

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 25, 2025

NEW ISSUE

BOND ANTICIPATION NOTES

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 "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$50,000,000

**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY
SCHENECTADY COUNTY, NEW YORK**



**GENERAL OBLIGATIONS
CUSIP BASE #: 806466**

**\$50,000,000 Bond Anticipation Notes, 2025
(referred to herein as the "Notes")**

Dated: July 23, 2025

Due: July 23, 2026

The Notes are general obligations of the City School District of the City of Schenectady, Schenectady County, New York (the "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued as book-entry-only registered notes or in registered certificated form in the name of the purchaser. In such case, the Notes will be issued as registered in the name of the purchaser and a single note certificate will be issued for the Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate and payment of principal of and interest on the Notes will be payable in Federal Funds at the office of the School District.

Alternatively, if the Notes are issued in book-entry form, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s). If the Notes are issued in book-entry form, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. 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, Albany, New York, Bond Counsel. 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 July 23, 2025.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on July 9, 2025 until 10:45 A.M., Prevailing Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or 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.

June __, 2025

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 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" INCLUDED HEREIN.

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

SCHOOL DISTRICT OFFICIALS

2024-2025 BOARD OF EDUCATION

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President



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Vice President

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Chief Financial Officer

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Assistant School Business Official

KATHERINE DEVINE
School District Treasurer

HONEYWELL LAW FIRM PLLC
School District Attorney



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

**BARCLAY
DAMON** LLP

Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
OF THE
CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY
SCHENECTADY COUNTY, NEW YORK
RELATING TO
\$50,000,000 Bond Anticipation Notes, 2025

This Official Statement, which includes the cover page, has been prepared by the City School District of the City of Schenectady, Schenectady County, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$50,000,000 principal amount of Bond Anticipation Notes, 2025 (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.

NATURE OF OBLIGATION

Each Note 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" or "Chapter 97"). 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.

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the 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 OBLIGATION” and “TAX LEVY LIMITATION LAW” herein.

The Notes will be dated July 23, 2025 and will mature, without option of prior redemption, on July 23, 2026. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued at the option of each purchaser(s) either (i) registered in the name of the purchaser with a single note certificate issued for the Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. and principal and interest payable in Federal Funds at the offices of the School District; or (ii) registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

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 September 6, 2023 authorizing the issuance of not to exceed \$294,000,000 of obligations and use of \$6,000,000 of capital reserve monies to finance a capital improvements project consisting of the construction, reconstruction, and acquisition of improvements to the District's buildings and associated facilities, at an estimated maximum cost of \$300,000,000.

The proceeds of the Notes will provide \$50,000,000 in original financing for the aforementioned project.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. In such case, 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, a limited-purpose trust company organized under the New York Banking Law, is 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. 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 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 with a single note certificate issued for the Notes bearing the same rate of interest in the aggregate principal amount owned by a holder at such interest rate with principal of and interest on the Notes payable at the office of the District or, at the option of the District, 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. 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 the County of Schenectady and contains the City of Schenectady in its entirety and a portion of the Town of Rotterdam. The District is located on the Mohawk River, about 160 miles from New York City. The District has an area of approximately 11 square miles.

The District is served by a local street system, the New York State Thruway (Interstate I-90), Interstate I-890, Interstate I-88, and New York State Routes #5 and #7. The Albany International Airport, which services many major cities, is situated 15 minutes from the District. Amtrak provides rail transportation.

Source: District officials.

Population

The estimated population of the District is 68,521. (Source: 2023 U.S. Census Bureau estimate.)

Economy

Over 100 years ago, the technology to generate and transmit electricity, one of the most transformational inventions in world history, was developed in the City of Schenectady. Today, the City continues to be a leader in technology. Since 2004, General Electric (“GE”) has invested over \$700 million at its 600-acre technology campus adjacent to the downtown area of the City, which employs nearly 3,000 skilled workers. The world headquarters of GE Global Research is located in the nearby Town of Niskayuna, and employs approximately 1,500 employees. The proximity of this major global research facility is a major asset to GE’s operations in the downtown area of the City. In August 2018, GE announced the elimination of 225 positions resulting in the layoff of approximately 200 hourly production employees and 25 additional positions through attrition. In October 2018, GE announced that GE Power would be split into two units comprised of (1) gas and (2) steam and nuclear. This move effectively eliminates the GE Power headquarters structure. While GE’s downsizing and restructuring have not had a profound local impact to date, impact in the future and the likelihood of any future downsizings and restructurings are unknown.

The City also serves as the headquarters for Mohawk Valley Physicians Health Care (“MVP”), a large health insurance company which employs almost 900 workers in downtown Schenectady. The City is also headquarters to the New York State Lottery, the New York State Gaming Commission, Capital District Regional Off-Track Betting (“OTB”) and the New York Workers Compensation Board.

The Mohawk Harbor completed construction in 2018. This \$480 million project on a 60-acre waterfront site in the City of Schenectady hosts a casino/resort, two new hotels, apartments, condos, retail and tech office space, along with greenspace, bike trails, a new harbor with 50 boat slips and other amenities.

A new \$30 million, 100,000 square foot manufacturing facility for BelGioioso Cheese opened in 2020 at the Glenville Business & Tech Park which employs many City residents.

In September 2021, the Schenectady City Industrial Development Agency announced a 30-year PILOT agreement with developers of the Champlain Hudson Power Express which will carry a gigawatt of electricity for approximately 340 miles as part of an infrastructure upgrade to move towards clean energy. The project is expected to generate \$85 million for Schenectady County in new tax revenue with PILOT payments to begin 2025.

The City of Schenectady offers complete retail banking and trading, two daily newspapers, and radio and television broadcasting. Residents may also commute to employment opportunities at the State offices and private employers in nearby Albany (the State Capital), Troy or various surrounding suburbs. Higher education is available in the District at the Schenectady County Community College and Union College. In addition, the State University of New York at Albany, Siena College, Rensselaer Polytechnic Institute and several other institutions are located nearby.

Source: City of Schenectady and District officials.

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 include the District, are the Town, City, and the County listed below. The figures set below with respect to such Town, 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 Town, City, or County is necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
City of:						
Schenectady	\$ 19,810	\$ 25,493	\$ 31,536	\$ 46,182	\$ 56,642	\$ 61,467
Town of:						
Rotterdam	28,557	33,238	41,561	73,715	86,765	102,137
County of						
Schenectady	27,500	33,379	41,529	70,712	86,124	98,882
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Note: 2020-2024 American Community Survey estimates are not available as of the date of this Official Statement.

Source: 2006-2010, and 2016-2020 and 2019-2023 American Community Survey 5-Year data.

Larger Employers

The following are the larger employers located within or in close proximity to the District.

<u>Company</u>	<u>Type</u>	<u>Number of Employees</u>
Ellis Medicine	Hospital/Medical Facilities	3,400
General Electric Company	Research, Manufacturing, Engineering	3,000 ⁽¹⁾
City School District of the City of Schenectady	Education	2,082
County of Schenectady	County Government	1,305
Rivers Casino & Resort	Entertainment	1,100
MVP Health Care	Health Insurance	900
Golub Corporation	Food Distributors	900 ⁽²⁾
Union College	Education	1,499
City of Schenectady	City Government	593
Bechtel	Navy Nuclear Engineering	450
Schenectady County Community College	Education	450
NYS Workers Compensation Board	State Government Agency	400

⁽¹⁾ Does not include approximately 1,500 employees at sites outside of, but nearby, the City.

⁽²⁾ City of Schenectady only.

Source: City of Schenectady and District officials.

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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 City and County of Schenectady. The information set forth below with respect to the City and County and the State of New York is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the City, County or State are necessarily representative of the District, or vice versa.

	<u>Year Average</u>						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
City of Schenectady	4.7%	4.5%	10.1%	6.6%	4.3%	4.3%	4.6%
Schenectady County	4.0%	3.7%	7.7%	5.0%	3.4%	3.5%	3.7%
New York State	4.1%	3.8%	9.9%	7.0%	4.3%	4.2%	4.3%

	<u>2025 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Schenectady City	5.0%	5.2%	4.6%	3.6%	N/A	N/A
Schenectady County	4.1%	4.4%	3.8%	3.0%	N/A	N/A
New York State	4.6%	4.3%	4.1%	3.6%	N/A	N/A

Note: Unemployment rates for May and June 2025 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

The Board of Education, which is the policy-making body of the District, consists of seven members with overlapping three-year terms. The President and the Vice President are selected by the Board of Education members. The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board of Education, include the Superintendent of Schools, the District Director of Business and Finance, Assistant School Business Official, District Director of Human Resources, District Director of Student Support, District Director of Instructional Support and District Director of Planning and Accountability.

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest 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 of New York; (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 of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; 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.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the District for the ensuing fiscal year. A public hearing on such budget is held not less than seven days and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budget amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

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 “School District Tax Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the School District Tax Cap 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 third 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 Vote Results

The adopted budget for the 2024-25 fiscal year was approved by qualified voters on May 21, 2024 by a vote of 850 to 184. The District’s adopted budget for the 2024-25 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The adopted budget called for no tax levy increase, which was below the District tax levy limit of 3.24%.

The adopted budget for the 2025-26 fiscal year was approved by qualified voters on May 20, 2025 by a vote of 681 to 113. The District’s adopted budget for the 2025-26 fiscal year remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The adopted budget calls for no tax levy increase, which was below the District tax levy limit of 2.74%.

State Aid

The District receives financial assistance from the State. In its budget for the 2025-2026 fiscal year, approximately 77.93% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner in any year municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the 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 School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

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 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 the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. With the exception of the State's fiscal year 2025-26 Enacted Budget (which was adopted on May 9, 2025, thirty-eight (38) days after the April 1 deadline, the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. 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.

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.

President Trump signed an executive order that directs the Secretary of Education to take all necessary steps to facilitate the closure of the U.S. Department of Education. The executive order aims to minimize the federal role in education but stops short of completely closing the Department as this would require 60 votes in the U.S. Senate. President Trump also indicated his preference that critical functions, like distributing Individuals with Disabilities Education Act funding, would be the responsibility of other federal agencies. The impact that the executive order will have on the State and school districts in the State is unknown at this time.

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 2025-2026 preliminary building aid ratios, the District expects to receive State building aid of approximately 98.0% 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

School district fiscal year (2021-2022): The State's 2021-22 Budget includes \$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 includes the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which includes, 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 are to be allocated to expand full-day kindergarten programs. Under the budget, school districts are to be 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.

School district fiscal year (2022-2023): The State's 2022-23 Enacted Budget provides \$31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also programs \$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, is 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 allocates \$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 increases 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 included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%, which was the highest level of State aid to date. The States 2023-24 Budget also provided 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 provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding established 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 was made to promote job readiness. An additional \$150 million was used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

School district fiscal year (2024-2025): The State's 2024-25 Enacted Budget provided \$35.9 billion in State funding to school districts for the 2024-25 school year. This represented an increase of \$1.3 billion compared to the 2023-24 school year and included a \$934 million or 3.89 percent Foundation Aid increase. The State's 2024-25 Enacted Budget maintained the "save harmless" provision, which ensured a school district received at least the same amount of Foundation Aid as it received in the prior year. The State's 2024-25 Enacted Budget also authorized a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

School district fiscal year (2025-2026): The State's 2025-26 Budget includes approximately \$37 billion in State funding to school districts for the 2025-2026 school year, an estimated year-to-year funding increase of \$1.7 billion. The State's 2025-26 Budget provides an estimated \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and includes a 2% minimum increase in Foundation Aid to all school districts. The State's 2025-26 Budget also makes a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

Provisions in the State's 2025-26 Enacted Budget grant the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State Aid) if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2025-26. Specifically, the State's 2025-26 Enacted Budget provides that a "general fund imbalance" has occurred, and the State Budget Director's powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State's 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

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 CFE 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 CFE 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 NYSER 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 CFE 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 and FY 2025 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.
- FY 2025: Funding the full amount of Foundation Aid for all school districts.
- FY 2026: \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and a 2% minimum increase in Foundation Aid to all school districts.

The State's 2025-26 Budget also makes a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

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State Aid Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the below completed fiscal years, and budgeted figures for the 2024-2025 and 2025-2026 fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2019-2020	\$ 196,676,848	\$ 133,643,882	67.95%
2020-2021	192,902,732	130,235,371	67.51
2021-2022	215,743,684	149,355,060	69.23
2022-2023	236,829,501	172,722,667	72.93
2023-2024	265,194,338	201,011,344	75.80
2024-2025 (Budgeted)	267,312,600	204,531,121	76.51
2025-2026 (Budgeted)	285,969,666	222,856,398	77.93

(1) General fund only, does not include inter-fund transfers or reserve funds.

Source: Audited financial statements for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year, and the budgets of the District for the 2024-2025 and 2025-2026 fiscal years.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2020-2021	10,070	2025-2026	9,615
2021-2022	9,524	2026-2027	9,700
2022-2023	9,550	2027-2028	9,700
2023-2024	9,758	2028-2029	9,725
2024-2025	9,572	2029-2030	9,690

Source: District officials.

District Facilities

The District currently operates the following facilities:

<u>Name</u>	<u>Type</u>	<u>Year Built</u>	<u>Capacity</u>
Hamilton	Elementary	1914	594
Howe	Elementary	1910	486
King	Elementary	1968	648
Lincoln	Elementary	1908	621
Paige	Elementary	1953	324
Pleasant Valley	Elementary	1922	621
Van Corlaer	Elementary	1914	594
Woodlawn	Elementary	1972	744
Yates	Elementary	1914	573
Zoller	Elementary	1955	540
Oneida	Secondary	1923	939
Central Park Middle School	Secondary	1923	1,164
Mont Pleasant Middle School	Secondary	1930	1,144
Schenectady High School	Secondary	1956	2,032
Steinmetz Educational Center	Secondary	1908	905
Washington Irving Educational Center	Adult Education	1908	N/A

Source: District officials.

Employees

There are approximately 2,095 people employed by the District. The collective bargaining agents which represent certain employees and the dates of expiration of the various collective bargaining agreements are as follows:

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
1,075	Schenectady Federation of Teachers	June 30, 2026
396	Schenectady Federation of Teachers (Paraprofessionals)	June 30, 2027
131	Other (Management Confidential, Parent Liaisons, Safety)	N/A
128	CSEA-Local 847 (Operations & Maintenance)	June 30, 2026
99	CSEA (Secretarial and Registered Nurses)	June 30, 2026
96	School Alliance of Substitutes in Education	June 30, 2027
83	Schenectady Administrators Association	June 30, 2025 ⁽¹⁾
61	Middle Management Association	June 30, 2026
13	Schenectady Adult Educators Assoc. N.Y.E.A	June 30, 2025 ⁽¹⁾

⁽¹⁾ Currently under negotiations.

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 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 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, the Governor signed into law the new Tier VI pension program, 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% and contributions at such rates continue so long as such employee continues to accumulate pension credits, 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 fiscal years, and budgeted figures for the 2024-2025 and 2025-2026 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$ 1,964,843	\$ 8,990,910
2020-2021	2,217,035	7,795,070
2021-2022	2,051,471	7,098,051
2022-2023	1,649,126	8,942,448
2023-2024	2,236,713	10,774,930
2024-2025 (Budgeted)	2,800,000	10,774,930
2025-2026 (Budgeted)	3,000,000	9,231,717

Source: District officials.

