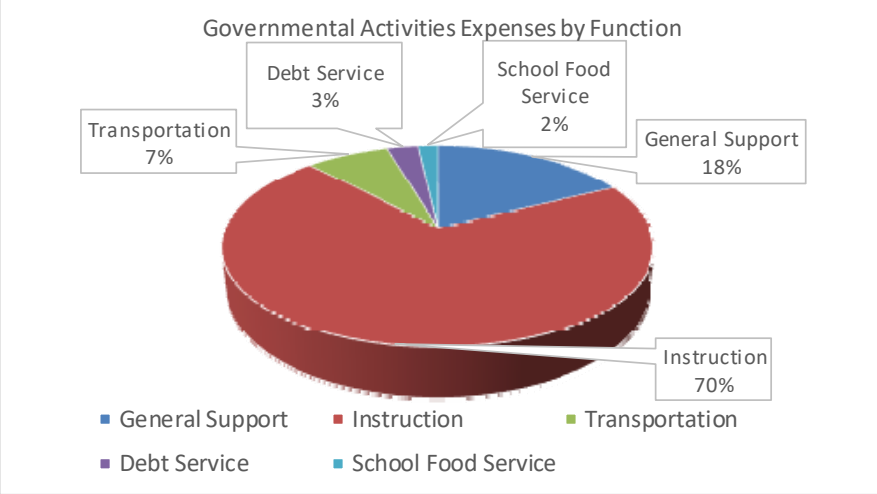
Table 2:

	District-Wide		Percentage Change
	2026	2025	2026-2025
REVENUES			
Program revenues:			
Charges for services	$ 1,101,000	$ 1,432,000	-23.11%
Operating grants and contributions	1,620,000	1,629,000	-0.55%
General revenue:			
Property taxes	72,132,000	69,356,000	4.00%
State sources	36,954,000	34,334,000	7.63%
Interest earnings	1,945,000	2,158,000	-9.87%
Miscellaneous	6,597,000	7,419,000	-11.08%
Total revenues	120,349,000	116,328,000	3.46%
PROGRAM EXPENSES			
General support	19,547,000	13,300,000	46.97%
Instruction	77,530,000	89,527,000	-13.40%
Pupil transportation	8,280,000	9,807,000	-15.57%
Debt service	3,041,000	4,161,000	-26.92%
School lunch program	1,935,000	1,657,000	16.78%
Total expenses	110,333,000	118,452,000	-6.85%
Change in net position	$ 10,016,000	$ (2,124,000)	-571.56%

Governmental Activities (continued)



The District's two primary revenue sources are New York State Educational Aid and local property taxes. The overall revenues by source is consistent with 2025, with a slight increase in State Aid by 1% in 2026.



Overall the Government-Wide program expenses decreased by $8,119,000 or 6.85% from 2025, see explanation on previous page.

Governmental Funds

The District reports three major funds individually in the governmental fund financial statements. Those funds are the general, capital 2024 referendum and capital 2021 referendum funds. As stated earlier, the fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources.

	General Fund		Capital 2024 Referendum	
	2026	2025	2026	2025
Total revenues	$ 114,178,053	$ 110,861,947	$ 275,554	$ 345
Total expenditures	110,471,186	107,203,816	5,733,254	5,835,108
Excess (deficiency) of revenues over expenditures	3,706,867	3,658,131	(5,457,700)	(5,834,763)
Other financing sources and uses				
Interfund transfers - in	638,614	1,094,770	-	860,000
Interfund transfers - out	(1,096,688)	(1,559,391)	(275,554)	(345)
Total other sources (uses)	(458,074)	(464,621)	(275,554)	859,655
Net change in fund balances	3,248,793	3,193,510	(5,733,254)	(4,975,108)
Fund balances - beginning of year	27,992,187	24,798,677	(4,975,108)	-
Fund balances - end of year	$ 31,240,980	$ 27,992,187	$ (10,708,362)	$ (4,975,108)

	Capital 2021 Referendum	
	2026	2025
Total revenues	$ 351,721	$ 923,157
Total expenditures	10,788,750	11,263,117
Excess (deficiency) of revenues over expenditures	(10,437,029)	(10,339,960)
Other financing sources and uses		
Bond proceeds	40,580,000	-
Premium on bond	4,004,061	-
BANS redeemed from appropriations	795,000	-
Interfund transfers - in	-	-
Interfund transfers - out	(351,721)	(923,158)
Total other sources (uses)	45,027,340	(923,158)
Net change in fund balances	34,590,311	(11,263,118)
Fund balances - beginning of year	(28,444,850)	(17,181,732)
Fund balances - end of year	$ 6,145,461	$ (28,444,850)

Governmental Funds (continued)

General Fund

Annually, the District's general fund expenditures are approved by voters, as such, the financial resources required for these expenditures, such as the property tax levy are tied into the approved expenditures for the 2026 fiscal year. The District's revenues exceeded expenses by $3,706,867. The District has created and maintained reserves to offset future liabilities that may arise which include tax certiorari, unemployment, and worker's compensation. For 2025-2026, the District operations resulted in an unassigned general fund balance of $4,900,000. The District assigned $2,885,000 of the general fund balance to the 2026-2027 budget.

Capital 2024 Referendum Fund

The May 2024 capital referendum was approved in May 2024 for $15,400,000 and includes HVAC, safety and security upgrades and roofing. This project will affect all six academic buildings as well as the Transportation center, ICC building and District office building. The negative fund balance of ($10,708,000) is due to temporary financing and will be offset when the District obtains permanent financing for the project.

Capital 2021 Referendum Fund

The December 2021 capital referendum was approved in December 2021 for $52,000,000 and includes additions and renovations at the High School. A capital reserve of $7,200,000 was used to finance the initial design and preconstruction costs. The District obtained permanent financing in June 2026. The fund balance of $6,145,000 is to pay contractors for work to be completed during the summer of 2026.

Fund Balances

General	Capital 2024 Ref	Capital 2021 Ref	Special Aid	School Lunch	Special Revenue Funds	Capital Non-Major
$ 31,241,000	$ (10,708,000)	$ 6,145,000	$ -	$ 990,000	$ 363,000	$ 894,000

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.

The special revenue fund consists of the Extraclassroom fund balance of $333,000 and scholarship fund balance of $30,000.

Capital non-major fund shows a fund balance of $894,000. This fund consists principally of approved capital transfer project 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 and finances them with 5-year bonds. The District will receive one-fifth of the applicable state aid each year based on the current transportation aid ratio.

Capital Asset and Long-Term Financing Activity

Capital Assets Net of Depreciation

	2026	2025	Change from 2025
Land	$ 413,000	$ 413,000	$ -
Construction in process	56,583,000	40,487,000	16,096,000
Buildings	20,936,000	21,702,000	(766,000)
Site improvements	54,786,000	58,973,000	(4,187,000)
Equipment and furniture	4,785,000	2,716,000	2,069,000
Buses and other vehicles	3,414,000	3,921,000	(507,000)
Total	$ 140,917,000	$ 128,212,000	$ 12,705,000

The District's overall carrying value of capital assets increased to $140,917,000. As discussed earlier, the District continues with significant capital projects and bus purchases over the past year. The District's ongoing projects has a cumulative construction in progress of $56,583,000 which is related to its ongoing capital projects. Buses and other vehicles purchased during the year included six buses and eight vehicles totaling $1,768,059.

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 August 29, 2025, when property taxes were levied for the 2025-26 school year, that valuation was $4,066,762,000 for an approximate statutory debt limit of $406,676,000. The District's current outstanding indebtedness is $89,670,000 or 2.20%, which is well below statutory requirements.

