

In the opinion of Barclay Damon LLP, Bond Counsel to the School District, under existing law and assuming compliance with certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the School District, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. Bond Counsel is also of the opinion that, under existing law, 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 "TAX MATTERS" herein regarding certain other tax considerations.

The Notes will NOT be designated as or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$10,100,000

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

ALBANY COUNTY, NEW YORK

GENERAL OBLIGATIONS

\$10,100,000 Bond Anticipation Notes, 2024 Series A (the "Notes")

Dated: April 17, 2024

Due: April 17, 2025

The Notes will constitute general obligations of the City School District of the City of Albany, Albany County, New York (the "School District" or "District"), will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes and will be payable from ad valorem taxes, which may be levied upon all the taxable real property within the District, without limitation as to rate or amount. See "NATURE OF THE OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. **The Notes will be issued without the option of prior redemption.**

At the option of the purchaser(s), the Notes will be issued as registered notes registered in the name of the purchaser or in book-entry-only form. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the offices of the District. The purchaser(s) shall have the right to designate a bank or banks located and authorized to do business in the State of New York as the place or places for the payment of the principal and interest on the Notes. Any related bank fees are to be paid by the purchaser(s). A single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate.

If the purchaser(s) notifies Bond Counsel by 3:00 P.M., prevailing time on the date of sale, such Notes may be issued in the form of book-entry-only notes, in denominations corresponding to the aggregate principal amount for each Note bearing the same rate of interest and CUSIP number. In the event that the purchaser(s) choose book-entry-only notes, as a condition to delivery of the Notes, the successful bidder(s) will be required to cause such note certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the Notes. Individual purchases of beneficial ownership interests in the Notes may only be made through book entries (without certificates issued by the District) made on the books and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable by the District by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Barclay Damon LLP, Bond Counsel, Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon with the purchaser(s) on or about April 17, 2024.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on April 4, 2024 by no later than 10:30 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

April __, 2024

THE 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 DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX-D, MATERIAL EVENT NOTICES" HEREIN.

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY ALBANY COUNTY, NEW YORK

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FISCAL ADVISORS & MARKETING, INC.
School District Municipal Advisor



BARCLAY DAMON LLP
School District Bond Counsel

No person has been authorized by the City School District of the City of Albany 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 City School District of the City of Albany.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
CITY SCHOOL DISTRICT OF THE CITY OF ALBANY
ALBANY COUNTY, NEW YORK

Relating To
\$10,100,000 Bond Anticipation Notes, 2024 Series A

This Official Statement, which includes the cover page, has been prepared by the City School District of the City of Albany, Albany County, New York (the “School District” or “District”, “County”, and “State”, respectively) in connection with the sale by the School District of \$10,100,000 principal amount of Bond Anticipation Notes, 2024 Series A (referred to herein as the “Notes”).

The factors affecting the 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 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 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 District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

THE NOTES

Description of the Notes

The Notes will be general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon 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 District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See “NATURE OF THE OBLIGATION” and “TAX LEVY LIMITATION LAW” herein.

The Notes will be dated April 17, 2024 and will mature, **without option of prior redemption**, on April 17, 2025. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

If the Notes are issued registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District. In such case, the Notes will be registered in the name of the purchaser and a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

Purpose of Issue

The Notes are issued pursuant to the Constitution and Statutes of the State of New York, including the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on March 17, 2022 authorizing the issuance of not to exceed \$10,100,000 of obligations to finance the renovation, reconstruction, and improvement of various District buildings, the acquisition of equipment, machinery or apparatus required for the purposes for which such buildings are to be used and payment of incidental costs related thereto, in order to increase energy efficiency, at an estimated maximum cost of \$10,100,000 (the “Energy Efficiency Project”).

The proceeds of the Notes will provide \$10,100,000 in original financing for the Energy Efficiency Project.

NATURE OF THE OBLIGATION

The Notes when duly issued and paid for will constitute a contract between the District and the holder thereof.

Holders of any series of notes or bonds of the District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, without limitation as to rate or amount.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “TAX LEVY LIMITATION LAW” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the City’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating

authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes, if so requested. 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. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world’s largest depository, 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 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 is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 and www.dtc.org.

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. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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 upon DTC's receipt of funds and corresponding detail information from the District, on payable date 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 nor its nominee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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 District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The 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 District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that a purchaser of the Notes elect to have the Notes issued in certificated form or if such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at the option of the District at the offices of the District or, at the option of the purchaser, at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District, with paying agent fees to be paid by the purchaser. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District is located in Albany County, New York. The District lies entirely within the City of Albany (the “City”), which lies on the western bank of the Hudson River and is approximately 140 miles north of New York City. The District encompasses a land area of about 19 square miles. The District became fiscally independent of the City, pursuant to Chapter 65 of the Laws of 1972, after the population of the City was determined to be below 125,000 according to the 1970 U.S. Census.

The City is the capital of New York State and the County Seat of Albany County. The City is also a trading and distribution center of agricultural and manufactured products between western New York State, the New England States, northeast New York, Canada, New York City and points south with transportation available by air, rail, truck and water. The Port of Albany, operated by the Albany Port District Commission, handles cargo consisting of more than a dozen different commodities originating in and being shipped to foreign countries and other cities in the United States. Industrial activity in the City includes printing, publishing, foundries, machine shops, bakeries, meat packing, dental equipment and paper products.

The City is a center for higher education and is the site of the State University of New York at Albany, as well as Albany Law School, Albany College of Pharmacy and Albany Medical College. Within close proximity to the City are Siena College in the Town of Colonie, and Rensselaer Polytechnic Institute and Russell Sage College, both of which are in the City of Troy.

Rail passenger service to New York City, the City of Buffalo and to the western portion of New York State is provided by Amtrak at the Rensselaer station, which is located outside the City of Albany but is easily accessible. Major bus lines operate in all directions from the Albany Bus Terminal. Truck traffic is facilitated by US Interstates 87 (Adirondack Northway) and 90 (New York State Thruway) with two access points in the City. Other major highways include Interstate 787, US Routes 9W and 20, and State Routes 5, 35, 43, 85, 144 and 377. The Albany International Airport, located nearby in the Town of Colonie, provides passenger and freight service and accommodates both general aviation and military services.

Source: District officials.

District Population

The 2022 estimated population of the District is 99,692. (Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates.)

Note: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates data is not available as of the date of this Official Statement.

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, are the City and the County listed below. The figures set below with respect to such City and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the City or the County are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2018-2022</u>	<u>2000</u>	<u>2006-2010</u>	<u>2018-2022</u>
City of:						
Albany	\$ 18,281	\$ 23,341	\$ 34,195	\$ 39,932	\$ 52,215	\$ 78,841
County of:						
Albany	23,345	30,863	44,101	56,724	76,159	110,201
State of:						
New York	23,389	30,948	47,173	39,741	67,405	100,846

Source: U.S. Census Bureau, 2017-2021 American Community Survey 5-Year Estimates.

Note: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates data is not available as of the date of this Official Statement.

Larger Employers

Below are some of the major employers located within or in close proximity to the District that provide District residents with employment.

<u>Name</u>	<u>Type</u>	<u>Employees</u>
State of New York ⁽¹⁾⁽²⁾	Government	30,762
United States ⁽¹⁾	Government	8,092
Albany Medical Center	Hospital	5,269
University at Albany	Education	4,500
St. Peter's Hospital	Hospital	3,388
Verizon Communications	Utility	3,000
Albany County ⁽¹⁾	Government	2,995
Albany City School District	Education	1,800
City of Albany	Government	1,463
Veteran's Administration Hospital	Hospital	1,200

⁽¹⁾ Includes employees at facilities located outside of the District, but within the County.

⁽²⁾ Does not include public authorities.

Source: District officials.

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 the County of Albany. The information set forth below with respect to the County is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County is necessarily representative of the District, or vice versa.

	<u>Annual Average</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Albany County	4.2%	3.7%	3.5%	6.9%	4.4%	3.0%	3.3%
New York State	4.6%	4.1%	3.9%	9.8%	7.1%	4.3%	4.2%

	<u>2023-24 Monthly Figures</u>											
	<u>2023</u>						<u>2024</u>					
	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>
Albany County	2.6%	2.9%	3.2%	3.3%	3.6%	3.4%	3.5%	3.4%	3.7%	3.8%	3.9%	N/A
New York State	3.6%	3.9%	4.1%	4.2%	4.5%	4.2%	4.4%	4.2%	4.4%	4.3%	4.5%	N/A

Note: Unemployment rates for the month of March 2024 are not available as of the date of this Official Statement.

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

Form of School Government

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

The legislative power of the District is vested in the Board of Education of the District (the "Board" or "Board of Education"). The Board of Education, which is the policy-making body of the District, consists of seven members with overlapping 4-year terms. Each Board member must be a qualified voter of the District. The President and the Vice President are selected by the Board members.

Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the District for the ensuing fiscal year (tentative budget) and distributes that statement not less than seven days prior to the date on which the annual school budget election is conducted, at which the tentative budget is voted upon in May. Notice of the annual election is published as required by statute with a first publication not less than forty-five days prior to the day of election.

Pursuant to Chapter 97 of the Laws of 2011 (“Chapter 97”), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the “Tax Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the District to exceed the Tax Cap also must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see “TAX LEVY LIMITATION LAW” herein.

Recent Budget Votes

The budget for the 2022-23 fiscal year was approved by qualified voters on May 17, 2022 by a vote of 1,925 yes to 540 no. The adopted budget included a total tax levy increase of 0.90%, which was within the District’s Tax Cap of 2.40% for the 2022-23 fiscal year.

The budget for the 2023-24 fiscal year was approved by qualified voters on May 16, 2023 by a vote of 1,611 yes to 403 no. The adopted budget included no tax increase, which was within the District’s Tax Cap of 1.49% for the 2023-24 fiscal year.

Investment Policy

Pursuant to the statutes of the State, the District is permitted to temporarily invest moneys which are not required for immediate expenditures with the exception of moneys the investment of which is otherwise provided for by law, only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State; (5) with the approval of the State Comptroller, tax anticipation notes and revenue anticipation notes issued by any State municipality, school district or district corporation, other than the District; (6) obligations of a State public benefit corporation which are made lawful investments for the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State; and, (8) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the District’s current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

State Aid

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2023-24 fiscal year, approximately 52.9% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

In addition to the amount of State aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the 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”).

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 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.

There can be no assurance that the State’s financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 and 2021 to 2023 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State’s fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017 and the State’s 2023-24 Budget which was not adopted until May 3, 2023. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Federal aid received by the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances.

Since March 2020, the State has been awarded over \$14 billion in Federal education COVID response funding through the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act; Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (“CRRSA”); and the American Rescue Plan (“ARP”) Act. These funds are supporting the ability of local educational agencies to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools in the State. The District has been allocated a total of approximately \$32,744,167 in ARP funds and \$14,000,460 in CRRSA funds. As of the date of this Official Statement, the District has received its ARP and CRRSA funds in full.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

Building Aid

A portion of the 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.

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in a timely manner. The building aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the building aid ratio that is assigned to the District, and amortized over the predefined timeframe. 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.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2024-25 preliminary building aid ratios, the District expects to receive State building aid of approximately 86.6% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

State aid history:

State aid to school districts within the State has declined in some recent years before increasing again in more recent years.

School District Fiscal Year (2019-2020): The State 2019-2020 Enacted Budget included a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6% and will provide additional funding for Foundation Aid of \$338.0 million and \$409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increased the minimum community schools funding amount from \$75,000 to \$100,000. This ensured all high-need districts across the State could apply the funds to a wide-range of activities.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State aid, in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and

school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

School district fiscal year (2021-2022): The State's 2021-22 Enacted Budget included \$29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

School district fiscal year (2022-2023): The State's 2022-23 Enacted Budget included \$31.5 billion in State funding to school districts for the 2022-23 school year. This represented an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and included a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also included \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocated \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increased federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School District fiscal year (2023-2024): The State's 2023-24 Enacted Budget includes \$34.5 billion for school aid, an increase of \$3.1 billion or 10%, which is the highest level of State aid to date. The States 2023-24 Budget also provides a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provides \$134 million to increase access to free school meals. An additional \$20 million in grant funding will establish new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

School District Fiscal Year 2024-25. On January 16, 2024, Governor Kathy Hochul delivered the 2024-25 Executive Budget to the New York State Legislature. The 2024-25 Executive Budget includes \$35.3 billion for school aid, representing an annual increase of approximately \$921 million (2.7 percent), inclusive of the State's full takeover of funding for prekindergarten expansion grants previously supported with Federal ARP funds. Excluding the State funds needed to support this takeover, the school aid increase totals \$825 million (2.4 percent) and includes a \$507million (2.1 percent) increase in foundation aid. The 2024-25 Executive Budget proposes the removal of the "save harmless" provision, which currently ensures a school district receives at least the same amount of foundation aid as it received in the prior year. This change may result in school districts receiving less foundation aid than in previous years. In order to moderate the impact of the removal of the "save harmless" provision, the Executive Budget includes a wealth-based "transition adjustment", allowing school districts to retain \$207 million of excess foundation aid in SY 2025. The 2024-25 Executive Budget also includes a \$318 million increase in all other school aid programs, including expense-based aids, categorical aids, and competitive grants, and \$100 million of supplemental assistance grants that will provide additional aid to school districts. In fiscal years 2022 and 2023, public school districts were awarded \$14 billion of federal elementary and secondary school emergency relief funds, available for use over multiple years. The 2024-25 Executive Budget is subject to approval by the New York State Legislature and being signed into law by the Governor. There is no assurance that the 2024-25 Executive Budget will be adopted as presented to the State Legislature and no way to predict changes, if any, the Governor and the State Legislature may agree to.

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in Foundation Aid over a four fiscal year phase-in covering 2007 to 2011.

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York (“NYSER”) and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the *Campaign for Fiscal Equity* case that absent “gross education inadequacies”, claims regarding state funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the *New Yorkers for Students' Educational Rights v. New York State* case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the Campaign for Fiscal Equity cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enacted this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall.
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall.
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts.

State Aid Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the last five completed fiscal years, as well as budgeted figures for the 2023-24 fiscal year comprised of State aid.

<u>Fiscal Year</u>	<u>Total State Aid</u>	<u>Total Revenues</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2018-2019	\$108,188,370	\$243,950,975	44.35%
2019-2020	115,836,077	252,174,439	45.93
2020-2021	113,481,385	260,790,961	43.51
2021-2022	126,648,351	269,108,521	47.06
2022-2023	145,458,769	297,788,828	48.85
2023-2024 (Budgeted)	160,254,456	303,216,201 ⁽¹⁾	52.85

⁽¹⁾ Does not include \$4,052,257 of appropriated fund balance and use of reserves.

Source: 2018-19 through and including 2022-23 audited financial statements of the District and the adopted budget (unaudited) of the District for the 2023-24 fiscal year. This table is not audited.

Enrollment Trends

The table below presents the District's historic and projected enrollment for Grades K-12.

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2019-20	8,610	2024-25	7,812
2020-21	8,231	2025-26	7,619
2021-22	7,977	2026-27	7,452
2022-23	7,893	2027-28	7,287
2023-24	8,047	2028-29	7,134

Source: District officials.

Employees

The District employs a total of 1,782 full-time and 24 part-time employees with representation by the various bargaining units listed below:

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
999	Albany Public School Teachers' Association	June 30, 2025
704	Albany Public School United Employees' Association	June 30, 2026
67	Albany Public School Administrators' Association	June 30, 2025
46	Non-Union	N/A

Source: District officials.

School District Facilities

<u>Name</u>	<u>Capacity</u>	<u>Year(s) Built</u>
<u>Elementary Schools:</u>		
Pine Hills Elementary School (formerly PS 16)	450	2006
Delaware Community School (formerly PS 18)	450	2006
New Scotland Elementary School (formerly P.S. 19)	450	1919, '49, '91, '08
North Albany Academy	450	1924, '54
Eagle Point Elementary School	300	1925
Philip J. Schuyler Achievement Academy	300	2004
Sheridan Preparatory Academy	450	2004
Montessori Magnet School	325	2005
Albany School of Humanities	550	1921, '30, '95
Thomas O'Brien Academy	525	1954, '63, '91
Giffen Memorial	550	1961, '63, '91
Arbor Hill	550	1973, '91
<u>Middle Schools:</u>		
Edmund J. O'Neal Middle School of Excellence	500	2002
Steven & Harriet Myers	650	2005
Wm. S. Hackett	650	1925, '27, '91
<u>High School:</u>		
Albany High School	2,785	1974
<u>Special Schools:</u>		
Occupational Center	275	1925
Tony Clement Center for Education	350	2011
<u>Other Buildings:</u>		
Administration Building	----	1816
Harriet Gibbons High School	200	1927, '02
Sunshine Building ⁽¹⁾	----	1836

Note: In May 2019 voters of the District approved a referendum authorizing the creation of a third large middle school (and repurposing a smaller one) to accommodate a growing middle school population and move 6th grades from some elementary buildings to a grade 6-8 setting. The new middle school will accommodate 650 students. See "STATUS OF INDEBTEDNESS – Capital Project Plans" herein.

⁽¹⁾ District is in the process of selling the Sunshine School Building, which was a former office building and has not been in use by the District since 2011.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the 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 had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. 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 (other than those in Tier V and VI, as described below) working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, a new Tier VI pension program was signed into law, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2023-24 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-2019	\$ 2,407,803	\$ 9,474,077
2019-2020	2,763,690	7,678,743
2020-2021	3,344,939	7,919,965
2021-2022	3,468,747	8,767,621
2022-2023	2,727,977	8,684,486
2023-2024 (Budgeted)	2,914,256	10,236,860

Source: District officials.

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually. Although permitted by recently enacted laws, the District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

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 District currently does not have early retirement incentive programs.

Historical Trends and Contribution Rates. 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.

A chart of average ERS and TRS rates as a percent of payroll (2018-19 to 2024-25) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-19	14.9%	10.62%
2019-20	14.6	8.86
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.02*

* Estimated. Final contribution rate expected to be adopted at the July 31, 2024 TRS Retirement Board meeting.

