

OFFICIAL STATEMENT

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hiscock & Barclay, LLP, Albany, New York, Bond Counsel, under existing law (1) interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Internal Revenue Code of 1986, as amended (the "Code"), except that the School District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof, and (2) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See the caption "TAX MATTERS" herein.)

The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$6,842,345

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF TROY

RENSSELAER COUNTY, NEW YORK

\$6,842,345 Bond Anticipation Notes, 2009
(the "Notes")

Dated: July 9, 2009

Due: July 9, 2010

The Notes are general obligations of the Enlarged City School District of the City of Troy, Rensselaer County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount.

At the option of the Purchaser(s), the Notes will be issued as registered notes or in bearer form.

If the Notes are issued as registered notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (DTC), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes purchased if the Purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination, as determined by the successful bidder(s), without the option of prior redemption. If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry-Only System" herein.

If such Notes are issued in bearer form, principal of and interest on the Notes will be payable in Federal Funds at maturity at such bank or trust company authorized to do business in the State of New York as may be selected by the successful bidder(s). In such case, the Notes will be issued in bearer form in denominations of \$5,000, or multiples thereof, except for one necessary odd denomination, as may be determined by such successful bidder(s).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the unqualified legal opinion as to the validity of the Notes of Hiscock & Barclay, LLP, Bond Counsel, Albany, New York. It is anticipated that the Notes will be available for delivery in New York, New York on or about July 9, 2009.

June 23, 2009

THE SCHOOL DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE SCHOOL DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "MATERIAL EVENT NOTICES" HEREIN.

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF TROY
RENSSELAER COUNTY, NEW YORK**

BOARD OF EDUCATION

JASON SCHOFIELD
President

THOMAS MAYO
Vice President

BOARD MEMBERS:

MARY ELLEN ADAMS
ILENE CLINTON
CAROL HARVIN
MARY MARRO-GIROUX
STEPHANIE SCULLY
ANNE WAGER-ROUNDS
MARTHA WALSH

* * *

FADHILIKA ATIBA-WEZA
Superintendent of Schools

PETER HOPKE
Director of Management Services

MARY O'NEILL
Business Administrator

JOHN MATTOX
School District Treasurer

JAMES A.P. MCCARTHY
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
School District Financial Advisor

HISCOCK & BARCLAY, LLP
Bond Counsel

Note: The new President and Vice President of the Board of Education will be appointed at the reorganizational meeting on July 1, 2009.

No person has been authorized by the Enlarged City School District of the City of Troy to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Enlarged City School District of the City of Troy.

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PREPARED WITH THE ASSISTANCE OF
FA FISCAL ADVISORS & MARKETING, INC.
CORPORATE HEADQUARTERS
120 Walton Street • Suite 600
Syracuse NY 13202
Ph • 315.752.0051 • Fax • 315.752.0057
Internet • <http://www.fiscaladvisors.com>

OFFICIAL STATEMENT
of the
ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF TROY
RENSSELAER COUNTY, NEW YORK

Relating To
\$6,842,345 Bond Anticipation Notes, 2009

This Official Statement, which includes the cover page, has been prepared by the Enlarged City School District of the City of Troy, Rensselaer County, New York (the "School District", "County", and "State", respectively) in connection with the sale by the School District of \$6,842,345 Bond Anticipation Notes, 2009 (the "Notes").

The Notes are general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount.

The factors affecting the School District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the School District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the School District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the School District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

DESCRIPTION OF THE NOTES

The Notes are general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount.

The Notes are dated July 9, 2009 and mature, without option of prior redemption, on July 9, 2010. The Notes will be issued in either (i) bearer form, in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination, as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. See "Book-Entry-Only System" herein.

Book-Entry-Only System

If the purchaser elects to receive registered notes, the Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-

entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the School District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the School District. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the School District and discharging its responsibilities with respect thereto under applicable law, or the School District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in bearer form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank(s) or trust company(ies) located and authorized to do business in the State of New York to be named by the School District. The Notes will remain not subject to redemption prior to their stated final maturity date.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution adopted by the Board of Education on March 8, 2000, authorizing the issuance of \$40,000,000 Serial Bonds of the School District to finance the construction of additions to and the reconstruction of various School District buildings.

The proceeds of the Notes will provide new monies for the above mentioned purpose.

THE SCHOOL DISTRICT

General Information

The School District is situated on the east bank of the Hudson River approximately 8 miles northeast of Albany (the State Capital). The School District, which encompasses an area of 9 square miles, contains approximately 70% of the assessed valuation of the City of Troy (the "City") and approximately 30% of the assessed valuation of the Town of Brunswick.

The City is the County Seat of Rensselaer County. The School District contains the County Buildings as well as most of the industrial development and commercial facilities of the City. The ten largest taxpayers include two public utilities (National Grid and Verizon), five apartment complexes, an office building and a dialysis treatment facility. See Top 10 Value report.

Two major institutions of higher education located in the School District are Rensselaer Polytechnic Institute (R.P.I.) and Russell Sage College. Additional opportunities for higher education include Hudson Valley Community College, located in the City, the State University of New York in Albany and Union College in Schenectady.

In addition to commercial and industrial operations in the School District, residents have easy access to employment in Albany (offices of the State of New York, the State University and other enterprises in the State Capital), in Schenectady (site of General Electric Company, etc.) and in operations in the City of Rensselaer and other nearby communities.

Water transport via the Hudson River and bus service are available within the School District. Airline service is provided at the Albany International Airport. An extensive network of highways includes U.S. Route Number 4 and New York State Routes Number 2 and Number 7 which connect Troy with the Albany-Schenectady area.

Population

The population of the School District is estimated to be 40,310.

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, is the Town of Brunswick, the City of Troy, and the County of Rensselaer. The figures set below with respect to such Town, City, and County is included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the City, Town, or the County is necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>1990</u>	<u>2000</u>	<u>2007</u>	<u>1990</u>	<u>2000</u>	<u>2007</u>
City of:						
Troy	\$ 11,704	\$ 16,796	\$ 19,031	\$ 31,255	\$ 38,631	\$ 39,501
Town of:						
Brunswick	17,460	26,554	N/A	47,280	66,374	N/A
County of:						
Rensselaer	17,492	21,095	25,893	38,899	52,864	67,325
State of:						
New York	16,501	23,389	29,230	39,741	51,691	64,107

Note: 2007 data for the Town of Brunswick is not available at this time.

Larger Employers

Selected major employers located within the School District are as follows:

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
State of New York	Government	2,200
Rensselaer Polytechnic Institute	Institute for Higher Learning	1,450
Northeast Health	Full Service Health Care	1,400
Rensselaer County	Government	1,150
Seton Health	Full Service Health Care	1,120
The Troy City School District	Elementary & Secondary Education	784
City of Troy	Government	560
The Sage Colleges	Institute for Higher Learning	420

Form of School Government

Subject to the provisions of the State Constitution, the School District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the School District and any special laws applicable to the School District. Under such laws, there is no authority for the School District to have a charter or adopt local laws.

The legislative power of the School District is vested in the Board of Education (the “Board”). In early May of each year an election is held within the School District boundaries to elect one or more members to the Board. The Board consists of nine members serving overlapping three year terms. Therefore, as nearly as practicable, an equal number of members is elected to the Board each year.

During the first ten days of July of each year the Board meets for the purpose of reorganization. At that time an election is held within the Board to elect a President and Vice President and to appoint other School District officials.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the School District. However, certain of the financial functions of the School District are the responsibility of the Superintendent of Schools and the School District Treasurer.

District Facilities

The District currently operates the following facilities:

<u>Name</u>	<u>Capacity</u>	<u>Grades</u>	<u>Year(s) Built / Modified</u>
School #1	718	Admin / Special Ed.	1910
School #2	783	K-6	1968, '03
School #12	750	K-6	1931, '71, '03
School #14	765	K-6	1993
School #16	640	K-6	1954
Carroll Hill	744	K-6	1965, '67, '03
School #18	700	K-6	1927
W.K. Doyle Middle School	1,200	7-8	1976
Troy High School	1,826	9-12	1952

Enrollment History and Projections

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2004-05	4,504	2009-10	4,232
2005-06	4,326	2010-11	4,232
2006-07	4,524	2011-12	4,232
2007-08	4,283	2012-13	4,232
2008-09	4,232	2013-14	4,232

Source: District records and estimates. BEDS DATA

Employees

The District employs a total of approximately 666 full-time and part-time employees. The District is reducing staff by approximately 76 positions at the end of the year. The collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreements are as follows:

<u>Union Representation</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
Administrators Association	21	June 30, 2010
Troy Teachers Association	450	June 30, 2011
CSEA	180	June 30, 2009 ⁽¹⁾
Management Confidential – Exempt	11	N/A
Superintendent & Cabinet Members	4	N/A

⁽¹⁾ Currently in negotiations.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is Rensselaer County. The information set forth below with respect to Rensselaer County is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that Rensselaer County is necessarily representative of the District, or vice versa.

	<u>Year Average</u>						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Rensselaer County	4.6%	4.7%	4.6%	4.2%	4.2%	4.3%	5.3%
New York State	6.2%	6.4%	5.8%	5.0%	4.6%	4.5%	5.4%

	<u>2009 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>
Rensselaer County	7.5%	8.2%	8.0%	7.4%	7.3%	N/A
New York State	7.6%	8.4%	8.1%	7.5%	8.0%	N/A

Source: Department of Labor, State of New York. Figures not seasonally adjusted.

Investment Policy

The School District investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand accounts, savings accounts, money market accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions.

Collateral is required for demand, savings and certificates of deposit at 100% of all deposits not covered by federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

The School District's policy does not permit the School District to invest in so-called derivatives or reverse repurchase agreements and the School District has never invested in derivatives or reverse repurchase agreements.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education and the administration of the School District annually prepare or cause to be prepared a tentative budget of the District for the ensuing fiscal year. A public hearing on such budget is held prior to the vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held. All qualified District residents may participate. The Board of Education causes notice of the vote to be published four times beginning seven weeks prior to the vote. After the hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budgeted amount, the dollar and percentage change in the proposed budget, the percentage change in the consumer price index, the estimated property tax levy, the impact of the basic STAR exemption and the date, time and place of the vote.

If, by majority vote, the budget is rejected, the Board of Education may change, alter or revise the budget and may hold a second public hearing and referendum. However, such Board of Education may exercise its option, pursuant to the Education Law, to adopt by resolution a contingency (also known as austerity) budget for the ensuing fiscal year. Such contingency budget provides for ordinary contingent expenses, including debt service. The budget for the 2009-10 fiscal year was defeated by the voters on May 19, 2009. The School District did not have a revote and adopted a contingency budget.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School Districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

As enacted in 1997, STAR was phased in over four years. Homeowners over 65 years of age with household incomes not exceeding \$73,000 (adjusted annually) are eligible to receive a minimum a “full value” exemption of \$60,100. Other homeowners are eligible to receive a minimum “full value” exemption of \$30,000 on their primary residence.

\$4,386,409 of the District’s \$29,546,570 school tax levy for the 2008-09 fiscal year was exempted by the STAR Program.

State Aid

The School District receives financial assistance from the State. In its budget for the 2009-10 fiscal year, approximately 54.5% of the revenues of the School District are estimated to be received in the form of State aid. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. If the State should not adopt its budget in a timely manner in any year municipalities and school districts in the State, including the School District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the School District. No assurance can be given that present State aid levels will be maintained in the future. In view of the State’s continuing budget problems, future State aid reductions are likely. State budgetary restrictions, which eliminate or substantially reduce State aid could have a material adverse effect upon the School District requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (See also “MARKET AND RISK FACTORS”).

A portion of the School District’s State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the School District. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State wide average. The School District may elect to use the highest building aid ratio that has been calculated since the 1981-82 fiscal year.

As part of the State’s 2001-2002 budget process, a fundamental reform of building aid was enacted as Chapter 383 of the Laws of 2001. The new provisions legislated, among other things, a new “assumed amortization” payout schedule for State building aid payments based on an annual “average interest rate” and mandatory periods of probable usefulness with respect to the allocation of building aid. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates; however, no assurance can be given as to when and how much building aid the District will receive in relation to the District’s outstanding bonds.

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

In Campaign for Fiscal Equity, Inc. et al. v. State, et al. (Supreme Court, New York County), plaintiffs challenged the State's method of providing funding for New York City public schools. Plaintiffs sought a declaratory judgment that the State's public school financing system violates article 11, section 1 of the State Constitution and Title VI of the Federal Civil Rights Act of 1964 and injunctive relief that would require the State to satisfy State Constitutional Standards. State legislative reforms in the wake of the Campaign for Fiscal Equity case include increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need. As part of the 2009-2010 State budget there is a 1.9% increase in State aid for education, bringing total State funding for this purpose to \$21.9 billion.

While the recent increases in State aid have been targeted to high needs schools other schools have shared in the overall increase in State aid. The District is unable to predict whether this pattern of distribution will continue. Increased State aid for New York City schools and other high needs schools may result in reductions in the future of State aid to certain schools districts including the District.

STAR Aid payments for the 2009-10 fiscal year are expected to be received in the following percentages; 35% in October, 2009, 35% in November, 2009, 10% in December, 2009, and 20% in January, 2010. Adjustment payments will be made in March 2010. See "STAR – School Tax Exemption" herein.