Currently Known Facts, Decisions, or Conditions

Property Taxes and State Aid

New York State has a property tax cap applicable to municipal entities, including school districts. Under this law the growth in the property tax levy, the total amount to be raised through property taxes charged on the District's taxable assessed value of property, is capped at two percent or the rate of inflation, whichever is less, with some exclusions. The exclusion calculation includes debt service and capital related expenditures. For the 2025-2026 year, the District had a tax levy increase of 3.56%, the District's allowable limit. For 2026, the District's property taxes levied represent approximately 61% of the revenues of the District.

The District also receives financial assistance from New York State. The District received approximately 31% of financial assistance from New York State in the 2025-2026 year. New York State is not constitutionally obligated to maintain or continue financial assistance to the District at present levels. Any significant adverse change in New York State's financial position may materially impact the District.

Budget – 2026-2027

The District's general fund budget was approved by voters on May 19, 2026, authorizing the District to expend a sum of up to $122,496,620 for the 2026-2027 school year and levy the necessary taxes when due. 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 2026-27 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 approximately 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. Budgeted debt service expenditures are expected to increase as additional capital projects occur. There has been minimal negative impact on the financial condition of the District, primarily due to fiscal restraint and sound business practices

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2026

ASSETS	
Cash	
Unrestricted	$ 27,457,362
Restricted	20,869,529
Receivables	
State and federal aid	1,251,346
Due from other governments	1,763,948
Other	312,280
Inventories	50,207
Capital assets, net	140,916,675
Net pension asset-proportionate share	11,504,130
Total assets	204,125,477
DEFERRED OUTFLOWS OF RESOURCES	
Other postemployment benefits	9,638,761
Pensions	16,853,618
Total assets and deferred outflows of resources	$ 230,617,856
LIABILITIES	
Payables	
Accounts payable	$ 2,325,286
Accrued liabilities	959,180
Interest payable	-
Notes payable	
Bond anticipation	14,540,000
Deferred credits	
Deferred revenue	86,460
Long-term liabilities	
Due and payable within one year	
Bonds payable	5,725,135
Due to employees retirement system	577,226
Due to teachers' retirement system - employee	506,477
Due to teachers' retirement system - employer	3,784,681
Other postemployment benefits payable	5,505,121
Due and payable after one year	
Bonds payable	69,405,000
Compensated absences payable	3,229,141
Other postemployment benefits payable	168,471,256
Premium on bond refunding	7,473,384
Net pension liability - proportionate share	1,922,240
Total liabilities	284,510,587
DEFERRED INFLOWS OF RESOURCES	
Other postemployment benefits	51,136,838
Pensions	13,023,266
Total deferred inflows of resources	64,160,104
NET POSITION (DEFICIT)	
Net investment in capital assets	43,773,156
Restricted	20,869,529
Unrestricted deficit	(182,695,520)
Total net position (deficit)	(118,052,835)
Total liabilities and net position (deficit)	$ 230,617,856

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, 2026

	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS					
General support	$ (17,150,775)	$ (2,396,366)	$ -	$ -	$ (19,547,141)
Instruction	(57,486,022)	(20,043,910)	147,510	1,198,898	(76,183,524)
Pupil transportation	(5,990,362)	(2,290,026)	-	-	(8,280,388)
Employee benefits	(25,069,734)	25,069,734	-	-	-
Debt service	(3,040,952)	-	-	-	(3,040,952)
School lunch program	(1,595,959)	(339,432)	953,662	421,151	(560,578)
Total functions and programs	$ (110,333,804)	$ -	$ 1,101,172	$ 1,620,049	(107,612,583)
GENERAL REVENUES					
Real property taxes					$ 72,132,261
Other tax items					2,992,870
Nonproperty taxes					214,312
Use of money and property					2,071,988
Sale of property and compensation for loss					139,033
Miscellaneous					2,826,200
State sources					36,954,372
Medicaid reimbursement					297,556
Total general revenues					117,628,592
Change in net assets					10,016,009
Total net position - beginning of year					(128,068,844)
Total net position - end of year					$ (118,052,835)

See notes to basic financial statements

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2026

	Major Funds			Non-Major				
	General	Capital 2024 Referendum	Capital 2021 Referendum	Special Aid	School Lunch	Other Special Revenue Funds	Capital Projects	Total Governmental Funds
ASSETS								
Cash								
Unrestricted	$ 14,587,175	$ 5,795,357	$ 6,393,680	$ 1,005	$ 225,530	332,599	$ 122,016	$ 27,457,362
Restricted	20,838,770	-	-	-	-	30,759	-	20,869,529
Receivables								
Due from other funds	1,592,615	-	1,687,425	-	549,391	-	1,365,727	5,195,158
Accounts receivable	306,392	-	-	-	5,888	-	-	312,280
State and federal aid	559,105	-	-	431,444	260,797	-	-	1,251,346
Due from other governments	1,763,948	-	-	-	-	-	-	1,763,948
Inventories	-	-	-	-	50,207	-	-	50,207
Total assets	$ 39,648,005	$ 5,795,357	$ 8,081,105	$ 432,449	$ 1,091,813	$ 363,358	$ 1,487,743	$ 56,899,830
LIABILITIES								
Payables								
Accounts payable	$ 2,060,931	$ 740	$ 213,196	$ 660	$ 1,168	$ -	$ 48,591	$ 2,325,286
Accrued liabilities	928,288	-	-	2,407	28,485	-	-	959,180
Due to other funds	549,391	1,962,979	1,722,448	415,543	-	-	544,797	5,195,158
Bond interest and matured bonds	-	-	-	-	-	-	-	-
Due to employees' retirement system	577,226	-	-	-	-	-	-	577,226
Due to teachers' retirement system - employee	506,477	-	-	-	-	-	-	506,477
Due to teachers' retirement system - employer	3,784,681	-	-	-	-	-	-	3,784,681
Notes payable								
Bond anticipation	-	14,540,000	-	-	-	-	-	14,540,000
Deferred credits:								
Deferred revenues	31	-	-	13,839	72,590	-	-	86,460
Total liabilities	8,407,025	16,503,719	1,935,644	432,449	102,243	-	593,388	27,974,468
FUND BALANCES								
Nonspendable:								
Reserve for inventory	-	-	-	-	50,207	-	-	50,207
Restricted For:								
Reserved for debt service	695,239	-	-	-	-	-	-	695,239
Reserved for tax certiorari	508,974	-	-	-	-	-	-	508,974
Reserved for state and local retirement system contributions	2,222,313	-	-	-	-	-	-	2,222,313
Reserved for teacher's retirement system contributions	3,296,096	-	-	-	-	-	-	3,296,096
Reserved for employee benefit accrued liabilities	3,229,141	-	-	-	-	-	-	3,229,141
Reserved for liability claims and property loss	3,674,899	-	-	-	-	-	-	3,674,899
Reserved for worker's compensation	1,158,062	-	-	-	-	-	-	1,158,062
Reserved for unemployment insurance	49,046	-	-	-	-	-	-	49,046
Reserved for capital - 2023	6,005,000	-	-	-	-	-	-	6,005,000
Reserved for scholarships	-	-	-	-	-	30,759	-	30,759
Committed To:								
Committed fund balance	-	-	-	-	-	332,599	-	332,599
Assigned To:								
Assigned appropriated fund balance	2,884,908	(10,708,362)	6,145,461	-	-	-	894,355	(783,638)
Assigned unappropriated fund balance	2,617,440	-	-	-	939,363	-	-	3,556,803
Unassigned:								
Unassigned fund balance	4,899,862	-	-	-	-	-	-	4,899,862
Total fund balances (deficit)	31,240,980	(10,708,362)	6,145,461	-	989,570	363,358	894,355	28,925,362
Total liabilities and fund balances	$ 39,648,005	$ 5,795,357	$ 8,081,105	$ 432,449	$ 1,091,813	$ 363,358	$ 1,487,743	$ 56,899,830