In 2003, 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 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 is 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.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that authorized local governments, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS (the “Stable Rate Pension Contribution Option”). For 2016-17 the stable contribution option rate is 15.1% for ERS and 14.13% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

The District did not participate in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, included a provision that allows school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts are permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS reserve fund as of June 2021.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District’s employees is not subject to the direction of the 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 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.

Other Post-Employment Benefits

Healthcare Benefits. 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 requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions 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. 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.

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 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

The District contracted with Capital Region BOCES to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability for the 2022 and 2023 fiscal years, by source.

	Balance beginning at:	July 1, 2021	July 1, 2022
		<u>\$ 645,049,292</u>	<u>\$ 439,737,443</u>
<u>Changes for the year:</u>			
Service cost		29,009,860	14,313,125
Interest on total OPEB liability		14,421,167	15,882,329
Changes in Benefit Terms		-	-
Differences between expected and actual experience		(122,853,124)	(2,371,853)
Changes in Assumptions or other inputs		(112,995,821)	(40,633,278)
Benefit payments		<u>(12,893,931)</u>	<u>(10,889,141)</u>
Net Changes		<u>\$ (205,311,849)</u>	<u>\$ (23,698,818)</u>
	Balance ending at:	June 30, 2022	June 30, 2023
		<u>\$ 439,737,443</u>	<u>\$ 416,038,625</u>

Source: Audited financial reports of the District. For additional information see "APPENDIX - D" attached hereto. The above table is not audited.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved \$0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2023 and has been filed with the Electronic Municipal Market Access (“EMMA”) website. It is also attached hereto as “APPENDIX-D” to this Official Statement. Certain summary financial information of the District can also be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement 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 State Comptroller’s Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State’s school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State’s school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district’s ST-3 report filed with the State Education Department annually, and each municipality’s annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “significant fiscal stress”, in “moderate fiscal stress,” as “susceptible to fiscal stress” or “no designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The classifications of the District for the 2018-19 through 2022-23 fiscal years are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	No Designation	0.0
2022	No Designation	3.3
2021	No Designation	6.7
2020	No Designation	21.7
2019	Susceptible	38.3

Additional information regarding the Fiscal Stress Monitoring System can be found by visiting the Fiscal Stress Monitoring System section of the Office of the State Comptroller website.

Source: Website of the Office of the New York State Comptroller. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

New York State Comptroller Reports of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released an audit report of the District on August 18, 2017. The purpose of the audit was to determine whether employee salaries and wages were accurately paid for the period July 1, 2015 through March 31, 2017. Key findings and recommendations from the audit report are outlined below:

Key Findings

- Except for minor discrepancies which we discussed with District officials, the District accurately calculated and paid gross salaries and wages.

Key Recommendations

- There were no written recommendations as a result of this audit.

In addition to State Comptroller's audit reports of the District, there are audit reports of various charter schools located within the District. Complete copies of these audit reports can be found via the website of the Office of the New York State Comptroller.

There are no other State Comptrollers audits of the District that are currently in progress or pending release at this time.

Source: Website of the Office of the New York State Comptroller. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

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

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

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness" this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

TAX INFORMATION

Taxable Valuations

<u>Year of Assessment Roll:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Year of District Tax Roll:</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
<u>Taxable Assessed Valuation</u>					
City of Albany	\$ 4,904,442,472	\$ 4,934,873,405	\$ 4,920,665,949	\$ 4,887,183,131	\$ 4,961,479,804
Totals	<u>\$ 4,904,442,472</u>	<u>\$ 4,934,873,405</u>	<u>\$ 4,920,665,949</u>	<u>\$ 4,887,183,131</u>	<u>\$ 4,961,479,804</u>
<u>State Equalization Rates</u>					
City of Albany	97.00%	93.40%	89.50%	79.72%	70.83%
<u>Taxable Full Valuation</u>					
City of Albany	\$ 5,056,126,260	\$ 5,283,590,369	\$ 5,497,950,781	\$ 6,130,435,438	\$ 7,004,771,713
Totals	<u>\$ 5,056,126,260</u>	<u>\$ 5,283,590,369</u>	<u>\$ 5,497,950,781</u>	<u>\$ 6,130,435,438</u>	<u>\$ 7,004,771,713</u>

Source: District officials.

Note: As of November 7, 2023, special state equalization ratios are no longer calculated for small city school districts, including the District, according to the New York State Department of Taxation and Finance. See also note to “Debt Statement Summary” herein.

Tax Rates Per \$1,000 (Assessed)

<u>Year of District Tax Roll:</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
City of Albany					
Homestead	\$ 23.07	\$ 21.91	\$ 21.95	\$ 22.01	\$ 21.96
Non-Homestead	30.35	28.22	28.96	30.02	29.06

Source: District officials.

Tax Collection Procedure

Taxes are collected by the District and are due on September 1st. There is no interest charged for the first thirty days after taxes are due, but if paid during the month of October there is a 3% interest charge imposed; if paid from November 1st to November 15th a 4% interest charge is imposed. After November 15th, uncollected taxes are turned over to the Director of Finance of Albany County for collection and additional interest at the rate of 1% per month plus a 5% penalty thereto. The County guarantees the District’s tax levy and continues to collect delinquent taxes, paying the same to the District as collected. At the end of November, the County buys the entire unpaid tax roll amount plus interest.

Tax Levy and Collection Record

<u>Year of District Tax Roll:</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Tax Levy	\$115,514,377	\$117,813,113	\$120,118,833	\$121,259,962	\$122,351,302
Total Uncollected ⁽¹⁾	7,417,888	6,871,195	8,408,318	7,454,554	7,860,367
Percent Collected	6.42%	5.83%	7.00%	6.15%	6.42%

⁽¹⁾ The District is made whole on uncollected taxes. See “Tax Collection Procedure” herein.

Source: District officials.

Real Property Taxes

The following table illustrates the percentage of total General Fund revenues of the District for each of the last five completed fiscal years, as well as budgeted figures for the 2023-24 fiscal year comprised of Real Property Taxes and Tax Items.

<u>Fiscal Year</u>	<u>Total Real Property Taxes & Tax Items</u>	<u>Total Revenues</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2018-2019	\$122,446,187	\$243,950,975	50.19%
2019-2020	125,349,102	252,174,439	49.71
2020-2021	127,218,860	260,790,961	48.78
2021-2022	128,383,500	269,108,521	47.71
2022-2023	130,159,533	297,616,956	43.73
2023-2024 (Budgeted)	129,819,145	303,216,201 ⁽¹⁾	41.45

⁽¹⁾ Does not include \$4,052,257 of appropriated fund balance and use of reserves.

Source: 2018-19 through and including 2022-23 audited financial statements of the District and the adopted budget (unaudited) of the District for the 2023-24 fiscal year. This table is not audited.

Ten Largest Taxpayers - 2022 Assessment Roll for 2022-23 District Tax Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
National Grid	Utility	\$ 248,116,812
99 Washington LLC	Commercial	38,750,000
Alexander at Patroon	Commercial	34,000,000
Washington Commons	Commercial	33,888,000
Albany Port District	Commercial	24,241,683
Wal-Mart Stores East LP	Commercial	20,000,000
Kenwood Commons, LLC	Commercial	18,000,000
Shelbourne Albany LLC	Commercial	17,900,000
Perennial Fee Partners	Commercial	16,687,100
HTA-1223 Washington, LLC	Utility	16,591,400

The ten larger taxpayers listed above have a total assessed valuation of \$468,174,995 which represents 9.58% of the tax base of the District.

The District experiences the impact of tax certiorari filings on a regular basis. At this time, the level of tax certiorari filings are within acceptable norms and, if decided adversely to the District, are not anticipated to have a material adverse impact on the District's finances.

Source: District Tax Rolls.

Additional Tax Information

Real property located in the District is assessed by the City.

Senior Citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-54.7% and Commercial-45.3%.

The estimated total annual property tax bill of a \$150,000 market value residential property located in the District is approximately \$5,538 including County, City and District taxes.

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. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$98,700 or less in 2023-2024, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$81,400 for the 2023-24 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of \$250,000 or less have the option to select the credit or the exemption.

The 2020-21 Enacted State Budget further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemptions and credits are not impacted by this program; they may continue to receive STAR benefits even if their property taxes are delinquent. While former Governor Cuomo had issued various Executive Orders in response to COVID-19 pandemic that temporarily precluded the State Tax Department from disallowing STAR exemptions or credits, the most recent of such Executive Orders expired on July 5, 2021.

The 2022-23 Enacted State Budget provided \$2.2 billion in State funding for a new one-year property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients were eligible for the property tax rebate where the benefit was a percentage of the homeowners’ existing STAR benefit.

The below table lists the basic and enhanced exemption amounts for the 2023-24 District tax roll for the municipalities applicable to the District:

<u>City of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Albany	\$ 64,890	\$ 23,920	4/6/2023

\$6,048,359 of the District’s \$122,351,302 school tax levy for the 2022-23 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2023.

\$5,436,325 of the District’s \$122,351,302 school tax levy for the 2023-24 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2024.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (“Chapter 97” or the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective City.)

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year’s budget or one hundred twenty percent (120%) of the consumer price index (“CPI”).

Chapter 97 requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and is an exclusion from the tax levy limitation, applicable to the Notes.

See "State Aid" for a discussion of the *New Yorkers for Students' Educational Rights v. State of New York* case which includes a challenge to the supermajority requirements regarding school district property tax increases.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations in summary form, and as generally applicable to the District and the Notes, include the following:

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

The District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of the 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. The 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.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the 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.

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining 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. The Legislature prescribes the manner by which such ratio shall be determined.

The 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 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 District is in the process of complying with this estoppel procedure in connection with the Notes.

The Board of Education, as the finance board of the 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 District, pursuant to the Local Finance Law.

The 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 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>Fiscal Years Ending June 30:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds ⁽¹⁾	\$ 105,065,000	\$ 95,080,000	\$ 84,985,000	\$ 137,930,000	\$ 188,885,000
NYPA Projects	1,100,090	916,625	729,089	535,819	339,854
Bond Anticipation Notes	75,543,840	77,892,000	99,277,155	86,225,155	47,881,000
Tax / Revenue Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 181,708,930</u>	<u>\$ 173,888,625</u>	<u>\$ 184,991,244</u>	<u>\$ 224,690,974</u>	<u>\$ 237,105,854</u>

⁽¹⁾ Does not include advance refunded bonds outstanding as of the end of the fiscal year where applicable.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of March 27, 2024:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2024-2051	\$ 188,885,000
<u>NYPA Loan</u>	November 1, 2027	210,678
<u>Bond Anticipation Notes</u>		
Capital Improvement Projects	June 27, 2024	<u>47,881,000</u>
Total Indebtedness		<u>\$ 236,976,678</u>

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of March 27, 2024:

Full Valuation of Taxable Real Property	\$ 7,004,771,713
Debt Limit 10% thereof	700,477,171
<u>Inclusions:</u>	
Bonds.....	\$ 188,885,000
Bond Anticipation Notes	<u>47,881,000</u>
Total Inclusions.....	<u>\$ 236,766,000</u>
<u>Exclusions:</u>	
State Building Aid ⁽¹⁾	\$ <u>0</u>
Total Exclusions.....	<u>\$ 0</u>
Total Net Indebtedness	<u>\$ 236,766,000</u>
Net Debt-Contracting Margin.....	<u>\$ 463,711,171</u>
The percent of debt contracting power exhausted is	33.80%

(1) Pursuant to the provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2024-25 Building Aid Ratios, the School District anticipates State Building aid of 86.6% for debt service on SED approved expenditures from July 1, 2004 to the present. 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 School District will receive in relation to its capital project indebtedness.

Note: The above debt statement summary does not include any outstanding lease or installment purchase obligations, which are subject to appropriation but do not involve a pledge of faith and credit of the District, and therefore do not technically constitute indebtedness of the District. Such obligations are, however, counted against the debt limit of the District. The District remains within its debt limit after taking into account the outstanding balance of such obligations.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

Note: On November 7, 2023, State voters approved a proposed amendment to the State Constitution that removed a constitutional debt limitation previously imposed on small city school districts. A small city school district is one that is partly or wholly within a city having fewer than one hundred twenty-five thousand inhabitants. The State Constitution previously provided that small city school districts were not allowed to contract indebtedness for education purposes that would exceed an amount equal to five percent of the average full valuation of taxable real estate in the school district. The approved amendment to the State Constitution eliminated that constitutional debt limitation applicable to small city school districts, rendering small city school districts subject to the same ten percent limitation applicable to other school districts in the State.

Bonded Debt Service

A schedule of bonded debt service may be found in “APPENDIX – B” to this Official Statement.

Cash Flow Borrowing

The District, historically, does not issue tax anticipation notes and/or revenue anticipation notes nor does it plan on issuing any in the foreseeable future.

The District has borrowed for tax certiorari claims in the past, but not within the last five years. The District currently has a reserve to pay all known future claims.

Capital Project Plans

The District currently operates twelve elementary schools, three middle schools, and one primary high school with extended programs in two additional buildings. Over the past twelve years, the District has completed over \$200 million of renovations and new construction at the elementary and middle schools.

On February 9, 2016, voters of the District approved a \$179,900,000 capital project consisting of the construction of additions to and reconstruction of the Albany High School (the “High School Project”). The District plans to utilize \$1,805,543 of EXCEL Aid and the proceeds of bonds and notes in the amount of \$178,094,457 to fund the High School project. Construction on the High School Project began in summer 2018 and is expected to take approximately nine years to complete. On May 16, 2023, voters of the District approved a proposition authorizing the District to increase the aggregate estimated maximum cost of the High School Project referenced above to \$188,900,000 and to expend an additional \$9 million from its Capital Reserve Fund to offset inflationary cost increases. To date, the District has issued \$137,941,900 of obligations pursuant to this authorization, of which a \$67,440,000 portion of such outstanding bond anticipation notes were redeemed with \$66,165,000 net proceeds of bonds issued through the Dormitory Authority of the State of New York that were issued on June 15, 2023 together with \$1,275,000 available funds of the District. The balance of the outstanding bond anticipation notes in the amount of \$17,534,900 were renewed through June 2024. The District has \$40,152,557 remaining authorized and unissued for the High School Project.

On May 21, 2019, voters of the District approved a capital project consisting of the purchase from the Albany Housing Authority and the Capital District YMCA of approximately 2.4 acres of land and the building, fixtures and other improvements located thereon, and the construction of additions to and the reconstruction of various District buildings and facilities, at a maximum aggregate cost of \$45,656,000 (including \$2,500,000 for the purchase of the YMCA Facility) and the expenditure of \$7,390,900 of reserve funds with the balance of \$30,621,100 to be financed with the issuance of bonds and notes (the “District-wide & Middle School Project”) This District-wide & Middle School Project will allow the District to execute a five-year facilities plan with 87 projects at 18 buildings, and renovate and expand North Albany to create a 650-student middle school that would open for the 2023-2024 school year. The District-wide & Middle School Project will also expand Arbor Hill Elementary School. About two-thirds (\$30.6 million) of the cost is expected to be paid for with State building aid. The remainder (\$15 million) of the cost will be paid from existing Capital Reserve Funds. The local share of the project will be covered by the existing Capital Reserve, so the project is not expected to have any local tax impact. To date, the District has issued \$30,346,100 of obligations pursuant to this authorization, of which \$30,346,100 bond anticipation notes are currently outstanding and will mature on June 27, 2024.

A summary of the capital project financings to date is outlined in the table below:

Purpose	Authorization Date	Amount Authorized	Other Sources of Funds & Reserves	Amount of Obligations Issued to Date	Remaining Amount Authorized and Unissued	Principal Reductions to Date	Amount Bonded to Date	Amount of Notes Currently Outstanding	Remaining Amount Expected to be Financed
High School Project	02/06/16	\$ 188,900,000	\$10,805,543	\$ 137,941,900	\$ 40,152,557	\$9,297,000	\$ 111,110,000	\$ 17,534,900	\$40,152,557
District-wide & Middle School Project	05/21/19	45,656,000	15,034,900	30,621,100	-	275,000	-	30,346,100	-
Total:		\$ 234,556,000	\$25,840,443	\$ 168,563,000	\$ 40,152,557	\$9,572,000	\$ 111,110,000	\$ 47,881,000	\$40,152,557

On May 17, 2022, voters of the District approved a proposition authorizing the District to undertake a \$10.1 million facilities project to increase energy efficiency at Albany School of Humanities (ASH), Arbor Hill Elementary School, Stephen and Harriet Myers Middle School, and William S. Hackett Middle School (the “Energy Efficiency Project”). The work would include HVAC and electrical upgrades, lighting improvements and solar installation. Additional work at other schools may be considered in the future. The entire cost of this project is expected to be paid for by State building aid and energy savings the District is expected to realize over 18 years through an energy performance contract expected to be undertaken in Spring/Summer 2024. Proceeds of the Notes will provide \$10,100,000 in original financing pursuant to this authorization.

Federal Sequestration

In December 2012, the District issued \$2,983,177 Qualified School Construction Bonds, 2012 (Federally Taxable – Direct Payment Bonds) (“QSCBs”) with a final maturity of 2027. At the time of issue the District expected from the Federal Government a 100% interest subsidy related to the QSCBs.

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments to certain state and local government filers claiming refundable credits under section 6431 of the Internal Revenue Code applicable to certain qualified bonds are subject to sequestration. This means that refund payments processed on or after October 1, 2020, and on or before September 30, 2030, will be reduced by the 5.7 percent sequestration reduction rate, irrespective of when the IRS received the Form 8038-CP with amounts claimed by an issuer. The sequestration reduction rate will be applied unless and until a law is enacted that cancels or otherwise affects the sequester, at which time the sequestration reduction rate is subject to change.