Pension Payments

Substantially all employees of the School District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% of gross annual salary towards the cost of retirement programs.

For the 2007-2008 school year, the School District's payments for ERS and TRS were \$550,228 and \$2,718,331.09 respectively. For the 2008-2009 school year, the School District's payments for ERS and TRS were \$625,536 and \$2,443,052 respectively. For the 2009-2010 school year, the School District's budgeted payments for ERS and TRS are \$880,054 and \$2,400,936 respectively.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The School District currently does not have any early retirement incentive programs.

In the state of New York, historically there has been a state mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning the actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year will be based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

On July 20, 2004, Chapter 260 of the Laws of 2004 (“Chapter 260”) was signed into law. Chapter 260 contains three components which alter the way municipalities and school districts contribute to the State pension system: (1) revision of the payment due date, (2) extension of the period of time for pension debt amortization, and (3) authorization to establish a pension reserve fund. Prior to the effective date of the provisions of Chapter 260, the annual retirement bill sent to municipalities and school districts from the State had reflected pension payments due between April 1 and March 31, consistent with the state fiscal year.

Chapter 260 provides for the following changes:

- **Contribution Payment Date Change:** The law changes the date on which local pension contributions are due to the State. Effective immediately, the annual required contribution is due Feb. 1 annually instead of Dec. 15. As a result, no payment was due in calendar year 2004.
- **Pension Cost Amortization-Extension of Payout Period:** The law also extends the ability of municipalities and school districts to amortize a portion of the current year pension cost over a period of 10 years, extending the term from five years as authorized under the 2003 Chapter 49 legislation. Municipalities can amortize, either directly through the State retirement system at a fixed interest rate annually determined by the State comptroller or through the capital markets, pension payments in excess of 9.5% of eligible payroll in 2006, and 10.5% in 2007.
- **Pension Contributions Reserve Fund:** The law creates special authorization to create a new category of reserve fund under the General Municipal Law. Municipalities and school districts may now establish a retirement contribution reserve fund that can be funded from other available current government resources.

On May 30, 2009 Comptroller DiNapoli released a preliminary estimate that the rate of return for the Fund was a negative 26.3% for the fiscal year ended March 31, 2009. DiNapoli said that the market downturn would require higher employer pension contributions rates in future years and he announced proposed legislation that is intended to give State and local employers an option to manage those expected increases. It is not possible at this time to determine whether such proposed legislation will be enacted into law.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the School District’s employees is not subject to the direction of the School District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the School District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

While the School District is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that will require governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), described below, requires such accounting. Although GASB 45 encourages earlier adoption, implementation is required by the following dates, based on the size of government measured by annual revenue:

Annual Revenue	Effective for Fiscal Year Beginning After:
Greater than \$100 million	December 15, 2006
Between \$10 million and \$100 million	December 15, 2007
Less than \$10 million	December 15, 2008

School Districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. This protection from unilateral reduction of benefits has been extended annually and continues through May 15, 2009. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 will require municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

Actuarial Valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

The District contracted with Questar III BOCES to calculate its "other post-employment benefits" ("OPEB") in accordance with GASB 45. The District's present value OPEB liability has been determined to be \$118,687,737 at September 1, 2008. The School District's annual required contribution ("ARC") is \$12,101,427. The aforementioned liability and ARC are recognized and disclosed in accordance with GASB 45 standards in the School District's 2008 financial statements.

Other Information

The statutory authority for the power to spend money is the Education Law and the Local Finance Law.

No principal or interest upon any obligation of the School District is past due.

The fiscal year of the School District is July 1 to June 30.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the School District.

Financial Statements

The School District retains Independent Certified Public Accountants. The last audited report covers the period ending June 30, 2008. Copies of the report may be examined at the School District office. In addition, the State Comptroller's office, Department of Audit and Control, periodically performs a compliance review to ascertain whether the School District has complied with the requirements of various State and Federal statutes.

Beginning with the fiscal year ending June 30, 2003 the School District is required to issue its financial statements in accordance with GASB Statement No. 34. Statement No. 34 includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The School District is currently in compliance with Statement No. 34.

TAX INFORMATION

Valuations, Rates and Tax Levy

Fiscal Years Ending June 30:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Assessed Valuation					
City of:					
Troy	\$ 187,415,375	\$ 187,647,586	\$ 186,743,071	\$ 185,628,040	\$ 185,407,092
Town of:					
Brunswick	71,760,698	75,044,851	76,863,970	77,936,278	\$ 78,192,961
Totals	\$ 259,176,073	\$ 262,692,437	\$ 263,607,041	\$ 263,564,318	\$ 263,600,053

Fiscal Years Ending June 30:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Regular State Equalization Rate					
City of:					
Troy	22.00%	20.00%	17.50%	16.00%	13.50%
Town of:					
Brunswick	34.60%	34.10%	28.75%	26.00%	24.30%
Taxable Full Valuation	\$1,059,288,929	\$1,158,310,807	\$1,334,456,202	\$1,459,930,165	\$1,695,167,599

Fiscal Years Ending June 30:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Special State Equalization Ratios					
City of:					
Troy	16.61%	15.24%	12.87%	11.39%	10.09%
Towns of:					
Brunswick	27.17%	24.55%	23.08%	20.69%	18.44%
Taxable Full Valuation	\$1,392,445,969	\$1,536,965,047	\$ 1,784,027,912	\$ 2,006,431,474	\$ 2,261,573,041

Tax Rates Per \$1,000 (Assessed)Fiscal Years Ending June 30:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
City of:					
Troy	\$112.84	\$ 115.56	\$ 120.66	\$ 121.64	\$ 129.12
Towns of:					
Brunswick	\$ 66.33	\$ 73.48	70.77	74.86	71.73

Tax Collection Record

<u>Years Ending June 30:</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Tax Levy	\$ 25,924,168	\$ 27,198,423	\$ 27,969,467	\$ 28,411,748	\$ 29,546,570
Amount Uncollected	2,255,531	2,174,785	2,058,505	2,117,976	2,447,254
% Uncollected When Due ⁽¹⁾	8.70%	8.00%	7.36%	7.45%	8.29%

⁽¹⁾ See "Tax Collection Procedure" here within.

Tax Collection Procedure

Taxes are due and payable in two equal installments, July 1 to July 31 and January 1 to January 31, without penalty. After July 31, penalties are imposed at the rate of 1% per month on the first installment to a maximum of 15%; after January 31, penalties are imposed at a rate of 1% per month on the second installment to a maximum of 9%. After March 1, uncollected taxes are returned to the City (for property in the City) or the County (for property in the Town of Brunswick) and a 5% collection fee is added to the delinquent taxes and penalties. The City Treasurer is required to pay to the School District, as collected, all monies realized from the collection of unpaid taxes and the interest thereon, less the 5% collection fee. The City Treasurer is also required to reimburse the School District in full the amount of uncollected taxes which remain unpaid two years after the return of uncollected taxes to the City Treasurer. The County reimburses the School District in full by the end of the School District's fiscal year.

Larger Taxpayers 2008-09 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
National Grid	Public Utility	\$ 41,341,275
Center Albany Associates	Apartments	18,633,185
Brunswick Associates	Apartments	18,143,621
Troy SRALP, LLC	Commercial	16,029,407
Regency Realty Associates	Real Estate	13,147,926
Brunswick Plaza LLC	Commercial	11,933,465
Verizon	Public Utility	10,888,905
Rensselaer Polytechnic Institute	Higher Education	9,691,259
Wal-Mart Stores Inc.	Retail	9,046,502
WP Troy Associates, LP	Real Estate Management	8,555,096

The ten larger taxpayers listed above have a total taxable full valuation of \$157,410,641 which represents 6.96% of the tax base of the School District.

Source: School District Tax Rolls.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the School District (and other municipalities and certain school districts of the State) to issue obligations and to contract indebtedness. Such constitutional limitations in summary form and as generally applicable to the District include the following:

Purpose and Pledge. The School District shall not give or loan any money or property to or in aid of any individual or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The School District may contract indebtedness only for a School District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The School District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. The School District has the power to contract indebtedness for any School District purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed five per centum of the average full valuation of the taxable real estate of the School District and subject to certain enumerated deductions. The statutory method for determining average full valuation is by taking assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. Average full valuation is determined by taking the sum of the full valuation of such last completed assessment rolls and the four preceding assessment rolls and dividing such sum by five. The Legislature prescribes the manner by which such ratio shall be determined.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the School District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The School District has the power to contract indebtedness for any School District purpose provided that the aggregate principal amount thereof shall not exceed five per centum of the average full valuation of the taxable real estate of the School District as required by the Local Finance Law and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining average full valuation is by dividing the assessed valuation of taxable real estate for the last completed and the four preceding assessment rolls by the equalization rates established by the State Office of Real Property Services in accordance with applicable State law.

The School District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations

and an action contesting such validity, is commenced within twenty days after the date of such publication or,

- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The School District has complied with this estoppel procedure in connection with the Notes.

The Board of Education, as the finance board of the School District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the School District, pursuant to the Local Finance Law.

The School District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the School District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Debt Outstanding End of Fiscal Year

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Bonds ⁽¹⁾	\$ 38,893,000	\$ 33,457,000	\$ 28,029,000	\$ 22,734,000	\$ 36,734,000
Bond Anticipation Notes	0	0	0	17,500,000	0
Revenue Anticipation Notes	0	0	0	0	0
Other Debt ⁽²⁾	<u>12,800,000</u>	<u>11,510,000</u>	<u>10,165,000</u>	<u>8,770,000</u>	<u>6,255,000</u>
Total Debt Outstanding	\$ 51,693,000	\$ 44,967,000	\$ 38,194,000	\$ 49,004,000	\$ 42,989,000

- (1) Refunding bonds were issued on July 11, 2002 to realign the District’s debt service with the assumed amortization method of State payments. As of June 30, 2009 no refunded serial bonds remain outstanding.
- (2) Includes a School Deficit Financing Program issued on April 3, 2003.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the School District evidenced by bonds and notes as of June 16, 2009.

	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2009-2020	\$ 36,734,000
<u>Deficit Financing Program</u>	2009-2013	<u>6,255,000</u>
	Total Indebtedness	<u>\$ 42,989,000</u>

Debt Statement Summary

The following table sets forth the computation of the debt limit of the District and its debt contracting margin. Regular state equalization rates and special state equalization ratios have been used in computing the debt limit.

As of June 16, 2009

	<u>Computed Using Regular State Equalization Rates</u>	<u>Computed Using Special State Equalization Ratios</u>
Five Year Average Full Valuation of Taxable Real Property	\$ 1,341,430,741	\$ 1,796,288,688
Debt Limit 5% thereof	67,071,537	89,814,434
 <u>Inclusions:</u>		
Bonds	42,989,000	42,989,000
Bond Anticipation Notes	<u>0</u>	<u>0</u>
Total Inclusions.....	<u>42,989,000</u>	<u>42,989,000</u>
 <u>Exclusions:</u>		
Deficit Financing Program	<u>6,255,000</u>	<u>6,255,000</u>
Total Exclusions.....	<u>6,255,000</u>	<u>6,255,000</u>
 Total Net Indebtedness ⁽¹⁾⁽²⁾	 <u>36,734,000</u>	 <u>36,734,000</u>
Net Debt-Contracting Margin.....	<u>30,337,537</u>	<u>53,080,434</u>
The percent of debt contracting power exhausted is	54.77%	40.90%

- (1) The District's constitutional debt limit has been computed using special equalization ratios established by the State Office of Real Property Services pursuant to Art-12-B of the Real Property Tax Law. Conventional State equalization rates are also established by said State Office, and are used for all other purposes. See "TAX INFORMATION - Taxable Assessed Valuations".
- (2) The District receives New York State building aid in an amount approximating 78.5% of the debt service on its indebtedness incurred for building projects. On October 24, 2001 the Governor and State Legislative leaders agreed to proposed legislation that effectively completed the 2000-01 State budget process. The legislation requires building aid payable on building project debt be paid based on an assumed amortization schedule which stretches the period of payment from a current minimum 10 years to a term of 15 year, 20 year or 30 year period depending on the type of building project being financed. See "State Aid" herein.

Capital Project Plans

Other than for the purpose for which the Notes are being issued, there are presently no other capital projects authorized or indebtedness unissued by the School District, nor are any contemplated.

Cash Flow Borrowing

The School District issued \$4,000,000 in revenue anticipation notes during the 2003 fiscal year against the 2003-2004 state aid. These notes were paid in full upon maturity. The District has not found it necessary to issue any further revenue or tax anticipation notes since that time.

Financial Position

Fiscal Year Ending June 30, 2001

The audit report for the period ending June 30, 2001 demonstrated a General Fund deficit of \$3,040,672. The deficit has been attributed to an over-estimation of State aid revenues and increasing expenditures.

Fiscal Year Ending June 30, 2002

The audit report for the period ending June 30, 2002 demonstrated a General Fund deficit of \$11,913,271. The increase in the deficit from the prior year has been attributed to budget practices that were already in place at the start of the 2001-2002 fiscal year. State aid was projected to come in at significantly higher levels than actual revenues while expenditures were increasing. During the 2001-2002 fiscal year, \$10,000,000 was transferred from the Capital Fund to the General Fund. Such amount has been returned to the Capital Fund.