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, 2026

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	$ 27,457,362	$ -	$ -	$ 27,457,362
Restricted	20,869,529	-	-	20,869,529
Accounts receivable	312,280	-	-	312,280
Due from other funds	5,195,158	-	(5,195,158)	-
Due from other governments	3,015,294	-	-	3,015,294
Prepaid expenditures	-	-	-	-
Inventories	50,207	-	-	50,207
Land, buildings and equipment (net)	-	140,916,675	-	140,916,675
Net pension asset - proportionate share	-	11,504,130	-	11,504,130
Total assets	$ 56,899,830	$ 152,420,805	$ (5,195,158)	$ 204,125,477
DEFERRED OUTFLOWS OF RESOURCES				
Other postemployment benefits	-	9,638,761	-	9,638,761
Pensions	-	16,853,618	-	16,853,618
Total assets and deferred outflows of resources	$ 56,899,830	$ 178,913,184	$ (5,195,158)	$ 230,617,856
LIABILITIES				
Accounts payable	$ 2,325,286	$ -	$ -	$ 2,325,286
Accrued liabilities	959,180	-	-	959,180
Bonds payable	-	75,130,135	-	75,130,135
Bond anticipation notes payable	14,540,000	-	-	14,540,000
Interest payable	-	-	-	-
Due to other funds	5,195,158	-	(5,195,158)	-
Due to employee's retirement system	577,226	-	-	577,226
Due to teachers' retirement system - EE	506,477	-	-	506,477
Due to teachers' retirement system - ER	3,784,681	-	-	3,784,681
Deferred credits:				
Deferred revenue	86,460	-	-	86,460
Compensated absences	-	3,229,141	-	3,229,141
Postemployment benefits	-	173,976,377	-	173,976,377
Premium on bond refunding	-	7,473,384	-	7,473,384
Net pension liability-proportionate share	-	1,922,240	-	1,922,240
Total liabilities	27,974,468	261,731,277	(5,195,158)	284,510,587
DEFERRED INFLOWS OF RESOURCES				
Other postemployment benefits	-	51,136,838	-	51,136,838
Pensions	-	13,023,266	-	13,023,266
FUND EQUITY/NET POSITION				
Total fund equity/net position (deficit)	28,925,362	(146,978,197)	-	(118,052,835)
Total liabilities, inflows and equity	$ 56,899,830	$ 178,913,184	$ (5,195,158)	$ 230,617,856

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, 2026

	Major Funds			Non-Major Funds				
	General	Capital 2024 Referendum	Capital 2021 Referendum	Special Aid	School Lunch	Other Special Revenue Funds	Capital Projects	Total Governmental Funds
REVENUES								
Real property taxes	$ 72,132,261	$ -	$ -	$ -	$ -	$ -	$ -	$ 72,132,261
Other tax items	2,992,870	-	-	-	-	-	-	2,992,870
Nonproperty taxes	214,312	-	-	-	-	-	-	214,312
Charges for services	147,510	-	-	-	-	-	-	147,510
Use of money and property	2,071,988	-	-	-	-	-	-	2,071,988
Sale of property and compensation for loss	139,033	-	-	-	-	-	-	139,033
Miscellaneous	1,600,103	275,554	351,721	-	12,506	595,958	747	2,836,589
State sources	34,582,420	-	-	827,825	994,127	-	550,000	36,954,372
Medicaid reimbursement	297,556	-	-	-	-	-	-	297,556
Federal sources	-	-	-	1,198,898	380,573	-	-	1,579,471
Surplus food	-	-	-	-	40,578	-	-	40,578
Sales - school lunch	-	-	-	-	953,662	-	-	953,662
Total revenues	114,178,053	275,554	351,721	2,026,723	2,381,446	595,958	550,747	120,360,202
EXPENDITURES								
General support	10,044,642	-	579,061	18,160	-	-	-	10,641,863
Instruction	54,925,198	-	-	1,997,919	-	-	-	56,923,117
Pupil transportation	5,899,466	-	-	90,896	-	-	-	5,990,362
Employee benefits	30,270,939	-	-	15,298	339,432	-	-	30,625,669
Debt service								
Principal	4,686,885	-	-	-	-	-	-	4,686,885
Interest	3,419,911	-	-	-	-	-	-	3,419,911
Cost of sales	-	-	-	-	818,210	-	-	818,210
Other expenditures	-	-	-	-	777,749	562,905	-	1,340,654
Capital outlay	1,224,145	5,733,254	10,209,689	1,138	-	-	2,055,574	19,223,800
Total expenditures	110,471,186	5,733,254	10,788,750	2,123,411	1,935,391	562,905	2,055,574	133,670,471
Excess (deficiency) of revenues Over expenditures	3,706,867	(5,457,700)	(10,437,029)	(96,688)	446,055	33,053	(1,504,827)	(13,310,269)
OTHER FINANCING SOURCES AND USES								
Bond proceeds	-	-	40,580,000	-	-	-	1,355,135	41,935,135
Premium on bond	-		4,004,061	-	-	-	10,592	4,014,653
Interfund transfers	638,614	-	-	96,688	-	-	1,000,000	1,735,302
BANS redeemed from appropriations	-		795,000	-	-	-	-	795,000
Operating transfers (out)	(1,096,688)	(275,554)	(351,721)	-	-	-	(11,339)	(1,735,302)
Total other sources (uses)	(458,074)	(275,554)	45,027,340	96,688	-	-	2,354,388	46,744,788
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	3,248,793	(5,733,254)	34,590,311	-	446,055	33,053	849,561	33,434,519
Fund balances - beginning of year	27,992,187	(4,975,108)	(28,444,850)	-	543,515	330,305	44,794	(4,509,157)
Fund balances - end of year	$ 31,240,980	$ (10,708,362)	$ 6,145,461	$ -	$ 989,570	$ 363,358	$ 894,355	$ 28,925,362

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, 2026

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	$ 72,132,261	$ -	$ -	$ -	$ 72,132,261
Other tax items	2,992,870	-	-	-	2,992,870
Nonproperty taxes	214,312	-	-	-	214,312
Charges for services	147,510	-	-	-	147,510
Use of money and property	2,071,988	-	-	-	2,071,988
Sale of property and compensation for loss	139,033	-	-	-	139,033
Miscellaneous	2,836,589	-	(10,389)	-	2,826,200
State sources	36,954,372	-	-	-	36,954,372
Medicaid reimbursement	297,556	-	-	-	297,556
Federal sources	1,579,471	-	-	-	1,579,471
Surplus food	40,578	-	-	-	40,578
Sales - school lunch	953,662	-	-	-	953,662
Total revenues	120,360,202	-	(10,389)	-	120,349,813
EXPENDITURES/EXPENSES					
General support	10,641,863	-	6,508,912	-	17,150,775
Instruction	56,923,117	-	-	-	56,923,117
Pupil transportation	5,990,362	-	-	-	5,990,362
Employee benefits	30,625,669	(4,780,024)	-	(775,911)	25,069,734
Debt service	8,106,796	-	-	(5,065,844)	3,040,952
Cost of sales	818,210	-	-	-	818,210
Other expenditures	1,340,654	-	-	-	1,340,654
Capital outlay	19,223,800	-	(19,223,800)	-	-
Total expenditures	133,670,471	(4,780,024)	(12,714,888)	(5,841,755)	110,333,804
Excess (deficiency) of revenues over expenditures	(13,310,269)	4,780,024	12,704,499	5,841,755	10,016,009
OTHER SOURCES AND USES					
Bond proceeds	41,935,135	-	-	(41,935,135)	-
Premium on bond	4,014,653	-	-	(4,014,653)	-
BANS redeemed from appropriations	795,000	-	-	(795,000)	-
Operating transfers in	1,735,302	(1,735,302)	-	-	-
Operating transfers (out)	(1,735,302)	1,735,302	-	-	-
Total other sources (uses)	46,744,788	-	-	(46,744,788)	-
Net change for the year	$ 33,434,519	$ 4,780,024	$ 12,704,499	$ (40,903,033)	$ 10,016,009

See notes to basic financial statements

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 (Board) 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 the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on criteria set forth by GASB. 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.

i) Extraclassroom Activities Fund

The extraclassroom activities fund of the District represent the funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activities fund is 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 activities fund can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in a special revenue fund.