Retirement Incentive Program. 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 does not currently have early retirement incentive programs for its employees.

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 (2021-22 to 2025-26) is shown below:

<u>State Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2021-22	16.2%	9.80%
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11
2025-26	16.5	9.59*

*Estimated.

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 provides local governments and school districts, 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 rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

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

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.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow 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 will be 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 has established such a fund.

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 District implemented GASB 75 for the fiscal year ended June 30, 2018. The implementation of this statement requires school districts 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 school districts to calculate and report a net OPEB obligation. However, under GASB 45, school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires school districts to report the entire OPEB liability on the statement of net position.

The District contracted with, Korn Ferry, actuarial firm to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

	Balance beginning at June 30:	2022	2023
<u>Changes for the year:</u>		<u>\$ 220,680,753</u>	<u>\$ 215,050,808</u>
Service cost		7,641,594	7,765,391
Interest		7,955,144	9,058,324
Differences between expected and actual experience		(2,989,980)	949,599
Changes in assumptions or other inputs		(10,720,329)	(2,897,502)
Changes of benefit terms		(251,682)	-
Benefit payments		<u>(7,264,692)</u>	<u>(7,043,888)</u>
Net Changes		<u>\$ (5,629,945)</u>	<u>\$ 7,831,924</u>
	Balance ending at June 30:	2023	2024
		<u>\$ 215,050,808</u>	<u>\$ 222,882,732</u>

Source: Audited financial reports and actuarial valuation report of the District.

Note: The above table is not audited. For additional information see “APPENDIX – D” attached hereto.

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.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

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.

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

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.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2024 and may be found attached hereto as “APPENDIX – D” to this Official Statement. Certain financial information of the District can 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 is required to issue 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 District is currently in full compliance with GASB Statement No. 34.

New York State Comptroller Report 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 November 10, 2023. The purpose of the audit was to determine whether District officials maintained adequate math workbook inventories and ordered workbooks as needed.

Key Findings:

- District officials did not maintain adequate inventory records and ordered excessive quantities of workbooks. As a result, officials ordered 4,126 sets of workbooks that cost \$143,036, which were not needed during our audit period. Officials did not maintain a comprehensive perpetual inventory of workbooks nor did they perform annual inventory counts at year-end. As a result, officials were not aware of the large quantities of workbooks stored at the elementary schools.
- The District lacked an adequate inventory policy or written procedures on how workbooks should be accounted for and how the inventory should be monitored.
- Officials did not determine the District's actual workbook need before workbooks were ordered.

Key Recommendations:

- Adopt an adequate inventory policy that includes inventory procedures.
- Evaluate available workbooks in storage before ordering workbooks for the next school year.

A copy of the complete reports can be found via the website of the Office of the New York State Comptroller.

There are no other recent State Comptroller's audits of the District, nor any that are any others that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

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 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 reports of the State Comptroller for the past five fiscal years of the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	No Designation	3.3
2023	No Designation	10.0
2022	No Designation	10.0
2021	No Designation	18.3
2020	No Designation	20.0

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

TAX INFORMATION

Taxable Assessed Valuations ⁽¹⁾

Fiscal Year Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Assessed Valuation</u>					
City of: Schenectady	\$ 2,423,437,333	\$ 2,470,381,585	\$ 2,461,761,843	\$ 2,497,015,479	\$ 2,524,479,594
Town of: Rotterdam	<u>55,360,989</u>	<u>55,135,970</u>	<u>53,904,206</u>	<u>53,983,889</u>	<u>54,087,016</u>
Total Assessed Valuation	\$ 2,478,798,322	\$ 2,525,517,555	\$ 2,515,666,049	\$ 2,550,999,368	\$ 2,578,566,610

State Equalization Rates

City of: Schenectady	100.00%	90.70%	82.00%	79.00%	68.45%
Town of: Rotterdam	98.00%	95.00%	83.00%	76.00%	72.00%

Full Valuation

City of: Schenectady	\$ 2,423,437,333	\$ 2,723,684,217	\$ 3,002,148,589	\$ 3,160,779,087	\$ 3,688,063,687
Town of: Rotterdam	<u>56,490,805</u>	<u>58,037,863</u>	<u>64,944,827</u>	<u>71,031,433</u>	<u>75,120,856</u>
Total Full Valuation	\$ 2,479,928,138	\$ 2,781,722,080	\$ 3,067,093,416	\$ 3,231,810,520	\$ 3,763,184,543

Tax Rate Per \$1,000 (Assessed)

Fiscal Year Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City of Schenectady	\$ 20.72	\$ 20.35	\$ 20.42	\$ 20.12	\$ 19.95
Town of Rotterdam	21.17	19.17	20.21	20.94	18.99

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Tax Levy	\$ 51,388,387	\$ 51,349,648	\$ 51,362,763	\$ 51,371,640	\$ 51,381,039
Amount Uncollected ⁽¹⁾	2,294,718	3,327,574	3,957,967	3,648,287	3,828,325
% Uncollected	4.47%	6.48%	7.71%	7.10%	7.45%

⁽¹⁾ Gross tax levy prior to adjustments (tax roll additions, shortages, cancellations and refunds). See "Tax Collection Procedure" herein.

Tax Collection Procedure

District taxes are payable in four installments which are due at the end of each month. Interest on delinquent installments is added at the rate of 1.75% per month or a fraction thereof, until such installment is paid or until the return of the District tax warrant. After the return of the warrant, which generally takes place about May 20th in each fiscal year, the unpaid taxes on real property within the City of Schenectady are turned over to the tax enforcement officer of the City and the unpaid taxes on real property within the Town of Rotterdam are turned over to the County Commissioner of Finance. Both such officials collect such unpaid taxes until the sale of unpaid city taxes and unpaid county taxes, respectively. At such tax sales all unpaid school taxes are bid on by the City and County, respectively, and the District is paid the full amount of such unpaid taxes, including accrued interest thereon. The District receives payment from such unpaid taxes within the two following fiscal years.

Five Largest Payment in Lieu of Tax Agreements 2024-2025

<u>Name</u>	<u>Type</u>	<u>Amount Paid to District Under Tax Agreement</u>	<u>Taxable Assessed Valuation</u>
General Electric	Manufacturer	\$ 1,307,829	\$ 65,000,000
Locomotive Lane Apartments	Apartments	403,240	25,166,000
BN Partners Assoc.	Office	399,763	33,000,000
Schenectady Rehabilitation	Healthcare	399,763	30,500,800
Development at Center City	Office/Retail	<u>207,892</u>	<u>16,809,320</u>
	Total	<u>\$ 2,718,487</u>	<u>\$ 170,476,120</u>

Source: District officials.

Real Property Tax Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the below completed fiscal years, and budgeted figures for the 2024-2025 and 2025-2026 fiscal years comprised of Real Property Taxes.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Property Taxes & Tax Items⁽¹⁾</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2019-2020	\$ 196,676,848	\$ 57,092,817	29.03%
2020-2021	192,902,731	56,677,889	29.38
2021-2022	215,743,684	55,529,524	25.74
2022-2023	240,829,491	55,312,294	22.97
2023-2024	264,532,261	55,247,453	20.88
2024-2025 (Budgeted)	267,312,600	59,204,479	22.15
2025-2026 (Budgeted)	285,969,666	59,361,268	20.76

⁽¹⁾ Includes tax levy and prior year omits, payment in lieu of tax agreements and interest.

Source: Audited financial statements for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year, and the budgets of the District for the 2024-2025 and 2025-2026 fiscal years.

Larger Taxpayers 2024 for 2024-25 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
National Grid	Utility	\$ 120,711,743
Maxon Alco Holdings LLC	Manufacturing	96,754,500 ⁽¹⁾
Schenectady Development, LLC	Commercial	16,750,000
McPartlon Partners, LLC	Commercial	11,659,300
Alco Hotel, LLC	Commercial	11,631,800
Kingsway Arms Nursing Ctr	Nursing Home	10,542,100
Wood Stone Holdings	Commercial	10,450,000
CSX Corporation	Railroad	9,842,344
National Affordable Housing	Apartments	9,650,000
1 Broadway Tower, LLC	Commercial	9,070,000 ⁽²⁾

The ten larger taxpayers listed have a total taxable full valuation of \$307,061,787, which represents 8.16% of the tax base of the District for the 2024-2025 fiscal year.

⁽¹⁾ In July 2024, Maxon Alco Holding filed a tax certiorari petition requesting to have its assessed value for 1 Rush Street reduced by \$1,565,525.

⁽²⁾ In July 2024, 1 Broadway Tower LLC filed a tax certiorari petition requesting to have its assessed value reduced by \$7,016,500.

Notes: The following taxpayers, which are not listed on above, have filed tax certiorari petitions as follows:

<u>Taxpayer</u>	<u>Petition to Reduce Assessed Valuation by:</u>
Development at City Center (Pilot)	\$ 3,118,844
450 Duane Street LLC	2,367,900
SCP 2009 C34-062 C/O Altus Group	2,231,012
Kagr2 Schenectady / Ellis	2,171,200
Wal-Mart Stores	1,637,092
CC Schen LLC C/O Altus Group	1,457,595
CKR State LLC	1,143,882
Lukoil North America LLC	895,500
Broadview Assoc.	215,500
Longo, Frank	110,100
Kuebler, Colin	61,265

Apart from those listed above, the District currently does not have any other pending or outstanding tax certioraris that, if decided adversely to the District, are expected to have a material impact on the finances of the District. The Local Finance Law authorizes municipalities and school districts to issue debt to pay tax certiorari settlements.

Source: District tax rolls.

Additional Tax Information

Real property located in the District is assessed by the City of Schenectady and the Town of Rotterdam.

Senior citizens' exemptions are offered to those who qualify.

The total valuation of the District is estimated to be categorized as follows: Residential-82%, and Commercial-18%.

The estimated annual school district property tax bill of a \$100,000 market value residential property located in the District is approximately \$1,995.

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 \$107,300 or less in the 2025-2026 school year, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$86,100 of the full value of a home for the 2025-2026 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 2019-2020 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 2020-2021 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.

The below table lists the most current basic and enhanced exemption amounts for the municipalities applicable to the District:

<u>Municipality</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
City of Schenectady	\$ 59,060	\$ 21,090	4/10/2025
Town of Rotterdam	61,990	21,600	4/10/2025

\$4,175,040 of the District’s \$51,442,923 school tax levy for the 2024-2025 fiscal year was exempt by the STAR Program. The District received all of such exempt taxes from the State by January, 2025.

Approximately \$3,980,472 of the District’s \$51,442,923 school tax levy for the 2025-2026 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving all of such exempt taxes from the State by January, 2026.

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. It was set to expire on June 15, 2020 unless extended; legislation has since made it permanent. 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, and is applicable to the Notes.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, and was signed into law by the Governor on June 26, 2015. The program began in 2016, and was fully phased in 2019.

See “THE SCHOOL DISTRICT – Budgetary Procedures” herein for additional information regarding the District’s Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is authorized by the Board of Education and utilized, no installment may be more than fifty percent in excess of the smallest prior installment. 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.

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.

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York 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 the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the equalization rate which such assessed valuation bears to the full valuation; such rate is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such rate shall be determined.

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.

Except on rare occasions the District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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 30th:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 85,870,000	\$ 76,280,000	\$ 91,525,000	\$ 100,080,000	\$ 108,180,000
Bond Anticipation Notes	16,000,000	64,500,000	62,900,000	39,950,000 ⁽¹⁾	19,320,000 ⁽¹⁾
Energy Performance Contract ⁽²⁾	<u>0</u>	<u>4,689,000</u>	<u>8,812,081</u>	<u>8,788,283</u>	<u>8,187,167</u>
Total Debt Outstanding	<u>\$ 101,870,000</u>	<u>\$ 145,469,000</u>	<u>\$ 163,237,081</u>	<u>\$ 148,818,283</u>	<u>\$ 135,687,167</u>

⁽¹⁾ The District had \$39,950,000 bond anticipation notes mature July 20, 2023. \$20,630,000 of such notes, along with \$630,000 available funds of the District, were permanently financed with serial bonds issued through the Dormitory Authority of the State of New York (“DASNY”) on June 15, 2023. The District issued \$19,320,000 bond anticipation notes on July 19, 2023 to renew the remainder of the bond anticipation notes that matured July 20, 2023. \$19,320,000 of such notes, along with \$320,000 available funds of the District, were permanently financed with serial bonds issued through DASNY on June 18, 2024. The bonds in the amount of \$17,360,000 are included in the totals above.

⁽²⁾ Energy Performance Contract obligations (EPC) are not general obligation indebtedness; however, are counted against the District’s debt limit. See “Other Obligations” herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of June 25, 2025.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2025-2042	\$ 126,120,000
<u>Energy Performance Contract</u>	2026-2042	7,574,432
<u>Bond Anticipation Notes</u>		
Capital Project	July 25, 2025	<u>30,000,000</u> ⁽¹⁾
	Total	<u>\$ 163,694,432</u>

⁽¹⁾ Energy Performance Contract obligations (EPC) are not general obligation indebtedness; however, are counted against the District’s debt limit. See “Other Obligations” herein.

⁽²⁾ To be permanently financed with the proceeds of serial bond issued through DASNY on June 17, 2025.

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 25, 2025:

Full Valuation of Taxable Real Property	\$ 3,763,184,543
Debt Limit 10% thereof	376,318,454

Inclusions:

Bonds.....	\$ 126,120,000	
Bond Anticipation Notes ⁽¹⁾ (BANs):	<u>30,000,000</u>	
Total Inclusions prior to issuance of the Notes	<u>156,120,000</u>	
Less: BANs being redeemed from appropriations	-	
Add: New money proceeds of the Notes	<u>50,000,000</u>	
Total Net Inclusions after issuance of the Notes		<u>\$ 206,120,000</u>

Exclusions:

State Building Aid ⁽¹⁾	\$ <u>0</u>	
Total Exclusions.....		<u>\$ 0</u>

Total Net Indebtedness <u>after issuance of the Notes</u>	<u>\$ 206,120,000</u>
Net Debt-Contracting Margin	<u>\$ 172,361,052</u>
The percent of debt contracting power exhausted is	54.77%

- (1) To be permanently financed with the proceeds of serial bond issued through DASNY on June 17, 2025.
- (2) Based on preliminary 2025-2026 building aid estimates, the District anticipates State Building aid of 98.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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.

Bonded Debt Service

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

Cash Flow Borrowings

The District has not issued tax anticipation notes or revenue anticipation notes since the 2013-14 fiscal year, and does not reasonably expect to issue such notes nor budgetary or deficiency notes in the current fiscal year or the foreseeable future.

Capital Project Plans

On May 16, 2023 the District voters approved a \$300 million capital project consisting of various reconstruction and improvements to District buildings and facilities (the “2023 Capital Project”). The 2023 Capital Project will be financed with amounts on deposit in capital reserve funds, \$3,732,996 EXCEL aid, and the proceeds of future bonds and note issues. On July 25, 2024 the District issued \$30,000,000 as the first borrowing for this project. The District issued serial bonds through DASNY on June 17, 2025 to permanently finance the aforementioned bond anticipation notes. The Notes are being issued to provide new money for the aforementioned project. Future borrowings will be pursuant to State approval and construction cash flow needs.

There are no other capital projects authorized nor are any contemplated at this time.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed as of the close of the respective fiscal years of the below municipalities.