The School District took various steps in an effort to implement corrective measures. In the preparation of the 2002-2003 Budget, revenues, such as State aid, were estimated based on information provided by the State Education Department and on the final State budget. The School District implemented a spending freeze, except for health and safety issues. Fifty-nine non-instructional personnel and twenty-five instructional positions were eliminated effective July 1, 2002.

Fiscal Year 2002-2003

The audit report for the period ending June 30, 2003 demonstrated a General Fund balance of \$2,699,136.

Fiscal Year 2003-2004

The audit report for the period ending June 30, 2004 demonstrated a General Fund balance of \$10,138,085.

Fiscal Year 2004-2005

The audit report for the period ending June 30, 2005 demonstrated a General Fund balance of \$13,938,465.

Fiscal Year 2005-2006

The audit report for the period ending June 30, 2006 demonstrated a General Fund balance of \$15,776,099.

Fiscal Year 2006-2007

The audit report for the period ending June 30, 2007 demonstrated a General Fund balance of \$15,733,751.

Fiscal Year 2007-2008

The audit report for the period ending June 30, 2008 demonstrated a General Fund balance of \$15,570,389.

Fiscal Year 2008-2009

The District expects their audited report for the period ending June 30, 2009 to demonstrate a General Fund similar to the June 30, 2008 General Fund balance. As of the date of this Official Statement preliminary figures are not available.

State Legislation to Address Deficit

Chapter 383 of the Laws of the State of New York of 2002 (“Chapter 383”), provides that it is in the public interest and it is the policy of the State to provide a means by which the School District may receive moneys for the specific object or purpose of liquidating the projected accumulated deficit in its General Fund at the close of the 2001-2002 fiscal year, including budget notes and revenue anticipation notes which may be part of the deficit.

Chapter 383 authorized the State of New York Municipal Bond Bank (the “Bond Bank”) to issue special school deficit program bonds (the “Program Bonds”), and make the proceeds available to the School District. On April 3, 2003, the Bond Bank issued \$15,260,000 principal amount of Program Bonds and made the proceeds available to the School District.

In connection with the issuance of the Program Bonds by the Bond Bank, the Bond Bank and the School District entered into a special school district program agreement (the “Program Agreement”) that requires the School District, subject to annual appropriation, to make payments to the Bond Bank in the amount and at the time determined by the Bond Bank to provide for payment of such Program Bonds and such other fees, charges, costs and other amounts as the Bond Bank, in its judgment, determines to be necessary or desirable.

The Program Agreement provides that the obligations of the School District thereunder to fund or pay the amounts therein provided for shall not constitute a debt of the State or of the School District within the meaning of any constitutional or statutory provision and shall be deemed executory only to the extent of moneys available and that no liability shall be incurred by the State or the School District beyond the moneys available for the purpose, and that such obligation is subject to annual appropriation by the Board of Education of the School District.

However, in the event that the School District fails to make timely payments as required under the Program Agreement, the chairman of the Bond Bank is required to so certify to the State Comptroller, with a copy to the Commissioner of Education. The State Comptroller, upon receipt of such certification, is required to withhold from the School District any school aid payable to the extent of the amount so stated in the certificate and immediately pay over such amount to the Bond Bank. Any amount so paid to the Bond Bank shall not obligate the State to make, or entitle the School District to receive, any additional amounts of school aid.

Chapter 383 also requires the School District to submit, in each fiscal year to and including the last fiscal year during which the Program Bonds or any refunding of the Program Bonds are outstanding, a tentative budget to the State Comptroller and the Commissioner of Education within five days after its preparation. The State Comptroller may in each year examine such proposed budget and make budget recommendations to the School District. These recommendations are required to be made after examination into the estimates of revenues and expenditures of the School District and may be made prior to the adoption of the budget. The Board of Education is required to review any recommendations and may make adjustments to the proposed budget consistent with any recommendations made by the State Comptroller within fifteen days. Any recommendations which the Board rejects must be explained in writing to the State Comptroller.

Chapter 383 requires that, for each fiscal year to and including the last fiscal year during which the Program Bonds or any bonds issued to refund such Program Bonds are outstanding, the President of the Board of Education, as chief fiscal officer, monitor all budgets and for each budget, prepare a quarterly report of summarized budget data depicting overall trends of actual revenues and budget expenditures of the entire budget as well as individual line items. These reports are required to compare revenue estimates and appropriations as set forth in each budget with the actual revenues and expenditures made to date and projected through the close of the fiscal year. All quarterly reports must be accompanied by a recommendation to the Board of Education setting forth any remedial action necessary to resolve any unfavorable budget variance, including the overestimation of revenue and underestimation of appropriations. The President of the Board of Education, as chief fiscal officer, also is required to prepare, as part of such report, a quarterly trial balance of general ledger accounts in accordance with generally accepted accounting principals as prescribed by the State Comptroller. All reports must be completed within thirty days after the end of each quarter and must be submitted to the Board of Education, the New York State Division of the Budget, the Office of the State Comptroller, the Chairman of the Assembly Ways and Means Committee and the Chairman of the Senate Finance Committee.

Chapter 383 also permitted the Bond Bank to issue special school purpose bonds, all or a portion of the proceeds of which were made available to certain school districts in the State, including the School District, that had prior year State aid claims due and payable pursuant to Section 604 of the Education Law in an amount in excess of \$1 million. Pursuant to this provision of Chapter 383, in 2002-2003, the School District received approximately \$1,787,924 with respect to its prior year State aid claims.

Bonded Debt Service

A schedule of Bonded Debt Service may be found in APPENDIX - B to this Official Statement.

Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue bonds and notes and to levy taxes or cause taxes to be levied on taxable real property in the District.

<u>Unit</u>	<u>Outstanding Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>% Within School District</u>	<u>Applicable Net Indebtedness</u>
County of: Rensselaer	\$ 74,209,192	\$ 1,535,000	\$ 72,674,192	19.53%	\$ 14,193,270
City of: Troy	46,378,731	44,962,651	1,416,080	76.6%	1,084,717
Town of: Brunswick	2,405,000	2,405,000	0	33.1%	<u>0</u>
					\$ 15,277,987

- (1) Bonds and bond anticipation notes, as of close of last respective fiscal year adjusted to include subsequent bond and note sales, if any.
- (2) Sewer and Water debt.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 16, 2009.

	<u>Amount Indebtedness</u>	<u>Per Capita</u> (a)	<u>Percentage of Full Valuation</u> ^(b)
Net Indebtedness (see "Computation of Debt Limit").....	\$ 36,734,000	\$ 911.29	1.62%
Net Indebtedness Plus Net Overlapping Indebtedness ^(c) ...	52,011,987	1,290.30	2.30%

- (a) The current estimated population of the District is 40,310.
- (b) The District's full value of taxable real estate, using special State equalization ratios is \$2,261,573,041.
- (c) Estimated net overlapping indebtedness is \$15,277,987.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the School District may not be enforced by levy and execution against property owned by the School District.

The Federal Bankruptcy Code allows public bodies, such as the School District, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While the provisions of such is 85.80 of the Local Finance Law do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

At the Extraordinary Session of the State Legislature held in November 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the School District.

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness."

MATERIAL EVENT NOTICES

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule") promulgated by the Securities and Exchange Commission (the "Commission"), the School District will agree subject to annual appropriation, to provide, or cause to be provided, during the period in which the Notes are outstanding, in a timely manner, to the Electronic Municipal Market Access system maintained by the MSRB, notice of the occurrence of any of the following events with respect to the Notes, if such event is material:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions or events affecting the tax-exempt status of the Notes
- (g) modifications to rights of Noteholders
- (h) Note calls
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the School District determines that any such other event is material with respect to the Notes; but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The School District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the School District no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the School District's obligations under its material event notices undertaking and any failure by the School District to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

A Continuing Disclosure Undertaking Certificate to this effect will be provided to the purchaser of the Notes at the closing.

The School District is in compliance with all prior undertakings pursuant to the Rule, to the extent any such undertakings have been made.

MARKET AND RISK FACTORS

The financial condition of the School District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the School District's control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State and other jurisdictions in the country or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the School District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The School District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the School District. In several recent years, the School District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

TAX MATTERS

In the opinion of Hiscock & Barclay, LLP, Albany, New York, Bond Counsel, under existing law, (1) interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Code, except that the School District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to Federal income taxation from the date of issuance thereof; and (2) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Notes from gross income for Federal income tax purposes is dependent, among other things, on compliance with the applicable requirements of the Code that must be met subsequent to the issuance and delivery of the Notes for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Non-compliance with such requirements could cause the interest on the Notes to be included in gross income retroactive to the date of issuance of the Notes. Those requirements include, but are not limited to, provisions that prescribe yield and other limits within which the proceeds of the Notes are to be invested and require, under certain circumstances, that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States of America. The School District will covenant in the Tax Certificates as to Arbitrage and Instructions as to Compliance with Provisions of Section 103(a) of the Code, that, to maintain the exclusion of interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code, and for no other purpose, the School District shall comply with each applicable provision of the Code.

Bond Counsel also has advised that (1) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, the Code provides that such insurance company's deduction for loss is reduced by 15% of the sum of certain items, including interest on the Notes; (2) interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (3) passive investment income, including interest on the Notes, may be subject to Federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; (4) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Notes; and (5) under Section 32 (i) of the Code, receipt of investment income, including interest on the Notes, may disqualify the recipient thereof from obtaining the earned income credit.

The Tax Increase Prevention and Reconciliation Act of 2005, enacted on May 17, 2006, contains a provision under which interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although the new reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Notes to be subject to backup withholding if such interest is paid to registered owners who either (a) fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner or (b) have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

A Noteholder's federal, state and local tax liability may otherwise be affected by the ownership or disposition of the Notes. The nature and extent of these other consequences will depend upon the Noteholder's other items of income or deduction. Bond Counsel has expressed no opinion regarding any such other tax consequences. Each purchaser of the Notes should consult its tax advisor regarding the impact of the foregoing and other provisions of the Code on its individual tax position.

The Notes will be designated by the School District as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

The opinion of Bond Counsel set forth above with respect to the Federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law and could affect the market price for, or the marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisers regarding the foregoing matters. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinions of Hiscock & Barclay, LLP, Bond Counsel, Albany, New York to the effect that the Notes, respectively, are valid and legally binding obligations of the School District, that all the taxable real property therein will be subject to the levy of ad valorem taxes to pay the Notes and the interest thereon without limitation as to rate or amount, that interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District will covenant to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Such opinion also will state that: (a) the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to their attention or any changes in law that may occur thereafter.

LITIGATION

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the School District.

RATING

The Notes are not rated, however Moody's Investors Service, Inc. ("Moody's") has assigned their Municipal Bond ratings of "Baa2 Underlying" and "A2 Enhanced" to the School District's outstanding serial bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the bonds may have an adverse effect on the market price of the Notes.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the School District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the School District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the School District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

If the purchaser(s) requests that the Notes be issued in registered form, the School District will act as Paying Agent for the Notes. If the purchaser(s) requests that the Notes be issued in bearer form, the purchaser will select a bank or trust company located and authorized to do business in the State of New York to act as Paying Agent for the Notes. Paying agent fees, if any, shall be paid by the purchaser. The School District contact information is as follows: Ms. Mary O'Neill, Business Manager, 2920 Fifth Avenue, Troy, New York 12180, Phone: (518) 328-5054, Telefax: (518) 271-7692, Email: oneillm@troy.k12.ny.us.