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. There are 23 participating school districts, including Fayetteville-Manlius, in OCMBOCES.

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 $7,478,596 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $3,705,520. 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, 2025 (the most recent available audited financial statements), OCMBOCES has a total net position (deficit) of $(177,772,023).

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.

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

C) Basis of presentation:

i) District-wide statements:

The Statement of Net Position and the Statement of Activities present financial information about the overall District's governmental activities, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal transactions. Governmental activities are generally 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 Net Position presents the financial position of the District at year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits, are allocated to functional areas in proportion to the payroll expenditures 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 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.

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions except those required to be accounted for in another fund.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of, or the right-to-use capital facilities and other capital and intangible assets. 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.

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

C) Basis of presentation (continued):

The District reports the following non-major governmental funds:

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 and school store operations, or 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, breakfast and milk programs.

Other Special Revenue Funds:

Extraclassroom Activities: Used to account for the funds operated by and for the students of the District. The Board 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.

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.

D) Measurement focus and basis of accounting:

Measurement focus describes what type of information is reported and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available resources (e.g. compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

D) Measurement focus and basis of accounting (continued):

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 real 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, lease liabilities, subscription liabilities, claims and judgments, compensated absences, workers' compensation, pensions, and other post-employment benefits, which are recognized as expenditures to the extent they have matured. General capital assets, intangible lease assets, and intangible subscription assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases and subscriptions with terms greater than one year are reported as other financing sources.

E) Real property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2025 and become a lien on August 29, 2025. Taxes were collected during the period September 2, 2025 to October 31, 2025. 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 resources 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 to financial statements.

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

G) Interfund 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 interfund 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. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

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

The governmental funds report all interfund transactions as originally recorded. Interfund 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 GAAP 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, pension costs, OPEB, workers' compensation liabilities, potential contingent liabilities, useful lives of capital assets, intangible lease assets, and intangible subscription assets.

I) Cash, cash equivalents, 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, based on quoted market prices.

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

J) Accounts receivable:

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

K) Inventories and prepaid items:

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Purchases of inventory 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 and 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.

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.

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

M) Capital assets (continued):

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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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) Unearned credits:

The District reports unearned credits on its statement of net position and its balance sheet. On the statement of net position, unearned credits arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for unearned credits is removed and revenue is recorded.

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 assets 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 shorted 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.

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 assets or fund balance 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) Employee benefits – Compensated absences:

Compensated absences consist of unpaid accumulated annual sick leave and vacation time. 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 and/or a credit towards their health insurance obligation.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination, or death. Certain collectively bargained agreements require these payments to be paid in the form of non-elective contributions into the employee's section 403(b) plan.

In the district-wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick leave, when employees have earned the right to the leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The liability is measured at the employee's rate of pay at the reporting date, including salary-related payments such as social security and Medicare taxes.

In the fund statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

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

Q) Other benefits:

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family, or surviving spouse post-employment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of post-employment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with the criteria set forth by GASB.

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, 2026, the District recognized $6,636,982 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. BANs that are replaced with long-term financing or renewed subsequent to the year-end but before the issuance of the financial statements are treated as long-term liabilities, as these notes will not require the use of working capital during that period. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

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.

T) Equity classifications:

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

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

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

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

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

Non-spendable - 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 $50,207.

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.

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

T) Equity classifications (continued):

The School District has established the following restricted fund balances at June 30, 2026:

General Fund:	
Reserved for Debt Service	$ 695,239
Reserved for Tax Certiorari	508,974
Reserved for State and Local Retirement System Contribution	2,222,313
Reserved for Teacher's Retirement System Contributions	3,296,096
Reserved for Employee Benefit Accrued Liabilities	3,229,141
Reserved for Liability Claims and Property Loss	3,674,899
Reserved for Workers' Compensation	1,158,062
Reserved for Unemployment Insurance	49,046
Reserved for Capital - 2023	6,005,000
Special Revenue Funds:	
Reserved for Scholarships	30,759
	$ 20,869,529

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 general fund.

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

T) Equity classifications (continued):

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 to 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.

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.

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.

Tax Certiorari Reserve Fund

According to Education Law §3651.1-a, funds must be used to establish a reserve fund for tax certiorari judgments and claims 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 that 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.

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

T) Equity classifications (continued):

Unemployment Insurance Payment Reserve Fund

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

Workers' Compensation Reserve Fund

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

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 $332,599 in committed fund balances as of June 30, 2026 for student deposits in 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 $2,617,440. The school lunch fund also reports assigned unappropriated fund balance of $939,363. The capital fund has assigned appropriated fund balance across various capital projects of ($3,668,546), which is a negative fund balance due to long-term financing obligations not being entered into as of June 30, 2026.

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

T) Equity classifications (continued):

The District's general fund encumbrances were classified as follows:

General support	$ 843,387
Instruction	937,566
Pupil transportation	209,591
Employee benefits	626,896
	$ 2,617,440

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/Fund Balance

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

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

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

T) Equity classifications (continued):

Order of Use of Fund Balance:

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

U) Implementation of new accounting standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2026, the District implemented the following new standard issued by GASB:

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026. This Statement's objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assisting a government's accountability. Additionally, the statements also address certain application issues.

GASB has issued Statement No. 104, Disclosure of Certain Capital Assets, effective for the year ending June 30, 2026. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

V) Future changes in accounting standards:

GASB has issued Statement No. 105, *Subsequent Events*, effective for fiscal years beginning after June 15, 2026. This statement improves the financial reporting requirements for subsequent events by clarifying the subsequent events timeframe and the distinction between recognized and nonrecognized subsequent events.

The District will evaluate and implement the provisions of this standard for the year ending June 30, 2027.

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 current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources. This reconciliation is performed on page 16.

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

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

i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and 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 acquisition 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 the issuance of long-term debt provides current financial resources to governmental funds but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

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

iv) Pension differences:

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

v) OPEB differences:

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

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 20, 2025.

Appropriations are adopted at the program line-item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriation authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. 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 can be funded by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources are not included in the original budget (when permitted by law) and appropriations of fund balances. 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 GAAP.

The general fund is the only fund with a legally approved budget by the voters of the District for the fiscal year ended June 30, 2026. 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.

Note 3 – Stewardship, Compliance and Accountability (continued)

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 part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The Capital 2024 Referendum Fund has a deficit balance of ($10,708,362). These will be funded when the District obtains permanent financing for its current construction projects.

Note 4 – Cash (and Cash Equivalents) – Custodial Credit, Concentration of Credit, Interest Rate, and Foreign Currency Risks

Cash, Cash Equivalents, and Investments

Total financial institution bank balances at year-end, per the bank, were $48,743,395. 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 $20,838,770 within the general fund and $30,759 in the special revenue funds.