In addition, any future government shutdown may delay the processing of federal government payments to the District. If this were to occur, the District will be required to make payment of the full amount of interest due on the bonds at that time. These payments are expected to be reimbursed to the District with the government shutdown is over but when the federal government can process requests for, and make payment of, the applicable tax credit payments is not known at this time.

The District budgets annually for the full interest payment due on the QSCBs to cover for possible delays or shortfalls in the expected tax credit subsidy.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Albany	12/31/2022 ⁽³⁾	\$ 284,960,000	\$ 38,435,000	\$ 246,525,000	19.82%	\$ 48,861,255
City of:						
Albany	3/1/2024 ⁽³⁾	99,445,944	9,960,000	89,485,944	100.00%	89,485,944
Total:						<u>\$ 138,347,199</u>

Notes:

(1) Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.

(2) Water and sewer debt and / or appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Sources of information:

(3) Most recent available official statement of the municipality obtained from EMMA.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of March 27, 2024:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 236,766,000	\$ 2,374.97	3.38%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	375,113,199	3,762.72	5.36

(a) The 2022 estimated population of the District is 99,692. (See "THE SCHOOL DISTRICT – District Population" herein.)

(b) The full value of taxable real estate for the District's 2023-24 tax roll is \$7,004,771,713. (See "TAX INFORMATION – Taxable Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is \$138,347,199. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept for School Districts. 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 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. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond issued by a school district for school purposes shall file with the State Comptroller a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond. Such investigation by the State Comptroller shall cover the current status with respect to the payment of principal of and interest on all outstanding bonds of such school district issued for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such bonds of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the Notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the Notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

General Municipal Law Contract Creditors' Provision. The Notes when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. 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 and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, 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 or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

Constitutional Non-Appropriation Provision. 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." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

No Past Due Debt. No principal of or interest on District indebtedness is past due. The District has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the 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 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 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 District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the State's ability to borrow 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 District, in any year, the impact to the State's economy and financial condition due to the novel coronavirus ("COVID-19") outbreak and other circumstances, including State fiscal stress. In several recent years, the 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. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid. (See also "THE SCHOOL DISTRICT - State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District could have an impact upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Notes, or the tax status of interest on the Notes. See "TAX MATTERS" herein.

Cybersecurity

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

COVID-19

The COVID-19 outbreak spread globally, including to the United States, and was declared a pandemic by the World Health Organization. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the State took steps designed to mitigate the spread and impacts of COVID-19. The state of emergency declaration has since lapsed in the State. The outbreak of the disease affected travel, commerce and financial markets globally and could continue to affect economic growth worldwide. Efforts to contain the spread of COVID-19 reduced the spread of the virus and the restrictions put in place following the initial outbreak have been rescinded, and the coronavirus public health emergency expired on May 11, 2023. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State government to address it may negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State and the District's operations and financial condition may not be known for some time. Any resurgence of COVID-19 or similar variants could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District continues to monitor the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into an Undertaking to Provide Notice of Material Events Certificate, a description of which is attached hereto as “APPENDIX – C, MATERIAL EVENT NOTICES”.

Continuing Disclosure Compliance History

Other than stated below the District has in the previous five years complied, in all material respects, with any previous undertakings entered into thereby pursuant to Securities Exchange Commission Rule 15c2-12.

- The District failed to file its Annual Financial and Operating Data (“AFIOD”) for the fiscal year ended June 30, 2022 within a timely manner. The AFIOD was required to be filed to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) website no later than December 27, 2022 (180 days after the fiscal year end) but was not filed to EMMA until March 1, 2023. A failure to file notice was filed to EMMA on March 1, 2023
- The District failed to file its AFIOD for the fiscal year ended June 30, 2023 within a timely manner. The AFIOD was required to be filed to EMMA no later than December 27, 2023 (180 days after the fiscal year end). The District’s Audited Financial Statement for the fiscal year ended June 30, 2023 was completed on March 7, 2024 and was filed to EMMA together with the District’s AFIOD on March 27, 2024. A failure to file notice was filed to EMMA on March 27, 2024.

TAX MATTERS

In the opinion of Barclay Damon LLP, Bond Counsel to the District, under existing law, and assuming compliance with the certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the District, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the “adjusted financial statement income” of certain corporations is not excluded from the corporate alternative minimum tax under the Code. Bond Counsel also is of the opinion that, under existing law, 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).

Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences with respect to the Notes. The opinion of Bond Counsel will speak as of its date of issue and will not contain or provide any opinion or assurance regarding the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the “IRS”). In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Notes from gross income for federal income tax purposes.

General

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Included among these requirements are restrictions on the investment and use of proceeds of the Notes and the rebate of certain earnings in respect of such investments to the United States. The District and others have made certain representations, certifications of fact, and statements of reasonable expectations and the District has given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations.

In the event of the inaccuracy or incompleteness of any such representations, certifications or statements of reasonable expectation, or of the failure by the District to comply with any such covenant, the interest on the Notes could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Notes, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Notes is excluded from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a Beneficial Owner of the Notes. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of the Notes Bond and such Beneficial Owner’s other items of income, deduction or credit. Bond Counsel

expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition, or the accrual or receipt of interest on, the Notes.

Certain Collateral Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of the Notes may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Backup Withholding and Information Reporting

Interest paid on tax-exempt obligations is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Notes and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Notes, if other than the registered owner).

Legislation

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Notes for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Notes. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Beneficial Owners of the Notes may occur. Prospective purchasers of the Notes should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents the judgment of Bond Counsel as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts.

The Notes will NOT be designated or deemed designated by the District as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, Bond Counsel, Albany, New York to the effect that the Notes are valid and legally binding obligations of the 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, however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the alternative minimum tax under Section 55 of the Code, 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 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 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 District is subject to a number of lawsuits in the ordinary conduct of its affairs. The District does not believe, however, that such suits, individually or in the aggregate, if decided adversely to the District are likely to have a material adverse effect on the financial condition of the District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the District.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

If the Notes are issued in book-entry only form, it is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District provided, however; the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATINGS

The Notes are NOT rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX – D", attached hereto).

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their rating of "A+/Stable" to the District's outstanding general obligation bonds. This rating reflects only the view of S&P and an explanation of the significance of such rating may be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

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 particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of such Notes or the availability of a secondary market for 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.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent 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 holder of the Notes.

Barclay Damon LLP, Albany, New York, Bond Counsel to the District, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

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 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 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 District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The School District's contact information is as follows: Mr. Joseph A. Karas, Assistant Superintendent for Business and Finance, Administration Building, Academy Park, Albany, New York 12207, Phone: (518) 475-6020, Telefax: (518) 475-6024, email: jkaras@albany.k12.ny.us.

Additional information may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com.

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

Dated: April __, 2024

**PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER**

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>ASSETS</u>					
Unrestricted Cash (Overdraft)	\$ 19,037,456	\$ 16,085,425	\$ 23,015,466	\$ 21,542,104	\$ 23,748,332
Restricted Cash	11,827,499	12,987,396	32,826,203	45,898,201	67,108,447
Receivables:					
Taxes	-	-	-	-	-
State and Federal Aid Receivable	5,108,025	5,471,524	6,583,333	5,741,712	8,834,530
Due from Other Governments	1,546,582	2,495,400	2,619,320	2,730,387	2,606,636
Due from Other Funds	7,185,165	8,906,715	6,161,109	13,977,837	20,723,936
Other Receivables	678,849	254,966	236,608	331,334	269,493
Investments	-	-	-	-	-
Prepaid Expenses	240,666	353,468	266,227	124,384	110,877
TOTAL ASSETS	<u><u>\$ 45,624,242</u></u>	<u><u>\$ 46,554,894</u></u>	<u><u>\$ 71,708,266</u></u>	<u><u>\$ 90,345,959</u></u>	<u><u>\$ 123,402,251</u></u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 6,338,948	\$ 4,975,406	\$ 5,791,971	\$ 7,533,501	\$ 4,698,496
Accrued Liabilities	3,105,923	2,973,047	4,026,212	3,395,577	2,131,267
Revenue Anticipation Notes	-	-	-	-	-
Due to Other Funds	-	-	338	2,051,425	13,773,630
Due to Other Governments	-	-	-	-	2,784
Due to Teachers' Retirement Systems	10,804,965	9,344,817	8,850,571	10,356,228	11,031,311
Due to Employees' Retirement Systems	677,277	775,000	845,175	547,893	808,281
Compensated Absences	657,443	861,796	502,082	985,173	841,798
Accrued Interest Payable	-	-	-	-	-
Overpayments and Collections in Advance	128,134	174,217	-	-	354,959
Deferred Revenue	1,203,013	2,276,883	1,741,198	1,851,581	1,605,107
TOTAL LIABILITIES	<u><u>\$ 22,915,703</u></u>	<u><u>\$ 21,381,166</u></u>	<u><u>\$ 21,757,547</u></u>	<u><u>\$ 26,721,378</u></u>	<u><u>\$ 35,247,633</u></u>
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ 124,384	\$ 110,877
Restricted	12,068,165	13,340,864	33,092,430	45,898,201	67,108,447
Unrestricted:					
Assigned	5,997,021	4,976,895	6,068,696	6,191,238	8,644,556
Unassigned	4,643,353	6,855,969	10,789,593	11,410,758	12,290,738
TOTAL FUND EQUITY	<u><u>\$ 22,708,539</u></u>	<u><u>\$ 25,173,728</u></u>	<u><u>\$ 49,950,719</u></u>	<u><u>\$ 63,624,581</u></u>	<u><u>\$ 88,154,618</u></u>
TOTAL LIABILITIES and FUND EQUITY	<u><u>\$ 45,624,242</u></u>	<u><u>\$ 46,554,894</u></u>	<u><u>\$ 71,708,266</u></u>	<u><u>\$ 90,345,959</u></u>	<u><u>\$ 123,402,251</u></u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 106,469,979	\$ 110,044,731	\$ 112,571,319	\$ 114,011,439	\$ 116,276,839
Real Property Tax Items	15,976,208	15,304,371	14,647,541	14,372,061	13,882,694
Non-Property Taxes	3,651,100	4,091,984	4,074,088	4,444,713	4,961,620
Charges for Services	2,146,174	2,123,525	1,897,524	2,392,655	1,981,097
Use of Money & Property	258,081	473,413	132,619	159,025	3,210,626
Sale of Property and					
Compensation for Loss	3,055	4,627	483,889	31,743	147,086
Miscellaneous	5,464,510	2,926,871	8,158,424	5,690,035	10,124,261
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	108,188,370	115,836,077	113,481,385	126,548,351	145,458,769
Revenues from Federal Sources	1,793,498	1,368,840	5,344,172	1,458,499	1,573,964
Total Revenues	<u>\$ 243,950,975</u>	<u>\$ 252,174,439</u>	<u>\$ 260,790,961</u>	<u>\$ 269,108,521</u>	<u>\$ 297,616,956</u>
Other Sources:					
Interfund Transfers In	<u>202,002</u>	<u>167,101</u>	<u>150,120</u>	<u>169,634</u>	<u>171,872</u>
Total Revenues and Other Sources	<u>\$ 244,152,977</u>	<u>\$ 252,341,540</u>	<u>\$ 260,941,081</u>	<u>\$ 269,278,155</u>	<u>\$ 297,788,828</u>
<u>EXPENDITURES</u>					
General Support	\$ 16,103,644	\$ 15,340,644	\$ 14,359,237	\$ 19,235,712	\$ 19,075,298
Instruction	155,550,030	158,983,614	144,729,112	154,114,105	160,948,886
Pupil Transportation	9,675,989	7,467,439	7,752,522	9,627,744	10,270,473
Employee Benefits	52,209,335	50,253,566	51,310,162	54,252,220	58,828,348
Debt Service	217,350	209,109	17,588,101 ⁽¹⁾	17,942,380	23,665,061
Total Expenditures	<u>\$ 233,756,348</u>	<u>\$ 232,254,372</u>	<u>\$ 235,739,134</u>	<u>\$ 255,172,161</u>	<u>\$ 272,788,066</u>
Other Uses:					
Operating Transfers Out	<u>30,429,728 ⁽²⁾</u>	<u>17,621,979</u>	<u>424,956</u>	<u>432,132</u>	<u>470,725</u>
Total Expenditures and Other Uses	<u>\$ 264,186,076</u>	<u>\$ 249,876,351</u>	<u>\$ 236,164,090</u>	<u>\$ 255,604,293</u>	<u>\$ 273,258,791</u>
Excess (Deficit) Revenues Over Expenditures	<u>(20,033,099)</u>	<u>2,465,189</u>	<u>24,776,991</u>	<u>13,673,862</u>	<u>24,530,037</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	42,741,638	22,708,539	25,173,728	49,950,719	63,624,581
Prior Period Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 22,708,539</u>	<u>\$ 25,173,728</u>	<u>\$ 49,950,719</u>	<u>\$ 63,624,581</u>	<u>\$ 88,154,618</u>

(1) Significant change from prior year due to debt service being previously recorded as a transfer to Debt Service Fund.

(1) Includes \$15,034,900 transfer to Capital Fund.

GENERAL FUND

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

Fiscal Years Ending June 30:	2023			2024
	Adopted <u>Budget</u>	Modified <u>Budget</u>	Audited <u>Actual</u>	Adopted <u>Budget</u>
<u>REVENUES</u>				
Real Property Taxes	\$ 115,649,788	\$ 115,649,788	\$ 116,276,839	\$ 115,649,788
Real Property Tax Items	13,882,357	13,882,357	13,882,694	14,169,357
Non-Property Taxes	3,700,000	3,700,000	4,961,620	4,313,000
Charges for Services	1,782,500	1,782,500	1,981,097	1,852,500
Use of Money & Property	65,100	65,100	3,210,626	65,100
Sale of Property and Compensation for Loss	-	-	147,086	-
Miscellaneous	4,212,000	4,212,000	10,124,261	5,212,000
Interfund Revenues	-	-	-	150,000
Revenues from State Sources	143,880,616	143,880,616	145,458,769	160,254,456
Revenues from Federal Sources	1,050,000	1,050,000	1,573,964	1,550,000
Total Revenues	<u>\$ 284,222,361</u>	<u>\$ 284,222,361</u>	<u>\$ 297,616,956</u>	<u>\$ 303,216,201</u>
Other Sources:				
Interfund Transfers In	<u>150,000</u>	<u>150,000</u>	<u>171,872</u>	
Total Revenues and Other Sources	<u>\$ 284,372,361</u>	<u>\$ 284,372,361</u>	<u>\$ 297,788,828</u>	<u>\$ 303,216,201</u>
<u>EXPENDITURES</u>				
General Support	\$ 20,270,556	\$ 20,885,413	\$ 19,075,298	\$ 21,075,983
Instruction	173,438,051	175,868,400	160,948,886	242,097,519
Pupil Transportation	10,970,363	11,019,521	10,270,473	11,865,470
Employee Benefits	63,977,468	63,882,772	58,828,348	11,631,409
Debt Service	19,004,073	19,010,643	23,665,061	19,811,746
Total Expenditures	<u>\$ 287,660,511</u>	<u>\$ 290,666,749</u>	<u>\$ 272,788,066</u>	<u>\$ 306,482,127</u>
Other Uses:				
Operating Transfers Out	<u>496,850</u>	<u>496,850</u>	<u>470,725</u>	<u>786,331</u>
Total Expenditures and Other Uses	<u>\$ 288,157,361</u>	<u>\$ 291,163,599</u>	<u>\$ 273,258,791</u>	<u>\$ 307,268,458</u>
Excess (Deficit) Revenues Over Expenditures	<u>(3,785,000)</u>	<u>(6,791,238)</u>	<u>24,530,037</u>	<u>(4,052,257)</u>
<u>FUND BALANCE</u>				
Fund Balance - Beginning of Year	3,785,000	6,791,238	63,624,581	4,052,257
Prior Period Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,154,618</u>	<u>\$ -</u>

Source: Audited financial report and budgets (unaudited) of the School District. This Appendix is not itself audited.