This Official Statement has been duly executed and delivered by the President of the Board of Education of the Enlarged City School District of the City of Troy.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF TROY

Dated: June 23, 2009

JASON SCHOFIELD
President of the Board of Education and
Chief Fiscal Officer

APPENDIX - A
Enlarged City School District of the City of Troy

GENERAL FUND

Balance Sheets

Fiscal Year Ending June 30:

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>ASSETS</u>				
Unrestricted Cash	\$11,398,255	\$12,155,005	\$6,973,648	\$16,920,058
Restricted Cash	4,469,065	4,204,140	4,160,007	3,972,179
Accounts Receivable	0	43,542	1,369	1,146
Taxes Receivable	2,746,165	2,286,521	2,047,209	2,312,213
State and Federal Aid Receivable	3,343,686	2,831,308	3,296,872	2,092,295
Due from Other Governments	583,684	642,466	1,246,001	1,430,265
Due from Other Funds	1,147,861	1,040,868	4,938,238	1,197,993
Other Receivables	80,247	0	0	0
	<u>\$23,768,963</u>	<u>\$23,203,850</u>	<u>\$22,663,344</u>	<u>\$27,926,149</u>
TOTAL ASSETS	\$23,768,963	\$23,203,850	\$22,663,344	\$27,926,149
 <u>LIABILITIES AND FUND EQUITY</u>				
Accounts Payable	\$828,515	\$662,973	\$641,609	\$4,266,604
Accrued Liabilities	662,965	185,000	272,364	1,905,476
Due to Other Funds	486,730	475,350	476,865	473,330
Due to Other Governments	0	0	0	334
Due to Teachers' Retirement System	1,630,159	2,438,141	2,901,530	3,327,700
Due to Employees' Retirement System	190,458	275,821	208,133	162,037
Overpayments	57,902	0	0	0
Deferred Revenues	3,486,217	3,390,466	2,429,092	2,220,279
	<u>\$7,342,946</u>	<u>\$7,427,751</u>	<u>\$6,929,593</u>	<u>\$12,355,760</u>
TOTAL LIABILITIES	\$7,342,946	\$7,427,751	\$6,929,593	\$12,355,760
 <u>FUND EQUITY</u>				
Reserved	\$4,540,946	\$4,877,901	\$4,459,569	\$4,160,392
Unreserved:				
Appropriated	4,625,000	4,625,000	4,625,000	6,125,000
Unappropriated	7,260,071	6,273,198	6,649,182	5,284,997
	<u>\$16,426,017</u>	<u>\$15,776,099</u>	<u>\$15,733,751</u>	<u>\$15,570,389</u>
TOTAL FUND EQUITY	\$16,426,017	\$15,776,099	\$15,733,751	\$15,570,389
 TOTAL LIABILITIES and FUND EQUITY	\$23,768,963	\$23,203,850	\$22,663,344	\$27,926,149

Source: Audited financial reports of the School District.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
REVENUES					
Real Property Taxes	\$16,306,987	\$19,807,777	\$26,130,767	\$22,552,593	\$23,506,622
Nonproperty Taxes	4,386,288	5,337,957	825,488	5,966,716	5,654,271
Charges for Services	1,317,935	1,591,852	1,291,534	1,054,311	1,121,901
Use of Money & Property	172,408	165,387	394,849	969,922	1,006,187
Sale of Property and Compensation for Loss	96,286	48,106	20,540	792,047	908,846
Miscellaneous	296,974	1,312,002	702,394	20,090	226,075
Interfund Revenue	206,567	0	174,297	422,986	1,366,766
Premium on Securities Issued	0	0	0	198,454	143,775
Revenues from State Sources	40,183,390	38,331,056	42,272,270	41,191,437	45,653,614
Revenues from Federal Sources	595,182	617,157	648,668	581,653	484,510
Total Revenues	<u>\$63,562,017</u>	<u>\$67,211,294</u>	<u>\$72,460,807</u>	<u>\$73,750,209</u>	<u>\$80,072,567</u>
Other Sources:					
Proceeds of Long Term Debt	14,370,000	0	0	0	0
Interfund Transfers	209,862	194,619	0	0	0
Total Revenues and Other Sources	<u>\$78,141,879</u>	<u>\$67,405,913</u>	<u>\$72,460,807</u>	<u>\$73,750,209</u>	<u>\$80,072,567</u>
EXPENDITURES					
General Support	\$7,186,626	\$7,283,564	\$7,956,482	\$7,932,313	\$9,773,461
Instruction	37,004,249	35,700,392	38,918,561	42,417,924	45,419,123
Pupil Transportation	3,502,219	3,872,611	4,105,369	4,777,273	4,506,625
Community Services	4,140	4,078	4,501	0	0
Employee Benefits	10,544,262	7,364,788	11,503,538	13,102,658	14,288,000
Debt Service	4,269,266	5,659,696	6,094,555	6,082,208	6,014,601
Total Expenditures	<u>\$62,510,762</u>	<u>\$59,885,129</u>	<u>\$68,583,006</u>	<u>\$74,312,376</u>	<u>\$80,001,810</u>
Other Uses:					
Interfund Transfers	88,440	81,835	77,424	87,751	113,103
Total Expenditures and Other Uses	<u>\$62,599,202</u>	<u>\$59,966,964</u>	<u>\$68,660,430</u>	<u>\$74,400,127</u>	<u>\$80,114,913</u>
Excess (Deficit) Revenues Over Expenditures	<u>15,542,677</u>	<u>7,438,949</u>	<u>3,800,377</u>	<u>(649,918)</u>	<u>(42,346)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	(11,913,271)	2,699,139	10,138,088	16,426,017	15,776,099
Prior Period Adjustments (net)	(930,270)	0	2,487,555	0	0
Fund Balance - End of Year	<u>\$2,699,136</u>	<u>\$10,138,088</u>	<u>\$16,426,020</u>	<u>\$15,776,099</u>	<u>\$15,733,753</u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2008		
	Adopted	Modified	
	Budget	Budget	Actual
<u>REVENUES</u>			
Real Property Taxes	\$28,411,748	\$23,808,448	\$23,485,951
Real Property Tax Items	555,000	5,158,300	5,437,853
Nonproperty Taxes	875,000	875,000	1,115,473
Charges for Services	887,100	887,100	1,083,757
Use of Money & Property	685,000	685,000	1,040,896
Sale of Property and Compensation for Loss	16,500	16,500	51,944
Miscellaneous	489,167	380,303	1,877,890
Interfund Revenues	0	125,000	172,481
Revenues from State Sources	49,145,331	49,145,331	50,358,450
Revenues from Federal Sources	500,000	500,000	355,617
Total Revenues	\$81,564,846	\$81,580,982	\$84,980,312
 Other Sources:			
Interfund Transfers	2,153,799	2,153,799	0
Total Revenues and Other Sources	\$83,718,645	\$83,734,781	\$84,980,312
 <u>EXPENDITURES</u>			
General Support	\$10,026,955	\$10,536,567	\$9,697,139
Instruction	49,780,633	49,713,373	48,367,985
Pupil Transportation	4,544,761	4,787,755	4,772,237
Community Services	42,000	44,989	42,035
Employee Benefits	17,243,109	16,107,879	15,229,332
Debt Service	6,438,886	7,201,480	6,601,143
Total Expenditures	\$88,076,345	\$88,392,043	\$84,709,871
 Other Uses:			
Interfund Transfers	267,300	267,300	433,803
Total Expenditures and Other Uses	\$88,343,645	\$88,659,343	\$85,143,674
 Excess (Deficit) Revenues Over			
Expenditures	(4,625,000)	(4,924,562)	(163,362)
 <u>FUND BALANCE</u>			
Fund Balance - Beginning of Year	4,625,000	4,924,562	15,733,753
Prior Period Adjustments (net)	0	0	(2)
Fund Balance - End of Year	\$0	\$0	\$15,570,389

Source: Audited financial report and budgets of the School District.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2008	2009	2010 ⁽¹⁾
	Adopted Budget	Adopted Budget	Contingent Budget
REVENUES			
Real Property Taxes	\$28,411,748	\$29,546,570	\$30,333,625
Real Property Tax Items	555,000	640,000	670,000
Nonproperty Taxes	875,000	975,000	1,000,000
Charges for Services	887,100	922,990	945,940
Use of Money & Property	685,000	735,000	760,000
Sale of Property and Compensation for Loss	16,500	16,500	16,500
Miscellaneous	489,167	2,178,987	716,000
Interfund Revenues	0	0	0
Revenues from State Sources	49,145,331	49,463,792	51,602,809
Revenues from Federal Sources	500,000	500,000	400,000
Total Revenues	<u>\$81,564,846</u>	<u>\$84,978,839</u>	<u>\$86,444,874</u>
Other Sources:			
Capital Reserve	<u>2,153,799</u>	<u>2,153,799</u>	<u>2,153,799</u>
Total Revenues and Other Sources	<u>\$83,718,645</u>	<u>\$87,132,638</u>	<u>\$88,598,673</u>
EXPENDITURES			
General Support	\$10,026,955	\$10,416,409	\$10,457,788
Instruction	49,780,633	52,900,785	52,320,598
Pupil Transportation	4,544,761	4,715,733	4,830,197
Community Services	42,000	43,890	43,890
Employee Benefits	17,243,109	18,309,313	19,571,458
Debt Service	6,438,886	6,651,507	7,399,742
Total Expenditures	<u>\$88,076,345</u>	<u>\$93,037,638</u>	<u>\$94,623,673</u>
Other Uses:			
Interfund Transfers	<u>267,300</u>	<u>220,000</u>	<u>100,000</u>
Total Expenditures and Other Uses	<u>\$88,343,645</u>	<u>\$93,257,638</u>	<u>\$94,723,673</u>
Excess (Deficit) Revenues Over Expenditures	<u>(4,625,000)</u>	<u>(6,125,000)</u>	<u>(6,125,000)</u>
FUND BALANCE			
Fund Balance - Beginning of Year	4,625,000	6,125,000	6,125,000
Prior Period Adjustments (net)	0	0	0
Fund Balance - End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(1) The District's 2009-10 budget was defeated by the voters on May 19, 2009. The District did not revote and adopted a contingency budget.

Source: Audited financial report and budgets of the School District.

APPENDIX - B
Enlarged City School District of the City of Troy

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2010	\$5,019,000	\$1,887,998.75	\$6,906,998.75
2011	4,238,000	1,678,968.13	5,916,968.13
2012	4,440,000	1,485,305.00	5,925,305.00
2013	5,507,000	1,283,371.26	6,790,371.26
2014	2,230,000	1,078,496.89	3,308,496.89
2015	1,670,000	985,687.51	2,655,687.51
2016	1,755,000	906,137.50	2,661,137.50
2017	1,840,000	818,118.75	2,658,118.75
2018	1,930,000	722,168.75	2,652,168.75
2019	2,025,000	621,468.75	2,646,468.75
2020	2,125,000	515,750.00	2,640,750.00
2021	1,335,000	430,487.50	1,765,487.50
2022	945,000	378,112.50	1,323,112.50
2023	990,000	334,575.00	1,324,575.00
2024	1,035,000	289,012.50	1,324,012.50
2025	1,080,000	241,425.00	1,321,425.00
2026	1,130,000	191,700.00	1,321,700.00
2027	1,180,000	139,725.00	1,319,725.00
2028	1,230,000	85,500.00	1,315,500.00
2029	1,285,000	28,912.50	1,313,912.50
TOTALS	\$42,989,000	\$14,102,921.27	\$57,091,921.27

Includes \$6,255,000 in a special School Deficit Financing Bonds. These Bonds have been issued by the New York State Munciple Bond Banking Agency.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF TROY

**GENERAL PURPOSE FINANCIAL
STATEMENTS**

JUNE 30, 2008

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

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ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION

AND ANALYSIS (UNAUDITED)

JUNE 30, 2008

As management of the Enlarged City School District of Troy, New York, we offer the reader of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2008. We encourage readers to consider the information presented here, in conjunction with information provided in the financial statements. This discussion and analysis are intended to serve as an introduction to the District's basic financial statements.

FINANCIAL HIGHLIGHTS

- Total net assets increased by \$2,899,242 during the course of the year.
- District wide revenues were \$93,361,811 ; district wide expenditures were \$90,462,569.
- General fund expenditures exceeded general fund revenues by \$163,362.
- General fund equity was \$15,570,389 at June 30, 2008

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

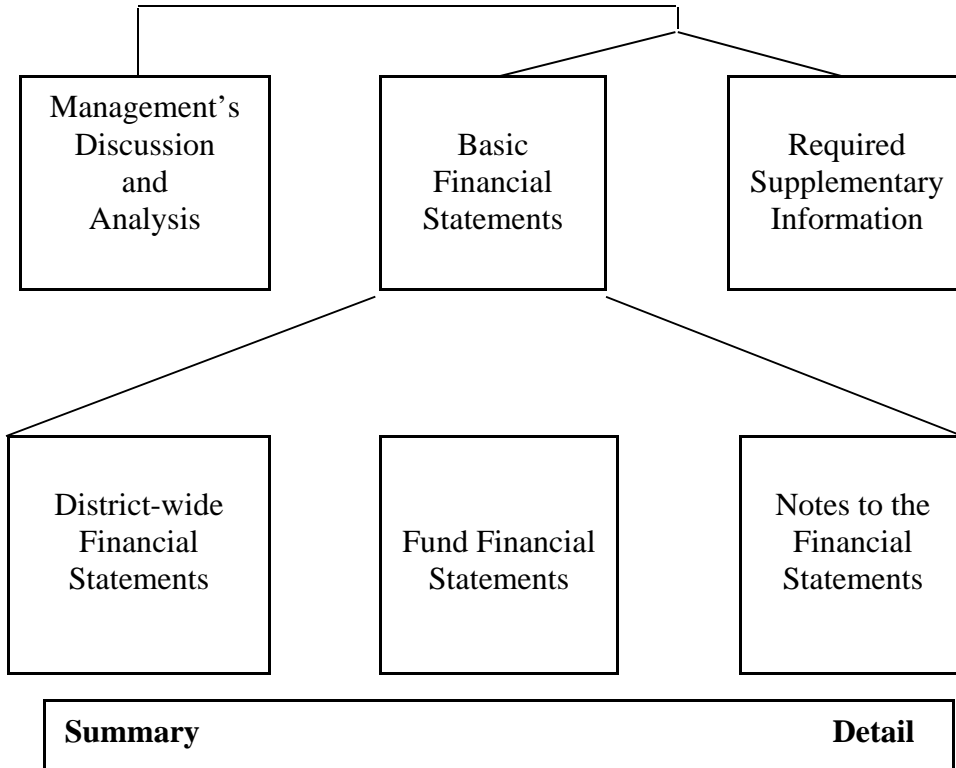
- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's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

The financial statements also include notes that provide additional information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another. Table A-2 summarizes the major features of the financial statements.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED)(CONTINUED)
JUNE 30, 2008

Table A-1: Organization of the Enlarged City School District of Troy, New York's Annual Financial Report



ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2008

Table A-2 Summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Table A-2: Major Features of the Entity-wide and Fund Financial Statements

<u>Description</u>	<u>Entity-wide Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental</u>	<u>Fiduciary</u>
1. Scope	Entire district (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
2. Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets • Statement of Changes in Fiduciary Net Assets
3. Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
4. Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term; funds do not contain capital assets, although they can
5. Type of inflow and outflow information	All revenues and expenses during year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2008

DISTRICT-WIDE STATEMENTS

The *district-wide* financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in his statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

The district-wide financial statements can be found on pages 13-14 of this report.