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2026 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District. The District has $496,009 of money market investments as of June 30, 2026 which are considered cash and cash equivalents for financial reporting purposes.

Note 4 – Cash (and Cash Equivalents) – Custodial Credit, Concentration of Credit, Interest Rate, and Foreign Currency Risks (continued)

Interest Rate Risk

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

Credit Risk

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

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

Custodial Credit Risk

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.

Note 4 – Cash (and Cash Equivalents) – Custodial Credit, Concentration of Credit, Interest Rate, and Foreign Currency Risks (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 is AAAm, 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, 2026, the District's investment in NYCLASS totaled $43,845,988 ($31,657,031 general fund and $12,188,957 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, 2026 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	40,486,952	16,319,356	(223,586)	56,582,722
Total nondepreciable historical cost	40,899,852	16,319,356	(223,586)	56,995,622
Capital assets that are depreciated:				
Buildings	49,054,207	-	-	49,054,207
Site and building improvements	114,837,512	6,385	-	114,843,897
Buses and other vehicles	10,239,306	1,768,059	-	12,007,365
Furniture and equipment	8,959,147	1,130,000	98,502	10,187,649
Total depreciable historical cost	183,090,172	2,904,444	98,502	186,093,118
Less: accumulated depreciation:				
Buildings	27,352,136	766,269	-	28,118,405
Site and building improvements	55,864,907	4,193,038	-	60,057,945
Buses and other vehicles	6,317,925	904,818	-	7,222,743
Furniture and equipment	6,242,880	644,787	(114,695)	6,772,972
Total accumulated depreciation	95,777,848	6,508,912	(114,695)	102,172,065
Total depreciable historical cost, net	$ 128,212,176	$ 12,714,888	$ (10,389)	$ 140,916,675

Depreciation expense was charged to governmental functions as follows:	
Administrative services	$ 255,753
Regular Instruction	4,438,997
Special education instruction	629,473
Pupil services	50,358
Operating & maintenance of plant	131,033
Pupil transportation	1,003,298
	$ 6,508,912

Note 6 – Short-Term Debt

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

	Beginning Balance	Issued	Redeemed	Ending Balance
BAN Maturing 7/17/2025 at 4.50%	$ 44,800,000	$ -	$ 44,800,000	$ -
BAN Maturing 7/16/2026 at 4.00%	$ -	$ 14,540,000	$ -	$ 14,540,000

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

Interest paid	$ 3,698,056
Less interest accrued in the prior year	(2,016,000)
Plus interest accrued in the current year	-
Total expense	$ 1,682,056

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. The general fund has typically been used to liquidate long-term liabilities. Additions and reductions to compensated absences are shown net.

Interest on long-term debt for the year totaled $1,737,855.

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	$ 3,175,000	$ -	$ 475,000	$ 2,700,000	$ 485,000
2016 issue	3,525,000	-	560,000	2,965,000	590,000
2018 issue	1,030,000	-	140,000	890,000	155,000
2020 issue	5,505,000	-	345,000	5,160,000	360,000
2020 Bus issue	145,000	-	145,000	-	-
2021 issue	2,120,000	-	145,000	1,975,000	155,000
2021 Bus Bond	295,000	-	145,000	150,000	150,000
2022 Revenue Bonds	18,590,000	-	1,310,000	17,280,000	1,375,000
2023 Bus Bond	550,000	-	180,000	370,000	185,000
2024 Bus Bond	950,000	-	235,000	715,000	235,000
2025 Bus Bond	1,201,885	-	211,885	990,000	235,000
2026 Bus Bond	-	1,355,135	-	1,355,135	240,135
2026 Revenue Bonds	-	40,580,000	-	40,580,000	1,560,000
Total bonds and notes payable	37,086,885	41,935,135	3,891,885	75,130,135	5,725,135
Other liabilities:					
Due to employee's retirement system	518,290	577,226	518,290	577,226	577,226
Due to teachers' retirement system - employee	427,016	506,477	427,016	506,477	506,477
Due to teachers' retirement system - employer	3,856,884	3,784,681	3,856,884	3,784,681	3,784,681
Compensated absences	3,012,055	3,229,141	3,012,055	3,229,141	-
Other post-employment benefits payable	201,305,762	13,911,149	41,240,534	173,976,377	5,505,121
Net pension liability	5,887,213	-	3,964,973	1,922,240	-
Premium on bond refunding	3,837,690	4,014,653	378,959	7,473,384	-
Total other liabilities	218,844,910	26,023,327	53,398,711	191,469,526	10,373,505
Total long-term liabilities	$ 255,931,795	$ 67,958,462	$ 57,290,596	$ 266,599,661	$ 16,098,640

Note 7 – Long-Term Debt Obligations (continued)

The following is a schedule of bonds outstanding at June 30, 2026:

	Date of Original Issue	Original Amount	Maturity Date	Interest Rate	Balance June 30, 2026
2013 Serial Bond	6/13/2013	$ 7,610,000	6/15/2042	3.00%-4.00%	$ 2,700,000
2016 Serial Bond	6/15/2016	7,440,000	6/15/2031	5.00%	2,965,000
2018 Serial Bond	6/7/2018	1,835,000	6/15/2032	4.00%-5.00%	890,000
2020 Serial Bonds	6/17/2020	6,885,000	6/15/2040	3.00%-5.00%	5,160,000
2021 Serial Bonds	6/16/2021	2,600,000	6/15/2036	4.00%-5.00%	1,975,000
2021 Bus Bond	10/15/2021	713,659	10/15/2026	.875%-1.00%	150,000
2022 Revenue Bonds	6/15/2022	21,835,000	6/15/2036	5.00%	17,280,000
2023 Bus Bond	10/18/2022	886,070	4/15/2028	3.625%-3.875%	370,000
2024 Bus Bond	10/16/2023	1,162,821	10/15/2028	4.00%-5.375%	715,000
2025 Bus Bond	12/17/2024	1,201,885	10/15/2029	4.00%-5.00%	990,000
2026 Bus Bond	12/17/2025	1,355,135	10/15/2030	3.50%-3.75%	1,355,135
2026 Revenue Bonds	6/16/2026	40,580,000	6/15/2041	5.00%	40,580,000
					$ 75,130,135

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

	Serial Bonds		
	Principal	Interest	Total
Fiscal year ended June 30,			
2027	$ 5,725,135	$ 4,236,181	$ 9,961,316
2028	5,990,000	3,368,103	9,358,103
2029	5,870,000	3,085,200	8,955,200
2030	5,900,000	2,802,088	8,702,088
2031	5,615,000	2,520,594	8,135,594
5 subsequent years: 2032 - 2036	27,060,000	8,678,700	35,738,700
5 subsequent years: 2037 - 2041	18,795,000	2,848,000	21,643,000
5 subsequent years: 2042 - 2046	175,000	7,000	182,000
Totals	$ 75,130,135	$ 27,545,866	$ 102,676,001

Note 8 – Interfund Transactions – Governmental Funds

Interfund transactions and balances are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	$ 1,592,615	$ 549,391	$ 638,614	$ 1,096,688
Special Aid Funds	-	415,543	96,688	-
School Lunch Fund	549,391	-	-	-
Capital Funds	3,053,152	4,230,224	1,000,000	638,614
Total government activities	$ 5,195,158	$ 5,195,158	$ 1,735,302	$ 1,735,302

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year. During 2025-26, the District transferred from the general fund to the capital fund to help fund capital renovations and additions. The district also transferred from the general fund to the special aid fund to fund the local portion of the Special Education Summer School Program.