<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:						
Schenectady	6/25/2024	\$ 70,605,000 ⁽³⁾	\$ 4,910,000	\$ 65,695,000	23.35%	\$ 15,339,783
City of:						
Schenectady	6/25/2024	159,066,019 ⁽³⁾	70,266,321	88,799,698	100.00%	88,799,698
Town of:						
Rotterdam	5/13/2025	17,718,970 ⁽³⁾	2,246,552	15,472,418	2.28%	352,771
					Total:	<u>\$ 104,492,252</u>

- (1) Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.
- (2) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (3) Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 25, 2025.

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 206,120,000	\$ 3,008.13	5.48%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	310,612,252	4,533.10	8.25

- (a) The 2023 estimated population of the District is 68,521. (See "THE SCHOOL DISTRICT – Population" herein.)
- (b) The District's full value of taxable real estate for the 2024-2025 fiscal year is \$3,763,184,543. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
- (c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
- (d) Estimated net overlapping indebtedness is \$104,492,252. (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 building construction 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 bonds 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 bonds 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. Each Note 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.

MARKET AND RISK FACTORS

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 is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. 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. (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.

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.

Federal Policy Risk

Federal policies on trade, immigration, and other topics can shift dramatically from one administration to another. From time to time, such shifts can result in reductions to the State's level of federal funding for a variety of social services, health care, public safety, transportation, public health, and other federally funded programs. There can be no prediction of future changes in federal policy or the potential impact on any related federal funding that the State may or may not receive in the future.

President Trump signed an executive order that directs the Secretary of Education to take all necessary steps to facilitate the closure of the U.S. Department of Education. The executive order aims to minimize the federal role in education but stops short of completely closing the Department as this would require 60 votes in the U.S. Senate. President Trump also indicated his preference that critical functions, like distributing Individuals with Disabilities Education Act funding, would be the responsibility of other federal agencies. The impact that the executive order will have on the State and school districts in the State is unknown at this time.

TAX MATTERS

In the opinion of Barclay Damon LLP, Bond Counsel to the Authority, 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 Authority, 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 School 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 School District and others have made certain representations, certifications of fact, and statements of reasonable expectations and the School 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 School 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 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 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 corporate alternative minimum tax under 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, are likely to have a material adverse effect on the financial condition of the District.

The District has been made aware of two potential claims in relation to the Child Victims Act. The cases are related to the 1970’s, no filings, updates, or potential impact on the finances of the District are available at this time.

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.

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, the description of which is attached hereto as “APPENDIX – C”.

Historical Compliance

Except as stated below (and without determining the materiality thereof), the District is in compliance, in all material respects, within the last five years with all previous undertakings made pursuant to the Rule 15c2 -12.

- Pursuant to the District's outstanding continuing disclosure obligations, its Annual Financial Information and Operating Data ("AFIOD") was required to be filed within 180 days of the end of the fiscal year. The AFIOD for the fiscal year ended June 30, 2022 was filed to EMMA on December 28, 2022 which was filed one day late. A Failure to File notice was filed to EMMA on January 10, 2023.

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 municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal 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 the Municipal Advisor are partially contingent on the successful closing of the Notes. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

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.

RATING

The Notes are not rated. Subject to the approval of the District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, such as a rating action that may result in the filing of a material event notification to EMMA, and/or the provision of a supplement to the final Official Statement.

Moody's Investors Service, Inc. ("Moody's") has assigned its underlying rating of "A2" and enhanced rating of "A1" to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating, and any explanation of the significance of such rating may be obtained from Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

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 downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the Notes.

MISCELLANEOUS

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

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 School District, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the School District for use in connection with the offer and sale of the Notes, including, but not limited to, 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 District's contact information is as follows: Terrence P. Gillolley, Chief Fiscal Officer, City School District of the City of Schenectady, 108 Education Lane, Schenectady, New York 12303, Phone: (518) 370-8100 x 40128, Email: gillooleytschenectady.k12.ny.us.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at www.fiscaladvisors.com.

CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

Dated: June ____, 2025

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

APPENDIX - A
City School District of the City of Schenectady

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 23,971,677	\$ 36,107,601	\$ 14,958,349	\$ 9,210,162	\$ 9,857,646
Restricted Cash	-	-	30,475,329	-	-
Investments	-	-	-	28,013,430	43,208,970
Taxes Receivable, net	5,617,153	5,046,811	5,463,972	5,357,008	5,743,252
Due from Other Governments	174,459.00	141,356	135,294	136,777	121,142
Due from Other Funds	23,116,818.00	16,844,500	13,836,583	23,431,021	24,290,913
Accounts Receivable	550,260.00	249,294	67,616	91,232	494,933
State and Federal Aid Receivable	13,543,867.00	16,177,641	19,780,741	19,723,874	20,882,478
Prepaid Expenditures	25,000.00	-	21,800	27,293	24,148
Deferred Expenditures	-	-	-	-	-
TOTAL ASSETS	\$ 66,999,234	\$ 74,567,203	\$ 84,739,684	\$ 85,990,797	\$ 104,623,482
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable & accrued liabilities	\$ 6,595,297	\$ 9,275,847	\$ 10,125,120	\$ 6,793,585	\$ 14,955,176
Note Payable	-	-	-	-	-
Due to Other Funds	1,361,592	4,742,730	2,087,120	2,519,875	3,494,782
Due to Other Governments	2,900,071	2,900,071	3,164,442	1,008,457	935,059
Due to Teachers' Retirement System	7,963,162	7,795,070	8,942,499	11,331,438	12,097,860
Due to Employees' Retirement System	510,010	609,400	529,454	533,047	602,430
Compensated Absences	-	-	-	-	-
Unearned Revenue	28,071	22,765	2,620,466	2,496,027	3,215,890
Deferred Revenue	13,421,281	11,236,359	11,743,528	11,390,463	12,030,805
Overpayments	-	-	-	-	-
TOTAL LIABILITIES	\$ 32,779,484	\$ 36,582,242	\$ 39,212,629	\$ 36,072,892	\$ 47,332,002
<u>FUND EQUITY</u>					
Nonspendable	\$ 25,000	\$ -	\$ -	\$ 27,293	\$ 24,148
Restricted	25,523,098	24,789,342	30,475,329	23,925,038	30,791,605
Assigned	1,386,405	7,779,185	5,487,562	15,354,883	14,702,541
Unassigned	7,255,247	5,416,434	9,564,164	10,610,691	11,773,186
TOTAL FUND EQUITY	\$ 34,189,750	\$ 37,984,961	\$ 45,527,055	\$ 49,917,905	\$ 57,291,480
TOTAL LIABILITIES and FUND EQUITY	\$ 66,969,234	\$ 74,567,203	\$ 84,739,684	\$ 85,990,797	\$ 104,623,482

Source: Audited financial reports of the District. This Appendix is not itself audited.

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	\$ 57,296,553	\$ 57,092,817	\$ 56,677,889	\$ 55,529,524	\$ 55,638,080
Non-Property Tax Items	2,303,325	2,152,900	2,336,637	2,722,131	3,070,682
Charges for Services	401,237	436,746	331,015	474,802	584,807
Use of Money & Property	478,077	326,915	(2,665)	129,237	1,468,727
Sale of Property and					
Compensation for Loss	4,673	7,502	169,452	19,874	42,916
Miscellaneous	1,814,271	1,902,321	1,337,591	1,873,682	2,266,267
Interfund Revenue	245,128	149,361	169,743	149,875	442,083
Revenues from State Sources	128,551,439	133,643,882	130,235,371	149,355,060	172,722,667
Revenues from Federal Sources	756,455	964,404	1,647,698	5,375,551	593,272
Total Revenues	<u>\$ 191,851,158</u>	<u>\$ 196,676,848</u>	<u>\$ 192,902,731</u>	<u>\$ 215,629,736</u>	<u>\$ 236,829,501</u>
Other Sources:					
Proceeds from Refunding Bonds	-	-	-	-	-
Interfund Transfers	-	-	-	113,948	-
Total Revenues and Other Sources	<u>191,851,158</u>	<u>196,676,848</u>	<u>192,902,731</u>	<u>215,743,684</u>	<u>236,829,501</u>
<u>EXPENDITURES</u>					
General Support	\$ 14,636,585	\$ 15,027,994	\$ 18,504,516	\$ 20,239,863	\$ 22,958,975
Instruction	110,603,541	113,875,858	108,808,215	116,714,286	122,531,122
Pupil Transportation	11,661,414	12,076,014	10,049,630	17,305,384	17,042,858
Community Services	-	-	-	-	-
Employee Benefits	40,279,257	39,378,270	38,441,544	38,795,741	40,154,840
Debt Service	-	-	-	588,100	181,722
Total Expenditures	<u>\$ 177,180,797</u>	<u>\$ 180,358,136</u>	<u>\$ 175,803,905</u>	<u>\$ 193,643,374</u>	<u>\$ 202,869,517</u>
Other Uses:					
Proceeds on issuance from capital leases	-	-	-	-	-
Interfund Transfers	13,197,909	13,782,235	13,303,615	14,558,215	29,569,134
Total Expenditures and Other Uses	<u>190,378,706</u>	<u>194,140,371</u>	<u>189,107,520</u>	<u>208,201,589</u>	<u>232,438,651</u>
Excess (Deficit) Revenues Over					
Expenditures	<u>1,472,452</u>	<u>2,536,477</u>	<u>3,795,211</u>	<u>7,542,095</u>	<u>4,390,850</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	30,180,821	31,653,273	34,189,750	37,984,960	45,527,055
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 31,653,273</u>	<u>\$ 34,189,750</u>	<u>\$ 37,984,960</u>	<u>\$ 45,527,055</u>	<u>\$ 49,917,905</u>

Source: Audited financial reports of the District. This Appendix is not itself audited.

GENERAL FUND

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

Fiscal Years Ending June 30:	2024			2025	2026
	Adopted <u>Budget</u>	Modified <u>Budget</u>	<u>Actual</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<u>REVENUES</u>					
Real Property Taxes & Other Tax Items	\$ 58,549,269	56,049,269	55,247,453	\$ 59,204,479	\$ 59,361,268
Non-Property Tax Items	-	2,500,000	2,782,559	-	-
Charges for Services	459,500	459,500	543,207	481,500	481,500
Use of Money & Property	614,500	614,500	2,041,664	825,500	975,500
Sale of Property and Compensation for Loss	-	-	66,076	-	-
Miscellaneous	1,590,000	1,340,000	1,992,854	1,570,000	1,595,000
Interfund Revenues	-	250,000	180,923	-	-
Revenues from State Sources	192,534,226	192,534,226	201,011,344	204,531,121	222,856,398
Revenues from Federal Sources	700,000	700,000	666,181	700,000	700,000
Total Revenues	<u>\$ 254,447,495</u>	<u>\$ 254,447,495</u>	<u>\$ 264,532,261</u>	<u>\$ 267,312,600</u>	<u>\$ 285,969,666</u>
Other Sources:					
Proceeds from issuance of capital leases	-	-	662,077	-	-
Total Revenues and Other Sources	<u>254,447,495</u>	<u>254,447,495</u>	<u>265,194,338</u>	<u>267,312,600</u>	<u>285,969,666</u>
<u>EXPENDITURES</u>					
General Support	\$ 27,094,511	\$ 32,826,197	\$ 29,963,789	\$ 29,840,059	\$ 32,728,708
Instruction	148,995,277	144,134,513	135,230,951	157,046,606	169,571,935
Pupil Transportation	19,007,951	21,428,994	20,946,860	22,251,863	22,660,477
Community Services	-	-	-	-	-
Employee Benefits	46,641,528	47,881,136	47,250,589	48,521,609	51,216,609
Debt Service	13,928,031	366,324	281,898	17,971,632	18,436,886
Total Expenditures	<u>\$ 255,667,298</u>	<u>\$ 246,637,164</u>	<u>\$ 233,674,087</u>	<u>\$ 275,631,769</u>	<u>\$ 294,614,615</u>
Other Uses:					
Capital Outlay	100,000	-	-	100,000	100,000
Interfund Transfers	9,500,000	24,501,034	24,146,676	2,000,000	800,000
Total Expenditures and Other Uses	<u>265,267,298</u>	<u>271,138,198</u>	<u>257,820,763</u>	<u>277,731,769</u>	<u>295,514,615</u>
Excess (Deficit) Revenues Over Expenditures	<u>(10,819,803)</u>	<u>(16,690,703)</u>	<u>7,373,575</u>	<u>(10,419,169)</u>	<u>(9,544,949)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	10,819,803	16,690,703	49,917,905	10,419,169	9,544,949
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,291,480</u>	<u>\$ -</u>	<u>\$ -</u>

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

APPENDIX - B
City School District of the City of Schenectady

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	\$ 10,120,000	\$ 5,367,590.07	\$ 15,487,590.07
2026	9,935,000	6,526,703.61	16,461,703.61
2027	9,225,000	5,678,700.00	14,903,700.00
2028	9,680,000	5,214,710.00	14,894,710.00
2029	9,710,000	4,737,500.00	14,447,500.00
2030	10,195,000	4,246,000.00	14,441,000.00
2031	10,700,000	3,730,125.00	14,430,125.00
2032	11,225,000	3,192,625.00	14,417,625.00
2033	11,795,000	2,628,500.00	14,423,500.00
2034	6,115,000	2,182,750.00	8,297,750.00
2035	6,425,000	1,877,000.00	8,302,000.00
2036	6,740,000	1,555,750.00	8,295,750.00
2037	6,565,000	1,218,750.00	7,783,750.00
2038	5,160,000	890,500.00	6,050,500.00
2039	4,260,000	632,500.00	4,892,500.00
2040	4,475,000	419,500.00	4,894,500.00
2041	1,910,000	195,750.00	2,105,750.00
2042	2,005,000	100,250.00	2,105,250.00
TOTALS	\$ 136,240,000	\$ 50,395,203.67	\$186,635,203.67

Note: The figures above do not include outstanding Energy Performance Contract indebtedness of the District. See "Appendix - B2".