APPENDIX - B
City School District of the City of Albany

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2024	\$ 9,960,000	\$ 9,892,820	\$ 19,852,820
2025	9,770,000	8,503,158	18,273,158
2026	8,770,000	8,017,050	16,787,050
2027	9,170,000	7,617,718	16,787,718
2028	8,925,000	7,186,340	16,111,340
2029	9,075,000	6,771,800	15,846,800
2030	8,670,000	6,341,413	15,011,413
2031	9,045,000	5,930,419	14,975,419
2032	9,460,000	5,518,106	14,978,106
2033	8,295,000	5,084,706	13,379,706
2034	7,775,000	4,669,956	12,444,956
2035	7,600,000	4,316,506	11,916,506
2036	6,100,000	3,999,906	10,099,906
2037	4,880,000	3,722,188	8,602,188
2038	5,120,000	3,478,188	8,598,188
2039	5,380,000	3,222,188	8,602,188
2040	5,650,000	2,953,188	8,603,188
2041	5,795,000	2,670,688	8,465,688
2042	5,885,000	2,380,938	8,265,938
2043	6,180,000	2,086,688	8,266,688
2044	6,470,000	1,801,500	8,271,500
2045	6,770,000	1,494,925	8,264,925
2046	7,090,000	1,174,000	8,264,000
2047	4,735,000	837,725	5,572,725
2048	3,515,000	599,688	4,114,688
2049	3,685,000	426,150	4,111,150
2050	3,870,000	244,138	4,114,138
2051	1,245,000	52,913	1,297,913
TOTALS	\$ 188,885,000	\$ 110,994,997	\$ 299,879,997

Note: The table above does not include any NYPA, EPA, energy performance contract, capital lease or installment purchase indebtedness, to the extent any such indebtedness may be applicable to the District.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	\$2,983,177 2012		\$19,030,000 2014		\$11,945,000 2016A - DASNY		\$43,505,000 2016A - DASNY	
	Capital Project - QSCB		Refunding of 2007 A&B		REF of 2008A DASNY Bonds		REF of 2009C DASNY Bonds	
	6/15	6/15 & 12/15	6/15	6/15 & 12/15	6/1	6/1 & 12/1	6/15	6/15 & 12/15
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 215,000	\$ 22,963	\$ 1,095,000	\$ 416,556	\$ 585,000	\$ 433,400	\$ 2,835,000	\$ 1,501,919
2025	225,000	18,985	1,150,000	361,806	620,000	404,450	2,985,000	1,361,619
2026	235,000	14,710	1,210,000	304,306	655,000	373,450	2,475,000	1,212,369
2027	245,000	10,128	1,250,000	268,006	690,000	343,400	2,585,000	1,098,619
2028	255,000	5,228	1,290,000	230,506	720,000	308,900	2,720,000	969,369
2029	-	-	1,335,000	190,194	755,000	272,900	2,845,000	833,369
2030	-	-	1,385,000	146,806	785,000	235,150	2,195,000	691,119
2031	-	-	1,430,000	100,063	830,000	195,900	2,305,000	581,369
2032	-	-	1,480,000	51,800	865,000	154,400	2,425,000	466,119
2032	-	-	-	-	905,000	111,150	2,550,000	344,869
2032	-	-	-	-	940,000	65,900	2,620,000	217,369
2032	-	-	-	-	950,000	28,500	2,220,000	112,069
2032	-	-	-	-	-	-	1,455,000	45,469
TOTAL	\$ 1,175,000	\$ 72,013	\$ 11,625,000	\$ 2,070,044	\$ 9,300,000	\$ 2,927,500	\$ 32,215,000	\$ 9,435,644

Fiscal Year Ending June 30th	\$10,130,000 2017F - DASNY		\$6,010,000 2017F - DASNY		\$9,585,000 2019A - DASNY		\$62,445,000 2022A - DASNY	
	REF of 2010A DASNY Bonds		REF of 2011A DASNY Bonds		Capital Project		Capital Project	
	6/15	6/15 & 12/15	6/15	6/15 & 12/15	6/15	6/15 & 12/15	6/15	6/15 & 12/15
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,165,000	\$ 155,250	\$ 1,685,000	\$ 120,250	\$ 650,000	\$ 356,150	\$ 1,395,000	\$ 2,928,725
2025	670,000	97,000	720,000	36,000	685,000	323,650	1,465,000	2,858,975
2026	620,000	63,500	-	-	720,000	289,400	1,540,000	2,785,725
2027	650,000	32,500	-	-	755,000	253,400	1,615,000	2,708,725
2028	-	-	-	-	795,000	215,650	1,700,000	2,627,975
2029	-	-	-	-	835,000	175,900	1,785,000	2,542,975
2030	-	-	-	-	835,000	134,150	1,875,000	2,453,725
2031	-	-	-	-	835,000	92,400	1,965,000	2,359,975
2032	-	-	-	-	870,000	67,350	2,065,000	2,261,725
2033	-	-	-	-	825,000	41,250	2,170,000	2,158,475
2034	-	-	-	-	-	-	2,275,000	2,049,975
2035	-	-	-	-	-	-	2,390,000	1,936,225
2036	-	-	-	-	-	-	2,510,000	1,816,725
2037	-	-	-	-	-	-	2,635,000	1,691,225
2038	-	-	-	-	-	-	2,765,000	1,559,475
2039	-	-	-	-	-	-	2,905,000	1,421,225
2040	-	-	-	-	-	-	3,050,000	1,275,975
2041	-	-	-	-	-	-	3,065,000	1,123,475
2042	-	-	-	-	-	-	3,025,000	970,225
2043	-	-	-	-	-	-	3,175,000	818,975
2044	-	-	-	-	-	-	3,310,000	684,038
2045	-	-	-	-	-	-	3,450,000	543,363
2046	-	-	-	-	-	-	3,595,000	396,738
2047	-	-	-	-	-	-	1,055,000	243,950
2048	-	-	-	-	-	-	1,100,000	199,113
2049	-	-	-	-	-	-	1,145,000	152,363
2050	-	-	-	-	-	-	1,195,000	103,700
2051	-	-	-	-	-	-	1,245,000	52,913
TOTAL	\$ 3,105,000	\$ 348,250	\$ 2,405,000	\$ 156,250	\$ 7,805,000	\$ 1,949,300	\$ 61,465,000	\$ 42,726,675

CURRENT BONDS OUTSTANDING

	\$59,790,000	
	2023A - DASNY	
	Capital Project	
Fiscal Year	6/15	6/15 & 12/15
Ending	Principal	Interest
June 30th		
2024	\$ 335,000	\$ 3,938,622
2025	1,250,000	3,025,963
2026	1,315,000	2,963,463
2027	1,380,000	2,897,713
2028	1,445,000	2,828,713
2029	1,520,000	2,756,463
2030	1,595,000	2,680,463
2031	1,680,000	2,600,713
2032	1,755,000	2,516,713
2033	1,845,000	2,428,963
2034	1,940,000	2,336,713
2035	2,040,000	2,239,713
2036	2,135,000	2,137,713
2037	2,245,000	2,030,963
2038	2,355,000	1,918,713
2039	2,475,000	1,800,963
2040	2,600,000	1,677,213
2041	2,730,000	1,547,213
2042	2,860,000	1,410,713
2043	3,005,000	1,267,713
2044	3,160,000	1,117,463
2045	3,320,000	951,563
2046	3,495,000	777,263
2047	3,680,000	593,775
2048	2,415,000	400,575
2049	2,540,000	273,788
2050	2,675,000	140,438
TOTAL	\$ 59,790,000	\$ 51,260,272

MATERIAL EVENT NOTICES

In accordance with the provisions 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 "SEC") pursuant to the Securities Exchange Act of 1934, the District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the securities, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the Notes
- (g) modifications to rights of security holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the securities
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a "financial obligation" (as defined by the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect noteholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Notes.

With respect to event (d) the District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

The 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 District determines that any such other event is material with respect to the Notes; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The District has agreed to provide, or cause to be provided, during the period in which the Notes are outstanding in a timely manner, to EMMA or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed material event notices, if any, on or before the date specified.

The District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the District no longer remains an obligated person with respect to the Notes within the meaning of the Rule. The 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 District’s obligations under its material event notices undertaking and any failure by the 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.

The District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the District; provided that the District agrees that any such modification will be done in a manner consistent with the Rule.

An "Undertaking to Provide Notice of Material Events" to this effect shall be provided to the purchaser(s) at closing.

**CITY SCHOOL DISTRICT OF THE CITY OF ALBANY
ALBANY, NEW YORK**

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2023

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.

The District's independent auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The District's independent auditor also has not performed any procedures relating to this Official Statement.

CITY SCHOOL DISTRICT OF ALBANY

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2023

CITY SCHOOL DISTRICT OF ALBANY

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INDEPENDENT AUDITORS' REPORT

The Board of Education
City School District of Albany:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City School District of Albany (the District), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional information on pages 54 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we

obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information as listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 7, 2024

CITY SCHOOL DISTRICT OF ALBANY

Management's Discussion and Analysis

June 30, 2023

The following is a discussion and analysis of the City School District of Albany's (the District) financial performance for the fiscal year ended June 30, 2023. This portion of the report is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and fund financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District continues to offer a sound educational plan that supports student achievement.
- S&P Global Ratings assigned its A+/Stable rating on the District's outstanding general obligation bonds.
- Revenue increased by 8.7% District-Wide primarily due to an increase in state sources.
- Expenses increased 7.6% District-Wide primarily in the area of instruction due to the changes related to the most recent teachers' retirement system valuation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: Management's Discussion and Analysis (MD&A) (this section), the basic financial statements, required supplementary information and the other 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 District-Wide statements. The fund financial statements concentrate on the District's most significant funds.

The governmental funds statements tell how basic services, such as regular and special education, were financed in the short-term, as well as what remains for future spending.

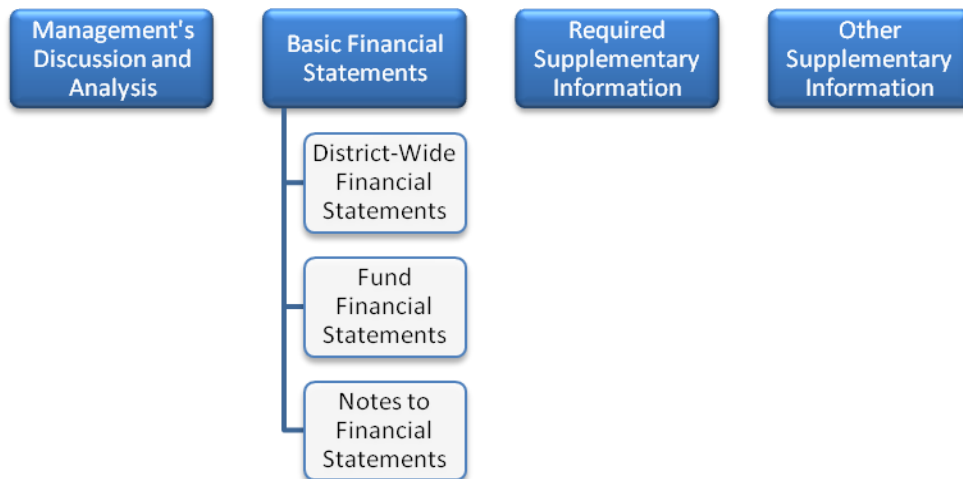
Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

CITY SCHOOL DISTRICT OF ALBANY
Management's Discussion and Analysis, Continued

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

Figure A-1 shows how the various sections of this annual report are arranged and related to one another.

Figure A-1 Organization of the District's Annual Financial Report



CITY SCHOOL DISTRICT OF ALBANY
Management's Discussion and Analysis, Continued

Figure A-2 summarizes the major features of the District's financial statements, including a portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (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 collecting taxes for other governments
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Changes in Fiduciary Net Position
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
Type of asset, deferred outflows of resources, liability and deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Current assets, deferred outflows of resources, liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets and liabilities, short-term and long-term
Type of inflow and outflow information	All revenue and expenses during the year; regardless of when cash is received or paid	Revenue 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

CITY SCHOOL DISTRICT OF ALBANY
Management's Discussion and Analysis, Continued

District-Wide Statements

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

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

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

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Capital assets are reported as expenditures when financial resources are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

District-Wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position has constraints placed on use by external sources or imposed by law.
 - Unrestricted net position is net position that does not meet any of the above restrictions.

CITY SCHOOL DISTRICT OF ALBANY
Management's Discussion and Analysis, Continued

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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. 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. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, capital projects fund, debt service fund and miscellaneous fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as property taxes collected for other governments. 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. Fiduciary fund reporting focuses on fiduciary net position and changes in fiduciary net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Figure A-3 Condensed Statements of Net Position - Governmental Activities (in millions of dollars)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current assets	\$ 147.1	123.8	23.3	18.8%
Non-current assets:				
Pension assets	-	90.6	(90.6)	-100.0%
Capital assets	<u>365.6</u>	<u>352.6</u>	<u>13.0</u>	3.7%
Total assets	<u>512.7</u>	<u>567.0</u>	<u>(54.3)</u>	-9.6%
Deferred outflows of resources	<u>214.9</u>	<u>247.0</u>	<u>(32.1)</u>	-13.0%

CITY SCHOOL DISTRICT OF ALBANY
Management's Discussion and Analysis, Continued

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current liabilities	\$ 82.4	131.2	(48.8)	-37.2%
Long-term liabilities	<u>654.2</u>	<u>597.5</u>	<u>56.7</u>	9.5%
Total liabilities	<u>736.6</u>	<u>728.7</u>	<u>7.9</u>	1.1%
Deferred inflows of resources	<u>237.4</u>	<u>338.4</u>	<u>(101.0)</u>	-29.8%
Net position:				
Net investment in capital assets	124.4	141.5	(17.1)	-12.1%
Restricted	68.7	47.5	21.2	44.6%
Unrestricted (deficit)	<u>(439.5)</u>	<u>(442.1)</u>	<u>2.6</u>	-0.6%
Total net position (deficit)	\$ <u>(246.4)</u>	<u>(253.1)</u>	<u>6.7</u>	2.6%

- Total non-current assets decreased 17.5% primarily due to the proportionate share of the pension system being a liability in the current year. Total current assets increased 18.8% primarily due to an increase in cash and equivalents combined with an increase in state and federal aid receivables.
- The decrease in current liabilities is primarily due to a decrease in BANs payable due to the District issuing a bond in the current year which redeemed a portion of the BANs.
- The net increase in long-term liabilities is mainly due to the issuance of a bond in the current year.
- Net investment in capital assets decreased 12.1% primarily due to an increase in debt related to capital projects.

Changes in Net Position

The District's 2022-2023 revenue was \$338,106,596 (See Figure A-4). Taxes and New York State aid accounted for the majority of revenue by contributing 40.0% and 43.0%, respectively, of the total revenue raised (see Figure A-5). The remainder of revenue came from charges for services, operating grants, nonproperty tax items, other tax items, and other miscellaneous sources.

The total cost of all programs and services totaled \$331,385,172 for 2022-2023. These expenses are predominately for the education, supervision, food services, and transportation of students (see Figure A-6). The majority of these costs are related to instruction.

Net position increased during the year by \$6,721,424 primarily due to the increase of state sources.

CITY SCHOOL DISTRICT OF ALBANY
Management's Discussion and Analysis, Continued

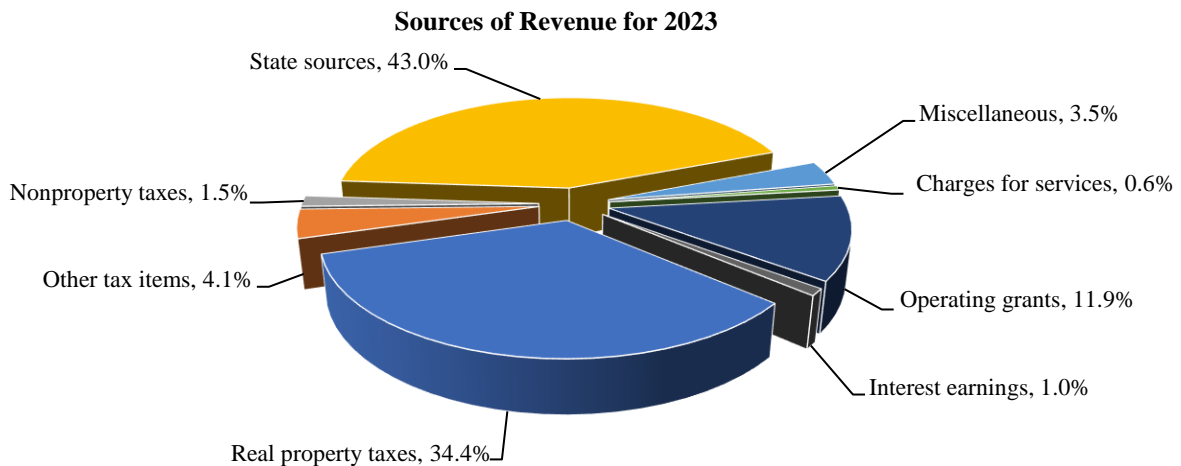
Figure A-4 Changes in Net Position - Governmental Activities (In Millions of Dollars)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 2.0	2.4	(0.4)	-16.7%
Operating grants	40.1	40.2	(0.1)	-0.2%
General revenue:				
Taxes	135.1	132.8	2.3	1.7%
State sources	145.5	128.0	17.5	13.7%
Interest earnings	3.5	0.2	3.3	1,650.0%
Miscellaneous	<u>11.9</u>	<u>7.4</u>	<u>4.5</u>	60.8%
Total revenue	<u>338.1</u>	<u>311.0</u>	<u>27.1</u>	8.7%
Expenses:				
General support	34.0	32.7	1.3	4.0%
Instruction	269.4	254.3	15.1	5.9%
Pupil transportation	11.0	10.3	0.7	6.8%
Debt service - interest	11.6	5.5	6.1	110.9%
School lunch program	<u>5.4</u>	<u>5.2</u>	<u>0.2</u>	3.8%
Total expenses	<u>331.4</u>	<u>308.0</u>	<u>23.4</u>	7.6%
Change in net position	\$ <u><u>6.7</u></u>	<u><u>3.0</u></u>	<u><u>3.7</u></u>	123.3%

The District's 2022-2023 revenues totaled \$338.1 million as compared to \$311.0 million for the previous year. The increase was mainly a result of an increase in aid received from state sources of \$17.5 million.

Total expenses increased \$23.4 million or 7.6% from prior year, mostly in the area of instruction.

Figure A-5:



CITY SCHOOL DISTRICT OF ALBANY
Management's Discussion and Analysis, Continued

Figure A-6:

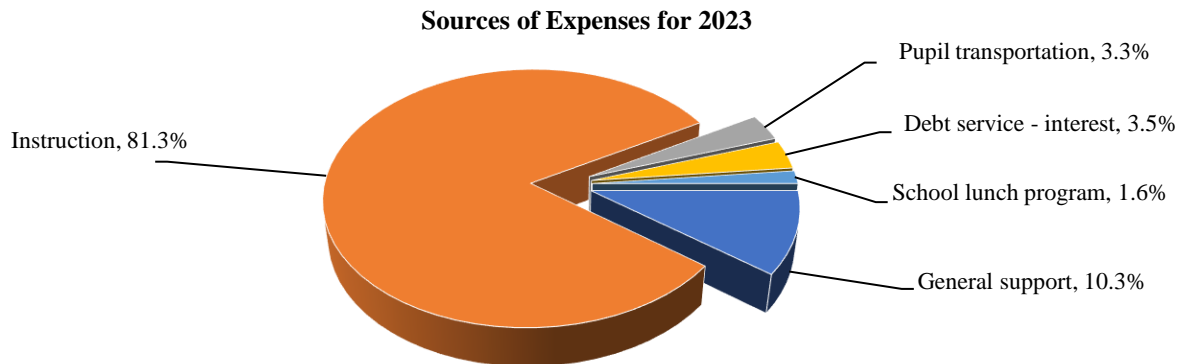


Figure A-7 Net Cost of Governmental Activities (in millions of dollars)

	Total Cost Services <u>2023</u>	Net Cost of Services <u>2023</u>	Total Cost Services <u>2022</u>	Net Cost of Services <u>2022</u>
General support	\$ 34.0	34.0	32.7	32.7
Instruction	269.4	232.9	254.3	217.7
Pupil transportation	11.0	11.0	10.3	10.3
Debt service - interest	11.6	11.6	5.5	5.5
School lunch program	<u>5.4</u>	<u>(0.2)</u>	<u>5.2</u>	<u>(0.8)</u>
	\$ <u>331.4</u>	<u>289.3</u>	<u>308.0</u>	<u>265.4</u>

- The cost of all governmental activities for the year was \$331,385,172.
- The users of the District's programs financed \$1,981,097 of the costs.
- The operating grants financed \$40,140,774 of the costs.
- The majority of costs were financed by the District's taxpayers and state sources.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-Wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt (see Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds in the attached financial statements).