Note 9 – Unrestricted Net Position

Unrestricted net position in the general fund consists of the following at June 30, 2026:

Designated for subsequent year's expenditures	$ 2,884,908
Reserve for encumbrances	2,617,440
Unreserved	4,899,862
Total unrestricted net position general fund	$ 10,402,210

Note 10 – Pension Obligations

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 (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems). These are cost-sharing multiple-employer, defined benefit, public employee retirement systems. The Systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

Note 10 – Pension Obligations (continued)

The TRS is administered by the New York State Teachers's Retirement Board. The TRS 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 (NYSRSSL). 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 the TRS. Once a public employer elects to participate in the TRS, 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 the enactment of a state 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)

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS 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 ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, 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 ERS 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 Employees' Retirement System, 110 State Street, Albany, NY 12244.

Plan members who joined the system before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976 and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.59% of covered payroll for the TRS' fiscal year ended June 30, 2025. The District's average contribution rate was 14.67% of covered payroll for the ERS' fiscal year ended March 31, 2026.

Note 10 – Pension Obligations (continued)

	NYSTRS	NYSERS
2023-2024	$ 3,542,519	$ 1,586,208
2024-2025	3,856,884	1,843,995
2025-2026	3,784,681	2,308,903

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2026 was $3,542,519 for the TRS at the contribution rate of 9.59% and $1,586,208 for the ERS at an average contribution rate of 14.67%. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

Pension Asset/(Liabilities), Pension Expense (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2026, 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, 2025 for TRS and March 31, 2026 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
Measurement date	3/31/2026	6/30/2025
District's proportionate share of the net pension asset/(liability)	$ (1,922,240)	$ 11,504,130
District's portion of the Plan's net pension asset/(liability)	0.0340717%	0.1942920%
Changes in proportion since the prior measurement date	$ 3,964,973	$ 5,832,372

For the year ended June 30, 2026, the District's recognized its proportionate share of pension expense of ($623,140) for TRS and $2,189,140 for ERS.

Note 10 – Pension Obligations (continued)

At June 30, 2026, 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	$ 1,100,018	$ 6,030,729	$ -	$ -
Changes of assumption	329,964	4,554,127	-	124,033
Net difference between projected and actual earnings on pension plan investments	-	-	3,446,682	8,984,697
Changes in proportion and differences between the District's contributions and proportionate share of contributions	443,699	111,270	229,027	238,827
District's contribution subsequent to the measurement date	-	4,283,811	-	-
Total	$ 1,873,681	$ 14,979,937	$ 3,675,709	$ 9,347,557

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, 2027 for ERS and June 30, 2026 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
2026	$ -	$ 5,796,795
2027	844,914	(2,471,536)
2028	(1,197,813)	(2,599,023)
2029	(708,455)	(555,744)
2030	(740,674)	972,561
Thereafter	-	205,515
	$ (1,802,028)	$ 1,348,568

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 asset/(liability) to the measurement date.

Note 10 – Pension Obligations (continued)

The actuarial valuation used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2026	June 30, 2025
Actuarial valuation date	April 1, 2025	June 30, 2024
Inflation	2.90%	2.50%
Salary increases	4.30%	2.04%-5.80%
Investment rate of return (net of) investment expenses, including inflati	5.90%	6.95%
Cost of living adjustments	1.50%	1.40%

For ERS, annuitant mortality rates are based on April 1, 2020 – March 31, 2025 system's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For ERS, the actuarial assumptions were based on the results of an actuarial experience study completed March 31, 2025. For TRS, assumptions were computed by the TRS' Office of the Actuary and adopted by the TRS' Retirement Board in October, 2025. The actuarial assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS' annual Actuarial Valuation Report.

For TRS, 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* and generally accepted accounting principles. 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.

For ERS, the long-term expected 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 the target asset allocation percentage and by adding expected inflation.

Note 10 – Pension Obligations (continued)

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

	ERS		TRS	
	Target Allocation	Long-term expected Real rate of return	Target Allocation	Long-term expected Real rate of return
	2026	2026	2025	2025
Asset type				
Domestic equity	25%	3.29%	33%	6.70%
International equity	14%	5.85%	15%	7.40%
Global equity	0%	0.00%	4%	7.00%
Real estate equity	0%	0.00%	11%	6.50%
Private equity	15%	7.00%	9%	9.80%
Real estate	12%	5.20%	6%	3.80%
Global bonds	0%	0.00%	2%	2.40%
Private debt	0%	0.00%	2%	6.10%
Opportunistic/ARS portfolio	3%	5.13%	0%	0.00%
Credit	4%	5.10%	0%	0.00%
Real assets	4%	5.54%	0%	0.00%
High-yield bonds	0%	0.00%	1%	4.70%
Fixed Income	22%	1.75%	16%	2.60%
Cash	1%	0.25%	1%	0.60%
	100%		100%	

Real rates of return are net of the long-term inflation assumption of 2.9% for ERS and 2.5% for TRS.

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 form 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).

Note 10 – Pension Obligations (continued)

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, 2026 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 (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset/(liability)	$ (13,128,370)	$ (1,922,240)	$ 7,446,581

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset (liability)	$ (22,105,331)	$ 11,504,130	$ 39,784,743

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.

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2026 are paid to the system in September, October and November 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS system. Accrued retirement contributions as of June 30, 2026 amounted to $3,784,681 of employer contributions and $506,477 of employee contributions.

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, 2026 represent the projected employer contribution for the period of April 1, 2026 through June 30, 2026 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to $577,226 of employer contributions. Employee contributions are remitted monthly.

Note 11 – Post-Employment Benefits Obligation Payable

A. General information about the plan and benefits

Plan Description – The District administers a defined benefit OPEB plan that 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 (the Plan) administered by Article 11 of the State Compiled Statutes, which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. 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 set forth by GASB.

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, 2026, approximately $6,600,000 was paid on behalf of 571 retirees.

Benefits Provided – The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. 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, 2026 the following employees were covered by the benefit terms:

Retirees and survivors	546
Active employees	705
	1,251

B. Net OPEB liability

The District's total OPEB liability of $173,976,377 was measured as of July 1, 2025; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as July 1, 2024.

Note 11 – Post-Employment Benefits Obligation Payable (continued)

Actuarial Assumptions and Other Inputs – The total OPEB liability at June 30, 2026 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary Increases	3.00%
Discount Rate	5.20%
Healthcare Cost Trend Rates:	
Medical	6.50% for 2026, decreasing to 4.04% by 2095
Dental	2.00%
Vision	1.00%

Mortality rates were based on the Pub-2010 Mortality Table for employees, sex distinct, job category-specific, headcount weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

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 spouses will 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.

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

Note 11 – Post-Employment Benefits Obligation Payable (continued)

C. Changes in the total OPEB liability

Balance at June 30, 2025	$ 201,305,762
Changes for the Year:	
Service cost	5,888,963
Interest	8,022,186
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(35,104,851)
Benefit payments	(6,135,683)
Net changes	(27,329,385)
Balance at June 30, 2026	$ 173,976,377

Changes of benefit terms reflect changes in assumptions and other inputs, including a change in the discount rate from 3.93% in 2025 to 5.20% in 2026.

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 (4.20%) or 1 percentage point higher (6.20%) than the current discount rate.

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 200,787,448	$ 173,976,377	$ 152,252,719

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 148,703,261	$ 173,976,377	$ 205,940,220

Note 11 – Post-Employment Benefits Obligation Payable (continued)

D. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2026, the District recognized OPEB expense of $5,505,121. At June 30, 2026, 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	$ 1,887,702	$ 8,126,584
Changes of assumptions or other inputs	1,252,941	43,010,254
Contributions subsequent to the measurement period	6,498,118	-
	$ 9,638,761	$ 51,136,838

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
2027	$ (12,094,253)
2028	(12,991,729)
2029	(10,375,748)
2030	(8,331,774)
2031	(4,202,691)
Thereafter	-
	$ (47,996,195)

Note 12 – Risk Management

General

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 twenty-nine (29) 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.