APPENDIX - B1
City School District of the City of Schenectady

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	\$5,000,000 2012 - QSCB Bonds Reconstruction			\$10,355,000 2015 Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 385,000	\$ 61,920.63	\$ 446,920.63	\$ 1,030,000	\$ 56,187.50	\$ 1,086,187.50
2026	400,000	45,480.00	445,480.00	1,060,000	29,150.00	1,089,150.00
2027	420,000	27,950.00	447,950.00	-	-	-
2028	440,000	9,460.00	449,460.00	-	-	-
TOTALS	\$ 1,645,000	\$ 144,810.63	\$ 1,789,810.63	\$ 2,090,000	\$ 85,337.50	\$ 2,175,337.50

Fiscal Year Ending June 30th	\$2,250,000 2014 Capital Project			\$14,754,003 2014 Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 210,000	\$ 11,687.50	\$ 221,687.50	\$ 1,725,000	\$ 25,875.00	\$ 1,750,875.00
2026	215,000	5,912.50	220,912.50	-	-	-
TOTALS	\$ 425,000	\$ 17,600.00	\$ 442,600.00	\$ 1,725,000	\$ 25,875.00	\$ 1,750,875.00

APPENDIX - B2
City School District of the City of Schenectady

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	\$6,719,768 2015 Capital Project			\$57,725,000 2018 Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 740,000	\$ 29,200.00	\$ 769,200.00	\$ 3,895,000	\$ 2,052,125.00	\$ 5,947,125.00
2026	760,000	9,975.00	769,975.00	4,095,000	1,852,375.00	5,947,375.00
2027	-	-	-	4,300,000	1,642,500.00	5,942,500.00
2028	-	-	-	4,510,000	1,422,250.00	5,932,250.00
2029	-	-	-	4,740,000	1,191,000.00	5,931,000.00
2030	-	-	-	4,980,000	948,000.00	5,928,000.00
2031	-	-	-	5,225,000	692,875.00	5,917,875.00
2032	-	-	-	5,485,000	425,125.00	5,910,125.00
2033	-	-	-	5,760,000	144,000.00	5,904,000.00
TOTALS	\$ 1,500,000	\$ 39,175.00	\$ 1,539,175.00	\$ 42,990,000	\$ 10,370,250.00	\$ 53,360,250.00

Fiscal Year Ending June 30th	\$2,220,000 2019 Capital Project			\$9,378,000 2020 Energy Performance Contract		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 145,000	\$ 72,500.00	\$ 217,500.00	\$ 612,735	\$ 158,257.95	\$ 770,993.26
2026	155,000	65,250.00	220,250.00	624,579	146,413.78	770,993.27
2027	160,000	57,500.00	217,500.00	636,653	134,340.66	770,993.27
2028	170,000	49,500.00	219,500.00	648,959	122,034.16	770,993.26
2029	180,000	41,000.00	221,000.00	661,503	109,489.78	770,993.26
2030	190,000	32,000.00	222,000.00	674,290	96,702.92	770,993.27
2031	200,000	22,500.00	222,500.00	687,324	83,668.89	770,993.27
2032	200,000	16,500.00	216,500.00	700,610	70,382.91	770,993.27
2033	210,000	10,500.00	220,500.00	714,153	56,840.11	770,993.27
2034	-	-	-	727,958	43,035.53	770,993.27
2035	-	-	-	742,029	28,964.11	770,993.27
2036	-	-	-	756,373	14,620.68	770,993.26
TOTALS	\$ 1,610,000	\$ 367,250.00	\$ 1,977,250.00	\$ 8,187,168	\$ 1,064,751.48	\$ 9,251,919.20

APPENDIX - B3
City School District of the City of Schenectady

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	\$23,325,000 2022			\$17,850,000 2023		
	Capital Project - DASNY			Capital Project - DASNY		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 1,140,000	\$ 1,066,250.00	\$ 2,206,250.00	\$ 845,000	\$ 875,500.00	\$ 1,720,500.00
2026	1,200,000	1,009,250.00	2,209,250.00	885,000	833,250.00	1,718,250.00
2027	1,260,000	949,250.00	2,209,250.00	930,000	789,000.00	1,719,000.00
2028	1,320,000	886,250.00	2,206,250.00	975,000	742,500.00	1,717,500.00
2029	1,390,000	820,250.00	2,210,250.00	1,025,000	693,750.00	1,718,750.00
2030	1,455,000	750,750.00	2,205,750.00	1,075,000	642,500.00	1,717,500.00
2031	1,530,000	678,000.00	2,208,000.00	1,130,000	588,750.00	1,718,750.00
2032	1,605,000	601,500.00	2,206,500.00	1,190,000	532,250.00	1,722,250.00
2033	1,685,000	521,250.00	2,206,250.00	1,245,000	472,750.00	1,717,750.00
2034	1,770,000	437,000.00	2,207,000.00	1,310,000	410,500.00	1,720,500.00
2035	1,860,000	348,500.00	2,208,500.00	1,375,000	345,000.00	1,720,000.00
2036	1,955,000	255,500.00	2,210,500.00	1,445,000	276,250.00	1,721,250.00
2037	2,050,000	157,750.00	2,207,750.00	1,055,000	204,000.00	1,259,000.00
2038	1,105,000	55,250.00	1,160,250.00	545,000	151,250.00	696,250.00
2039	-	-	-	575,000	124,000.00	699,000.00
2040	-	-	-	605,000	95,250.00	700,250.00
2041	-	-	-	635,000	65,000.00	700,000.00
2042	-	-	-	665,000	33,250.00	698,250.00
TOTALS	\$ 21,325,000	\$ 8,536,750.00	\$ 29,861,750.00	\$ 17,510,000	\$ 7,874,750.00	\$ 22,587,250.00

Fiscal Year Ending June 30th	\$17,360,000 2024			\$28,060,000 2025		
	Capital Project - DASNY			Capital Project - DASNY		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 5,000	\$ 1,116,344.44	\$ 1,121,344.44	\$ -	\$ -	\$ -
2026	715,000	867,750.00	1,582,750.00	450,000	1,808,311.11	2,258,311.11
2027	745,000	832,000.00	1,577,000.00	1,410,000	1,380,500.00	2,790,500.00
2028	785,000	794,750.00	1,579,750.00	1,480,000	1,310,000.00	2,790,000.00
2029	820,000	755,500.00	1,575,500.00	1,555,000	1,236,000.00	2,791,000.00
2030	865,000	714,500.00	1,579,500.00	1,630,000	1,158,250.00	2,788,250.00
2031	905,000	671,250.00	1,576,250.00	1,710,000	1,076,750.00	2,786,750.00
2032	950,000	626,000.00	1,576,000.00	1,795,000	991,250.00	2,786,250.00
2033	1,005,000	578,500.00	1,583,500.00	1,890,000	901,500.00	2,791,500.00
2034	1,055,000	528,250.00	1,583,250.00	1,980,000	807,000.00	2,787,000.00
2035	1,105,000	475,500.00	1,580,500.00	2,085,000	708,000.00	2,793,000.00
2036	1,155,000	420,250.00	1,575,250.00	2,185,000	603,750.00	2,788,750.00
2037	1,165,000	362,500.00	1,527,500.00	2,295,000	494,500.00	2,789,500.00
2038	1,100,000	304,250.00	1,404,250.00	2,410,000	379,750.00	2,789,750.00
2039	1,155,000	249,250.00	1,404,250.00	2,530,000	259,250.00	2,789,250.00
2040	1,215,000	191,500.00	1,406,500.00	2,655,000	132,750.00	2,787,750.00
2041	1,275,000	130,750.00	1,405,750.00	-	-	-
2042	1,340,000	67,000.00	1,407,000.00	-	-	-
TOTALS	\$ 17,360,000	\$ 9,685,844.44	\$ 27,045,844.44	\$ 28,060,000	\$ 13,247,561.11	\$ 41,307,561.11

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 Commission 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 EMMA system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission 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 Notes, 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 Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (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 in 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 Note holders, 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 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.

For the purposes of the event identified in paragraph (l) of this section, 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 governmental 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.

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 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.

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.

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**CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY
SCHENECTADY COUNTY, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2024

Such Audited Financial Statements, including opinion, 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.

Schenectady City School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2024

Schenectady City School District, New York

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Schenectady City School District, New York

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Independent Auditors' Report

**The Board of Education of the
Schenectady City School District, New York**

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Schenectady City School District, New York ("School District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 School District, as of June 30, 2024, and the respective changes in financial position and the budgetary comparison for the General Fund 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 School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School 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 the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 8, 2024

CITY SCHOOL DISTRICT OF THE CITY OF SCHENECTADY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) JUNE 30, 2024

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2024. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-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 School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- For the year ended June 30, 2024 net position was a deficit of \$61,723,831, a decrease of \$35,460,775 from June 30, 2023.
- Total general fund balance as of June 30, 2024 was \$57,291,480 and the School District had a net general fund surplus of \$7,373,575.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (MD&A) (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

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

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 School District's budget for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-1

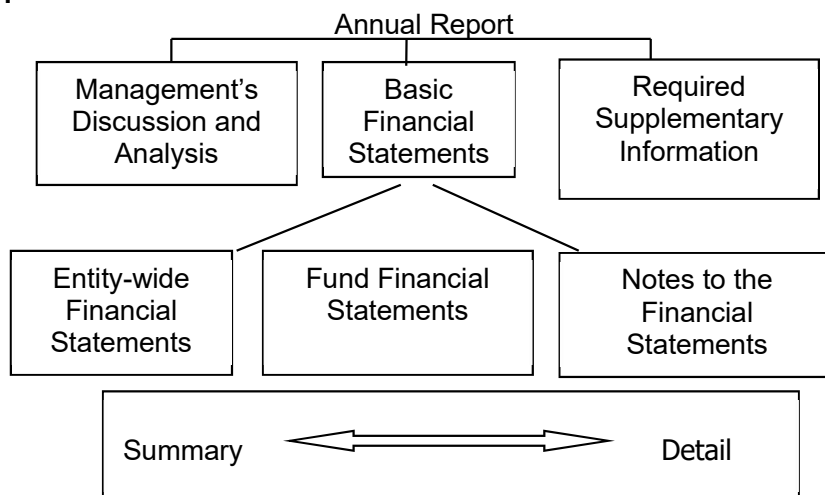


Figure A-2 summarizes the major features of the School District's financial statements, including a portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements:

	Government-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the School District, such as instruction and special education.	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
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 revenue, expenditures, and change in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-2 Major Features of the Government-Wide and Fund Financial Statements: (Continued)

		Fund Financial Statements (Continued)	
	Government-Wide	Governmental Funds	Fiduciary Funds
Type of asset & deferred outflows of resources/liability & deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources - both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/out flow information	All revenue and expenses during year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets/deferred outflows of resources and liabilities/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 government-wide statements report the School District's *net position* and how it has changed. Net position – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or position.

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

Net position of the governmental activities differs from governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) 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 balance.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Statements (Continued)

Government-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 does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School 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 School District has two types of funds:

- *Governmental Funds:* Most of the School 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 financial 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 School District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds financial statements explains the relationship (or differences) between them. The governmental fund financial 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 project funds, and debt service fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- *Proprietary Funds:* This fund consists of an internal service fund. The internal service fund accounts for operations that provide services to other departments or other governments on a cost reimbursement basis.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Figure A-3 Condensed Statement of Net Position

	June 30,		Percentage
	2024	2023	Change
Current Assets	\$ 157,902,946	\$ 134,386,619	17.5%
Capital Assets, net	254,637,617	240,634,976	5.8%
Total Assets	412,540,563	375,021,595	10.0%
Deferred Outflows of Resources			
Pension related	48,373,971	56,033,044	-13.7%
OPEB related	29,034,369	37,536,269	-22.6%
Total Deferred Outflows of Resources	77,408,340	93,569,313	-17.3%
Current Liabilities	64,772,726	70,451,276	-8.1%
Long-term Liabilities	378,930,133	369,753,973	2.5%
Total Liabilities	443,702,859	440,205,249	0.8%
Deferred Inflows of Resources			
Pension related	11,145,349	6,475,791	72.1%
OPEB related	96,824,526	119,094,474	-18.7%
Total Deferred Inflows of Resources	107,969,875	125,570,265	-14.0%
Net Position			
Net Investment in capital assets	112,719,715	86,571,023	30.2%
Restricted	46,761,880	40,349,453	15.9%
Unrestricted	(221,205,426)	(224,105,082)	-1.3%
Total Net Position	\$ (61,723,831)	\$ (97,184,606)	-36.5%

Changes in Net Position

The School District's 2024 revenue was \$321,569,853 (see Figure A-4). New York State aid and property taxes accounted for the majority of revenue by contributing 62.09% and 14.69% of the total revenue raised, respectively (see Figure A-5). The remainder of revenue came from charges for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$286,109,078 for 2024, (see Figure A-4). These expenses (84.17% in 2024) are predominantly for the education, supervision, and transportation of students (see Figure A-6). The School District's general support expenses remained relatively consistent at 11.34% of total costs in 2024. General support expenses include the administrative and business activities of the School District.

Net position increased by approximately \$35,460,775 in 2024.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Figure A-4 Changes in Net Position from Operating Results

	Year Ended June 30,		Percentage
	2024	2023	Change
REVENUES			
Program Revenues			
Charges for Services	\$ 1,286,733	\$ 1,231,359	4.5%
Operating Grants and Contributions	54,720,292	47,785,300	14.5%
Capital Grants and Contributions	2,996,175	827,114	100.0%
Total Program Revenues	59,003,200	49,843,773	18.4%
General Revenues			
Real Property Taxes	47,233,170	46,080,323	2.5%
Other Tax Items	8,654,625	9,204,692	-6.0%
Non-property taxes	2,782,559	3,070,682	-9.4%
Unrestricted Use of Money and Property	2,174,721	1,592,791	36.5%
Sale of Property and Compensation			
for Loss	66,076	42,916	54.0%
Unrestricted State Aid	199,662,648	171,407,535	16.5%
Miscellaneous	1,992,854	2,266,267	-12.1%
Total General Revenues	262,566,653	233,665,206	12.4%
Total Revenues	321,569,853	283,508,979	13.4%
PROGRAM EXPENSES			
General Support	32,444,128	32,937,750	-1.5%
Instruction	219,605,659	203,260,637	8.0%
Pupil Transportation	21,221,747	17,400,459	22.0%
Cost of Food Sales	8,133,463	6,308,038	28.9%
Other	172,594	194,378	100.0%
Interest	4,531,487	4,013,730	12.9%
Total Expenses	286,109,078	264,114,992	8.3%
Change in Net Position	35,460,775	19,393,987	82.8%
NET POSITION			
Beginning, as reported	(97,184,606)	(112,766,354)	-13.8%
Restatement	-	(3,812,239)	-100.0%
Beginning, as restated	(97,184,606)	(116,578,593)	-16.6%
Ending	\$ (61,723,831)	\$ (97,184,606)	-36.5%

Total expenses were \$286,109,078 and \$264,114,992 for the fiscal years ended 2024 and 2023 respectively, an increase of \$21,994,086.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Figure A-5: Sources of Revenue for 2024

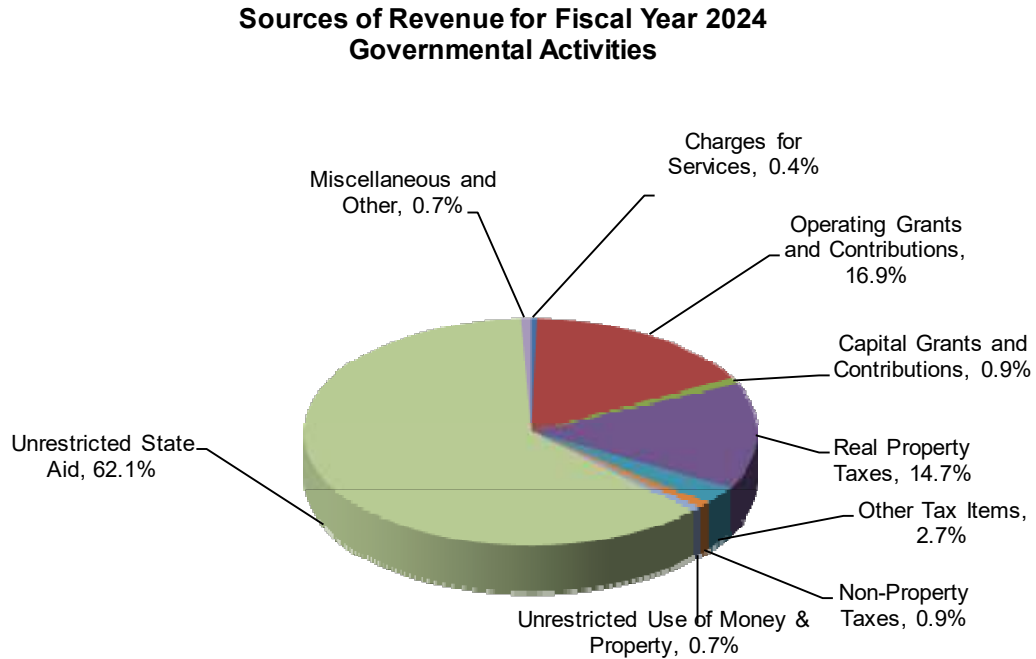
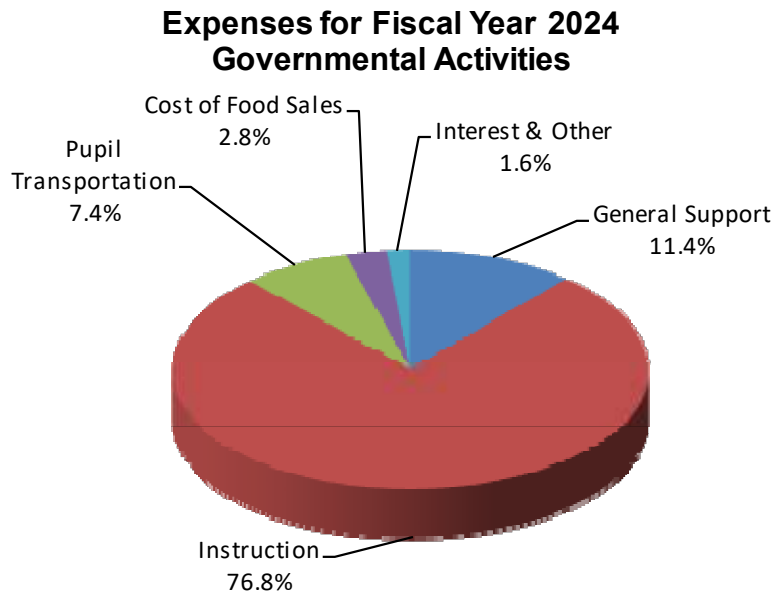


Figure A-6: Sources of Expenses for 2024



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the government-wide financial statements. The School 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.