CITY SCHOOL DISTRICT OF ALBANY
Management's Discussion and Analysis, Continued

Governmental Funds Highlights

- General Fund - Revenue increased \$28.5 million in 2022-2023 from prior year, primarily from state sources. Expenditures increased approximately \$17.6 million, primarily due to instruction related expenditures.
- Special Aid Fund - Revenue increased \$0.4 million in 2022 - 2023 from prior year, primarily from state sources.
- School Lunch Fund - The District contracts with an external management company for food service operations. The program is financially self-sustaining.
- Capital Projects Fund - Activity in the capital projects fund increased due to construction activities resulting in \$21.9 million in capital asset additions.
- Miscellaneous Fund - Activity is related to the extraclassroom activities and scholarships.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

Results vs. Budget (in millions of Dollars)

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	Variance (Actual/ Budget)
Revenue:					
Local sources	\$ 139.3	139.3	150.5	-	11.2
State sources	143.9	143.9	145.5	-	1.6
Medicaid	1.0	1.0	1.6	-	0.6
Transfers in	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>-</u>	<u>-</u>
Total	<u>284.4</u>	<u>284.4</u>	<u>297.8</u>	<u>-</u>	<u>13.4</u>
Expenditures:					
General support	20.3	20.9	19.1	1.7	0.1
Instruction	173.4	175.9	160.9	2.9	12.1
Pupil transportation	11.0	11.0	10.3	0.4	0.3
Employee benefits	64.0	64.0	58.8	0.2	5.0
Debt service - principal	11.7	11.7	11.4	-	0.3
Debt service - interest	7.3	7.3	12.3	-	(5.0)
Transfers out	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>-</u>	<u>-</u>
Total	<u>288.2</u>	<u>291.3</u>	<u>273.3</u>	<u>5.2</u>	<u>12.8</u>
Changes in fund balance	\$ <u>(3.8)</u>	<u>(6.9)</u>	<u>24.5</u>	<u>(5.2)</u>	<u>26.2</u>

Note: Amounts may vary due to rounding.

CITY SCHOOL DISTRICT OF ALBANY
Management's Discussion and Analysis, Continued

The general fund is the only fund for which a budget is legally adopted. The general fund had a net change in fund balance of approximately \$24.5 million, primarily as a result of additional state sources.

Capital Assets

As of June 30, 2023, the District had \$365,567,883 invested in buildings, computers, and other educational equipment.

Figure A-8 Capital Assets (net of depreciation, in millions of dollars)

<u>Category</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 5.0	5.0	-
Construction in progress	167.8	146.3	21.5
Buildings	318.8	318.8	-
Land improvements	10.4	10.4	-
Furniture and equipment	4.8	4.4	0.4
Vehicles	<u>0.8</u>	<u>0.8</u>	<u>-</u>
Total	507.6	485.7	21.9
Less accumulated depreciation	<u>142.0</u>	<u>133.1</u>	<u>8.9</u>
Net capital assets	\$ <u>365.6</u>	<u>352.6</u>	<u>13.0</u>

Long-Term Debt

As of June 30, 2023, the District had \$665,127,680 in general obligation and other long-term debt outstanding. More detailed information about the District's long-term debt is included in the notes to the financial statements.

Figure A-9 Outstanding Long-Term Debt (In Millions of Dollars)

<u>Category</u>	<u>2023</u>	<u>2022</u>
General obligation bonds (financed with property taxes)	\$ 189.2	138.5
Other long-term debt	<u>475.9</u>	<u>378.5</u>
Total	\$ <u>665.1</u>	<u>517.0</u>

CITY SCHOOL DISTRICT OF ALBANY
Management's Discussion and Analysis, Continued

FACTORS BEARING ON THE DISTRICT'S FUTURE

- A referendum for an additional middle school and a five-year District-wide facilities plan was passed in May of 2019. The additional middle school space addresses growing enrollment at the middle school level and complete relocation of remaining 6th grades housed in PreK - 6 elementary buildings. The relocation of 6th grades to 6 - 8 grade buildings will strengthen instructional programming. The District is funding \$15 million from its Capital Reserve to cover a large portion of the local taxpayer share on such project.
- Charter Schools continue to drain the District's financial resources and inhibit its ability to effectively plan for enrollment and staffing levels on an annual basis. In the spring of 2015 two charter middle schools closed abruptly which forced the District to purchase a building to accommodate the incoming students. Most recently, another charter school is expanding from middle school into the elementary grade levels.
- In February of 2016, the voters passed a referendum in the amount of \$179.9 million to reconstruct and renovate the existing high school building. The construction relating to the project began in the fall of 2017 and will extend to 2025. Occupancy in the new additions will occur as they are completed.
- As is typical in a District this size, its challenges to property tax assessments are ongoing which will require the issuance of future tax refunds. While the amount of these potential refunds cannot be determined at the present time, the District continues in its financial planning to anticipate these undetermined expenditures and has the ability to use reserves as necessary.
- In 2012 the New York State Legislature passed a 2% tax cap law without any corresponding relief from mandated expenditures. On a regular basis, public school districts face new unfunded mandates, and escalating costs that far exceed 2% in the areas of personnel, energy, health insurance, retirement benefits, and charter school tuition. All of these items are mandated.

CONTACTING THE DISTRICT'S FINANCE MANAGEMENT

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

CITY SCHOOL DISTRICT OF ALBANY, New York
Attn: Assistant Superintendent for Business Affairs
Academy Park
Albany, New York 12207
(518) 475-6020

CITY SCHOOL DISTRICT OF ALBANY
Statement of Net Position
June 30, 2023

Assets:

Cash and equivalents	
Unrestricted	\$ 41,121,941
Restricted	68,116,504
Investments	1,521,509
Receivables:	
State and federal aid	33,319,399
Due from other governments, net of allowance	2,606,636
Other	338,433
Inventory	28,924
Prepaid expenses	110,877
Capital assets, net	365,567,883
Total assets	<u>512,732,106</u>

Deferred outflows of resources:

Employees' retirement system	9,405,819
Teachers' retirement system	55,081,382
Other postemployment benefits	144,341,812
Deferred loss on bond refunding	6,052,113
Total deferred outflows of resources	<u>214,881,126</u>

Liabilities:

Payables:	
Accounts payable	9,241,618
Accrued liabilities	2,232,784
Due to other governments	2,784
Bond interest payable	263,194
Due to teachers' retirement system	11,031,311
Due to employees' retirement system	808,281
Due and payable within one year:	
Bond anticipation note	47,881,000
Bonds payable	10,110,455
Compensated absences	841,798
Due and payable after one year:	
Bonds payable	179,124,399
Bonds premium	19,273,385
Accrued workers' compensation	1,916,646
Retainage payable	1,762,729
Compensated absences payable	12,374,543
Net pension liability - proportionate share - ERS System	13,496,218
Net pension liability - proportionate share - TRS System	10,198,882
Total OPEB liability	416,038,625
Total liabilities	<u>736,598,652</u>

Deferred inflows of resources:

Unearned revenue	1,718,103
Employees' retirement system	1,469,572
Teachers' retirement system	7,140,400
Other postemployment benefits	227,091,871
Total deferred inflows of resources	<u>237,419,946</u>

Net position:

Net investment in capital assets	124,388,576
Restricted	68,672,843
Unrestricted (deficit)	(439,456,785)
Total net position (deficit)	<u>\$ (246,395,366)</u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY
Statement of Activities - Governmental Activities
Year ended June 30, 2023

		<u>Program Revenue</u>		Net (Expense)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Position</u>
Functions and programs:				
General support	\$ 33,965,069	-	-	(33,965,069)
Instruction	269,391,733	1,981,097	34,462,186	(232,948,450)
Pupil transportation	10,963,218	-	-	(10,963,218)
Debt service - interest	11,627,045	-	-	(11,627,045)
School lunch program	<u>5,438,107</u>	<u>-</u>	<u>5,678,588</u>	<u>240,481</u>
Total functions and programs	<u>\$ 331,385,172</u>	<u>1,981,097</u>	<u>40,140,774</u>	<u>(289,263,301)</u>
General revenue:				
Real property taxes				116,276,839
Other tax items				13,882,694
Nonproperty tax items				4,961,620
Use of money and property				3,301,750
Sale of property and compensation for loss				147,086
Medicaid reimbursement				1,569,825
State sources				145,457,862
Miscellaneous				<u>10,387,049</u>
Total general revenue				<u>295,984,725</u>
Change in net position				6,721,424
Net position (deficit) at beginning of year				<u>(253,116,790)</u>
Net position (deficit) at end of year				<u><u>\$(246,395,366)</u></u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY
Balance Sheet - Governmental Funds
June 30, 2023

<u>Assets</u>	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
Cash and equivalents:							
Unrestricted	\$ 23,748,332	-	6,463,061	10,910,548	-	-	41,121,941
Restricted	67,108,447	-	-	-	607,962	400,095	68,116,504
Investments	-	-	-	-	-	1,521,509	1,521,509
Receivables:							
Due from other funds	20,723,936	-	-	13,606,549	34,330	500	34,365,315
Due from state and federal	8,834,530	22,197,178	1,090,877	1,196,814	-	-	33,319,399
Due from other governments, net of allowance	2,606,636	-	-	-	-	-	2,606,636
Other receivables, net of allowance	269,493	65,204	3,736	-	-	-	338,433
Inventory	-	-	28,924	-	-	-	28,924
Prepaid expenditures	110,877	-	-	-	-	-	110,877
Total assets	<u>\$123,402,251</u>	<u>22,262,382</u>	<u>7,586,598</u>	<u>25,713,911</u>	<u>642,292</u>	<u>1,922,104</u>	<u>181,529,538</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>							
Liabilities:							
Accounts payable	4,698,496	2,319,662	28,792	2,194,668	-	-	9,241,618
Accrued liabilities	2,131,267	100,375	1,142	-	-	-	2,232,784
Due to other funds	13,773,630	18,975,071	704,985	911,629	-	-	34,365,315
Due to other governments	2,784	-	-	-	-	-	2,784
Due to teachers' retirement system	11,031,311	-	-	-	-	-	11,031,311
Due to employees' retirement system	808,281	-	-	-	-	-	808,281
Bond anticipation notes payable	-	-	-	47,881,000	-	-	47,881,000
Compensated absences	841,798	-	-	-	-	-	841,798
Overpayments and collections in advance	354,959	-	-	-	-	-	354,959
Unearned revenue	-	867,177	-	-	-	-	867,177
Total liabilities	<u>33,642,526</u>	<u>22,262,285</u>	<u>734,919</u>	<u>50,987,297</u>	<u>-</u>	<u>-</u>	<u>107,627,027</u>
Deferred inflows of resources - unearned revenue	<u>1,605,107</u>	<u>-</u>	<u>416,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,021,415</u>
Fund balance:							
Nonspendable	110,877	-	28,924	-	-	1,000,000	1,139,801
Restricted	67,108,447	-	-	-	642,292	922,104	68,672,843
Assigned	8,644,556	-	-	-	-	-	8,644,556
Unassigned (deficit)	<u>12,290,738</u>	<u>97</u>	<u>6,406,447</u>	<u>(25,273,386)</u>	<u>-</u>	<u>-</u>	<u>(6,576,104)</u>
Total fund balance (deficit)	<u>88,154,618</u>	<u>97</u>	<u>6,435,371</u>	<u>(25,273,386)</u>	<u>642,292</u>	<u>1,922,104</u>	<u>71,881,096</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$123,402,251</u>	<u>22,262,382</u>	<u>7,586,598</u>	<u>25,713,911</u>	<u>642,292</u>	<u>1,922,104</u>	<u>181,529,538</u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY
Reconciliation of Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2023

Total governmental fund balance (deficit)		\$ 71,881,096
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		365,567,883
Deferred amount on bond refundings that are not due in the current period are not recognized on the fund financial statements.		6,052,113
Pension related District-Wide activity:		
Deferred outflows of resources	\$ 64,487,201	
Deferred inflows of resources	(8,609,972)	
Net pension asset - proportionate share - ERS System	(13,496,218)	
Net pension asset - proportionate share - TRS System	<u>(10,198,882)</u>	32,182,129
OPEB related District-Wide activity:		
Deferred outflows of resources	144,341,812	
Deferred inflows of resources	(227,091,871)	
Total OPEB liability	<u>(416,038,625)</u>	(498,788,684)
Long-term bonds payable are not due in the current period and, therefore, are not reported in the funds.		(189,224,854)
Bond premium is recorded as revenue in the fund financial statements, but is amortized over the life of the bond under full accrual accounting.		(19,273,385)
Compensated absences due in more than one year are recognized as a liability under full accrual accounting.		(12,374,543)
Long-term liabilities, including accrued workers' compensation and retainage payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(3,679,375)
Unearned revenue received in the current year was recognized as a revenue under full accrual accounting.		1,525,448
Interest payable at June 30, 2023, in the District-Wide statements was recorded as an expense under full accrual accounting.		<u>(263,194)</u>
Total net position (deficit)		<u><u>\$ (246,395,366)</u></u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds
Year ended June 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
Revenue:							
Real property taxes	\$116,276,839	-	-	-	-	-	116,276,839
Other tax items	13,882,694	-	-	-	-	-	13,882,694
Nonproperty tax items	4,961,620	-	-	-	-	-	4,961,620
Charges for services	1,981,097	-	-	-	-	-	1,981,097
Use of money and property	3,210,626	-	-	-	73,979	17,145	3,301,750
Sale of property and compensation for loss	147,086	-	-	-	-	-	147,086
State sources	145,458,769	8,793,551	91,019	-	-	-	154,343,339
Federal sources	4,139	25,664,496	5,113,302	-	-	-	30,781,937
Medicaid reimbursement	1,569,825	-	-	-	-	-	1,569,825
Surplus food	-	-	474,267	-	-	-	474,267
Miscellaneous	10,124,261	84,034	3,100	-	-	175,654	10,387,049
Total revenue	<u>297,616,956</u>	<u>34,542,081</u>	<u>5,681,688</u>	<u>-</u>	<u>73,979</u>	<u>192,799</u>	<u>338,107,503</u>
Expenditures:							
General support	19,075,298	-	-	-	-	-	19,075,298
Instruction	160,948,886	30,135,406	-	-	-	321,373	191,405,665
Pupil transportation	10,270,473	498,349	-	-	-	-	10,768,822
Employee benefits	58,828,348	4,207,179	635,693	-	-	-	63,671,220
Debt service - principal	11,395,965	-	-	-	-	-	11,395,965
Debt service - interest	12,269,096	-	-	-	-	-	12,269,096
Cost of sales	-	-	4,163,663	-	-	-	4,163,663
Capital outlay	-	-	-	22,268,644	-	-	22,268,644
Total expenditures	<u>272,788,066</u>	<u>34,840,934</u>	<u>4,799,356</u>	<u>22,268,644</u>	<u>-</u>	<u>321,373</u>	<u>335,018,373</u>
Excess (deficiency) of revenue over expenditures	<u>24,828,890</u>	<u>(298,853)</u>	<u>882,332</u>	<u>#####</u>	<u>73,979</u>	<u>(128,574)</u>	<u>3,089,130</u>
Other financing sources and (uses):							
Proceeds from issuance of bond	-	-	-	59,790,000	-	-	59,790,000
BANs redeemed from appropriations	-	-	-	2,365,000	-	-	2,365,000
Premium on obligations	-	-	-	7,117,234	-	-	7,117,234
Operating transfers in	171,872	470,725	-	-	-	-	642,597
Operating transfers (out)	(470,725)	(171,872)	-	-	-	-	(642,597)
Total other financing sources (uses)	<u>(298,853)</u>	<u>298,853</u>	<u>-</u>	<u>69,272,234</u>	<u>-</u>	<u>-</u>	<u>69,272,234</u>
Net change in fund balance	24,530,037	-	882,332	47,003,590	73,979	(128,574)	72,361,364
Fund balance (deficit) at beginning of year	<u>63,624,581</u>	<u>97</u>	<u>5,553,039</u>	<u>#####</u>	<u>568,313</u>	<u>2,050,678</u>	<u>(480,268)</u>
Fund balance (deficit) at end of year	<u>\$ 88,154,618</u>	<u>97</u>	<u>6,435,371</u>	<u>#####</u>	<u>642,292</u>	<u>1,922,104</u>	<u>71,881,096</u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY
Reconciliation of the Statement of Revenue, Expenditures and Changes in
in Fund Balance - Governmental Funds to the Statement of Activities
Year ended June 30, 2023

Net change in fund balance	\$ 72,361,364
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays, net of disposals are expenditures in governmental funds, but are capitalized in the statement of net position.	21,887,347
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(8,907,405)
Amounts that were withheld at the end of 2022 and deferred in the governmental funds. This amount was recognized as revenue in 2022 in the statement of activities. This was recognized in the governmental funds in 2023.	(907)
Pension expense resulting from GASB 68 related pension reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities.	(4,630,753)
Repayment of bond principal and energy performance debt principal is an expenditure in the governmental funds, less the library portion, but reduce long-term liabilities in the statement of net position and do not affect the statement of activities:	
Principal paid on bonds	11,395,965
Proceeds from issuance of debt	(59,790,000)
Premiums received on issuance of new debt	(7,117,233)
BANs redeemed from appropriations	(2,365,000)
Bond premium amortization is not recorded as revenue in the governmental funds, but is recorded in the statement of activities.	1,091,707
Deferred loss on bond refunding amortization is not recorded as expenditures in the governmental funds, but is recorded in the statement of activities.	(504,335)
Interest on long-term debt in the statement of activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest changed by:	54,678
Other postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	(15,820,065)
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds.	(933,939)
Change in net position of governmental activities	<u>\$ 6,721,424</u>
See accompanying notes to financial statements.	