FUND FINANCIAL STATEMENTS

The fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs of the District. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee or *fiduciary* for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

The fund financial statements can be found on pages 15-18 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$32,116,291 at the close of the most recent fiscal year. We refer you to the notes to the financial statements for more detailed information.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2008

**Table A-3: Condensed Statement of Net Assets (Deficit) - Governmental Activities
(in millions)**

	Fiscal Year 2008	Fiscal Year 2007 (Restated)
Current and other assets	\$ 29.9	\$ 20.1
Capital assets	<u>65.8</u>	<u>58.9</u>
Total Assets	<u>\$ 95.7</u>	<u>\$ 79.0</u>
Current liabilities	\$ 32.8	\$ 14.5
Long-term debt outstanding	<u>30.8</u>	<u>35.3</u>
Total Liabilities	<u>63.6</u>	<u>49.8</u>
Investment in capital assets, net of related debt	17.6	24.7
Restricted	8.4	6.9
Unrestricted	<u>6.1</u>	<u>(2.4)</u>
Total Net Assets	<u>\$ 32.1</u>	<u>\$ 29.2</u>

CHANGES IN NET ASSETS

A large portion of the District's net assets reflects its investment in capital assets (e.g. land, buildings and improvements and furniture and equipment), less any related debt (serial bonds payable and obligations under capital leases) used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

An additional portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's ongoing obligations to students, employees and creditors. The unrestricted net asset amount has been earmarked for the following purposes:

- Designated for Subsequent Year's Expenditures
- Reserve for Encumbrances
- Reserve for Employee Benefit Accrued Liability
- Worker's Compensation Reserve
- Reserve for Unemployment Insurance
- Reserve for Debt

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
 JUNE 30, 2008

**Table A-4: Changes in Net Assets from Operating Results
 Governmental Activities Only**

	Fiscal Year <u>2008</u>	Fiscal Year <u>2007</u>
Changes in Net Assets from Operating Results		
Program Revenues:		
Charges for Services	\$ 1,494,304	\$ 1,399,820
Operating Grants	7,826,663	8,868,946
General Revenues:		
Real Property & Utility Taxes	30,267,190	29,867,240
Use of Money and Property	1,043,617	912,554
Miscellaneous	2,452,695	1,724,374
State Sources	49,921,725	45,107,794
Federal Sources	<u>355,617</u>	<u>484,510</u>
Total Revenues	<u>93,361,811</u>	<u>88,365,238</u>
Expenses:		
General Support	13,055,674	9,666,942
Instruction	50,994,951	52,902,066
Pupil Transportation	4,772,237	4,506,625
Employee Benefits	15,355,523	14,440,832
Interest Expense	2,250,109	1,872,150
Other	1,901,076	1,806,273
Depreciation - Unallocated	<u>2,132,999</u>	<u>1,747,205</u>
Total Expenses	<u>90,462,569</u>	<u>86,942,093</u>
Change in Net Assets	<u>\$ 2,899,242</u>	<u>\$ 1,423,145</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2008

Table A-5: Sources of Revenue for Fiscal Year 2008 (General and Special Revenue Funds)

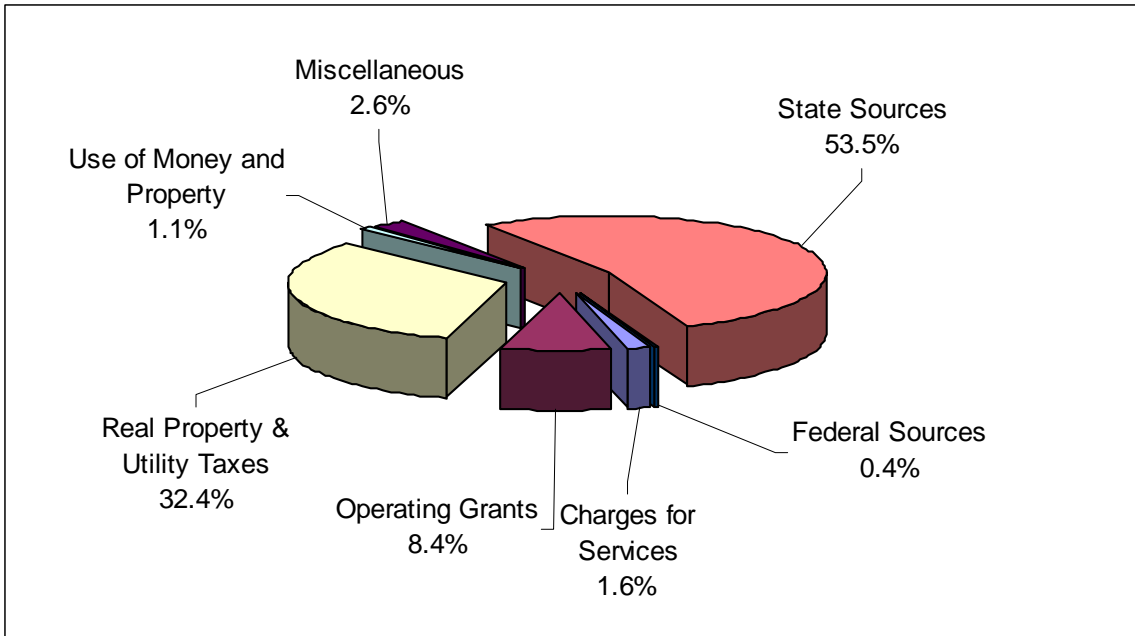
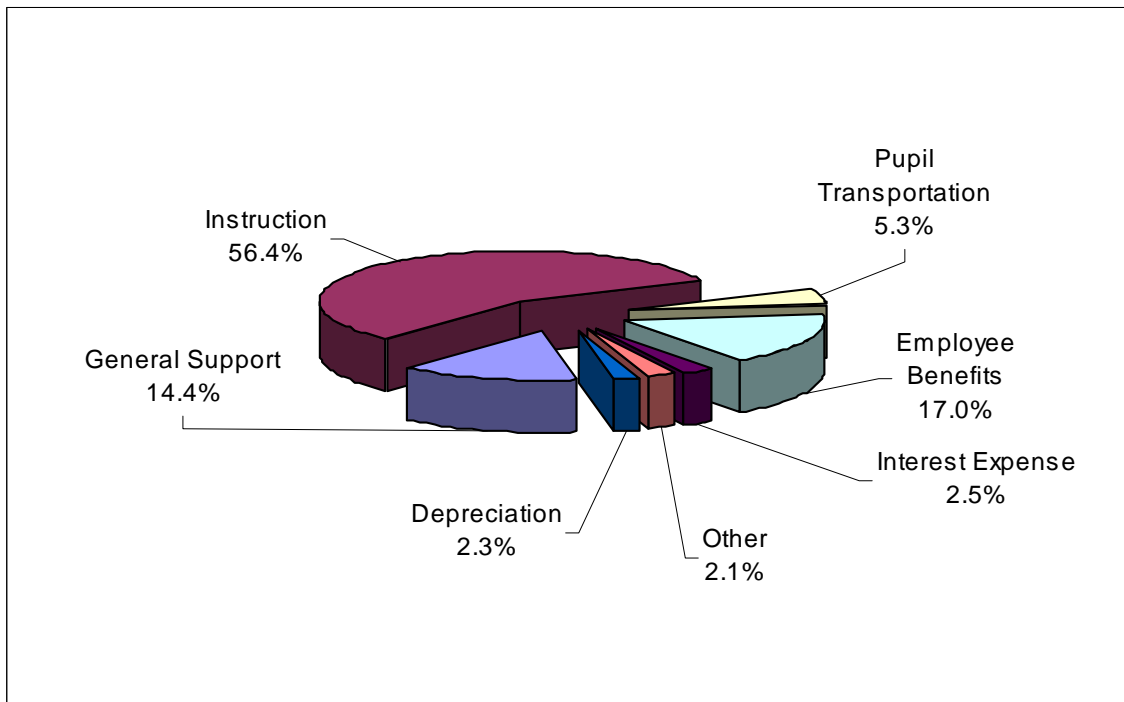


Table A-6: Expenses for Fiscal Year 2008 (General and Special Revenue Funds)



ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2008

GOVERNMENTAL FUNDS

Financial Analysis of the District's Funds - As explained earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. The District has designated portions of the reserved fund balance to earmark resources for certain governmental funds. The unreserved fund balance is divided between designated and undesignated balances. The District has designated a portion of the unreserved fund balance for subsequent year's expenditures. Fund balance of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

General Fund - The general fund is the chief operating fund of the District. Financial highlights include:

Total General Fund revenues for 2007-2008 were \$84,980,312, an increase of 6.1% from 2006-2007. The key factors in this growth were an increase in property tax revenues, an increase in use of money and property and increase in state aid.

Total General Fund expenditures for 2007 -2008 were \$84,709,871, an increase of 5.9% from 2006-2007. The key factors in this growth were cost of living salary increases as well a 6.6% increase in the related employee benefit expenditures.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
 MANAGEMENT'S DISCUSSION
 AND ANALYSIS (UNAUDITED) (CONTINUED)
 JUNE 30, 2008

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2008, the District had invested \$65,835,714, net of depreciation of \$43,468,175, in a broad range of capital assets, including school buildings, transportation facility, administrative buildings, athletic facilities, computer and audio-visual equipment and buses. This amount represents an increase of \$6,914,137 from fiscal year-end 2007. (More detailed information about capital assets can be found in Note 2. A.IV. to the financial statements.) Total depreciation expense for the year was \$2,132,999, while building improvements, construction in process and additions to equipment and furniture amounted to \$9,047,136.

The following table reflects the total cumulative cost of various building renovations and additions, technology and equipment expenditures through the end of fiscal year 2008 and 2007:

**Table A-7: Capital Assets, Net of Depreciation
(in millions)**

Category	Fiscal Year-End 2008	Fiscal Year-End 2007 (Restated)
Land and Land Improvements	\$.5	\$.6
Construction in Progress	33.1	24.5
Buildings	31.2	32.9
Machinery, Equipment and Vehicles	<u>1.0</u>	<u>.9</u>
Total	<u>\$ 65.8</u>	<u>\$ 58.9</u>

Long-Term Debt

At year-end June 30, 2008 the District had \$31,029,000 million in general obligation and \$4,213,786 in other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in Note 2 to the Financial Statements.

Table A-8: Outstanding Long-Term Debt

Category	Fiscal Year-End 2008	Fiscal Year-End 2007
Serial and Statutory Installment Bonds	\$ 31,029,000	\$ 35,294,000
Compensated Absences	<u>4,213,786</u>	<u>4,275,423</u>
	<u>\$ 35,242,786</u>	<u>\$ 39,569,423</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
MANAGEMENT'S DISCUSSION
AND ANALYSIS (UNAUDITED) (CONTINUED)
JUNE 30, 2008

The District continued to pay down its debt, retiring \$4,265,000 of outstanding bonds during fiscal year 2008.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

The District is dependent on the State of New York for state aid, historically in the 55-60% range of all revenues. Should aid be reduced as a result of the State being in a deficit situation or compelled to send a larger portion of aid to New York City, the effect will be felt in the District. At this time the District must appropriate over two million dollars to cover the cost of District charter school students. Significant financial stress will be placed on the District's financial health unless changes are made in the way charter schools are financed. The continuing increases in health insurance, utilities and pension costs cause funds to be diverted from sound educational programs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report contact:

Enlarged City School District of Troy, New York
Attn: Superintendent of Schools
2920 5th Avenue
Troy, New York 12180
(518) 271-5200

CUSACK & COMPANY
Certified Public Accountants LLC

7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538

E-MAIL ADDRESS: INFO@CUSACKCPA.COM
WWW.CUSACKCPA.COM

JOSEPH D. BATTAGLIA, CPA
KENNETH B. CLAFLIN, CPA
PAUL A. CUDA, CPA
JAMES M. CUSACK, CPA
JOHN A. CIMINO, CPA
WENDY M. LAING, CPA
JASON D. MARRA, CPA
JOHN A. CRISONE
TERRENCE P. GILLOOLEY
JOHN J. TAFILOWSKI
KIMBERLY A. URQUHART

CLIFTON PARK/HALFMOON
(518) 644-7063

MEMBERS OF:
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INDEPENDENT AUDITOR'S REPORT

Board of Education
Enlarged City School District of Troy

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Enlarged City School District of Troy, New York, as of and for the year ended June 30, 2008. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Enlarged City School District of Troy, New York as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2008 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 1 through 10 and the budgetary comparison information on pages 35 to 36 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Enlarged City School District of Troy, New York's basic financial statements. The supplemental information presented on pages 37-42 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Enlarged City School District of Troy, New York. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
August 28, 2008