The following is a brief description of the activity in the governmental funds for 2024 and 2023:

General Fund: Revenues exceeded expenditures in the 2023-2024 year by \$7,373,575 and ended the year with a total fund balance of \$57,291,480.

Special Aid: By the nature of the fund, special aid does not generate a fund balance. Revenue is recognized as grants are expended. \$44,265,113 was received as state and federal grants in this fund.

School Lunch: The school lunch fund ended 2023-2024 fiscal year with a fund balance of \$6,264,263.

Capital Projects: \$17,504,290 was expended for capital projects for the year ended June 30, 2024. The capital fund deficit of (\$12,804,599) at the beginning of the year decreased to a fund balance of \$5,375,118. The prior year's deficit was eliminated upon the receipt of bond proceeds for ongoing projects.

Debt Service: The debt service fund ended the current year with a fund balance of \$2,831,513.

Special Purpose Fund: The special purpose fund ended 2023-2024 fiscal year with a fund balance of \$423,742.

General Fund Budgetary Highlights

The 2023-2024 fiscal year ended with General Fund revenues exceeding expenditures by \$7,373,575. The School District earned \$1.4 million more in interest earnings than what was budgeted, mainly due to the high interest rates in the NYCLASS investments. The State Aid revenue also performed \$8.4 million better than budgeted due to the new aid derived from mobile sports wagering. Although spending did increase year over year, there was still a budgetary savings of \$9 million on expenditures.

Capital Assets

As of June 30, 2024, the School District had \$254,637,617 invested in a broad range of capital assets including land, buildings, athletic facilities, computers, and other educational equipment.

Class	June 30, 2024	June 30, 2023
Land	\$ 23,700	\$ 23,700
Construction-in-Progress	85,880,904	74,908,050
Buildings and Improvements	164,818,461	162,668,472
Machinery and Equipment	3,403,349	2,925,046
Right-to-use Leased Equipment	511,203	109,708
Total Capital Assets, net of accumulated depreciation	<u>\$ 254,637,617</u>	<u>\$ 240,634,976</u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

Long-Term Liabilities

As of June 30, 2024, the School District had \$373.2 million of general obligation and other long-term liabilities outstanding. More detailed information about the School District's long-term liabilities is included in the notes to the financial statements. The School District, because of its status as a small city school, is limited to issuing debt of no greater than 5% of its full assessed value. Currently, the School District is below its debt limit.

	June 30, 2024	June 30, 2023
General Obligation Bonds Payable	\$ 108,180,000	\$ 100,080,000
Energy Performance Contract Payable	8,187,167	8,788,283
Leases Payable	518,303	117,227
Claims Payable	5,026,044	7,785,710
Compensated Absences	13,060,270	12,618,669
Other Liabilities	554,371	628,914
Net Pension Liability (ERS and TRS)	14,808,814	19,555,919
Other Postemployment Benefit Liability	222,882,732	215,050,808
	<u>\$ 373,217,701</u>	<u>\$ 364,625,530</u>

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

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

- Employee benefits, including medical and dental insurance and pension costs, are a substantial cost for the School District. The School District has two self-funded medical plans and has one insured medical insurance plan. The School District will continue to monitor medical and dental insurance cost. The rate increases for these plans have been less than national trends for several years. Additionally, the School District has two self-funded dental plans which have done well. The employer's contribution rate to the Employee Retirement System and the Teachers Retirement System are impacted by the financial markets, and to the extent the pandemic negatively impacts the financial markets, there may be increases in the employer's contribution rate in future years.
- The School District is committed to strategically set its tax levy as long as it receives additional state aid. Since 2014-15, the School District has developed a structurally sound General Fund budget, while maintaining or reducing the tax levy and with no use of fund balance. The 2023-2024 school tax levy was 0.0%
- Property valuation in the City of Schenectady increased for a fifth year. The equalization rate for the City decreased again from 82.0 to 79.0. In the Town of Rotterdam, the equalization rate decreased from 83 to 76 and there was a slight increase in the property valuation within the Town as well. The tax rate for the City of Schenectady residents received a nominal decrease of .01%. The School District has maintained a Reserve for Tax Certioraris and as these continued to be settled we have been able to pay from the reserve and the reserve is funded at a level that it can pay for all known potential liabilities.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE (Continued)

- The School District's Moody rating has remained at a rating of A2. The financial status of the School District has continued to improve with increases in fund balance and restricted reserves, and the School District continues to have an operating surplus.
- In May 2023, the voters approved a \$300 million Revitalization Plan 2030 with a super-majority vote that would bring renovations, upgrades, and the revitalization of Schenectady Schools over the next seven years with no impact on taxes. The average age of district buildings is 95 years old. The district has 18 campuses with almost 2 million square feet and an average building age of 95 years old with a lot of wear and tear. The Schenectady Revitalization Plan serves as an intentional step toward revitalizing these schools. The plan includes extensive work to eight school buildings as well as central kitchen upgrades. It also addresses needs and renovations across the district as identified as necessary in the Building Condition Survey.
- In May 2023, the voters approved the purchase of 530 Liberty Street for \$2.9 million. The building will serve as a Family and Community Engagement Center (FACE) with the purpose of offering a welcoming first experience in the district and a one-stop shop for student registration, transportation, and other services and experiences. This center will also be used in the evening and on weekends for various community engagement events. We will also provide technology for families to use to register or to fill out an application for employment. and office space for the district offices. The building purchase and related renovations were incurred in the 2023-2024 school year.
- In May 2023, the voters approved the purchase of Keane Elementary School from St. Lukes for \$2 million. The district has been leasing the school building since July 2007. Purchasing this property will serve to provide much needed space for student enrollment and in the long-term allow for expansion.
- In May 2024, the voters approved the sale of a portion of 2310 Guilderland Avenue.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Terrence Gillooley
Chief Financial Officer
City School District of the City of Schenectady
530 Liberty Street
Schenectady, NY 12305

Schenectady City School District, New York

Statement of Net Position
June 30, 2024

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 13,139,657
Restricted cash	19,000,000
Investments	74,453,820
Receivables	
Taxes	5,743,252
Accounts	509,993
State and Federal aid	44,792,380
Due from other governments	121,142
Inventories	118,554
Prepaid expenses	24,148
Capital assets	
Not being depreciated	85,904,604
Being depreciated/amortized, net	168,733,013
Total Assets	<u>412,540,563</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	48,373,971
OPEB related	29,034,369
Total Deferred Outflows of Resources	<u>77,408,340</u>
LIABILITIES	
Accounts payable	23,101,724
Accrued liabilities	1,737,838
Due to other governments	1,062,042
Due to retirement systems	12,097,860
Employee payroll deductions	602,430
Bond anticipation note payable	19,320,000
Unearned revenues	4,653,739
Accrued interest payable	2,197,093
Non-current liabilities	
Due within one year	19,218,456
Due in more than one year	359,711,677
Total Liabilities	<u>443,702,859</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	11,145,349
OPEB related	96,824,526
Total Deferred Inflows of Resources	<u>107,969,875</u>
NET POSITION	
Net investment in capital assets	112,719,715
Restricted	
Repairs	1,000,000
Workers' compensation benefits	8,931,239
Unemployment benefits	284,950
Tax certiorari	4,174,269
ERS retirement system contributions	7,358,648
TRS retirement system contributions	8,729,870
Insurance	639,150
Future capital projects	20,142
Property loss and liability claims	163,552
Capital projects	12,204,805
Debt Service	2,831,513
Special purposes	
Extraclassroom activities	149,113
Other	274,629
Unrestricted	(221,205,426)
Total Net Position	<u>\$ (61,723,831)</u>

The notes to financial statements are an integral part of this statement.

Schenectady City School District, New York

Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 32,444,128	\$ -	\$ -	\$ -	\$ (32,444,128)
Instruction	219,605,659	543,207	46,486,117	2,859,374	(169,716,961)
Pupil transportation	21,221,747	-	-	-	(21,221,747)
Cost of food sales	8,133,463	87,939	8,234,175	-	188,651
Other	172,594	210,825	-	-	38,231
Interest	4,531,487	444,762	-	136,801	(3,949,924)
Total Governmental Activities	<u>\$ 286,109,078</u>	<u>\$ 1,286,733</u>	<u>\$ 54,720,292</u>	<u>\$ 2,996,175</u>	<u>(227,105,878)</u>
General revenues					
Real property taxes					47,233,170
Other tax items					
School tax relief reimbursement					4,381,907
Payments in lieu of taxes					3,647,512
Interest and penalties on real property taxes					625,206
Non-property taxes					
Utility tax					2,782,559
Unrestricted use of money and property					2,174,721
Sale of property and compensation for loss					66,076
Unrestricted State aid					199,662,648
Miscellaneous					1,992,854
Total General Revenues					<u>262,566,653</u>
Change in Net Position					35,460,775
Net Position - Beginning					<u>(97,184,606)</u>
Net Position - Ending					<u>\$ (61,723,831)</u>

The notes to financial statements are an integral part of this statement.

Schenectady City School District, New York

Balance Sheet
Governmental Funds
June 30, 2024

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 9,857,646	\$ -	\$ 345,927
Restricted Cash	-	-	19,000,000
Investments	43,208,970		10,261,881
Receivables			
Taxes	5,743,252	-	-
Accounts	494,933	117	-
State and Federal aid	20,882,478	19,699,212	2,859,374
Due from other governments	121,142	-	-
Due from other funds	24,290,913	3,310	6,030,342
Prepaid expenditures	24,148	-	-
Inventories	-	-	-
Total Assets	<u>\$ 104,623,482</u>	<u>\$ 19,702,639</u>	<u>\$ 38,497,524</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 13,306,611	\$ 1,314,934	\$ 6,287,727
Accrued liabilities	1,648,565	80,383	-
Due to other governments	935,059	126,983	-
Due to other funds	3,494,782	16,742,490	4,655,305
Due to retirement systems	12,097,860	-	-
Employee payroll deductions	602,430	-	-
Bond anticipation note payable	-	-	19,320,000
Unearned revenues	3,215,890	1,437,849	-
Total Liabilities	35,301,197	19,702,639	30,263,032
Deferred inflows of resources			
Unavailable revenues	6,782,446	-	2,859,374
Deferred tax revenues	5,248,359	-	-
Total Deferred Inflows of Resources	<u>12,030,805</u>	<u>-</u>	<u>2,859,374</u>
Total Liabilities and Deferred Inflows of Resources	<u>47,332,002</u>	<u>19,702,639</u>	<u>33,122,406</u>
Fund balances			
Nonspendable	24,148	-	-
Restricted	30,791,605	-	5,375,118
Assigned	14,702,541	-	-
Unassigned	11,773,186	-	-
Total Fund Balances	<u>57,291,480</u>	<u>-</u>	<u>5,375,118</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 104,623,482</u>	<u>\$ 19,702,639</u>	<u>\$ 38,497,524</u>

The notes to financial statements are an integral part of this statement.

	Debt Service	Non-Major Governmental	Total Governmental Funds
\$	12,798	\$ 596,902	\$ 10,813,273
	-	-	19,000,000
	7,543,946	6,610,157	67,624,954
	-	-	5,743,252
	-	-	495,050
	-	1,351,316	44,792,380
	-	-	121,142
	15,707	-	30,340,272
	-	-	24,148
	-	118,554	118,554
<u>\$</u>	<u>7,572,451</u>	<u>\$ 8,676,929</u>	<u>\$ 179,073,025</u>

\$	-	\$ 1,269,102	\$ 22,178,374
	-	8,890	1,737,838
	-	-	1,062,042
	4,740,938	710,932	30,344,447
	-	-	12,097,860
	-	-	602,430
	-	-	19,320,000
	-	-	4,653,739
	4,740,938	1,988,924	91,996,730
	-	-	9,641,820
	-	-	5,248,359
	-	-	14,890,179
	4,740,938	1,988,924	106,886,909
	-	118,554	142,702
	2,831,513	423,742	39,421,978
	-	6,145,709	20,848,250
	-	-	11,773,186
	2,831,513	6,688,005	72,186,116
<u>\$</u>	<u>7,572,451</u>	<u>\$ 8,676,929</u>	<u>\$ 179,073,025</u>

Schenectady City School District, New YorkReconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2024

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Fund Balances - Total Governmental Funds	\$ 72,186,116
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	85,904,604
Capital assets - depreciable/amortizable	254,804,664
Accumulated depreciation/amortization	<u>(86,071,651)</u>
	254,637,617
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	48,373,971
Deferred outflows - OPEB related	29,034,369
Deferred inflows - pension related	(11,145,349)
Deferred inflows - OPEB related	<u>(96,824,526)</u>
	<u>(30,561,535)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
State aid	9,641,820
Real property taxes	<u>5,248,359</u>
	14,890,179
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(2,197,093)
General obligation bonds payable	(108,180,000)
Energy performance contract payable	(8,187,167)
Leases payable	(518,303)
Other liabilities	(554,371)
Claims payable	(2,790,903)
Compensated absences	(13,060,270)
Net pension liability - TRS	(5,755,785)
Net pension liability - ERS	(9,053,029)
Net OPEB liability	<u>(222,882,732)</u>
	<u>(373,179,653)</u>
Governmental funds report the effect of premiums, discounts and refundings and similar items when debt is first issued, whereas these amounts are deferred amortized in the statement of activities.	
Premium on general obligation bonds	<u>(5,712,432)</u>
The Internal Service Fund is used to account for self-insurance activities and the charges to individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	<u>6,015,877</u>
Net Position of Governmental Activities	<u>\$ (61,723,831)</u>

The notes to financial statements are an integral part of this statement.