CITY SCHOOL DISTRICT OF ALBANY
Statement of Changes in Net Position
Fiduciary Funds
Year ended June 30, 2023

	Custodial <u>Funds</u>
Additions - real property taxes	\$ 9,026,064
Deductions - payments to library	<u>9,026,064</u>
Change in net position	-
Fiduciary net position at beginning of year	<u>-</u>
Fiduciary net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements

June 30, 2023

(1) Summary of Significant Accounting Policies

The City School District of Albany, New York (the District) provides K-12 public education to students living within its geographic borders.

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

(a) Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GAAP. 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. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is included in the District's reporting entity:

Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The District exercises general oversight of these funds with student management of the financial transactions. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in the miscellaneous fund.

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Presentation

The District's financial statements consist of District-Wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

District-Wide Statements

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

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

Fund Financial Statements

The District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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.

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Presentation, Continued

The accounts of the District are organized into funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types and account groups used by the District are as follows:

Governmental Fund

Governmental funds are those in which most governmental functions of the District are reported. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of changes in financial position rather than upon determination of net income. The following are the District's governmental funds:

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

Special Revenue Funds - these funds account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. There are three classes of special revenue funds:

Special Aid Fund - is used to account for and report the proceeds of federal and state grants that are legally restricted to expenditures for specified purposes.

School Lunch Fund - is used to account for and report the activities of the school lunch operations.

Miscellaneous Fund - is used to account for the extraclassroom activity funds, scholarships and various deposits in which the district has administrative control over.

Debt Service Fund - is used to account for the advance refunding of a portion of the District's outstanding serial bonds.

Capital Projects Fund - is used to account for and report the financial resources used for acquisition, construction, or major repair of capital facilities.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District as an agent for individuals, private organizations, other governmental units, and/or other funds. These activities are not included in the District-Wide financial statements, because their resources do not belong to the District, and are not available to be used. The following is the District's fiduciary fund:

Custodial Fund - is used to collect and remit taxes to the Public Library.

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Estimates and assumptions are made in a variety of areas, including collectability of receivables, compensated absences, potential contingent liabilities, and useful lives of long-lived assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(d) Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenue and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District-Wide and fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within ninety days after the end of the fiscal year (sixty days for property taxes). 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.

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Cash and Equivalents

Cash and equivalents consists of funds deposited in demand deposit accounts and amounts with the New York Cooperative Liquid Assets Securities system (NYCLASS).

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

The District participates in the NYCLASS multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby it holds a portion of the investments in cooperation with other participants. NYCLASS is rated 'Aam' by S&P Global Ratings. The investments are highly liquid and the amount held represents the amortized cost of the investment pool shares, which are considered to approximate fair value. Due to the highly liquid nature of these investments, they are classified as cash equivalents in the financial statements. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

(f) Investments

Investments with readily determinable fair values are reported at fair value in the miscellaneous fund. Investments are exposed to various risks such as interest rate, market and credit risks. While the District does not have specific policies for these risks, New York State statutes govern the District's investment policies. Unrealized gains and losses are included in the statement of revenue, expenditures and changes in fund balances. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the miscellaneous fund.

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Investments, Continued

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2023.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

(g) Inventory and Prepaid Expenditures

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Interfund Transactions

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

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

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

(i) Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to 2000. For assets acquired prior to 2000, estimated historical costs have been based on appraisal or deflated current replacement cost. Donated assets are reported at estimated fair value at the time received.

The District uses a capitalization threshold of \$5,000 (the dollar value above which asset acquisitions are added to the capital asset accounts). Depreciation methods and estimated useful lives of capital assets by asset classification reported in the government-wide statements are as follows:

	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	Straight-line	50 - 75 years
Land improvements	Straight-line	20 years
Furniture and equipment	Straight-line	5 - 20 years
Vehicles	Straight-line	8 years

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-Wide statement of net position. This represents the effect of the net change in the District's proportion of the collective net pension assets (liabilities) and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included in this item are the District contributions to the pension systems (teachers' and employees' retirement systems) subsequent to the measurement date. The second item represents changes of assumptions related to the total other postemployment benefits (OPEB) liability. The third is the deferred loss that the District incurred on its debt refunding transaction.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First relates to cash received before the related revenue is earned and is reported as unearned revenue. The second item is related to pensions reported in the District-Wide statement of net position. This represents the effect of net change in the District's proportion of the collective net position assets (liabilities) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third represents differences between expected and actual experience as well as the change of assumptions and other inputs related to the total OPEB liability.

(k) Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick and vacation leave.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

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

The liability for compensated absences has been calculated using the vesting/termination method and an accrual for that liability is included in the District-Wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Vested Employee Benefits, Continued

Compensated Absences, Continued

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

Retirement Benefits

District employees participate in the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System.

Other Postemployment Benefits

In addition to providing the retirement benefits described, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the 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. The District pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance.

(l) Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to November 15, and September 1 through February 28 for qualifying senior taxpayers. Uncollected taxes are paid by Albany County to the District on November 15.

(m) Receivables

Receivables are shown net of allowance for potentially uncollectible amounts. The District provides for probable uncollectible amounts through an adjustment to a valuation allowance based on its assessment of the current status of receivables.

(n) Unearned Revenue

Unearned revenue is reported when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence 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 unearned revenue is removed and revenue is recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first sixty days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year rather than when measurable and available.

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) Short-Term Debt

The District may issue Tax Anticipation Notes (TANs), in anticipation of the receipt of tax revenue. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be repaid or converted to long-term financing within five years after the original issue date.

(p) Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the District-Wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year.

Bonds and other long-term obligations that will be paid from governmental funds are recognized as expenditures in the fund financial statements when paid.

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

(q) Restricted Resources

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

(r) Net Position and Fund Balance Classifications

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the District-Wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the District-Wide statements there are three classifications of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) plus unspent bond proceeds and deferred loss on bond refunding reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Net Position and Fund Balance Classifications, Continued

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors, granters, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Restricted net position consists of the following:

Health insurance claims	\$ 387,000
Unemployment insurance	2,726,188
Workers' compensation	3,162,000
Tax certiorari	3,371,152
Capital	20,862,220
Employee benefit accrued liability	10,233,600
Retirement contribution	10,892,000
Repairs	15,474,287
Debt service	642,292
Scholarships	684,491
Extraclassroom activities	<u>237,613</u>
Total restricted net position	\$ <u>68,672,843</u>

Unrestricted net position - reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

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

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually are required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the school lunch fund and prepaid expenses in the general fund.

Restricted fund balance - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, granters, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has available the following restricted fund balances:

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

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Net Position and Fund Balance Classifications, Continued

- Repair Reserve - Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The board of education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund under restricted fund balance.
- Workers' Compensation Reserve - Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund under restricted fund balance.
- Unemployment Insurance Reserve - Unemployment insurance reserve (GML §6-m) 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 reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund under restricted fund balance.
- Debt Service - Mandatory reserve for debt service (GML §6-1) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the debt service fund under restricted fund balance.
- Scholarships Reserve - This reserve is used to account for various scholarship awards. This reserve is accounted for in the miscellaneous fund.
- Extraclassroom Activities Reserve - This reserve is used to account for extraclassroom funds. This reserve is accounted for in the miscellaneous fund.

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Net Position and Fund Balance Classifications, Continued

- Insurance Reserve - Insurance reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund under restricted fund balance.
- Property Loss Reserve and Liability Reserve - Property loss reserve and liability reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by Districts, except city Districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.
- Tax Certiorari Reserve - Tax certiorari reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund under restricted fund balance.
- Employee Benefit Accrued Liability Reserve - Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund under restricted fund balance.
- Retirement Contribution Reserve - Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Net Position and Fund Balance Classifications, Continued

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2023.

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund. The District has classified the following as assigned:

General Fund:

Appropriated fund balance	\$ 3,452,257
Encumbrances	<u>5,192,299</u>
Total General Fund	<u>\$ 8,644,556</u>

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

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

(s) Explanation of Certain Differences Between Fund Financial 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.

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(s) Explanation of Certain Differences Between Fund Financial Statements and District-Wide Statements, Continued

- Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities - Total fund balances of the District's governmental funds differs from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.
- Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities - Differences between the governmental funds Statement of Revenue, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories.
 - Long-Term Revenue and Expense Differences - Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the Statement of Activities reports revenue 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 interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

(t) Stewardship and Compliance

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures, (and encumbrances), that may be incurred.

Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(t) Stewardship and Compliance, Continued

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget, (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

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

(u) Subsequent Events

The District has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(2) Cash and Investments

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(2) Cash and Investments, Continued

The District's aggregate bank balances, included balances not covered by depository insurance at year-end, collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and equivalents	\$ <u>103,485,291</u>	<u>109,238,445</u>
Covered by FDIC insurance	750,000	
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	<u>102,735,291</u>	
Total	\$ <u>103,485,291</u>	

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash consists of the following:

General fund:

Cash on deposit for health insurance claims	\$ 387,000
Cash on deposit for unemployment insurance	2,726,188
Cash on deposit for workers compensation	3,162,000
Cash on deposit for tax certiorari	3,371,152
Cash on deposit for capital	20,862,220
Cash on deposit for employee benefits	10,233,600
Cash on deposit for retirement contributions	10,892,000
Cash on deposit for repairs	<u>15,474,287</u>
Total general fund	\$ <u>67,108,447</u>

Debt service fund - cash on deposit for debt service	\$ <u>607,962</u>
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Miscellaneous fund:

Cash on deposit for extraclassroom activities	\$ 237,613
Cash on deposits for scholarships	<u>162,482</u>
Total miscellaneous fund	\$ <u>400,095</u>

(3) Investments

In 1981, the District received a donation of securities with a fair value of \$1,000,000. The gift was made for the purpose of providing scholarships for students of the District based on a maximum of 75% of the income earned on the principal portion, with the remaining 25% and any residual not paid as a scholarship added back to the principal. At June 30, 2023, the entire balance of \$1,547,005 was included in the principal portion.

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(3) Investments, Continued

At June 30, 2023 the investments consisted of level 1 investments as seen below:

	<u>Cost</u>	<u>Fair Value</u>
United State Treasury Notes	\$ 1,511,291	1,484,301
Money Market Funds	<u>37,208</u>	<u>37,208</u>
Total	\$ <u>1,548,499</u>	<u>1,521,509</u>

(4) Capital Assets

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

	<u>July 1, 2022 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023 Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 5,020,491		-	5,020,491
Construction in progress	<u>146,277,013</u>	<u>21,506,138</u>	-	<u>167,783,151</u>
Total non-depreciable historical cost	<u>151,297,504</u>	<u>21,506,138</u>	-	<u>172,803,642</u>
Capital assets that are depreciated:				
Buildings	318,809,149	-	-	318,809,149
Land improvements	10,405,236	-	-	10,405,236
Furniture and equipment	4,362,655	381,209	-	4,743,864
Vehicles	<u>835,005</u>	-	-	<u>835,005</u>
Total depreciable historical cost	<u>334,412,045</u>	<u>381,209</u>	-	<u>334,793,254</u>
Less accumulated depreciation:				
Buildings	126,641,317	8,035,452	-	134,676,769
Land improvements	3,572,192	475,598	-	4,047,790
Furniture and equipment	2,174,552	360,216	-	2,534,768
Vehicles	<u>733,547</u>	<u>36,139</u>	-	<u>769,686</u>
Total accumulated depreciation	<u>133,121,608</u>	<u>8,907,405</u>	-	<u>142,029,013</u>
Total capital assets, net	\$ <u>352,587,941</u>	<u>12,979,942</u>	-	<u>365,567,883</u>

Depreciation expense for the year ended June 30, 2023 was allocated to specific functions as follows:

General support	\$ 8,102,317
Instruction	752,233
Pupil transportation	36,139
School lunch program	<u>16,716</u>
Total	\$ <u>8,907,405</u>

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(5) Short-Term Debt

Transactions in short-term debt for the year ended June 30, 2023 are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	7/29/2022	1.00%	1,090,000	-	1,090,000	-
BAN	3/24/2023	1.10%	85,135,155	-	85,135,155	-
BAN	3/23/2023	5.00%	-	84,165,000	84,165,000	-
BAN	6/29/2023	4.00%	-	31,156,000	31,156,000	-
BAN	6/27/2024	4.75%	-	47,881,000	-	47,881,000
			<u>\$ 86,225,155</u>	<u>163,202,000</u>	<u>201,546,155</u>	<u>47,881,000</u>

(6) Long-Term Liabilities

Interest on long-term debt for the year ended June 30, 2023 was composed of:

Interest paid	\$ 12,269,096
Less interest accrued in prior year	(317,872)
Less amortization expense on bond premium	(1,091,708)
Plus amortization expense on deferred loss on refunding	504,335
Plus interest accrued in current year	<u>263,194</u>
Total interest expense	<u>\$ 11,627,045</u>

Long-term liability balances and activity for the year ended June 30, 2023 are summarized below:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Long-term Portion</u>
Bonds and payable:						
Capital projects - 2012	\$ 1,385,000	-	210,000	1,175,000	215,000	960,000
Capital projects - 2014	12,665,000	-	1,040,000	11,625,000	1,095,000	10,530,000
Capital projects - 2016	9,870,000	-	570,000	9,300,000	585,000	8,715,000
Capital projects - 2016	34,930,000	-	2,715,000	32,215,000	2,835,000	29,380,000
Capital projects - 2017	4,210,000	-	1,105,000	3,105,000	1,165,000	1,940,000
Capital projects - 2017	4,000,000	-	1,595,000	2,405,000	1,685,000	720,000
Capital projects - 2019	8,425,000	-	620,000	7,805,000	650,000	7,155,000
Capital projects - 2022	62,445,000	-	980,000	61,465,000	1,395,000	60,070,000
Capital projects - 2023	-	59,790,000	-	59,790,000	335,000	59,455,000
NYPA projects	231,167	-	144,382	86,785	86,784	1
NYPA projects	304,652	-	51,583	253,069	52,334	200,735
Total bonds and notes payable	<u>138,465,819</u>	<u>59,790,000</u>	<u>9,030,965</u>	<u>189,224,854</u>	<u>10,099,118</u>	<u>179,125,736</u>
Other long-term liabilities:						
Accrued workers' compensation	2,548,533	-	631,887	1,916,646	-	1,916,646
Retainage payable	-	1,762,729	-	1,762,729	-	1,762,729
Bond premium	13,247,859	7,117,233	1,091,707	19,273,385	841,798	18,431,587
Compensated absences	13,556,619	-	340,278	13,216,341	-	13,216,341
Net pension liability(asset) - ERS	(4,681,023)	18,177,241	-	13,496,218	-	13,496,218
Net pension liability(asset) - TRS	(85,911,144)	96,110,026	-	10,198,882	-	10,198,882
Total OPEB Liability	<u>439,737,443</u>	<u>-</u>	<u>23,698,818</u>	<u>416,038,625</u>	<u>-</u>	<u>416,038,625</u>
Total other long-term debt	<u>378,498,287</u>	<u>123,167,229</u>	<u>25,762,690</u>	<u>475,902,826</u>	<u>841,798</u>	<u>475,061,028</u>
Total long-term liabilities	<u>\$ 516,964,106</u>	<u>182,957,229</u>	<u>34,793,655</u>	<u>665,127,680</u>	<u>10,940,916</u>	<u>654,186,764</u>

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(6) Long-Term Liabilities, Continued

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>June 30, 2023 Balance</u>
Capital Projects - 2012	2012	2028	2.70%	\$ 1,175,000
Capital Projects - 2014	2014	2032	5.00%	11,625,000
Capital Projects - 2016	2016	2035	3.00%	9,300,000
Capital Projects - 2016	2016	2036	3.00%	32,215,000
Capital Projects - 2017	2017	2027	3.00%	3,105,000
Capital Projects - 2017	2017	2025	3.00%	2,405,000
Capital Projects - 2019	2019	2034	5.00%	7,805,000
Capital Projects - 2022	2022	2051	5.00%	61,465,000
Capital Projects - 2023	2023	2050	4.00%	59,790,000
NYPA Projects	2009	2024	1.92%	86,785
NYPA Projects	2012	2027	1.92%	<u>253,069</u>
Total				\$ <u>189,224,854</u>

The following is a summary of the maturities of bonds payable:

<u>Year ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 10,100,455	9,857,231	19,957,686
2025	9,825,912	8,473,731	18,299,643
2026	8,827,320	7,995,073	16,822,393
2027	9,228,764	7,603,779	16,832,543
2028	8,952,403	7,181,268	16,133,671
2029-2033	44,545,000	29,646,446	74,191,446
2034-2038	31,475,000	20,186,746	51,661,746
2039-2043	28,890,000	13,313,690	42,203,690
2044-2048	28,580,000	5,907,839	34,487,839
2049-2051	<u>8,800,000</u>	<u>723,201</u>	<u>9,523,201</u>
Total	\$ <u>189,224,854</u>	<u>110,889,004</u>	<u>300,113,858</u>

(7) Interfund Balances and Activity

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditure</u>
General fund	\$ 20,723,936	13,773,630	171,872	470,725
Special aid fund	-	18,975,071	470,725	171,872
School lunch fund	-	704,985	-	-
Capital projects fund	13,606,549	911,629	-	-
Debt service fund	34,330	-	-	-
Miscellaneous fund	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	\$ <u>34,365,315</u>	<u>34,365,315</u>	<u>642,597</u>	<u>642,597</u>

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(7) Interfund Balances and Activity, Continued

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position. 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.