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

STATEMENTS OF NET ASSETS

JUNE 30, 2008 AND 2007

	<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
Current Assets:			
Unrestricted Cash		\$ 18,711,946	\$ 8,108,631
Restricted Cash		3,972,179	4,160,007
Accounts Receivable		7,940	9,126
Taxes Receivable		2,312,213	2,047,209
Due from Fiduciary Funds		5,523	8,885
State and Federal Aid Receivable		3,411,443	4,501,234
Due from Other Governments		1,430,265	1,246,001
Inventories		52,827	40,620
Capital Assets, Net		<u>65,835,714</u>	<u>58,921,577</u>
Total Assets		<u>\$ 95,740,050</u>	<u>\$ 79,043,290</u>
	<u>LIABILITIES</u>		
Current Liabilities:			
Accounts Payable		\$ 4,645,175	\$ 1,433,674
Accrued Liabilities		1,905,476	272,364
Bond Anticipation Note Payable		17,500,000	4,409,082
Due to Other Governments		1,385	740
Retainages Payable		169,095	326,285
Bond Interest Accrued		605,822	691,856
Deferred Revenue		64,283	13,154
Due to Teachers' Retirement Plan		3,327,700	2,901,530
Due to Employees' Retirement System		162,037	208,133
Long-Term Liabilities - Due and Payable Within One Year			
Bonds		4,485,000	4,265,000
Long-Term Liabilities			
Bonds		26,544,000	31,029,000
Compensated Absences		<u>4,213,786</u>	<u>4,275,423</u>
Total Liabilities		<u>63,623,759</u>	<u>49,826,241</u>
	<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt, as Restated		17,589,594	24,708,512
Restricted for:			
Debt		2,153,799	2,153,799
School Lunch		174,777	100,296
Reduction of Future Property Taxes		6,125,000	4,625,000
Unrestricted Net Assets (Deficit)		<u>6,073,121</u>	<u>(2,370,558)</u>
Total Net Assets, 2007 Restated		<u>32,116,291</u>	<u>29,217,049</u>
Total Liabilities and Net Assets		<u>\$ 95,740,050</u>	<u>\$ 82,148,815</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Contributions
		Charges for Services	Operating Grants	Capital Sales	
Functions/Programs:					
General support	\$ 13,055,674	\$ 83,840	\$ -	\$ -	\$ (12,971,834)
Instruction	50,994,951	924,428	6,369,906	-	(43,700,617)
Pupil transportation	4,772,237	-	-	-	(4,772,237)
Community service	42,035	75,489	-	-	33,454
Employee benefits	15,355,523	-	-	-	(15,355,523)
Debt service - interest	2,250,109	-	-	-	(2,250,109)
Depreciation - unallocated (includes direct expense of various functions and programs)	2,132,999	-	-	-	(2,132,999)
School lunch program	1,854,386	401,793	1,456,757	-	4,164
School store program	4,655	8,754	-	-	4,099
Total Functions and Programs	\$ 90,462,569	\$ 1,494,304	\$ 7,826,663	\$ -	(81,141,602)
General Revenues:					
Real property taxes					23,713,864
Other tax items					5,437,853
Nonproperty taxes					1,115,473
Use of money and property					1,043,617
Sale of property and compensation for loss					51,944
Interfund revenue					172,481
State sources					49,921,725
Federal sources					355,617
Miscellaneous					2,228,270
Total General Revenues					84,040,844
Change in Net Assets					2,899,242
Total Net Assets - Beginning of Year, Restated					29,217,049
Total Net Assets - End of Year					\$ 32,116,291

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Non-Major</u>	<u>Total Governmental Funds</u>
Assets:			
Unrestricted Cash	\$ 16,920,058	\$ 1,791,888	\$ 18,711,946
Restricted Cash	3,972,179	-	3,972,179
Accounts Receivable	1,146	6,794	7,940
Taxes Receivable	2,312,213	-	2,312,213
Due from Other Funds	1,197,993	473,330	1,671,323
Due from State and Federal	2,092,295	1,319,148	3,411,443
Due from Other Governments	1,430,265	-	1,430,265
Inventories	-	52,827	52,827
Total Assets	<u>\$ 27,926,149</u>	<u>\$ 3,643,987</u>	<u>\$ 31,570,136</u>
Liabilities:			
Accounts Payable	\$ 4,266,604	\$ 378,571	\$ 4,645,175
Accrued Liabilities	1,905,476	-	1,905,476
Bond Anticipation Notes Payable	-	17,500,000	17,500,000
Due to Other Funds	473,330	1,192,470	1,665,800
Due to Other Governments	334	1,051	1,385
Retainage Payable	-	169,095	169,095
Due to Teachers' Retirement Systems	3,327,700	-	3,327,700
Due to Employees' Retirement System	162,037	-	162,037
Deferred Revenue	2,220,279	64,283	2,284,562
Total Liabilities	<u>12,355,760</u>	<u>19,305,470</u>	<u>31,661,230</u>
Fund Equity (Deficit):			
Reserve for:			
Employee Benefits Accrued Liabilities	1,501,059	-	1,501,059
Debt	2,153,799	-	2,153,799
Encumbrances	188,213	765,360	953,573
Workers Compensation	253,587	-	253,587
Unemployment Insurance	63,734	-	63,734
Unreserved:			
Deficit	-	(17,974,389)	(17,974,389)
Designated for subsequent year's expenditures	6,125,000	-	6,125,000
Undesignated	5,284,997	1,547,546	6,832,543
Total Fund Equity (Deficit)	<u>15,570,389</u>	<u>(15,661,483)</u>	<u>(91,094)</u>
Total Liability and Fund Equity	<u>\$ 27,926,149</u>	<u>\$ 3,643,987</u>	<u>\$ 31,570,136</u>

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

Total governmental fund balances (deficit) per above	\$ (91,094)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	65,835,714
Long-term liabilities, including bonds payable, installment purchase debt, judgments and claims and post - employment benefits are not due and payable in the current period and, therefore, are not reported in funds.	(35,242,786)
Deferral of charges for property taxes and state aid earned in the current are recognized a revenue under full accrual accounting	2,220,279
Interest payable at June 30, 2008 in the government-wide statements under full accrual accounting	<u>(605,822)</u>
Net Assets of Governmental Activities	<u>\$ 32,116,291</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Non-Major</u>	<u>Total Governmental Funds</u>
Revenues:			
Real Property Taxes	\$ 23,485,951	\$ -	\$ 23,485,951
Other Tax Items	5,437,853	-	5,437,853
Nonproperty Taxes	1,115,473	-	1,115,473
Charges for Service	1,083,757	-	1,083,757
Use of Money and Property	1,040,896	2,721	1,043,617
Sale of Property and Compensation for Loss	51,944	-	51,944
Interfund Revenues	172,481	-	172,481
State Sources	50,358,450	2,218,753	52,577,203
Federal Sources	355,617	5,607,910	5,963,527
Sales	-	410,547	410,547
Miscellaneous	<u>1,877,890</u>	<u>380</u>	<u>1,878,270</u>
Total Revenues	<u>84,980,312</u>	<u>8,240,311</u>	<u>93,220,623</u>
Expenditures:			
General Support	9,697,139	3,821,616	13,518,755
Instruction	48,367,985	2,626,966	50,994,951
Pupil Transportation	4,772,237	-	4,772,237
Community Service	42,035	-	42,035
Employee Benefits	15,229,332	-	15,229,332
Debt Service			
Principal	4,287,976	-	4,287,976
Interest	2,313,167	-	2,313,167
Cost of Sales	-	1,859,041	1,859,041
Capital Outlay	<u>-</u>	<u>8,584,055</u>	<u>8,584,055</u>
Total Expenditures	<u>84,709,871</u>	<u>16,891,678</u>	<u>101,601,549</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>270,441</u>	<u>(8,651,367)</u>	<u>(8,380,926)</u>
Other Financing Sources and (Uses):			
Reserve Adjustments and Expenditures	(187,827)	-	(187,827)
Bond Premium	-	350,000	350,000
Operating Transfers In	-	245,976	245,976
Operating Transfers Out	<u>(245,976)</u>	<u>-</u>	<u>(245,976)</u>
Total Other Financing Sources (Uses)	<u>(433,803)</u>	<u>595,976</u>	<u>162,173</u>
Deficiency of Revenues and Other Financing Sources and (Uses)	(163,362)	(8,055,391)	(8,218,753)
Fund Equity, Beginning of Year	<u>15,733,751</u>	<u>(7,606,092)</u>	<u>8,127,659</u>
Fund Equity (Deficit), End of Year	<u>\$ 15,570,389</u>	<u>\$ (15,661,483)</u>	<u>\$ (91,094)</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
*RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008*

Net changes in fund balance - governmental funds	\$ (8,218,753)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of assets.	9,047,136
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(2,132,999)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net assets.	4,265,000
Certain revenue recognized in the statement of activities does not meet the revenue recognition criteria under the modified accrual basis of accounting and is not recognized in the governmental funds.	(208,813)
Interest is recognized as an expense in governmental funds when paid. For governmental activities interest expense is recognized as it accrues. The decrease in accrued interest during 2008 results in less expense.	86,034
Certain expenses in the statement of activities related to the long-term compensated absences liability do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental fund. The decrease in the liability in 2008 results in less expense.	<u>61,637</u>
Change in Net Assets of Governmental Activities	<u>\$ 2,899,242</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2008

	<u>Agency</u>	Private Purpose Trusts
Assets:		
Cash and investments - unrestricted	\$ 319,503	\$ -
Cash and Investments - restricted	49,214	166,949
Accounts receivable	-	-
Due from other funds	-	-
Total assets	<u>\$ 368,717</u>	<u>\$ 166,949</u>
Liabilities:		
Extraclassroom activity balances	\$ 49,214	\$ -
Due to other funds	5,523	-
Other liabilities	<u>313,980</u>	<u>-</u>
Total liabilities	<u>\$ 368,717</u>	<u>-</u>
Net Assets:		
Reserved for scholarships	<u>\$ -</u>	<u>\$ 166,949</u>

Statement of Changes in Net Assets - Fiduciary Funds
For the Year Ended June 30, 2008

	Private Purpose Trusts
Additions:	
Gifts and contributions	\$ 6,409
Investment earnings	<u>8,393</u>
Total Additions	14,802
Deductions:	
Scholarship and awards	<u>10,130</u>
Change in Net Assets	4,672
Net Assets - Beginning of Year	<u>162,277</u>
Net Assets - End of Year	<u>\$ 166,949</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Enlarged City School District of Troy, New York (“the District”) have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity. 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 its component unit. The District is not a component unit of another reporting entity.

The decision to include a potential component unit in the 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 review of an entity included in the School District’s reporting entity.

The Extraclassroom Activity Fund

The extraclassroom activity funds of the District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity 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 activity fund can be found at the District’s business office, located at 2920 Fifth Avenue, Troy, New York.

B. Joint Venture

The District is a component district in Questar III - Rensselaer-Columbia-Greene BOCES (“BOCES”). 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.

BOCES are organized under §1950 of the New York Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the 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).

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Venture (Continued)

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law.

C. Basis of Presentation

District-wide statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and 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.

Fund financial statements

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

The District reports the following major governmental funds:

General Fund

The general fund is the principal operating fund and is used to account for all of the District's operations not required to be accounted for in another fund.

All remaining governmental funds are aggregated and reported as non-major funds:

1. Special Revenue Funds

Used to account for the proceeds of special revenue sources that are legally restricted to expenditure for special purposes. Special revenue funds include the following funds:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

Fund financial statements (Continued)

1. Special Revenue Fund (Continued)

a. Special Aid Fund

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

b. School Lunch Fund

Used to account for transactions of the lunch and breakfast programs.

c. School Store Fund

Used to account for transactions of the school store operated for the sale of textbooks and other school supplies.

2. Capital Projects Fund

The capital projects fund is used to account for the report financial resources to be used for the acquisition, construction or renovation of major capital facilities, or equipment other than those projects as major funds.

3. Debt Service Fund

Used to account for the advanced refunding of debt and unspent proceeds of debt restricted for debt service.

Other Fund Type:

Fiduciary Funds

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee and agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

D. Basis of Accounting/Measurement Focus

General Information

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded at the time obligations are incurred, regardless of when the related cash transactions take place.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting/Measurement Focus (Continued)

General Information (Continued)

Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes 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 one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Deferred Revenue

Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

F. Property Taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than July 1. Taxes are collected during the period July 1 through January 31 annually.

II. Enforcement

Uncollected real property taxes are enforced by the City of Troy and the County of Rensselaer. An amount representing all uncollected real property taxes must be transmitted by the City and County to the School District within two years from the return of unpaid taxes to such city and county. Real property taxes receivable expected to be collected within sixty days subsequent to June 30, 2008 less similar amounts collected during this period in the preceding year, are recognized as revenue; otherwise, real property taxes receivable are offset by deferred revenue.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgetary Procedures and Budgetary Accounting (Continued)

I. Budget Policies

1. The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. The voters within the District approve the proposed appropriation budget for the General Fund.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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.