Schenectady City School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2024

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 46,592,828	\$ -	\$ -
Other tax items	8,654,625	-	-
Non-property taxes	2,782,559	-	-
Charges for services	543,207	-	-
Use of money and property	2,041,664	-	-
Sale of property and compensation for loss	66,076	-	-
Intergovernmental revenue	180,923	-	-
State aid	201,011,344	8,248,150	-
Federal aid	666,181	36,016,963	-
Food sales	-	-	-
Miscellaneous	1,992,854	25,204	-
Total Revenues	264,532,261	44,290,317	-
EXPENDITURES			
Current			
General support	29,963,789	-	-
Instruction	135,230,951	38,792,346	-
Pupil transportation	20,946,860	594,109	-
Employee benefits	47,250,589	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	261,001	-	-
Interest	20,897	-	-
Capital outlay	-	-	17,504,290
Total Expenditures	233,674,087	39,386,455	17,504,290
Excess (Deficiency) of Revenues Over Expenditures	30,858,174	4,903,862	(17,504,290)
OTHER FINANCING SOURCES (USES)			
Issuance premium	-	-	-
General obligation bonds issued	-	-	17,360,000
Leases issued	662,077	-	-
Transfers in	-	511,395	18,324,007
Transfers out	(24,146,676)	(5,415,257)	-
Total Other Financing Sources (Uses)	(23,484,599)	(4,903,862)	35,684,007
Net Change in Fund Balances	7,373,575	-	18,179,717
FUND BALANCES (DEFICIT)			
Beginning of Year	49,917,905	-	(12,804,599)
End of Year	\$ 57,291,480	\$ -	\$ 5,375,118

The notes to financial statements are an integral part of this statement.

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 46,592,828
-	-	8,654,625
-	-	2,782,559
-	-	543,207
444,762	295,893	2,782,319
-	833	66,909
-	-	180,923
-	146,623	209,406,117
-	7,621,926	44,305,070
-	87,939	87,939
12,767	379,725	2,410,550
457,529	8,532,939	317,813,046
277,359	-	30,241,148
-	-	174,023,297
-	-	21,540,969
-	-	47,250,589
-	8,103,824	8,103,824
-	172,594	172,594
9,861,116	-	10,122,117
6,432,206	-	6,453,103
-	-	17,504,290
16,570,681	8,276,418	315,411,931
(16,113,152)	256,521	2,401,115
2,041,394	-	2,041,394
-	-	17,360,000
-	-	662,077
13,928,031	-	32,763,433
(2,270,000)	(931,500)	(32,763,433)
13,699,425	(931,500)	20,063,471
(2,413,727)	(674,979)	22,464,586
5,245,240	7,362,984	49,721,530
\$ 2,831,513	\$ 6,688,005	\$ 72,186,116

Schenectady City School District, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2024

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	\$ 22,464,586
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Capital outlay expenditures	20,289,742
Depreciation expense	(6,287,101)
	<u>14,002,641</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	640,342
State aid	2,859,374
	<u>3,499,716</u>
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
General obligation bonds issued	(17,360,000)
Leases issued	(662,077)
Issuance premium	(2,041,394)
Principal paid on general obligation bonds	9,260,000
Principal paid on energy performance contract	601,116
Principal paid on leases	261,001
	<u>(9,941,354)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	588,245
Other liabilities	74,543
Claims	2,965,371
Compensated absences	(441,601)
Changes in pension liabilities and related deferred outflows and inflows of resources	(7,581,526)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	5,936,124
Amortization of premium	1,457,405
	<u>2,998,561</u>
The Internal Service Fund is used by management to charge the costs of insurance activities to the individual funds. The net revenue of this fund is reported with governmental activities.	<u>2,436,625</u>
Change in Net Position of Governmental Activities	<u>\$ 35,460,775</u>

The notes to financial statements are an integral part of this statement.

Schenectady City School District, New York
Statement of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual

General Fund

Year Ended June 30, 2024

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 46,952,923	\$ 46,952,923	\$ 46,592,828	\$ (360,095)
Other tax items	9,096,346	9,096,346	8,654,625	(441,721)
Non-property taxes	2,500,000	2,500,000	2,782,559	282,559
Charges for services	459,500	459,500	543,207	83,707
Use of money and property	614,500	614,500	2,041,664	1,427,164
Sale of property and compensation for loss	-	-	66,076	66,076
Intergovernmental revenue	250,000	250,000	180,923	(69,077)
State aid	192,534,226	192,534,226	201,011,344	8,477,118
Federal aid	700,000	700,000	666,181	(33,819)
Miscellaneous	1,340,000	1,340,000	1,992,854	652,854
Total Revenues	254,447,495	254,447,495	264,532,261	10,084,766
EXPENDITURES				
Current				
General support	29,332,996	32,826,197	29,963,789	2,862,408
Instruction	151,291,584	144,134,513	135,230,951	8,903,562
Pupil transportation	19,008,239	21,428,994	20,946,860	482,134
Employee benefits	46,641,528	47,881,136	47,250,589	630,547
Debt service				
Principal	-	343,837	261,001	82,836
Interest	-	22,487	20,897	1,590
Total Expenditures	246,274,347	246,637,164	233,674,087	12,963,077
Excess of Revenues Over Expenditures	8,173,148	7,810,331	30,858,174	23,047,843
OTHER FINANCING SOURCES (USES)				
Leases issued	-	-	662,077	662,077
Transfers out	(23,528,031)	(24,501,034)	(24,146,676)	354,358
Total Other Financing Uses	(23,528,031)	(24,501,034)	(23,484,599)	1,016,435
Net Change in Fund Balances	(15,354,883)	(16,690,703)	7,373,575	24,064,278
FUND BALANCES				
Beginning of Year	15,354,883	16,690,703	49,917,905	33,227,202
End of Year	\$ -	\$ -	\$ 57,291,480	\$ 57,291,480

The notes to financial statements are an integral part of this statement.

Schenectady City School District, New York

Internal Service Funds
Statement of Net Position
June 30, 2024

	<u>Governmental Activities Self- Insurance</u>
ASSETS	
Cash and equivalents	\$ 2,326,384
Investments	6,828,866
Receivables	
Accounts	14,943
Due from other funds	<u>4,175</u>
 Total Assets	 <u>9,174,368</u>
 LIABILITIES	
Current liabilities	
Accounts payable	<u>923,350</u>
Noncurrent liabilities	
Due within one year	
Claims and judgments payable	224,000
Due in more than one year	
Claims and judgments payable	<u>2,011,141</u>
 Total Noncurrent Liabilities	 <u>2,235,141</u>
 Total Liabilities	 <u>3,158,491</u>
 NET POSITION	
Unrestricted	<u><u>\$ 6,015,877</u></u>

The notes to financial statements are an integral part of this statement.

Schenectady City School District, New York**Internal Service Fund
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024**

	<u>Governmental Activities Self- Insurance</u>
OPERATING REVENUES	
Employer contribution	\$ 26,251,078
Employee contribution	4,026,453
Retiree contribution	868,087
Medicare/prescription/cobra	<u>3,659,614</u>
Total Operating Revenues	<u>34,805,232</u>
OPERATING EXPENSES	
Medical claims paid	20,030,765
Dental claims paid	747,147
Prescription claims paid	9,260,851
Administration fees	844,767
Stop loss insurance	<u>1,618,134</u>
Total Operating Expenses	<u>32,501,664</u>
Income from Operations	<u>2,303,568</u>
NON-OPERATING REVENUES	
Interest income	<u>133,057</u>
Change in Net Position	2,436,625
NET POSITION	
Beginning of Year	<u>3,579,252</u>
End of Year	<u><u>\$ 6,015,877</u></u>

The notes to financial statements are an integral part of this statement.

Schenectady City School District, New York

Internal Service Fund
Statement of Cash Flows
Year Ended June 30, 2024

	Governmental Activities <u>Self- Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from charges for services	\$ 36,476,715
Cash payments for claims and related services	<u>(32,738,183)</u>
Net Cash From Operating Activities	<u>3,738,532</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	133,057
Purchase of investments	<u>(3,601,192)</u>
Net Cash From Investing Activities	<u>(3,468,135)</u>
Net Change in Cash and Equivalents	270,397
CASH AND EQUIVALENTS	
Beginning of Year	<u>2,055,987</u>
End of Year	<u><u>\$ 2,326,384</u></u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES	
Income from operations	\$ 2,303,568
Adjustments to reconcile income from operations to net cash from operating activities	
Changes in operating assets and liabilities	
Accounts receivable	330,973
Due from other funds	2,209,210
Accounts payable	(418,598)
Due to other funds	(23,626)
Unearned revenues	(868,700)
Claims and judgments payable	<u>205,705</u>
Net Cash from Operating Activities	<u><u>\$ 3,738,532</u></u>

The notes to financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The Schenectady City School District, New York ("School District"), operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the School District b) organizations for which the School District is financially accountable and c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Capital Region Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. There is no authority or process by which a school district can terminate its status as a BOCES component. BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. BOCES are organized under §1950 of the New York State Education Law. All BOCES property is held by the BOCES board as a corporation (§1950(6)). In addition, BOCES boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Copies of BOCES' financial statements can be requested from Capital Region BOCES, 2 Sabre Dr, Schenectady, New York 12306.

Note 1 - Summary of Significant Accounting Policies (Continued)

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

While separate district-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds. The major revenues of this fund are Federal and State aid.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Debt Service Fund - The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with grantor or contributor stipulations. Among the activities included in the Special Purpose Fund are extraclassroom activity funds.

- b. Proprietary Fund – This fund type consists of an internal service fund. The internal service fund accounts for operations that provide services to other departments or other governments on a cost reimbursement basis.
- c. Fiduciary Fund (Not Included in District-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the School District on behalf of others. In accordance with the provisions of GASB Statement No. 84, “*Fiduciary Activities*”, the School District had no such activity to report in this fund category.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic

Note 1 - Summary of Significant Accounting Policies (Continued)

resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Fiduciary Fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liability and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. CLASS issues separately available audited financial statements with a year end of June 30th.

The School District's position in the pool in the amount of \$74,453,820 is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days.

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17th Street, Suite 1850, Denver, CO 80202.

CLASS is rated AAAM by Standard and Poor's Rating Service. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. CLASS invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No.

Note 1 - Summary of Significant Accounting Policies (Continued)

40, “*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*”, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution’s trust department but not in the School District’s name. The School District’s aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2024.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity’s complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government’s investments in a single issuer. The School District’s investment policy limits the amount on deposit at each of its banking institutions.

Taxes Receivable - 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 August 31 to April 30. The City of Schenectady enforces uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the School District within two years from the notification of unpaid taxes to the City.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2024, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories in the School Lunch Fund consist of food and supplies and are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute “available spendable resources” even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets (except intangible right-to-use assets, which is discussed in Note 3B) are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential

Note 1 - Summary of Significant Accounting Policies (Continued)

on the date of the donation. Intangible assets follow the same capitalization policies as tangible assets and are reported with tangible assets in the appropriate capital asset class.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. The other tangible and intangible property, plant and equipment and right-to-use assets of the School District are depreciated/amortized using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	20-50
Machinery and Equipment	5-10
Right-to-use Assets	5

The costs associated with the acquisition or construction of tangible and intangible capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$3,215,890 in the General Fund for lottery aid advances and other miscellaneous revenues collected in advance, \$1,437,849 in the Special Aid Fund for State and Federal Aid received in advance.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The School District reported deferred inflows of resources of \$6,782,446 for unavailable revenues related to state aid and \$5,248,359 for real property taxes in the General Fund and \$2,859,374 for state and federal aid not expected to be collected within one year from the fiscal year end. These amounts are deferred and recognized as in inflow of resources in the period that the amounts become available.

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities in the district-wide financial statements. These amounts are detailed in the discussion of the School District's pension and other postemployment benefit liabilities in Note 3F.

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Leases - The School District is a lessee for noncancellable leases of equipment and office space. The School District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the district-wide financial statements.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise. The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use leased assets are reported with other capital assets and right-to-use lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability

Note 1 - Summary of Significant Accounting Policies (Continued)

has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date – An amendment of GASB Statement No. 68"*.

Other Postemployment Benefit Liability ("OPEB") - In addition to providing pension benefits, the School District provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*.

Net Position - represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the School District includes restricted for repairs, workers' compensation benefits, unemployment benefits, tax certiorari, ERS and TRS retirement contributions, insurance, future capital projects, property loss and liability claims, capital projects, debt service and special purposes.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the School 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 School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints

Note 1 - Summary of Significant Accounting Policies (Continued)

on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or by delegated authority to the Assistant Superintendent for Business Administration for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported unassigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 8, 2024.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the

Note 2 - Stewardship, Compliance and Accountability (Continued)

Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

- f) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- g) The budget for the General Fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch and Special Purpose funds since other means control the use of these resources (e.g., grants awards) and sometimes span a period of more than one fiscal year.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount to 4% of the ensuing year's budget. The School District is currently in excess of this limit.

C. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

Note 2 - Stewardship, Compliance and Accountability (Continued)

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

D. Capital Projects Fund Project Deficits

The deficits in the District-wide Renovations (HH) and Smart Schools Bond Act (H4) capital projects arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at June 30, 2024 consisted of the following:

Current year taxes	\$ 3,606,066
Overdue taxes	<u>2,137,186</u>
Current Year Taxes	<u>\$ 5,743,252</u>

Taxes in the fund financial statements are also partially offset by deferred tax revenues of \$5,248,359, which represents an estimate of the taxes that will not be collected within the first sixty days of the subsequent year.