(8) Pension Plans

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. Benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

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

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(a) Plan Descriptions and Benefits Provided, Continued

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

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported the following liabilities for its proportionate share of the net pension liabilities for each of TRS and ERS. The net pension liabilities were measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation. The District's proportion of the net pension liabilities was based on a projection of the District's long-term share of contributions to TRS and ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2023	6/30/2022
Net pension liability	\$13,496,218	10,198,882
District's proportion of the Plan's net pension liabilities	0.0629369%	0.531499%
Change in proportionate share	0.0056738	0.035735

For the year ended June 30, 2023, the District's recognized pension expense of \$4,655,588 for ERS and \$12,235,007 for TRS in the statement of activities.

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

At June 30, 2023 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 1,437,453	10,687,137	379,025	204,368
Changes of assumptions	6,554,634	19,784,105	72,441	4,108,398
Net difference between projected and actual investment earnings on pension plan investments	-	13,177,923	79,290	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	605,451	1,620,675	938,816	2,827,634
District's contributions subsequent to the measurement date	<u>808,281</u>	<u>9,811,542</u>	<u>-</u>	<u>-</u>
Total	\$ <u>9,405,819</u>	<u>55,081,382</u>	<u>1,469,572</u>	<u>7,140,400</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ 1,663,448	7,132,038
2025	(894,175)	3,674,458
2026	2,602,842	(1,801,076)
2027	3,755,851	25,924,857
2028	-	3,244,555
Thereafter	<u>-</u>	<u>(45,392)</u>
	\$ <u>7,127,966</u>	<u>38,129,440</u>

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(c) Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Salary scale	4.40%	1.95% - 5.18%
Cost-of-living adjustments	1.5% annually	1.3% annually
Inflation rate	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates based on Plan member experience.

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

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

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

Measurement date	<u>ERS</u>		<u>TRS</u>	
	March 31, 2023		June 30, 2022	
	Long-term expected real rate of of return*	Target allocation	Long-term expected real rate of return*	Target allocation
Asset class:				
Domestic equity	4.30%	32%	6.50%	33%
International equity	6.85%	15%	7.20%	16%
Real estate equity	4.60%	9%	6.20%	11%
Global equity	-	-	6.90%	4%
Domestic fixed income	-	-	1.10%	16%
Global bonds	-	-	0.60%	2%
High-yield bonds	-	-	3.30%	1%
Real estate debt	-	-	2.40%	6%
Private equity	7.50%	10%	9.90%	8%
Private debt	-	-	5.30%	2%
Real assets	5.84%	3%	-	-
Fixed income	1.50%	23%	-	-
Opportunistic/Absolute Return Strategy	5.38%	3%	-	-
Credit	5.43%	4%	-	-
Cash	0.00%	1%	(0.30%)	1%
		<u>100%</u>		<u>100%</u>

* Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

(d) Discount Rate

The discount rate used to calculate the total pension liabilities were 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liabilities to the Discount Rate Assumption

The following presents the District's proportionate share of the ERS and TRS net pension liabilities calculated using the discount rates referred to above, as well as what the District's proportionate share of the net pension liabilities would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rates referred to above:

ERS	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	\$(32,614,570)	(13,496,218)	2,479,389
TRS	1% Decrease (5.95%)	Current Discount (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ (94,038,472)	(10,198,882)	60,309,664

(f) Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of the respective measurement dates, were as follows:

	(Dollars in Millions)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ (232,627)	(133,883)
Plan net position	211,183	131,964
Employers' net pension liability	\$ (21,444)	(1,919)
Ratio of plan net position to the employers' total pension liability	90.78%	98.6%

(g) Contributions to the Pension Plans

ERS employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$808,281. This amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to ERS for the year ended June 30, 2023 were \$2,459,749.

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(g) Contributions to the Pension Plans, Continued

TRS employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions to TRS as of June 30, 2023 amounted to \$11,031,311 including employees' share. The accrued employer contributions have been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2023 were \$9,811,542.

(9) Other Postemployment Benefits Obligation

(a) Plan Description

The District's defined benefit Other Postemployment Benefits (OPEB) obligation plan, provides for all employees who meet the TRS/ERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the TRS are eligible for retiree health care benefits for life from the District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the District according to ERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for ERS health care benefits.

The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board.

(b) Benefits Provided

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

(c) Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	1,009
Active employees	<u>1,248</u>
Total participants	<u>2,257</u>

(d) Total OPEB Liability

The District's total OPEB liability of \$416,038,625 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2021. There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(9) Other Postemployment Benefits Obligation, Continued

(e) Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary Increases	Varies by pension retirement system
Discount Rate	4.13%
Healthcare Cost Trend Rates	6.00% for 2021 decreasing to an ultimate rate of 4.04% by 2075

The discount rate was based on tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2023.

Mortality rates were Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generational using MP-2021.

(f) Changes in Total OPEB Liability

Balance July 1, 2022	\$ 439,737,443
Service cost	14,313,125
Interest	15,882,329
Difference between expected and actual experience	(2,371,853)
Change in assumptions	(40,633,278)
Benefit payments	<u>(10,889,141)</u>
Balance June 30, 2023	\$ <u>416,038,625</u>

(g) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Current Assumption (4.13%)	1% Increase (5.13%)
Total OPEB liability	\$ <u>488,368,456</u>	<u>416,038,625</u>	<u>358,390,915</u>

(h) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability	\$ <u>346,979,596</u>	<u>416,038,625</u>	<u>505,774,7405</u>

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(9) Other Postemployment Benefits Obligation, Continued

(i) OPEB Expense and Deferred Outflows and Inflows related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$46,088,369. As of June 30, 2023 the District reported deferred outflows of resources and inflows of resources as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	101,681,180
Changes of assumptions or other inputs	<u>144,341,812</u>	<u>125,410,691</u>
	\$ <u>144,341,812</u>	<u>227,091,871</u>

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

<u>Year ending</u>	
2024	\$ (3,486,248)
2025	(3,486,248)
2026	(3,486,248)
2027	(2,184,705)
2028	(34,481,907)
Thereafter	<u>(35,624,703)</u>
	\$ <u>(82,750,059)</u>

(10) Tax Abatements

All real property in New York State is subject to taxation unless specific legal provisions grant it exempt status. Real property exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the Real Property Tax Law, the Agriculture and Markets Law and the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for county, city, town, and school purposes, whereas other pertain only to certain of these purposes. Some tax exemptions are mandated by State law, others are subject to local option and/or local determination of eligibility criteria.

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(10) Tax Abatements, Continued

The District is affected by several real property tax abatement agreements with various entities. These agreements provide for a form of Payment In Lieu of Taxes (PILOT) in return for an abatement of real property taxes.

Generally the tax abatements are issued under the NYS Private Housing Finance Law (PHFL) or the City of Albany Industrial Development Agency (CAIDA). PILOT agreements are in place under both categories, with shelter rents (a percentage of the rents from the housing) being the predominant PILOT method for PHFL agreements, and payments of a percentage of taxable assessed value being the predominant PILOT method for CAIDA agreements. The PHFL properties are mostly organized under the Albany Housing Authority, which is a separate, but component unit of the City of Albany. These properties contain almost exclusively affordable housing units. The CAIDA properties are commercial properties comprised of a mix of hotel, office, retail, and both market rate and affordable apartment units.

The total assessed value of all affordable housing properties, including the CAIDA shelter rent properties, is \$355,048,365 for the District's tax year, with taxable assessed values of \$40,921,647. The total PILOT payments on these properties were \$1,140,514. This value is an expression of what the total value of collected shelter rents would be if they were collected and apportioned as taxes. This constitutes a \$8,839,732 abatement of school taxes.

The total assessed value of Commercial (almost exclusively CAIDA) properties is \$360,798,520 for the District's tax year, with taxable assessed values of \$334,002,950. The total PILOT payments on these properties to date were \$3,119,001 to the District. This constitutes a \$7,301,310 abatement of school taxes.

(11) Risk Management

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

(a) New York State Unemployment Insurance

The District has chosen to establish a risk-financing fund for risks associated with unemployment claims which is accounted for in the District's general fund and includes provisions for unexpected and unusual claims.

(b) Workers' Compensation Plan

The District is self-insured for workers' compensation benefits on a cost-reimbursement basis. Under the program, the District is responsible for claim payments.

Any excess funding received over claims paid and accrued is held in the workers' compensation reserve, restricted for future claim payments.

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(11) Risk Management, Continued

(c) Health Insurance Plan

All of the District's health insurance plans are self-insured.

All known claims filed and an estimate of all incurred but not reported claims existing at June 30, 2023, have been recorded as accrued liabilities in the general fund.

The District establishes health insurance claims liabilities based on estimates of the ultimate cost of claims. Claims under this plan are paid during the year or in the subsequent year. The length of time that claims may be submitted is limited to ninety days after year-end. The District has stop loss insurance limiting its liability to \$150,000 per insured.

The District establishes Workers' Compensation and unemployment claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claims costs depend on complex factors, such as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

The District establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

The following represents changes in those aggregate liabilities for the District during 2023:

	<u>Health</u>	<u>Workers'</u> <u>Compensation</u>
Unpaid claims and claim adjustment, beginning of year	\$ 2,717,697	2,548,533
Incurred claims and claim adjustment expenses	38,940,793	6,338,476
Payments made for claims arising during the current year	(39,893,263)	(6,970,363)
Unpaid claims and claim adjustment expenses, end of year	\$ <u>1,765,227</u>	<u>1,916,646</u>

CITY SCHOOL DISTRICT OF ALBANY
Notes to Financial Statements, Continued

(12) Contingencies and Commitments

(a) Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time.

The District is the defendant in certain litigation, in the opinion of management and the District's attorney, it is unlikely that any losses will be material to the financial statements.

(b) Other

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

(13) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 99 - Omnibus 2022. Effective for various periods through fiscal years beginning after June 15, 2023.

Statement No. 102 - Certain Risk Disclosures. Effective for fiscal years beginning after June 15, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY SCHOOL DISTRICT OF ALBANY
Required Supplementary Information
Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year ended June 30, 2023

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary Basis)	Final Budget Variance With Budgetary <u>Actual</u>
Revenue:				
Local sources:				
Real property taxes	\$115,649,788	115,649,788	116,276,839	627,051
Other tax items	13,882,357	13,882,357	13,882,694	337
Nonproperty tax items	3,700,000	3,700,000	4,961,620	1,261,620
Charges for services	1,782,500	1,782,500	1,981,097	198,597
Use of money and property	65,100	65,100	3,210,626	3,145,526
Sale of property and compensation for loss	-	-	147,086	147,086
Miscellaneous	4,212,000	4,212,000	10,124,261	5,912,261
State sources	143,880,616	143,880,616	145,458,769	1,578,153
Federal sources	50,000	50,000	4,139	(45,861)
Medicaid reimbursement	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,569,825</u>	<u>569,825</u>
Total revenue	284,222,361	284,222,361	297,616,956	13,394,595
Other financing sources - operating transfers in	<u>150,000</u>	<u>150,000</u>	<u>171,872</u>	<u>21,872</u>
Total revenue and other financing sources	<u>\$284,372,361</u>	<u>284,372,361</u>	<u>297,788,828</u>	<u>13,416,467</u>

CITY SCHOOL DISTRICT OF ALBANY
Required Supplementary Information
Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund, Continued

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary <u>Basis</u>)	Year-End <u>Encumbrances</u>	Final Budget Variance With Budgetary Actual and <u>Encumbrances</u>
Expenditures:					
General support:					
Board of Education	\$ 215,800	238,567	150,687	12,153	75,727
Central administration	478,912	464,242	449,441	2,201	12,600
Finance	1,250,140	1,192,787	1,078,350	33,578	80,859
Staff	1,427,594	1,924,101	1,845,802	56,049	22,250
Central services	15,528,383	15,679,870	14,492,337	1,552,026	(364,493)
Special items	1,369,727	1,385,846	1,058,681	4	327,161
Instruction:					
Instruction, administration and improvement	10,709,329	11,434,125	10,857,869	380,110	196,146
Teaching - regular school Programs for children with handicapping conditions	101,505,912	102,683,125	96,041,190	416,051	6,225,884
Occupational education	33,167,049	32,271,412	27,955,521	1,244,222	3,071,669
Teaching - special schools	729,885	796,607	770,102	5,655	20,850
Instructional media	484,617	540,048	387,307	436	152,305
Pupil services	4,589,633	6,022,801	5,713,650	222,913	86,238
Pupil transportation	22,251,626	22,120,282	19,223,247	657,557	2,239,478
Employee benefits	10,970,363	11,019,521	10,270,473	435,679	313,369
Debt service - principal	63,977,468	63,882,772	58,828,348	170,030	4,884,394
Debt service - interest	11,676,432	11,676,432	11,395,965	2,173	278,294
Total expenditures	<u>7,327,641</u>	<u>7,334,211</u>	<u>12,269,096</u>	<u>1,462</u>	<u>(4,936,347)</u>
Other financing uses - transfers to other funds	287,660,511	290,666,749	272,788,066	5,192,299	12,686,384
Total expenditures and other financing uses	<u>496,850</u>	<u>496,850</u>	<u>470,725</u>	<u>-</u>	<u>26,125</u>
Change in fund balance	288,157,361	291,163,599	273,258,791	5,192,299	12,712,509
Fund balance - beginning	(3,785,000)	(6,791,238)	24,530,037	(5,192,299)	26,128,976
Fund balance - ending	<u>63,624,581</u>	<u>63,624,581</u>	<u>63,624,581</u>	<u>-</u>	<u>-</u>
	<u>\$ 59,839,581</u>	<u>56,833,343</u>	<u>88,154,618</u>	<u>(5,192,299)</u>	<u>26,128,976</u>

Budget Basis of Accounting

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

CITY SCHOOL DISTRICT OF ALBANY
Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios
Year ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 14,313,125	29,009,860	27,468,482	12,786,739	11,013,684	11,602,843
Interest	15,882,329	14,421,167	13,970,623	12,912,212	12,807,522	11,874,146
Changes in benefit terms	-	-	-	(14,520,606)	-	-
Differences between expected and actual experience	(2,371,853)	(122,853,124)	(2,114,084)	(12,374,040)	-	-
Changes in assumptions	(40,633,278)	(112,995,821)	6,128,427	260,784,781	21,966,845	(16,540,574)
Benefit payments	<u>(10,889,141)</u>	<u>(12,893,931)</u>	<u>(10,125,778)</u>	<u>(9,815,386)</u>	<u>(11,431,799)</u>	<u>(13,024,806)</u>
Net change in total OPEB liability	(23,698,818)	(205,311,849)	35,327,670	249,773,700	34,356,252	(6,088,391)
Total OPEB liability - beginning	<u>439,737,443</u>	<u>645,049,292</u>	<u>609,721,622</u>	<u>359,947,922</u>	<u>325,591,670</u>	<u>331,680,061</u>
Total OPEB liability - ending	<u>\$416,038,625</u>	<u>439,737,443</u>	<u>645,049,292</u>	<u>609,721,622</u>	<u>359,947,922</u>	<u>325,591,670</u>
Covered payroll	\$ 76,851,293	76,851,293	100,616,295	112,148,280	106,567,717	93,136,917
Total OPEB liability as a percentage of covered payroll	541.36%	572.19%	641.10%	543.67%	337.76%	349.58%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
4.13%	3.54%	2.16%	2.21%	3.51%	3.87%

There are no assets accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

CITY SCHOOL DISTRICT OF ALBANY
Required Supplementary Information
Schedule of District's Proportionate Share of the Net Position Asset/Liability
Year ended June 30, 2023

<u>TRS System - Asset (Liability)</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.5314990%	0.4957640%	0.5552250%	0.5581190%	0.5445190%	0.5298040%	0.4843920%	0.4843920%	0.4892710%
The District's proportionate share of the net pension asset (liability)	\$(10,198,882)	85,911,144	(15,342,365)	14,500,000	9,846,300	4,027,000	5,520,700	50,312,900	54,501,700
The District's covered payroll	\$ 95,350,263	94,144,602	84,097,898	94,243,200	93,159,100	86,475,200	79,539,900	72,762,300	72,273,000
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	10.70%	91.25%	18.24%	15.39%	10.57%	4.66%	6.94%	69.15%	75.41%
Plan fiduciary net position as a percentage of the total pension asset (liability)	98.60%	113.20%	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
<u>ERS System - Asset (Liability)</u>									
The District's proportion of the net pension asset (liability)	0.0629369%	0.0572631%	0.0723850%	0.0740415%	0.0697084%	0.0664322%	0.0646409%	0.0646409%	0.0649258%
The District's proportionate share of the net pension asset (liability)	\$(13,496,218)	4,681,023	(72,077)	(19,606,600)	(4,939,000)	(2,144,100)	(6,196,400)	(10,375,000)	(2,193,400)
The District's covered payroll	\$ 23,551,551	19,007,524	22,438,224	22,567,300	19,780,000	19,287,000	17,973,000	16,769,100	16,903,000
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	57.31%	24.63%	0.32%	86.88%	24.97%	11.12%	34.48%	61.87%	12.98%
Plan fiduciary net position as a percentage of the total pension asset (liability)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

CITY SCHOOL DISTRICT OF ALBANY
Required Supplementary Information
Schedule of Employer's Pension Contributions
Year ended June 30, 2023