The following supplemental appropriations occurred during the year:

Various Gifts	<u>\$ 16,136</u>
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II. Encumbrances

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over expenditure of established appropriations. Open encumbrances are reported as reservations of fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

The cost of construction contract commitments generally is recorded as an encumbrance of Capital Funds and is presented as a reserve for encumbrances. These committed amounts generally will become liabilities in future periods as the construction work is performed by the contractors. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

III. Budget Basis of Accounting

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

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Cash and Investments

The District's investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. 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 Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and School Districts. Investments are stated at fair value.

Certificates of deposit are classified as investments in these financial statements.

I. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

J. Inventories

Inventories of food and/or supplies in the school lunch fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

K. Interfund Transfers

The operations of the District give rise to certain transactions between funds, including transfers of expenditures and transfers of revenues to provide services and construct assets.

L. Fund Balance-Reservations and Designations

The following reserve funds are available to school districts. Any capital gains or interest earned on reserve fund resources become part of the respective reserve fund. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund must be maintained.

Reserve for Encumbrances

This reserve represents the amount of outstanding encumbrances at the end of the fiscal year to be potentially expended in the subsequent year. This reserve is accounted for in the governmental funds balance sheet.

Workers' Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Fund Balance-Reservations and Designations (Continued)

Workers' Compensation Reserve (Continued)

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 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.

Reserve for Employee Benefit Accrued Liability

This reserve is used to accumulate funds for the payment of any accrued employee benefit due to an employee upon termination of service. This reserve fund was established by a majority vote of the Board of Education and is funded by budgetary appropriations. This reserve is accounted for in the General Fund.

Reserve Debt

This reserve is used to account for remaining bond proceeds not utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated. This reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

Unemployment Insurance Reserve is 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 retirement 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.

M. Post-employment Benefits

In addition to providing the retirement benefits described in Note 3, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Currently 375 retirees meet those eligibility requirements. The District pays 100% of the cost of premiums to an insurance company which provides health care insurance. The District recognized the cost of providing benefits for fiscal year 2008 by recording approximately \$2 million, its share of insurance premiums for currently enrolled retirees, as an expenditure.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Due to/from Other Funds

The amounts reported on the Statement of Net Assets for due to and due from other funds represents amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from the same fund type.

O. Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to April 30, 2002. For assets acquired prior to April 30, 2002, actual or estimated historical costs based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar amount above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Lives</u>
Buildings	\$ 5,000	SL	20-40 years
Building improvements	\$ 5,000	SL	20-30 years
Land improvements	\$ 5,000	SL	20 years
Machinery and equipment	\$ 5,000	SL	5-20 years
Infrastructure	\$ 5,000	SL	20 years
Vehicles and trucks	\$ 5,000	SL	8 years

P. 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 Statement of Activities, compared with the current financial resources focus of the governmental funds.

- a. Total Fund balances of governmental funds differ from “net assets” of governmental activities reported in the Statement of Net Assets. The difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of governmental fund Balance Sheets.
- b. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Long-Term Revenue Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Q. Workers’ Compensation Plan

The District is a member of the Rensselaer-Columbia-Greene Workers’ Compensation Consortium (the “Consortium”). The Consortium is a mechanism to provide funds for the District to meet its responsibility under the Workers’ Compensation Law. It is a group self-insurance plan with excess insurance coverage. The Consortium 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 claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. The Consortium has a stop loss policy to protect the District from unusually high claims. To the extent the Consortium funds might be insufficient to pay benefits, the District would assume the liability.

R. Use of Estimates

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

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. *Vested Benefits*

District employees are granted vacation in varying amounts, based principally on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first out (LIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, an accrual for accumulated sick leave is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

T. *Comparative Information*

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statement for the year ended June 30, 2007, from which the summarized information was derived.

U. *Joint Venture*

During the year ended June 30, 2008, the District was billed \$8,115,007 for BOCES administrative and program costs. General purpose financial statements for the Questar III-Rensselaer-Columbia-Greene BOCES are available from the BOCES administrative offices at 10 Empire State Blvd., Castleton, NY 12033. The District's share of BOCES income amounted to \$1,121,185.

2. DETAIL NOTES ON ALL FUNDS

A. *Assets*

I. *Cash and Investments*

1. 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, 2008 all deposits were fully insured and collateralized by the District's agent in the District's name.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

I. Cash and Investments (Continued)

2. Restricted Cash and Investments

General

Restricted Cash of \$3,972,179 consists of \$253,587 restricted for the Workers' Compensation Reserve, \$63,734 restricted for the Unemployment Insurance Reserve, \$1,501,059 restricted for the Employee Benefits Accrued Liability Reserve, and \$2,153,799 restricted for the Reserve for Debt.

3. Fiduciary

Restricted Cash of \$216,163 consists of \$49,214 for Extraclassroom Activity funds and \$166,949 is restricted for scholarships.

II. Interfund Receivables and Payables

Interfund transactions and balances are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General	\$ 1,197,993	\$ 473,330	\$ -	\$ 245,976
Special Aid Fund	-	1,031,805	78,676	-
School Lunch Fund	-	-	67,300	-
Debt Service	473,330	-	-	-
Capital Project Fund	-	160,665	100,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Government Activities	1,671,323	1,665,800	245,976	245,976
Fiduciary Fund	-	5,523	-	-
Totals	<u>\$ 1,671,323</u>	<u>\$ 1,671,323</u>	<u>\$ 245,976</u>	<u>\$ 245,976</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Assets. 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.

III. Other Receivables

Other receivables at June 30, 2008 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	Taxes receivable, overdue	<u>\$ 2,312,213</u>
General Fund	Other	<u>\$ 1,146</u>
Non-Major	Other	<u>\$ 6,794</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

A. Assets (Continued)

IV. Capital Assets

Capital asset balances for the year ended June 30, 2008 is as follows:

	Balance <u>July 1</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	Balance <u>June 30</u>
Government Activities				
Capital assets that are not depreciated:				
Land	\$ 345,316	\$ -	\$ -	\$ 345,316
Construction in Progress	<u>24,495,860</u>	<u>8,584,055</u>	<u>-</u>	<u>33,079,915</u>
Total nondepreciable historical cost	<u>24,841,176</u>	<u>8,584,055</u>	<u>-</u>	<u>33,425,231</u>
Capital assets that are depreciated:				
Buildings	62,680,430	-	-	62,680,430
Machinery and equipment	11,648,304	438,730	-	12,087,034
Land improvements	686,034	-	-	686,034
Vehicles	<u>400,809</u>	<u>24,351</u>	<u>-</u>	<u>425,160</u>
Total depreciable historical cost	<u>75,415,577</u>	<u>463,081</u>	<u>-</u>	<u>75,878,658</u>
Less accumulated depreciation:				
Buildings	29,723,830	1,760,854	-	31,484,684
Machinery and equipment	10,823,065	320,494	-	11,143,559
Land improvements	455,901	31,723	-	487,624
Vehicles	<u>332,380</u>	<u>19,928</u>	<u>-</u>	<u>352,308</u>
Total accumulated depreciation	<u>41,335,176</u>	<u>2,132,999</u>	<u>-</u>	<u>43,468,175</u>
Total capital assets, net	<u>\$ 58,921,577</u>	<u>\$ 6,914,137</u>	<u>\$ -</u>	<u>\$ 65,835,714</u>

B. Liabilities

I. Pension Plans

General Information

The District participates in the New York State and Local Employees' Retirement System (ERS), and the New York State Teachers' Retirement Plan System (TRS). These Systems are cost sharing multiple employer, public employee retirement systems. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

I. Pension Plans (Continued)

Plan Descriptions

Teachers' Retirement System (TRS)

The NYS TRS is administered by the New York State Teachers' Retirement Board. The System Provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The New York State TRS issues a public available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the New York State Teachers' Retirement Plan, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The System issues a public available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policies

The Systems are noncontributory except for employees who joined the Systems after July 27, 1976, who contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of members' payroll, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, rates are established annually for TRS by the New York State Teachers' Retirement Board.

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years are as follows:

	<u>ERS</u>	<u>TRS</u>
2007-2008	\$ 473,695	\$ 2,829,574
2006-2007	500,750	2,408,793
2005-2006	809,888	1,983,689

The District's contributions made to the Systems were equal to 100 percent of the contributions required for each year.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

II. Indebtedness

1. Long-Term Debt

a. Serial

The District borrows money in order to acquire or construct building and 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 District. During the current year, the District recognized \$1,487,515 of expenditures for serial and statutory bond debt interest.

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

Interest paid	\$ 1,573,549
Less interest accrued in the prior year	(691,856)
Plus interest accrued in the current year	<u>605,822</u>
Total Expense	<u>\$ 1,487,515</u>

b. Other Long-Term Debt

In addition to the above long-term debt, the District had the following noncurrent liabilities:

Compensated Absences - Represents the value of the earned and unused portion of the liability for employees' vacation and sick pay which has not been accrued in the General Fund.

2. Changes

The changes in indebtedness during the year ended June 30, 2008 are summarized as follows:

	<u>Serial Bonds</u>	<u>Compensated Absences</u>	<u>Total</u>
Balance July 1	\$ 35,294,000	\$ 4,275,423	\$ 39,569,423
Additions	-	-	-
Deletions	<u>(4,265,000)</u>	<u>(61,637)</u>	<u>(4,326,637)</u>
Balance, June 30	<u>\$ 31,029,000</u>	<u>\$ 4,213,786</u>	<u>\$ 35,242,786</u>

Additions and deletions to compensated absences are shown net as it is impracticable to determine these amounts separately.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

2. DETAIL NOTES ON ALL FUNDS (CONTINUED)

B. Liabilities (Continued)

II. Indebtedness (Continued)

3. Maturity

The following is a summary of maturity of the District's indebtedness:

<u>Description of Issue</u>	<u>Type</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Interest</u>	<u>Outstanding June 30, 2008</u>
School District Refunding Bonds - Series 2002	Serial Bonds	07/15/02	08/01/12	5.25%	\$ 4,969,000
School District Refunding Bonds - Series 2002	Serial Bonds	07/15/02	07/15/13	5.25%	3,320,000
1999 District-Wide Reconstruction and Technology Improvement	Serial Bonds	10/15/99	10/15/09	5.00%	1,885,000
2001 - District Wide Reconciliation/ Settlement Bond	Serial Bonds	06/28/01	07/15/19	4.00%	7,830,000
New York State Municipal Bond Bank Agency, Series 2003	Serial Bonds	04/03/03	02/15/13	4.00 - 4.25%	8,770,000
2000 District-Wide Deconstruction Series 2003	Serial Bonds	07/15/03	07/15/20	4.90%	<u>4,255,000</u>
Total					<u>\$ 31,029,000</u>

The following is a summary of maturing debt service requirements for bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 5,450,000	\$ 1,389,341	\$ 6,839,341
2010	3,739,000	1,130,386	4,869,386
2011	3,908,000	960,278	4,868,278
2012	4,095,000	783,430	4,878,430
2013	5,167,000	599,368	5,766,368
2014-2021	<u>8,670,000</u>	<u>1,697,034</u>	<u>10,367,034</u>
Total	<u>\$ 31,029,000</u>	<u>\$ 6,559,837</u>	<u>\$ 37,588,837</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2008

2. DETAIL NOTES ON ALL FUNDS

B. Liabilities (Continued)

III Constitutional Debt Limit

The constitution of the State of New York limits the amounts of indebtedness which may be issued by the School District. The School District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 5% on the average full valuation of taxable real estate within the District. At June 30, 2008, the District has exhausted 40.7% of its constitutional debt limit.

3. CONTINGENCIES AND COMMITMENTS

A. Litigation

The District is a party of various legal proceedings and other claims incidental to the ordinary course of its operations. The District is also regularly involved with certiorari actions brought by real property owners to have their assessments reduced. Liabilities, if any, are recorded when they become fixed or determinable in amount.

B. Federal and State Grants

The District receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, District management believes such disallowances, if any, would not be material.

C. Risk Financing and Related Insurance

General Information

The Enlarged City School District of Troy, New York is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters.

Workers' Compensation

The District participates in a risk sharing pool, the Rensselaer-Columbia-Greene Workers' Compensation Consortium, (the Consortium) to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Worker's Compensation Law, to finance liability and risk related to Workers' Compensation claims. Workers' compensation benefits are provided by the Consortium and administered under contract with the Consortium's consultant. Under the policies, limits have been established for workers' compensation coverage.