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 $22,167,928 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 (30) 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.

Note 12 – Risk Management (continued)

The District's share of the Consortium's outstanding case reserves that includes estimates of future payments totals $1,158,062 as of June 30, 2026. 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 $431,000 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.

Note 14 – Commitments and Contingencies

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, 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 5, 2026, which is the date the financial statements were available to be issued. On July 15, 2026, the District issued $14,290,000 in bond anticipation notes at an interest rate of 4.00% maturing on June 25, 2027. The proceeds of this note was used to pay the $14,540,000 bond anticipation note held by the District at June 30, 2026. On July 15, 2026, the District also issued a bond for $1,454,002 at an average interest rate of 3.45% for the purchase of buses and other transportation vehicles.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Years Ended June 30,

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Measurement date	July 1, 2025	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB liability	$ 173,976,377	$ 201,305,762	$ 207,987,253	$ 202,663,934	$ 214,992,369	$ 204,429,335	$ 171,541,210	$ 165,731,550	$ 178,212,604
Service cost	5,888,963	6,421,455	6,833,852	7,742,272	7,859,973	5,431,175	5,626,937	5,907,525	7,686,685
Interest	8,022,186	7,727,134	7,326,155	4,716,436	4,643,489	6,121,762	6,556,858	6,565,351	5,734,503
Changes in benefit terms	-	1,640,893	-	-	(230,970)	(918,361)	(366,332)	228,677	-
Differences between expected and actual experience in the measurement	-	(12,154,587)	-	5,351,370	-	(12,840,915)	-	(20,068,530)	-
Changes in assumptions or other inputs	(35,104,851)	(4,903,549)	(3,748,225)	(25,457,606)	2,643,830	39,224,235	(2,146,553)	(1,615,505)	(27,086,466)
Benefit payments	(6,135,683)	(5,412,837)	(5,088,463)	(4,680,907)	(4,353,288)	(4,129,771)	(3,861,250)	(3,498,572)	(3,292,083)
Net change in total OPEB liability	(27,329,385)	(6,681,491)	5,323,319	(12,328,435)	10,563,034	32,888,125	5,809,660	(12,481,054)	(16,957,361)
Total OPEB liability - beginning	201,305,762	207,987,253	202,663,934	214,992,369	204,429,335	171,541,210	165,731,550	178,212,604	195,169,965
Total OPEB liability - ending	$ 173,976,377	$ 201,305,762	$ 207,987,253	$ 202,663,934	$ 214,992,369	$ 204,429,335	$ 171,541,210	$ 165,731,550	$ 178,212,604
Covered payroll	55,341,366	50,871,699	50,871,699	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	314%	396%	409%	417%	471%	456%	387%	399%	432%

Note: The District does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget - over (under) Final Budget	Actual Amounts Budgetary (and GAAP) Basis	Variance with Final Budget - over (under) Actual Amounts
	Original Budget	Final Budget			
BUDGETARY REVENUES					
Local sources					
Real property taxes	$ 75,184,831	$ 75,184,831	$ -	$ 75,125,131	$ (59,700)
Nonproperty taxes	190,000	190,000	-	214,312	24,312
Charges for services	108,663	108,663	-	147,510	38,847
Use of money and property	1,420,000	1,420,000	-	2,071,988	651,988
Sale of property and compensation for loss	71,000	71,000	-	139,033	68,033
Miscellaneous	835,000	835,000	-	1,600,103	765,103
Total local sources	77,809,494	77,809,494	-	79,298,077	1,488,583
State sources	34,843,702	34,843,702	-	34,582,420	(261,282)
Medicaid reimbursement	315,000	315,000	-	297,556	(17,444)
Total budgetary revenues	112,968,196	112,968,196	-	114,178,053	1,209,857
BUDGETARY OTHER FINANCING SOURCES					
Transfers from other funds	-	-	-	638,614	638,614
Designated for subsequent year expenditures	-	-	-	-	-
Total budgetary revenues and other Financing sources	$ 112,968,196	$ 112,968,196	$ -	$ 114,816,667	$ 1,848,471

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget - over (under) Final Budget	Actual Amounts Budgetary (and) GAAP) Basis	Variance with Final Budget - over (under) Actual Amounts
	Original Budget	Final Budget			
BUDGETARY EXPENDITURES					
General support					
Board of education	$ 79,985	$ 86,630	$ 6,645	$ 51,309	$ (35,321)
Central administration	389,778	416,547	26,769	403,864	(12,683)
Finance	1,303,569	1,411,454	107,885	1,227,296	(184,158)
Staff	464,527	781,781	317,254	754,069	(27,712)
Central services	8,943,167	9,085,935	142,768	8,177,570	(908,365)
Special items	754,582	770,451	15,869	761,880	(8,571)
Total general support	11,935,608	12,552,798	617,190	11,375,988	(1,176,810)
Instruction					
Administration and improvement	3,960,898	3,956,572	(4,326)	3,678,782	(277,790)
Teaching - regular school	36,164,084	35,466,651	(697,433)	34,126,312	(1,340,339)
Programs for students with disabilities	9,471,260	8,920,849	(550,411)	8,556,292	(364,557)
Teaching - special schools	116,827	116,827	-	106,262	(10,565)
Instructional media	4,261,476	4,495,259	233,783	4,428,419	(66,840)
Pupil services	5,577,757	5,834,473	256,716	5,691,920	(142,553)
Total instruction	$ 59,552,302	$ 58,790,631	$ (761,671)	$ 56,587,987	$ (2,202,644)

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

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

Pupil transportation	$ 6,029,253	$ 6,173,733	$ 144,480	$ 6,120,019	$ (53,714)
Employee benefits	31,763,253	31,763,254	1	30,897,835	(865,419)
Debt service	8,259,198	8,259,198	-	8,106,796	(152,402)
Total budgetary expenditures	117,539,614	117,539,614	-	113,088,625	(4,450,989)
BUDGETARY OTHER FINANCING USES					
Transfer to other funds	1,100,000	1,100,000	-	1,096,688	(3,312)
Total budgetary expenditures and other uses	118,639,614	118,639,614	-	$ 114,185,313	$ (4,454,301)
Net change in fund balance	(5,671,418)	(5,671,418)	-	631,354	6,302,772
Budgetary fund balance - beginning	27,992,187	27,992,187	-	$ 27,992,187	$ -
Budgetary fund balance - ending	$ 22,320,769	$ 22,320,769	$ -	$ 28,623,541	$ 6,302,772
RECONCILIATION TO GAAP BASIS					
End of period encumbrances				2,617,439	
Total fund balance GAAP basis				$ 31,240,980	

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.

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Notes to Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

Budgetary Revenues

The District's revenues exceeded budget by $1,209,857. The primary factors of this are the following:

- The use of money and property exceeded budget by $651,988. The variance is primarily for interest and earnings on District monies which can fluctuate significantly year over year. For the current year, the District recognized $1,944,657 of interest earnings which was greater than expected.
- Miscellaneous income had a positive variance of $765,103 compared to budget. This category of revenue comprises various items that are estimated at the time of the budget, such as the BOCES refund and Medicare reimbursements, which were favorable to budget. Significant items, such as BAN premiums of $448,375, were not known at the inception of the budget, therefore are not included in the budget.