B. Interfund Receivables/Payables

The composition of due from/to other funds at June 30, 2024 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 24,290,913	\$ 3,494,782
Special Aid	3,310	16,742,490
Capital Projects	6,030,342	4,655,305
Debt Service	15,707	4,740,938
Non-Major Governmental	-	710,932
Internal Service Fund	4,175	-
	<u>\$ 30,344,447</u>	<u>\$ 30,344,447</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Schenectady City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)**C. Capital Assets**

Changes in the School District's capital assets are as follows:

Class	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Capital Assets, not being depreciated:				
Land	\$ 23,700	\$ -	\$ -	\$ 23,700
Construction-in-Progress	74,908,050	15,312,278	4,339,424	85,880,904
Total Capital Assets, not being depreciated	<u>\$ 74,931,750</u>	<u>\$ 15,312,278</u>	<u>\$ 4,339,424</u>	<u>\$ 85,904,604</u>
Capital Assets, being depreciated/ amortized:				
Buildings and Improvements	\$ 240,485,303	\$ 7,732,992	\$ -	\$ 248,218,295
Machinery and Equipment	19,304,509	903,743	14,340,690	5,867,562
Right-to-use Leased Equipment	313,932	680,153	275,278	718,807
Total Capital Assets, being depreciated/amortized	<u>260,103,744</u>	<u>9,316,888</u>	<u>14,615,968</u>	<u>254,804,664</u>
Less Accumulated Depreciation/ Amortization for:				
Buildings and Improvements	77,816,831	5,583,003	-	83,399,834
Machinery and Equipment	16,379,463	425,440	14,340,690	2,464,213
Right-to-use Leased Equipment	204,224	278,658	275,278	207,604
Total Accumulated Depreciation/Amortization	<u>94,400,518</u>	<u>6,287,101</u>	<u>14,615,968</u>	<u>86,071,651</u>
Total Capital Assets, being depreciated/amortized, net	<u>\$ 165,703,226</u>	<u>\$ 3,029,787</u>	<u>\$ -</u>	<u>\$ 168,733,013</u>
Capital Assets, net	<u>\$ 240,634,976</u>	<u>\$ 18,342,065</u>	<u>\$ 4,339,424</u>	<u>\$ 254,637,617</u>

Depreciation/amortization expense was charged to School District functions and programs as follows:

General Support	\$ 975,637
Instruction	5,251,379
Transportation	12,017
Cost of Food Sales	<u>48,068</u>
Total Depreciation/Amortization Expense	<u>\$ 6,287,101</u>

Schenectady City School District, New York

Notes to Financial Statements (Continued)
June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)**D. Accrued Liabilities**

Accrued liabilities at June 30, 2024 were as follows:

	General Fund	Special Aid Fund	Non-Major Governmental Funds	Total
Payroll and Employee Benefits	\$ 980,817	\$ 80,383	\$ 8,890	\$ 1,070,090
Other Liabilities	667,748	-	-	667,748
	<u>\$ 1,648,565</u>	<u>\$ 80,383</u>	<u>\$ 8,890</u>	<u>\$ 1,737,838</u>

E. Short-Term Capital Borrowings - Bond Anticipation Notes

The schedule below details the changes in short-term capital borrowings.

Purpose	Year of Original Issue	Interest Rate	Maturity Date	Balance July 1, 2023	New Issues	Redemptions	Balance June 30, 2024
Facilities Improvements	2023	3.500%	July, 2023	\$ 36,950,000	\$ -	\$ 36,950,000	\$ -
Facilities Improvements	2023	2.380	July, 2023	3,000,000	-	3,000,000	-
Facilities Improvements	2024	4.500	July, 2024	-	19,320,000	-	19,320,000
				<u>\$ 39,950,000</u>	<u>\$ 19,320,000</u>	<u>\$ 39,950,000</u>	<u>\$ 19,320,000</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within seven years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$1,364,650 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$899,042 was recorded in the district-wide financial statements.

Schenectady City School District, New York

Notes to Financial Statements (Continued)
June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)

F. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2024:

	Balance June 30, 2023	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2024	Due Within One-Year
General Obligation Bonds Payable	\$ 100,080,000	\$ 17,360,000	\$ 9,260,000	\$ 108,180,000	\$ 10,120,000
Plus - Unamortized premium on bonds	5,128,443	2,041,394	1,457,405	5,712,432	-
	105,208,443	19,401,394	10,717,405	113,892,432	10,120,000
Energy Performance Contract Payable	8,788,283	-	601,116	8,187,167	612,735
Leases Payable	117,227	662,077	261,001	518,303	209,395
Other Non-current Liabilities:					
Claims Payable	7,785,710	30,595,585	33,355,251	5,026,044	503,090
Compensated Absences	12,618,669	1,703,601	1,262,000	13,060,270	1,306,000
Other Liabilities	628,914	-	74,543	554,371	79,141
Net Pension Liability - ERS	10,725,916	-	1,672,887	9,053,029	-
Net Pension Liability - TRS	8,830,003	-	3,074,218	5,755,785	-
Other Postemployment Benefit Liability	215,050,808	17,773,314	9,941,390	222,882,732	6,388,095
Total Other Non-current Liabilities	255,640,020	50,072,500	49,380,289	256,332,231	8,276,326
Total Long-Term Liabilities	\$ 369,753,973	\$ 70,135,971	\$ 60,959,811	\$ 378,930,133	\$ 19,218,456

The School District's indebtedness for general obligation bonds, energy performance contracts, leases, claims, compensated absences, net pension liability and other postemployment benefit liabilities is satisfied by the Debt Service Fund, which is primarily by the General Fund.

General Obligation Bonds Payable

General obligation bonds payable at June 30, 2024 is comprised of the following individual issue:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2024
Qualified School Construction Bonds	2013	\$ 5,000,000	June, 2028	4.000 - 4.300 %	\$ 1,645,000
District-wide Improvements	2014	2,250,000	May, 2026	2.500 - 2.750	425,000
District-wide Improvements	2014	14,754,003	July, 2024	3.000	1,725,000
District-wide Improvements	2015	10,355,000	May, 2026	2.500 - 2.750	2,090,000
District-wide Improvements	2015	6,719,768	July, 2025	2.500 - 2.625	1,500,000
District-wide Improvements	2018	57,725,000	October, 2032	5.000	42,990,000
District-wide Improvements	2019	2,220,000	April, 2035	3.000 - 5.000	1,610,000
District-wide Improvements	2022	23,325,000	December, 2038	5.000	21,325,000
District-wide Improvements	2023	17,850,000	June, 2042	5.000	17,510,000
District-wide Improvements	2024	17,360,000	June, 2042	5.000	17,360,000
					<u>\$ 108,180,000</u>

Interest expenditures of \$4,897,678 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$3,447,907 was recorded in the district-wide financial statements.

Schenectady City School District, New York

Notes to Financial Statements (Continued)

June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)**Energy Performance Contract Payable**

The School District, in 2020-2021, entered into a \$9,378,000 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The agreement provides for annual payments of \$770,993 payable annually, including interest at 1.93% through December 2035. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the payment terms. Interest expenditures of \$169,878 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$163,641 was recorded in the district-wide financial statements. The balance due at June 30, 2024 was \$8,187,167.

Leases Payable

Leases payable at June 30, 2024 are comprised of the following agreement:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2024
Copy Machine	2022	\$ 85,044	June, 2026	2.16 %	\$ 15,935
Office Space	2024	496,574	June, 2026	3.75	360,185
Copy Machine	2024	165,503	August, 2028	3.75	142,183
					<u>\$ 518,303</u>

Interest expenditures/expense of \$20,897 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded, leases and energy purchase debt as of June 30, 2024 including interest payments of \$38,239,189 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
2025	\$ 10,120,000	\$ 5,367,590	\$ 612,735	\$ 158,258
2026	9,485,000	4,718,393	624,579	146,414
2027	7,815,000	4,298,200	636,653	134,341
2028	8,200,000	3,904,710	648,959	122,034
2029	8,155,000	3,501,500	661,503	109,490
2030-2034	41,025,000	11,045,250	3,504,336	350,630
2035-2039	17,645,000	3,729,250	1,498,402	43,584
2040-2042	5,735,000	582,750	-	-
	<u>\$ 108,180,000</u>	<u>\$ 37,147,643</u>	<u>\$ 8,187,167</u>	<u>\$ 1,064,751</u>

Schenectady City School District, New York

Notes to Financial Statements (Continued)

June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)

Year Ending June 30,	Leases		Total	
	Principal	Interest	Principal	Interest
2025	\$ 209,395	\$ 15,665	\$ 10,942,130	\$ 5,541,513
2026	217,255	7,805	10,326,834	4,872,612
2027	49,581	2,332	8,501,234	4,434,873
2028	35,949	964	8,884,908	4,027,708
2029	6,123	29	8,822,626	3,611,019
2030-2034	-	-	44,529,336	11,395,880
2035-2039	-	-	19,143,402	3,772,834
2040-2042	-	-	5,735,000	582,750
	<u>\$ 518,303</u>	<u>\$ 26,795</u>	<u>\$ 116,885,470</u>	<u>\$ 38,239,189</u>

The above general obligation bonds and energy performance contract debt are direct borrowings of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Legal Debt Margin

The School District is subject to legal limitations on the amount of debt that it may issue. The School District's legal debt margin is 10% of the most recent full valuation of taxable real property.

Claims Payable

The district-wide financial statement reflects workers' compensation benefit liabilities, which are based upon 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 (IBNR's). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors 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. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

Note 3 - Detailed Notes on All Funds (Continued)

An analysis of unpaid claim liabilities is as follows:

	Health	Workers' Compensation	Total
Balance - Beginning of Year	\$ 2,029,436	\$ 5,756,274	\$ 7,785,710
Provision for Claims and Claims Adjustment Expenses	32,707,369	(2,111,784)	30,595,585
Claims and Claims Adjustment Expenses Paid	<u>(32,501,664)</u>	<u>(853,587)</u>	<u>(33,355,251)</u>
Balance - End of Year	<u>\$ 2,235,141</u>	<u>\$ 2,790,903</u>	<u>\$ 5,026,044</u>
Due Within One Year	<u>\$ 224,000</u>	<u>\$ 279,090</u>	<u>\$ 503,090</u>

This amount has been recorded as an expense and liability in the district-wide financial statements.

Compensated Absences

Under the terms of existing collective bargaining agreements, the School District is required to compensate certain employees for accumulated sick leave. For these employees to receive reimbursement, they must be eligible for retirement, and must give notice pursuant to contract provisions. Employees are granted vacation in varying amounts, based primarily on length of service and service position. These benefits may be forfeited if not taken within the varying time periods. The value of the compensated absences is calculated based on pay rates in effect at year-end and has been reflected in the district-wide financial statements.

Pension Plans

New York State and Local Retirement System and Teachers' Retirement System

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

Note 3 - Detailed Notes on All Funds (Continued)

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the ERS plan year ended March 31, 2024 and TRS plan year ended June 30, 2024 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	19.7 %
	2 75I	18.1
	3 A14	14.9
	4 A15	14.9
	5 A15	12.9
	6 A15	9.5
TRS	1-6	9.76%

At June 30, 2024, the School District reported the following for its proportionate share of the net pension asset for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Net pension liability	\$ 9,053,029	\$ 5,755,785
School District's proportion of the net pension liability	0.0614847 %	0.503311 %
Change in proportion since the prior measurement date	0.0114665 %	0.043149 %

Schenectady City School District, New York

Notes to Financial Statements (Continued)

June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)

The net pension liability was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2024, the School District recognized pension expense in the district-wide financial statements of \$19,916,202 (\$4,181,597 for ERS and \$15,734,605 for TRS). Pension expenditures for ERS of \$2,149,483, \$297,994 and \$31,273 were reported in the fund financial statements and were charged to the General, Special Aid and School Lunch Funds respectively. Pension expenditures for TRS of \$8,305,111, \$1,520,120 and \$30,695 were recorded in the fund financial statements in the General, Special Aid and School Lunch Funds respectively.

At June 30, 2024, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,915,973	\$ 246,852	\$ 13,956,247	\$ 34,491
Changes of assumptions	3,422,747	-	12,392,034	2,700,776
Net difference between projected and actual earnings on pension plan investments	-	4,422,356	2,942,243	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,404,657	441,448	756,256	3,299,426
School District contributions subsequent to the measurement date	783,164	-	9,800,650	-
	<u>\$ 8,526,541</u>	<u>\$ 5,110,656</u>	<u>\$ 39,847,430</u>	<u>\$ 6,034,693</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 16,872,220	\$ 281,343		
Changes of assumptions	15,814,781	2,700,776		
Net difference between projected and actual earnings on pension plan investments	2,942,243	4,422,356		
Changes in proportion and differences between School District contributions and proportionate share of contributions	2,160,913	3,740,874		
School District contributions subsequent to the measurement date	10,583,814	-		
	<u>\$ 48,373,971</u>	<u>\$ 11,145,349</u>		

\$783,164 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan's year ended March 31, 2025. The \$9,800,650

Note 3 - Detailed Notes on All Funds (Continued)

reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2024	\$ -	\$ 1,811,463
2025	(1,410,809)	(3,412,650)
2026	1,928,563	22,745,554
2027	2,906,215	1,351,561
2028	(791,248)	903,069
Thereafter	-	613,090
	<u>\$ 2,632,721</u>	<u>\$ 24,012,087</u>

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Investment rate of return	5.9% *	6.95% *
Salary scale	4.4%	1.95%-5.18%
Inflation rate	2.9%	2.4%
Cost of living adjustments	1.5%	1.3%

*Compounded annually, net of pension plan investment expenses, including inflation.

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

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2015 - April 1, 2020. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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

Note 3 - Detailed Notes on All Funds (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2024		TRS June 30, 2023	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.00 %	33 %	6.80 %
International Equity	15	6.65	15	7.60
Private Equity	10	7.25	9	10.10
Real Estate Equity	9	4.60	11	6.30
Opportunistic/ARS Portfolio	3	5.25	-	-
Credit	4	5.40	-	-
Real Assets	3	5.79	-	-
Domestic Fixed Income	-	-	16	2.20
Global Equity	-	-	4	7.20
Global Bonds	-	-	2	1.60
Private Debt	-	-	2	6.00
Real Estate Debt	-	-	6	3.20
High Yield Bonds	-	-	1	4.40
Fixed Income	23	1.50	-	-
Cash	1	0.25	1	0.30
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

The discount rate used to calculate the total pension liability was 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 those assumptions, the System's 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.

Schenectady City School District, New York

Notes to Financial Statements (Continued)

June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 28,463,648</u>	<u>\$ 9,053,029</u>	<u>\$ (7,158,865)</u>
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 87,663,525</u>	<u>\$ 5,755,785</u>	<u>\$ (63,132,166)</u>

The components of the collective net pension asset as of the March 31, 2024 ERS measurement date and the June 30, 2023 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 240,696,851,000	\$ 138,365,121,961
Fiduciary net position	<u>225,972,801,000</u>	<u>137,221,536,942</u>
Employers' net pension liability	<u>\$ 14,724,050,000</u>	<u>\$ 1,143,585,019</u>
Fiduciary net position as a percentage of total pension liability	<u>93.88%</u>	<u>99.17%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2024 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2024 were \$783,164 to ERS and \$11,314,696 to TRS, inclusive of \$1,514,046 of employee contributions.

Note 3 - Detailed Notes on All Funds (Continued)

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending upon salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in the program.

Other Postemployment Benefit Liability (“OPEB”)

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing postemployment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	831
Active employees	<u>1,124</u>
	<u>1,955</u>

The School District’s total OPEB liability of \$222,882,732 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2022.

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation increases	2.70%
Discount rate	4.21%
Healthcare cost trend rates	6.5% for 2024, decreasing gradually to an ultimate rate of 4.14% by 2026
Retirees' share of benefit-related costs	Varies from 12% to 19% depending on applicable retirement year and bargaining unit

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index.

Mortality rates were based on the Pub-2010 Headcount-Weighted table projected fully generationally using MP-2021.