<u>TRS System</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 9,811,542	9,226,171	8,014,530	8,350,000	9,893,500	8,474,600	10,547,000	12,755,200	11,744,400
Contribution in relation to the contractually required contribution	<u>9,811,542</u>	<u>9,226,171</u>	<u>8,014,530</u>	<u>8,350,000</u>	<u>9,893,500</u>	<u>8,474,600</u>	<u>10,547,000</u>	<u>12,755,200</u>	<u>11,744,400</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$95,350,263	94,144,602	84,097,898	94,243,200	93,159,100	86,475,200	79,539,900	72,762,300	72,273,000
Contribution as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	13.26%	17.53%	16.25%
 <u>ERS System</u>									
Contractually required contribution	\$ 2,459,749	2,268,648	2,989,578	3,098,000	2,709,100	2,718,400	2,572,700	2,622,700	3,255,900
Contribution in relation to the contractually required contribution	<u>2,459,749</u>	<u>2,268,648</u>	<u>2,989,578</u>	<u>3,098,000</u>	<u>2,709,100</u>	<u>2,718,400</u>	<u>2,572,700</u>	<u>2,622,700</u>	<u>3,255,900</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$23,551,551	19,007,524	22,438,224	22,567,300	19,780,000	19,287,000	17,973,000	16,769,100	16,903,000
Contribution as a percentage of covered payroll	10.44%	11.94%	13.32%	13.73%	13.70%	14.09%	14.31%	15.64%	19.26%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

CITY SCHOOL DISTRICT OF ALBANY
Other Supplementary Information
Schedule of Changes From Adopted Budget
to the Final Budget and the Real Property Tax Law Limit Calculation
Year ended June 30, 2023

Change from adopted budget to final budget:		
Original budget		\$ 288,157,361
Add prior year's encumbrances		<u>3,006,238</u>
Final budget		<u>\$ 291,163,599</u>
 <u>Section 1318 of Real Property Tax Law Limit Calculation</u>		
2023-2024 expenditure budget		\$ 307,268,458
Maximum allowed 4% of 2024 budget		12,290,738
General fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	\$ 8,644,556	
Unassigned fund balance	<u>12,290,738</u>	
Total unrestricted fund balance		20,935,294
Less:		
Appropriated fund balance	3,452,257	
Encumbrances included in assigned fund balance	<u>5,192,299</u>	
Total adjustments		<u>8,644,556</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		<u>\$ 12,290,738</u>
Actual percentage		4.00%

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

CITY SCHOOL DISTRICT OF ALBANY
Other Supplementary Information
Schedule of Project Expenditures - Capital Projects Fund
June 30, 2023

Project Title	Expenditures to Date					Methods of Financing					Fund
	Original Appropriation	Revised Appropriation	Prior Year's	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State and Federal Sources	Local Sources	Total	Balance 6/30/2023
Capital Projects - \$240M Summary	\$ 164,603,000	204,240,000	203,401,488	-	203,401,488	838,512	198,298,340	5,669,666	255	203,968,261	566,773
Livingston Magnet School	19,422,000	-	-	-	-	-	-	-	-	-	-
Sunshine School	1,215,000	-	(264)	-	(264)	264	-	-	-	-	264
Lease Cathedral Immaculate	-	-	1,489,900	-	1,489,900	(1,489,900)	-	-	1,490,200	1,490,200	300
Lease 75 Watervliet	-	-	226,592	-	226,592	(226,592)	-	-	205,993	205,993	(20,599)
Albany High School Reconstruction	-	7,792,150	7,074,198	-	7,074,198	717,952	5,676,000	-	2,109,469	7,785,469	711,271
Abrookin - Excel Project	-	3,809,933	3,734,646	-	3,734,646	75,287	3,173,244	826,756	-	4,000,000	265,354
Giffen - Excel Project	-	960,000	885,383	27,814	913,197	46,803	691,200	208,800	-	900,000	(13,197)
North Albany Academy Roof	-	300,000	240,880	22,581	263,461	36,539	-	-	-	-	(263,461)
Albany School of Humanities - Chiller Project	-	300,000	299,803	-	299,803	197	-	-	285,000	285,000	(14,803)
Hackett Parking Lot & Generator	-	370,000	502,043	-	502,043	(132,043)	-	-	-	-	(502,043)
Eagle Point Roof	-	110,000	115,125	-	115,125	(5,125)	-	-	-	-	(115,125)
Arbor Hill Handlers	-	300,000	15,432	-	15,432	284,568	-	-	-	-	(15,432)
Albany High Turf Field	2,417,000	-	2,387,542	-	2,387,542	29,458	1,642,640	-	774,360	2,417,000	29,458
Albany High Press Box - Turf Field	67,000	-	59,171	-	59,171	7,829	-	-	67,000	67,000	7,829
Albany High School - \$179.9 Million	179,900,000	-	122,516,989	11,970,722	134,487,711	45,412,289	135,229,183	1,805,543	-	137,034,726	2,547,015
District Wide Reconstruction - \$13.9 Million	13,944,000	-	14,406,412	-	14,406,412	(462,412)	8,993,000	-	4,951,000	13,944,000	(462,412)
N Lark Street Purchase	-	-	2,192,449	-	2,192,449	(2,192,449)	-	-	2,192,449	2,192,449	-
N Lark Street Middle School Conversion	6,525,000	-	6,493,236	-	6,493,236	31,764	5,220,000	-	1,305,000	6,525,000	31,764
ASH NYPA Energy Project	-	-	787,610	-	787,610	(787,610)	787,610	-	-	787,610	-
395 Elk Building Purchase	4,100,000	-	4,005,831	-	4,005,831	94,169	-	-	4,100,000	4,100,000	94,169
Smart Schools Bond	2,100,827	3,600,827	2,685,369	229,973	2,915,342	685,485	-	2,685,369	-	2,685,369	(229,973)
New Schotland Temp Air Conditioning	613,000	-	528,313	-	528,313	84,687	-	-	-	-	(528,313)
Harriet Gibbons Mecvhanica	168,000	-	259,133	-	259,133	(91,133)	-	-	-	-	(259,133)
Five Year Facilities Plan	17,021,287	-	11,701,833	3,943,278	15,645,111	1,376,176	-	-	3,334,900	3,334,900	(12,310,211)
North Albany MS	28,460,000	-	20,418,605	6,074,276	26,492,881	1,967,119	-	-	11,700,000	11,700,000	(14,792,881)
Total	\$ 440,556,114	221,782,910	406,427,719	22,268,644	428,696,363	46,301,834	359,711,217	11,196,134	32,515,626	403,422,977	(25,273,386)

CITY SCHOOL DISTRICT OF ALBANY
Other Supplementary Information
Net Investment in Capital Assets
For the year ended June 30, 2023

Capital assets, net		\$ 365,567,883
Add:		
Unamortized deferred loss on refunding	\$ 6,052,113	
Unspent bond proceeds	<u>10,910,548</u>	16,962,661
Deduct:		
Retainage payable	1,762,729	
Bond anticipation note payable	47,881,000	
Short-term portion of bonds payable	10,100,455	
Long-term portion of bonds payable	179,124,399	
Unamortized bond premium	<u>19,273,385</u>	<u>(258,141,968)</u>
Net investment in capital assets		<u>\$ 124,388,576</u>

FEDERAL GRANT COMPLIANCE AUDIT

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

The Board of Education
City School District of Albany:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City School District of Albany (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated March 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies might exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2023-002.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
March 7, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education
City School District of Albany:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City School District of Albany (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-004. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

EFPR Group, CPAs, PLLC

Williamsville, New York
March 7, 2024

CITY SCHOOL DISTRICT OF ALBANY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>				
Passed Through NYS Education Department - Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	\$ 1,076,595	-
National School Lunch Program	10.555	N/A	4,036,707	-
Commodity Supplemental Food program	10.555	N/A	474,267	-
			4,510,974	-
Total Child Nutrition Cluster			5,587,569	-
Farm to School Grant Program	10.575	N/A	44,233	-
Total U.S. Department of Agriculture			5,631,802	-
<u>U.S. Department of Education</u>				
Passed-through NYS Education Department:				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	0021-23-0005	4,507,321	-
Title I Grants to Local Educational Agencies	84.010	0021-22-0005	131,095	-
Title I Grants to Local Educational Agencies	84.010	0016-23-0005	233,837	-
Title I Grants to Local Educational Agencies	84.010	0016-22-0005	32,337	-
Title I Grants to Local Educational Agencies	84.010	0011-23-2012	581,548	-
Title I Grants to Local Educational Agencies	84.010	0011-22-2012	225,711	-
Title I Grants to Local Educational Agencies	84.010	0011-22-4014	42,027	-
Title I Grants to Local Educational Agencies	84.010	0011-23-6001	140,158	-
Title I Grants to Local Educational Agencies	84.010	0011-22-6001	86,853	-
Title I Grants to Local Educational Agencies	84.010	0011-23-8010	22,793	-
Total Title I, Part A Cluster			6,003,680	-
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-0001	3,191,957	-
COVID-19 - Special Education - Grants to States (IDEA, Part B)	84.027X	5532-22-0001	213,158	-
			3,405,115	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-0001	172,687	-
COVID-19 - Special Education - Preschool Grants (IDEA Preschool)	84.173X	5533-22-0001	38,157	-
			210,844	-
Total Special Education Cluster (IDEA)			3,615,959	-
Career and Technical Education-Basic Grants to States	84.048	8000-23-0084	117,607	-
Education for Homeless Children and Youth	84.196	0212-23-3097	69,608	-
Twenty-First Century Community Learning Centers	84.287	0187-23-8005	748,754	-
English Language Acquisition State Grants	84.365	0293-23-0005	106,397	-
English Language Acquisition State Grants	84.365	0293-22-0005	83,750	-
English Language Acquisition State Grants	84.365	0149-23-0005	143,613	-
			333,760	-
Supporting Effective Instruction State Grants	84.367	0147-23-0005	611,568	-
Supporting Effective Instruction State Grants	84.367	0147-22-0005	154,196	-
			765,764	-
Student Support and Academic Enrichment Program	84.424	0204-23-0005	176,857	-
Student Support and Academic Enrichment Program	84.424	0204-22-0005	101,328	-
			278,185	-
Education Stabilization Fund:				
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-0005	2,981,080	-
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-0005	10,705,866	-
Total Education Stabilization Fund			13,686,946	-
Total U.S. Department of Education			25,620,263	-
Total Expenditures of Federal Awards			\$ 31,252,065	-

See accompanying notes to schedule of expenditures of federal awards.

CITY SCHOOL DISTRICT OF ALBANY
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in the schedule of expenditures of federal awards are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

(2) Subrecipients

No amounts were provided to subrecipients.

(3) Nonmonetary Federal Program

The District is the recipient of a federal award program (Assistance Listing No. 10.555) that does not result in cash receipts or disbursements termed a "nonmonetary program." During the year ended June 30, 2023, the District used \$474,267 worth of food commodities as reported in the schedule of expenditures of federal awards.

(4) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The District does not use the 10% de minimis election.

CITY SCHOOL DISTRICT OF ALBANY
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Part I. - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- | | | |
|--|---|---|
| 1. Material weakness(es) identified? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Significant deficiency(ies) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |
| 3. Noncompliance material to financial statements noted? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |

Federal Awards:

Internal control over major programs:

- | | | |
|--|---|---|
| 4. Material weakness(es) identified? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 5. Significant deficiency(ies) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None reported |

Type of auditors' report issued on compliance for major programs:

Unmodified

- | | | |
|---|---|-----------------------------|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)(Uniform Guidance)? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 7. The District's major programs audited were: | | |

Name of Federal Programs

Assistance Listing
Number

Child Nutrition	10.553/10.555
Supporting Effective Instruction State Grants	84.367
Education Stabilization Fund	84.425D/84.425U

- | | |
|---|---|
| 8. Dollar threshold used to distinguish between Type A and Type B programs. | \$ 750,000 |
| 9. Auditee qualified as low-risk auditee? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |

Part II. - FINANCIAL STATEMENT FINDINGS SECTION

See Findings 2023-001 and 2023-002 on page 70.

Part III. - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

See Findings 2023-003 and 2023-004 on pages 71 - 72.

CITY SCHOOL DISTRICT OF ALBANY
Schedule of Findings and Questioned Costs, Continued

Part II - FINANCIAL STATEMENT FINDINGS SECTION

(2023-001) Accounting Records and Significant Audit Adjusting Journal Entries

Criteria - Management is responsible for maintaining accurate accounting records.

Condition - Significant changes occurred in the District staffing during the year resulting in delays in reconciling asset and liability accounts in multiple funds and therefore, the accounting records did not accurately reflect appropriate balances.

Cause - The absence of our involvement, including the processing of audit adjusting journal entries, would result in material misstatement.

Effect of Condition - Fifteen audit adjusting journal entries amounting to \$10,871,111 across all funds were required in order to correct the balances of the accounting records of the District.

Recommendation - We recommend that significant asset and liability accounts be reconciled at year-end to ensure accounting records accurately reflect appropriate balances.

Views of Responsible Officials and Planned Corrective Actions - See accompanying Corrective Action Plan provided by management on page 74.

(2023-002) Untimely Filing

Criteria - Pursuant to Education Law Section 2116-a(3)(a) and Commissioner's Regulations Section 170.12(e)(2), School Districts other than Buffalo, Rochester, Syracuse, Yonkers and New York City and BOCES must submit audited financial statements by October 15, or the next business day if the due date falls on a Saturday or Sunday. Management is responsible for ensuring the timely filing of financial statements.

Condition - As of the date of this report, financial statements have not been filed with the New York State Education Department.

Cause - The District was not able to timely file the financial statements with the New York State Education Department.

Effect of Condition - Untimely filing has led to New York State withholding funding from the District.

Recommendation - We recommend that management take steps to ensure the timely filing of financial statements.

Views of Responsible Officials and Planned Corrective Actions - See accompanying Corrective Action Plan provided by management on page 74.

CITY SCHOOL DISTRICT OF ALBANY
Schedule of Findings and Questioned Costs, Continued

Part III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Federal Agency - United States Department of Agriculture

Federal Program - Child Nutrition Cluster (10.553, 10.555)

Federal Award Years - 2023

State Agency - Department of Education

Reference - 2023-003

Criteria - Management is responsible for maintaining accurate accounting records, including the tracking of state and federal grants.

Condition - Significant changes occurred in the District staffing during the year resulting in delays in reconciling asset and liability accounts in the school lunch fund, and therefore, the accounting records did not accurately reflect appropriate balances of the state and federal grants receivable, including the amounts reported on the schedule of expenditures of federal awards.

Cause - The District's change in staffing caused the controls over reconciling asset and liability accounts to not operate as designed.

Effect of Condition - Audit adjusting journal entries were recorded amounting to \$1,063,327 of federal awards that was previously excluded from the District's schedule of expenditures of federal awards and the school lunch fund.

Questioned Costs - None.

Perspective - Two of the twelve months of child nutrition reimbursements were not accounted for in the school lunch fund or schedule of expenditures of federal awards. Audit adjusting journal entries were recorded to properly report the grants.

Recommendation - We recommend that significant asset and liability accounts be reconciled at year-end to ensure accounting records accurately reflect appropriate balances.

Views of Responsible Officials and Planned Corrective Actions - See accompanying Corrective Action Plan provided by management on page 74.

CITY SCHOOL DISTRICT OF ALBANY
Schedule of Findings and Questioned Costs, Continued

Part III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Federal Agency - United States Department of Education

Federal Program - Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund (84.425D)

Federal Award Years - 2023

State Agency - Department of Education

Reference - 2023-004

Criteria - Equipment and real property purchased with federal funds is required to be tracked separately and a physical inventory performed every two years.

Condition - The District has not performed a physical inventory of federally purchased property in the past two years. As a result, equipment claimed under Education Stabilization Funds were not properly tracked and reconciled.

Cause - The District does not have a process in place to ensure that a physical inventory is taken and the results reconciled with property records at least once every two years.

Effect of Condition - The District was unable to verify that equipment purchased using federal funds was still in place and operating in good condition.

Questioned Costs - None.

Perspective - A physical inventory was not completed within the last two years and as a result, the property records of the District were not able to be reconciled to ensure that property obtained with federal funds were maintained and in good condition.

Recommendation - We recommend that the District obtain a physical inventory of their capital asset records.

Views of Responsible Officials and Planned Corrective Actions - See accompanying Corrective Action Plan provided by management on page 75.

CITY SCHOOL DISTRICT OF ALBANY
Status of Prior Audit Findings
Year ended June 30, 2023

There were no audit findings in the prior year financial statements (June 30, 2022).

CITY SCHOOL DISTRICT OF ALBANY

Corrective Action Plan

Year ended June 30, 2023

Name of Auditee: City School District of Albany

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period Covered by the Audit: Year ended June 30, 2023

CAP Prepared by: Joseph Karas, Assistant Superintendent for Business and Finance

Phone: 518-475-6022

(A) Current Finding on the Schedule of Findings and Responses

(1) Audit Finding 2023-001

- (a) Comments on the finding and recommendation: The District agrees with the finding. The District also agrees with the recommendation. See below for actions taken.
- (b) Actions Taken: Management will reconcile significant asset and liability accounts at year end to ensure accounting records accurately reflect appropriate balances.
- (c) Anticipated Completion Date: Management anticipates this finding will be resolved by June 30, 2024.

(2) Audit Finding 2023-002

- (a) Comments on the finding and recommendation: The District agrees with the finding. The District also agrees with the recommendation. See below for actions taken.
- (b) Actions Taken: Management will take steps to ensure timely filing of financial statements.
- (c) Anticipated Completion Date: Management anticipates this finding will be resolved by June 30, 2024.

(3) Audit Finding 2023-003

- (a) Comments on the finding and recommendation: The District agrees with the finding. The District also agrees with the recommendation. See below for actions taken.
- (b) Actions Taken: Management will reconcile significant asset and liability accounts, including state and federal receivables, at year end to ensure accounting records accurately reflect appropriate balances.
- (c) Anticipated Completion Date: Management anticipates this finding will be resolved by June 30, 2024.

CITY SCHOOL DISTRICT OF ALBANY

Corrective Action Plan, Continued

Year ended June 30, 2023

(4) Audit Finding 2023-004

- (a) Comments on the finding and recommendation: The District agrees with the finding. The District also agrees with the recommendation. See below for actions taken.
- (b) Actions Taken: Management will contract with a third party organization to have a physical inventory performed.
- (c) Anticipated Completion Date: Management anticipates this finding will be resolved by June 30, 2024.