Budgetary Expenditures

The District's expenditures were favorable to budget by $4,454,301 due to strategic spending practices and unspent contingencies. The primary factors for this are the following:

- Central services were favorable to the budget by $908,365. This is due to budgeted repairs and safety and security upgrades being incorporated into ongoing capital projects. At the time the budget was developed, increases in cost and usage for natural gas and electricity were anticipated that were not realized. Salaries were favorable to budget due to unfilled positions and less use of substitutes and overtime.
- Teaching – regular school was favorable by $1,340,339 or 3.78% of the instructional teaching budget. The budget contained contingent instructional positions that were not filled. The District underspent the budget for supplies and actual contractual needs were less than anticipated.
- Employee benefits were favorable by $865,419. The cost of providing benefits has increased significantly year over year. The budget is developed based on information available at the time from benefit providers and budgeted salary assumptions used to calculate retirement and FICA obligations. These categories were favorable to budget due to salaries being under budget.

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

Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 3,784,681	$ 3,856,884	$ 3,542,519	$ 3,595,485	$ 3,311,079	$ 3,119,386	$ 2,805,280	$ 3,327,020	$ 3,026,713	$ 4,016,868
Contributions in relation to the contractually required contribution	3,784,681	3,856,884	3,542,519	3,595,485	3,311,079	3,119,386	2,805,280	3,327,020	3,026,713	4,016,868
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 39,464,870	$ 38,149,199	$ 36,296,301	$ 34,941,545	$ 33,786,520	$ 32,732,281	$ 31,662,299	$ 31,327,872	$ 30,018,618	$ 30,175,399
Contributions as a percentage of covered payroll	10%	10%	10%	10%	10%	10%	9%	11%	10%	13%

Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 2,073,698	$ 1,843,995	$ 1,586,208	$ 1,287,546	$ 1,643,847	$ 1,549,570	$ 1,488,451	$ 1,418,175	$ 1,385,753	$ 1,402,601
Contributions in relation to the contractually required contribution	2,073,698	1,843,995	1,586,208	1,287,546	1,643,847	1,549,570	1,488,451	1,418,175	1,385,753	1,402,601
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 14,139,513	$ 13,085,803	$ 13,142,135	$ 11,859,760	$ 10,776,700	$ 11,208,058	$ 10,735,899	$ 10,047,627	$ 11,191,150	$ 11,040,321
Contributions as a percentage of covered payroll	14.67%	14%	12%	11%	15%	14%	14%	14%	12%	13%

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 years ended June 30,

Teachers' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension asset (liability)	0.194292%	0.190097%	0.189189%	0.191057%	0.192847%	0.186664%	0.187686%	0.189607%	0.190452%	0.187170%
District's proportionate share of the net pension asset (liability)	$ 11,504,130	$ 5,671,758	$ (2,163,536)	$ (3,666,173)	$ 33,418,498	$ (5,158,025)	$ 4,876,100	$ 3,428,592	$ 1,447,627	$ (2,006,205)
District's covered payroll	$ 39,464,870	$ 38,149,199	$ 36,296,301	$ 34,941,545	$ 33,786,520	$ 32,732,281	$ 31,662,299	$ 31,327,872	$ 30,018,618	$ 30,175,399
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	29%	15%	-6%	-10%	99%	-16%	15%	11%	5%	-7%
Plan fiduciary net position as a percentage of the total pension liability	104.00%	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%

Employees' Retirement System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net pension asset (liability)	0.0340717%	0.0343363%	0.0371910%	0.0359512%	0.0326881%	0.0337670%	0.0318449%	0.0327287%	0.0306827%	0.0317576%
District's proportionate share of the net pension asset (liability)	$ (1,922,240)	$ (5,887,213)	$ (5,476,018)	$ (7,709,391)	$ 2,672,120	$ (33,623)	$ (8,432,720)	$ (2,318,927)	$ (990,267)	$ (2,984,016)
District's covered payroll	$ 14,139,513	$ 13,085,803	$ 13,142,135	$ 11,859,760	$ 10,776,700	$ 11,208,058	$ 10,735,899	$ 10,047,627	$ 11,191,150	$ 11,040,321
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	13.6%	45.0%	42%	65%	25%	0.3%	79%	23%	9%	27%
Plan fiduciary net position as a percentage of the total pension liability	97.78%	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%

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, 2026

CHANGE FROM ADOPTED TO FINAL BUDGET

Adopted budget	$ 116,419,550
Add: prior year's encumbrances	2,220,064
Original budget	118,639,614
Budget revision:	
Appropriation of Tax Certiorari Reserve	-
Revised budget	$ 118,639,614

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2026-2027 voter-approved expenditure budget		
Maximum allowed (4% of 2026-2027 budget)		$ 122,496,620
General Fund-Fund Balance Subject to 1318 of Real Property Tax Law *:		
Unrestricted fund balance:		
Assigned fund balance	$ 5,502,348	
Unassigned fund balance	4,899,862	
Total unrestricted fund balance	10,402,210	
Less:		
Appropriated fund balance	2,884,908	
Encumbrances included in committed and assigned fund balance	2,617,440	
Total adjustments	5,502,348	
General Fund-Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 4,899,862
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, 2026

PROJECT TITLE	Original Budget	Revised Budget	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Unexpended Balance	Methods of Financing: Proceeds of Obligations	Methods of Financing: State Aid	Methods of Financing: Local Sources	Methods of Financing: Total	Fund Balance June 30, 2026
December 2021 Ref											
Alterations: High School (and pre-ref)	$ 52,000,000	$ 52,000,000	$ 35,644,851	$ 10,788,749	$ 46,433,600	$ 5,566,400	$ 44,584,061	$ -	$ 7,995,000	$ 52,579,061	$ 6,145,461
May 2024 Ref											
Alterations: Roofing, Safety/Security	15,400,000	15,400,000	5,835,107	5,733,255	$ 11,568,362	3,831,638	-	-	860,000	860,000	(10,708,362)
Non-Major											
Bus Purchase 25-26 Bond	1,513,315	1,355,135	-	1,355,135	1,355,135	-	1,355,135	-	-	1,355,135	-
2025/26 Capital Transfer Project - Fuel Tank Replace	1,000,000	1,000,000	-	146,839	146,839	853,161	-	1,000,000	-	1,000,000	853,161
SAM Grant 24/25 - Electronic Signs	350,000	353,600	-	353,600	353,600	-	-	350,000	-	350,000	(3,600)
CREST Grant 24/25 - Security Upgrades	200,000	200,000	-	200,000	200,000	-	-	200,000	-	200,000	-
Prior Years Unallocated Transfer	-	-	-	-	-	-	-	-	44,794	44,794	44,794
	3,063,315	**2,908,735**	**-**	**2,055,574**	**2,055,574**	**853,161**	**1,355,135**	**1,550,000**	**44,794**	**2,949,929**	**894,355**
Totals	**$ 70,463,315**	**$ 70,308,735**	**$ 41,479,958**	**$ 18,577,578**	**$ 60,057,536**	**$ 10,251,199**	**$ 45,939,196**	**$ 1,550,000**	**$ 8,899,794**	**$ 56,388,990**	**$ (3,668,546)**

FAYETTEVILLE-MANLIUS CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
For the Year Ended June 30, 2026

Capital assets, net		$ 140,916,675
Deduct:		
Bond anticipation notes	(14,540,000)	
Premium on bond refunding	(7,473,384)	
Short-term portion of bonds payable	(5,725,135)	
Long-term portion of bonds payable	(69,405,000)	
Interest payable	-	
Total deductions		(97,143,519)
Investment in capital assets, net of related debt		$ 43,773,156

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, 2026, 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 5, 2026.

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 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 5, 2026