4. NET ASSETS RESTATEMENT

During the year ended June 30, 2008, the District acquired the services of a third party to perform a valuation of the capital assets throughout the District. As a result of a change in certain asset values and a determination of fixed asset items no longer in the District's possession, the accumulated net assets as of July 1, 2007 decreased by \$3,105,525.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
STATEMENT OF REVENUES, OTHER SOURCES, EXPENDITURES AND OTHER USES COMPARED TO BUDGET - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Over (Under) Revised Budget</u>
Revenues:				
Local Sources:				
Real property taxes	\$ 28,411,748	\$ 23,808,448	\$ 23,485,951	\$ (322,497)
Other tax items	555,000	5,158,300	5,437,853	279,553
Nonproperty taxes	875,000	875,000	1,115,473	240,473
Charges for service	887,100	887,100	1,083,757	196,657
Use of money and property	685,000	685,000	1,040,896	355,896
Sale of property and compensation for loss	16,500	16,500	51,944	35,444
Miscellaneous	364,167	380,303	1,877,883	1,497,580
Interfund revenues	<u>125,000</u>	<u>125,000</u>	<u>172,489</u>	<u>47,489</u>
Total Local Sources	31,919,515	31,935,651	34,266,246	2,330,595
State sources	49,145,331	49,145,331	50,358,450	1,213,119
Federal sources	<u>500,000</u>	<u>500,000</u>	<u>355,616</u>	<u>(144,384)</u>
Total Revenues	81,564,846	81,580,982	84,980,312	3,399,330
Other Financing Sources:				
Transfers from other funds	2,153,799	2,153,799	-	(2,153,799)
Appropriated fund balances	<u>4,625,000</u>	<u>4,924,562</u>	<u>-</u>	<u>(4,924,562)</u>
Total Revenues and Other Financing Sources	<u>\$ 88,343,645</u>	<u>\$ 88,659,343</u>	<u>84,980,312</u>	<u>\$ (3,679,031)</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

STATEMENT OF REVENUES, OTHER SOURCES, EXPENDITURES, AND OTHER USES C COMPARED TO BUDGET - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2008

	Original Budget	Revised Budget	Actual	Year-end Encumbrances	Revised Budget Variance with Actual and Encumbrances
Expenditures:					
General Support:					
Central of education	\$ 106,950	\$ 123,681	\$ 99,885	\$ -	\$ 23,796
Central administration	239,339	246,666	241,707	-	4,959
Finance	957,618	1,282,512	1,165,783	35,373	81,356
Staff	557,807	582,402	544,488	414	37,500
Central services	7,000,191	7,150,930	6,740,196	55,640	355,094
Special items	<u>1,165,050</u>	<u>1,150,376</u>	<u>905,080</u>	<u>-</u>	<u>245,296</u>
Total General Support	<u>10,026,955</u>	<u>10,536,567</u>	<u>9,697,139</u>	<u>91,427</u>	<u>748,001</u>
Instruction:					
Instruction, administration and improvement	3,593,264	3,764,937	3,532,954	969	231,014
Teaching - regular school	24,851,325	25,441,407	25,023,384	73,626	344,397
Programs for children with handicapping conditions	13,621,998	12,904,975	12,757,453	1,436	146,086
Occupational education	1,680,162	1,477,715	1,457,979	109	19,627
Teaching - special school	1,270,000	1,134,512	852,180	-	282,332
Instructional media	1,271,693	1,637,236	1,529,921	19,269	88,046
Pupil services	<u>3,492,191</u>	<u>3,352,591</u>	<u>3,214,114</u>	<u>1,327</u>	<u>137,150</u>
Total Instruction	<u>49,780,633</u>	<u>49,713,373</u>	<u>48,367,985</u>	<u>96,736</u>	<u>1,248,652</u>
Other:					
Pupil transportation	4,544,761	4,787,755	4,772,237	50	15,468
Community service	42,000	44,989	42,035	-	2,954
Employee benefits	17,243,110	16,107,879	15,229,332	-	878,547
Debt service - principal	4,630,000	4,652,976	4,287,976	-	365,000
Debt service - interest	<u>1,808,886</u>	<u>2,548,504</u>	<u>2,313,167</u>	<u>-</u>	<u>235,337</u>
Total Other	<u>28,268,757</u>	<u>28,142,103</u>	<u>26,644,747</u>	<u>50</u>	<u>1,497,306</u>
Total Expenditures	88,076,345	88,392,043	84,709,871	188,213	3,493,959
Other Financing Uses:					
Reserve adjustments and expenditures	-	-	187,827	-	(187,827)
Transfers to other funds	<u>267,300</u>	<u>267,300</u>	<u>245,976</u>	<u>-</u>	<u>21,324</u>
Total Expenditures and Other Uses	<u>\$ 88,343,645</u>	<u>\$ 88,659,343</u>	<u>\$ 85,143,674</u>	<u>\$ 188,213</u>	<u>\$ 3,327,456</u>
Deficiency of Revenues and Other Sources Over Expenditures and Other Uses			<u>\$ (163,362)</u>		

See independent auditor's report.

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
GENERAL FUND - ANALYSIS OF CHANGES FROM ORIGINAL BUDGET TO REVISED BUDGET
AND USE OF UNRESERVED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

Change from Original Budget to Revised Budget

Adopted Budget	\$ 88,343,645
Add: Prior year's encumbrances	299,562
Budget revision	<u>16,136</u>
 Final Budget	 <u>\$ 88,659,343</u>

Use of Unreserved Fund Balance

Unreserved Fund Balance - As the Beginning of the Year	\$ 11,274,182
 Less: Designated fund balance used for the levy of taxes - Adopted Budget	 <u>(4,625,000)</u>
 Undesignated Fund Balance (Deficit) - As of the Beginning of the Year	 <u>\$ 6,649,182</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
 CAPITAL PROJECTS FUND - STATEMENT OF PROJECT EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2008

Expenditures

<u>Project Title</u>	<u>Project Number</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Unexpended Balance</u>
Troy High School- Roof, Flooring	0011018	\$ 4,127,500	\$ 4,520,604	\$ 4,374,738	\$ 106,024	\$ 4,480,762	\$ 39,842
Doyle Middle School - Chiller	0012009	633,000	671,758	670,966	792	671,758	-
Doyle Middle School - Pool	0012011	1,182,000	1,167,171	1,109,307	44,671	1,153,978	13,193
Troy High School - Brick Repair	0011019	881,100	676,816	676,816	-	676,816	-
PS 12 - Roof	0005009	859,000	831,163	803,845	27,318	831,163	-
PS 18 - Roof	0010009	590,000	470,226	440,901	29,325	470,226	-
5 Year Plan/Building Survey	N/A	284,297	199,241	198,953	288	199,241	-
Troy High School - Summer 2007	0011020	9,326,644	9,266,664	1,178,292	7,608,603	8,786,895	479,769
Troy High School - Server	0011021	100,000	160,000	-	19,404	19,404	140,596
Summer 2009 - Various	(1)	443,581	7,137,566	-	693,091	693,091	6,444,475
PS 14 - Controls	0006006	484,575	484,575	-	383	383	484,192
Doyle Middle School - Lockers, HVAC	0012012	100,000	100,000	-	13,125	13,125	86,875
Other - Excel	N/A	-	-	-	41,031	41,031	(41,031)
Totals		\$ 19,011,697	\$ 25,685,784	\$ 9,453,818	\$ 8,584,055	\$ 18,037,873	\$ 7,647,911

(1) Various capital project numbers including:

<u>Title</u>	<u>Number</u>
PS1	0001.005
PS2	0002.007
PS12	0005.010
PS14	0006.007
PS16	0008.009
PS18	0010.010
Troy High School	0011.022
Doyle Middle School	0012.013
Carroll Hill School	0016.007

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
SCHEDULE OF CERTAIN REVENUE AND EXPENDITURES COMPARED TO ST-3 DATA
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Account Code</u>	<u>ST-3 Amount</u>	<u>Audited Amount</u>	
REVENUES				
Property Taxes	A-1001	\$ 23,485,951	\$ 23,485,951	
Non-Property Taxes	AT-1199	\$ 1,115,473	\$ 1,115,473	
State Aid	AT-3999	\$ 50,358,450	\$ 50,358,450	
Federal Aid	AT-4999	\$ 355,617	\$ 355,617	
Total Revenues	AT-5999	\$ 84,980,312	\$ 84,980,312	
EXPENDITURES				
General Support	AT-1999	\$ 9,697,138	\$ 9,697,139	(1)
Pupil Transportation	AT-5599	\$ 4,772,237	\$ 4,772,237	
Debt Service - Principal	AT-9798.6	\$ 4,287,976	\$ 4,287,976	
Debt Service - Interest	AT-9798.7	\$ 2,313,167	\$ 2,313,167	
Total Expenditures	AT-9999	\$ 84,955,846	\$ 85,143,674	(2)

(1) Rounding

(2) Difference of \$187,828 represents expenditures paid directly from reserve funds reflected as a fund balance reduction on the ST-3

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2008

Capital Assets, Net		\$ 65,835,714
Deduct:		
Short-term portion of bonds payable	4,485,000	
Long-term portion of bonds payable	26,544,000	
Short-term bond anticipation note payable	17,500,000	
Other current liabilities related to construction in progress	402,292	
Less: unspent bond anticipation note proceeds and other assets	<u>(685,172)</u>	<u>(48,246,120)</u>
Investment in Capital Assets, Net of Related Debt		<u>\$ 17,589,594</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	Special Aid	School Store	School Lunch	Debt Services	Capital Projects	Total
Assets:						
Cash	\$ 70,306	\$ 11,876	\$ 134,534	\$ 890,000	\$ 685,172	\$ 1,791,888
Accounts receivable	-	-	6,794	-	-	6,794
Inventory	-	5,785	47,042	-	-	52,827
Due from other funds	-	-	-	473,330	-	473,330
Due from State and Federal	1,194,750	-	124,398	-	-	1,319,148
Total Assets	<u>\$ 1,265,056</u>	<u>\$ 17,661</u>	<u>\$ 312,768</u>	<u>\$ 1,363,330</u>	<u>\$ 685,172</u>	<u>\$ 3,643,987</u>
Liabilities:						
Accounts payable	\$ 168,968	7	\$ 137,064	\$ -	\$ 72,532	\$ 378,571
Retainage payable	-	-	-	-	169,095	169,095
BAN payable	-	-	-	-	17,500,000	17,500,000
Due to other funds	1,031,805	-	-	-	160,665	1,192,470
Due to other governments	-	124	927	-	-	1,051
Deferred revenues	64,283	-	-	-	-	64,283
Total Liabilities	<u>\$ 1,265,056</u>	<u>\$ 131</u>	<u>\$ 137,991</u>	<u>\$ -</u>	<u>\$ 17,902,292</u>	<u>\$ 19,305,470</u>
Fund Equity (Deficiency):						
Reserved for encumbrances	197,709	-	8,091	-	559,560	765,360
Deficit	(197,709)	-	-	-	(17,776,680)	(17,974,389)
Unreserved - Undesignated	-	17,530	166,686	1,363,330	-	1,547,546
Total Fund Equity (Deficit)	<u>\$ -</u>	<u>\$ 17,530</u>	<u>\$ 174,777</u>	<u>\$ 1,363,330</u>	<u>\$ (17,217,120)</u>	<u>\$ (15,661,483)</u>
Total Liabilities and Fund Equity	<u>\$ 1,265,056</u>	<u>\$ 17,661</u>	<u>\$ 312,768</u>	<u>\$ 1,363,330</u>	<u>\$ 685,172</u>	<u>\$ 3,643,987</u>

ENLARGED CITY SCHOOL DISTRICT OF TROY, NEW YORK
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY (DEFICIENCY) -
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	Special Aid	School Store	School Lunch	Debt Service	Capital Projects	Total
Revenues:						
Miscellaneous	\$ -	\$ -	380	\$ -	\$ -	380
Use of money and property	-	83	2,638	-	-	2,721
Sales	-	8,754	401,793	-	-	410,547
State aid	2,153,466	-	65,287	-	-	2,218,753
Federal aid	4,216,440	-	1,391,470	-	-	5,607,910
Total Revenues	<u>6,369,906</u>	<u>8,837</u>	<u>1,861,568</u>	<u>-</u>	<u>-</u>	<u>8,240,311</u>
Expenditures:						
General support	3,821,616	-	-	-	-	3,821,616
Cost of sales	-	4,655	1,854,386	-	-	1,859,041
Instruction	2,626,966	-	-	-	-	2,626,966
Capital outlay	-	-	-	-	8,584,055	8,584,055
Total Expenditures	<u>6,448,582</u>	<u>4,655</u>	<u>1,854,386</u>	<u>-</u>	<u>8,584,055</u>	<u>16,891,678</u>
Deficiency of Revenues Over Expenditures	<u>(78,676)</u>	<u>4,182</u>	<u>7,182</u>	<u>-</u>	<u>(8,584,055)</u>	<u>(8,651,367)</u>
Other Financing Sources and Uses:						
Bond Premium	-	-	-	-	350,000	350,000
Operating transfers in	78,676	-	67,300	-	100,000	245,976
Total Other Sources (Uses)	<u>78,676</u>	<u>-</u>	<u>67,300</u>	<u>-</u>	<u>450,000</u>	<u>595,976</u>
Deficiency of Revenues and Other Sources Over Expenditures and Other Uses	<u>-</u>	<u>4,182</u>	<u>74,482</u>	<u>-</u>	<u>(8,134,055)</u>	<u>(8,055,391)</u>
Fund Equity - Beginning of Year	<u>-</u>	<u>13,348</u>	<u>100,295</u>	<u>1,363,330</u>	<u>(9,083,065)</u>	<u>(7,606,092)</u>
Fund Equity (Deficiency) - End of Year	<u>\$ -</u>	<u>\$ 17,530</u>	<u>\$ 174,777</u>	<u>\$ 1,363,330</u>	<u>\$(17,217,120)</u>	<u>\$(15,661,483)</u>