Schenectady City School District, New York

Notes to Financial Statements (Continued)

June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2024 is as follows:

Total OPEB Liability - Beginning of Year	\$ 215,050,808
Service cost	7,765,391
Interest	9,058,324
Changes of benefit terms	-
Differences between expected and actual experience	949,599
Changes in assumptions or other inputs	(2,897,502)
Benefit payments	<u>(7,043,888)</u>
Total OPEB Liability - End of Year	<u>\$ 222,882,732</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21%) or 1 percentage point higher (5.21%) than the current discount rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB Liability	<u>\$ 263,343,979</u>	<u>\$ 222,882,732</u>	<u>\$ 190,798,088</u>

The following presents the total OPEB liability of the School District, as well as what the School 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 rates:

	1% Decrease (5.5% decreasing to 3.14%)	Current Healthcare Cost Trend Rates (6.5% decreasing to 4.14%)	1% Increase (7.5% decreasing to 5.14%)
Total OPEB Liability	<u>\$ 183,463,191</u>	<u>\$ 222,882,732</u>	<u>\$ 274,791,743</u>

For the year ended June 30, 2024, the School District recognized OPEB expense of \$1,107,764 in the district-wide financial statements. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 26,315,231	\$ 61,469,739
Differences between expected and actual experience	<u>2,719,138</u>	<u>35,354,787</u>
	<u>\$ 29,034,369</u>	<u>\$ 96,824,526</u>

Schenectady City School District, New York

Notes to Financial Statements (Continued)

June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)

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

Year Ended June 30,	
2025	\$ (15,715,951)
2026	(15,715,951)
2027	(14,784,291)
2028	(19,058,808)
2029	(2,236,885)
Thereafter	(278,271)
	<u>\$ (67,790,157)</u>

F. Revenues and Expenditures**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

Transfers Out	Transfers In			Total
	Special Aid Fund	Capital Projects Fund	Debt Service Fund	
General Fund	\$ 511,395	\$ 9,707,250	\$ 13,928,031	\$ 24,146,676
Special Aid Fund	-	5,415,257	-	5,415,257
Debt Service Fund	-	2,270,000	-	2,270,000
Non-Major Governmental	-	931,500	-	931,500
	<u>\$ 511,395</u>	<u>\$ 18,324,007</u>	<u>\$ 13,928,031</u>	<u>\$ 32,763,433</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects fund expenditures, 2) move debt payments for the current year for debt service fund expenditures and 3) move bond anticipation note redemptions to the Capital Projects Fund.

G. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Repairs - the component of net position that has been established to set aside funds to repair assets pursuant to Education Law.

Restricted for Workers' Compensation Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-j of the General Municipal Law of the State of New York.

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

Restricted for Tax Certiorari - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

Restricted for ERS Retirement System Contributions - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for TRS Retirement Contributions - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for Insurance - the component of net position that has been established to set aside funds to repair assets funded by insurance recoveries pursuant to Educational Law.

Restricted for Future Capital Projects - the component of net position that has been established to set aside funds to be used for future capital projects.

Restricted for Property Loss and Liability Claims - the component of net position that has been established to set aside funds to be used to cover property loss and liability claims incurred.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

Restricted for Special Purposes - the component of net position that has been established to set aside funds to be used for extraclassroom activities and other purposes with constraints placed on their use by either external parties and/or statute.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Schenectady City School District, New York

Notes to Financial Statements (Continued)

June 30, 2024

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Prepaid expenditures	\$ 24,148	\$ -	\$ -	\$ -	\$ 24,148
Inventories	-	-	-	118,554	118,554
Total Nonspendable	24,148	-	-	118,554	142,702
Restricted:					
Repairs	1,000,000	-	-	-	1,000,000
Workers' compensation benefits	2,915,362	-	-	-	2,915,362
Unemployment benefits	284,950	-	-	-	284,950
Tax certiorari	4,174,269	-	-	-	4,174,269
ERS retirement system contributions	7,358,648	-	-	-	7,358,648
TRS retirement system contributions	8,729,870	-	-	-	8,729,870
Insurance	639,150	-	-	-	639,150
Employee benefit accrued liability	5,505,662	-	-	-	5,505,662
Future capital projects	20,142	-	-	-	20,142
Property loss and liability claims	163,552	-	-	-	163,552
Capital projects	-	5,375,118	-	-	5,375,118
Debt service	-	-	2,831,513	-	2,831,513
Special purposes - extraclassroom activities	-	-	-	149,113	149,113
Special purposes - other	-	-	-	274,629	274,629
Total Restricted	30,791,605	5,375,118	2,831,513	423,742	39,421,978
Assigned:					
Purchases on order:					
General government support	2,190,777	-	-	-	2,190,777
Instruction	2,076,166	-	-	-	2,076,166
Pupil transportation	16,429	-	-	-	16,429
	4,283,372	-	-	-	4,283,372
Subsequent year's expenditures	10,419,169	-	-	-	10,419,169
School Lunch Fund	-	-	-	6,145,709	6,145,709
Total Assigned	14,702,541	-	-	6,145,709	20,848,250
Unassigned	11,773,186	-	-	-	11,773,186
Total Fund Balances	\$ 57,291,480	\$ 5,375,118	\$ 2,831,513	\$ 6,688,005	\$ 72,186,116

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6-r of the General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Note 3 - Detailed Notes on All Funds (Continued)

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2024, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The School District, in common with other School District's, receives numerous notices of claims for monetary damages arising from property damage or personal injury. Of all the claims currently pending, none are expected to have a material effect on the School District's financial position if adversely affected.

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

C. Risk Management

The School District is exposed to various risks of loss. The School District purchases various insurance coverages from independent third parties to reduce its exposure to loss. In addition to other coverages, the School District maintains commercial general liability insurance coverage with policy limits of \$1 million per occurrence and \$3 million in the aggregate. The School District also maintains employment practices liability coverage for employees up to \$1 million per claim and \$3 million in the aggregate. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 101, "*Compensated Absences*", provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

GASB Statement No. 102, "*Certain Risk Disclosures*", the objective of this Statement is to disclose within government financial statements risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

Under this Statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

GASB Statement No. 103, "*Financial Reporting Model Improvements*", has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

Note 6 - Tax Abatement

The School District has real property tax abatement agreements with the Schenectady Metroplex Development Authority, the City of Schenectady Industrial Development Agency and the County of Schenectady Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 922.

Copies of the agreements may be obtained from the School District. Information relevant to disclosure of these agreements for the fiscal year ended June 30, 2024 is as follows:

Schenectady City School District, New York

Notes to Financial Statements (Continued) June 30, 2024

Note 6 - Tax Abatement (Continued)

Start Date	Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
03/01/2015	111 Liberty St Rlty LLC	\$ 2,538,000	\$ 20.1205	\$ 51,066	\$ 20,862	\$ 30,204
03/01/2021	136 Broadway LP (132 & 136 Broadway)	1,018,500	20.1205	20,493	5,676	14,817
03/01/2019	200 Harborside / Alco Re Prop	4,589,300	20.1205	92,339	65,651	26,688
03/01/2019	202 State St (Jeco Capital, LLC)	1,093,840	20.1205	22,009	9,450	12,559
03/01/2022	301 Clinton St Assoc, LLC / OTB Renovation	1,197,100	20.1205	24,086	20,797	3,289
05/01/2021	411 State Street (Transferred To Metroplex)	2,207,500	20.1205	44,416	12,838	31,578
03/01/2022	426 Franklin Street / 430 Franklin LLC	1,320,100	20.1205	26,561	12,324	14,237
03/01/2018	426 State Street, LLC (416 State) / Mazzzone	1,311,100	20.1205	31,500	31,500	-
03/01/2022	500 State Street Assoc LLC (Various)	2,595,080	20.1205	52,214	32,350	19,864
03/01/2022	501 State Street LLC / Citizens / Redburn	6,300,000	20.1205	126,759	34,405	92,354
03/01/2019	530 Franklin, LLC (530 Franklin/156 Lafayette)	2,328,900	20.1205	46,859	20,936	25,923
03/01/2022	540 Northend Drive / (First Schenectady LLC)	7,400,000	20.1205	148,891	15,405	133,486
03/01/2013	Alco Hotel/Re Prop (220/240 Harborside)	17,157,100	20.1205	345,209	33,461	311,748
03/01/2017	City Edge, LLC (242 Broadway)	5,000,000	20.1205	100,602	57,173	43,429
03/01/2019	Two Girls & A Guy Erie, LLC (1419 Erie)	4,000,000	20.1205	80,482	57,515	22,967
03/01/2017	Development At City Center, LLC	16,809,320	20.1205	338,211	135,284	202,927
02/01/2012	General Electric	65,000,000	20.1205	1,335,424	1,335,424	-
08/03/2018	Renaissance Property (826 1/2 Eastern)	200,500	20.1205	4,034	2,340	1,694
03/01/2020	Lewis, Rudy & Lewis, Pam	250,000	20.1205	5,030	2,052	2,978
03/01/2020	Adams, Kathy	249,000	20.1205	5,010	2,052	2,958
03/01/2020	Mcqueeney, Thomas & Melahat	250,000	20.1205	5,030	2,052	2,978
03/01/2020	Deines, Tye & Stevens, Cameron	249,000	20.1205	5,010	2,052	2,958
03/01/2020	Tang, Lisa	249,000	20.1205	5,010	2,052	2,958
03/01/2020	Mccarthy, Gregory	268,000	20.1205	5,392	2,052	3,340
03/01/2015	Lofts II At Union Square (521 Union St)	1,088,900	20.1205	21,909	6,209	15,700
06/21/2017	Maxon Alco Holdings (487 Nott)	1,420,900	20.1205	28,589	4,288	24,301
03/01/2015	Bread & Roses (Mexican Radio)	2,474,760	20.1205	49,793	6,036	43,757
03/01/2020	Prestige Parkwy Prop	229,000	20.1205	4,608	2,052	2,556
03/01/2020	EH Fairfield LLC	204,400	20.1205	4,113	2,052	2,061
03/01/2020	Damon, Christopher	112,400	20.1205	2,262	2,052	210
03/01/2020	Valletta, Patricia	204,400	20.1205	4,113	2,052	2,061
03/01/2020	Calvanese, Joseph	112,500	20.1205	2,264	2,052	212
03/01/2020	Somers, Dughi Maura	206,400	20.1205	4,153	2,052	2,101
03/01/2020	Reyes, Antonio	112,400	20.1205	2,262	2,052	210
03/01/2020	Prestige Parkwy Prop / Goldstein, Kristin	114,900	20.1205	2,312	2,052	260
03/01/2020	Bolier, Christian	112,400	20.1205	2,262	2,052	210
03/01/2020	Prestige Parkwy Prop	118,800	20.1205	2,390	2,052	338
03/01/2020	Rella, Angelo	115,400	20.1205	2,322	2,052	270
03/01/2020	Bridge, Caroline	114,900	20.1205	2,312	2,052	260
03/01/2020	Zolner, Pauline/Russo, Natalie	115,400	20.1205	2,322	2,052	270
03/01/2020	Goldstein, Alan	113,800	20.1205	2,290	2,052	238
03/01/2020	Goldstein, Alan	290,500	20.1205	5,845	2,052	3,793
03/01/2023	SCH Storage Investors, LLC	3,359,600	20.1205	67,597	4,591	63,006
03/01/2023	Schenectady Associates, LLC (401 State)	2,300,000	20.1205	46,277	22,802	23,475
03/01/2021	144 Clinton Street, LLC (Ter Bush & Powel)	1,026,200	20.1205	20,648	6,727	13,921
03/01/2019	Town Homes At Union Sq (Barrett St Gp1, Llc)	1,152,759	20.1205	23,194	8,380	14,814
03/01/2022	Whistling Kettle, Schdy LLC (138 Jay St)	344,900	20.1205	6,940	4,024	2,916
05/19/2016	13 State Street LLC	3,434,000	20.1205	69,094	20,697	48,397
03/23/2014	245 Broadway LLC / 245 Broadway Apartments	2,400,800	20.1205	48,305	11,176	37,129
03/20/2013	301 Green St Assoc, LLC	1,558,400	20.1205	31,356	11,921	19,435
01/13/2010	Bn Partners Assoc (461-467 Nott St)	33,000,000	20.1205	663,975	298,028	365,947
06/27/2013	Dvt At Broadway, LLC (845 Broadway)	5,739,300	20.1205	115,477	14,816	100,661
03/22/2012	Schd Rehab/Hlt Care (Dmn 526 Altamont)	30,500,800	20.1205	613,690	397,370	216,320
03/01/2020	Hamilton Hill II (Hillside Crossing) / 12 Parcels	4,004,000	20.1205	80,562	21,848	58,714
08/01/2017	Hillside Prime / Electric City Apts	12,454,000	20.1205	250,580	56,824	193,756
03/01/2017	Hillside View / 602 Craig Street / Community Builders	2,969,400	20.1205	59,746	23,931	35,815
03/01/2021	Hotel Foster (508 State)	4,062,000	20.1205	81,729	15,646	66,083
12/17/2015	JLA Apartments, LP	3,100,000	20.1205	62,373	20,138	42,235
07/26/2016	Locomotive Lane Prop Apts (221 Harborside)	25,166,000	20.1205	506,351	381,891	124,460
03/01/2021	Irving Community, LLC (Renaissance Square)	3,233,600	20.1205	65,061	14,211	50,850
02/01/2007	Sch'Dy Hotel Llc (Hampton) / 450 State	8,763,500	20.1205	176,326	99,343	76,983
02/01/2017	Scotia Holdings (Bowtie Cinema)	7,110,000	20.1205	143,056	29,902	113,154
06/01/2016	Sts Steel, Inc (421-431 Peek St)	405,000	20.1205	8,149	2,817	5,332
01/12/2017	Summit Towers / Capital District Apts.	4,660,500	20.1205	93,771	57,035	36,736
02/27/2012	Civco Realty Corp (440 State St)	2,900,000	20.1205	58,349	20,120	38,229
03/01/2022	Yates Village I / Prenrose	10,686,400	20.1205	215,015	22,352	192,663
10/01/2021	Yates Village II / Northside	6,345,400	20.1205	127,672	49,678	77,994
12/17/2017	Cambridge Towers, LLC	3,575,000	20.1205	71,931	50,854	21,077
11/01/2011	United Suites At Wash Sq	10,645,300	20.1205	214,188	17,374	196,814
		<u>\$ 345,740,359</u>		<u>\$ 6,989,170</u>	<u>\$ 3,647,512</u>	<u>\$ 3,341,658</u>

Schenectady City School District, New York

Notes to Financial Statements (Concluded)
June 30, 2024

Note 7 - Subsequent Events

The School District, in July 2024, issued bond anticipation notes for various purposes in the amount of \$30,000,000, with an interest rate of 4.0% that will mature on July 25, 2025.

Schenectady City School District, New York

Required Supplementary Information - Schedule of Changes in the School District's Total OPEB Liability and Related Ratios Last Ten Fiscal Years (1)(2)

	2024	2023	2022
Total OPEB Liability:			
Service cost	\$ 7,765,391	\$ 7,641,594	\$ 11,205,112
Interest	9,058,324	7,955,144	6,008,249
Changes of benefit terms	-	(251,682)	-
Differences between expected and actual experience	949,599	(2,989,980)	1,910,346
Changes in assumptions or other inputs	(2,897,502)	(10,720,329)	(61,619,051)
Benefit payments	(7,043,888)	(7,264,692)	(7,516,775)
Net Change in Total OPEB Liability	7,831,924	(5,629,945)	(50,012,119)
Total OPEB Liability – Beginning of Year	215,050,808	220,680,753	270,692,872
Total OPEB Liability – End of Year	<u>\$ 222,882,732</u>	<u>\$ 215,050,808</u>	<u>\$ 220,680,753</u>
School District's covered-employee payroll	<u>\$ 83,276,559</u>	<u>\$ 81,211,884</u>	<u>\$ 71,176,693</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>268%</u>	<u>265%</u>	<u>310%</u>
Discount Rate	<u>4.21%</u>	<u>4.13%</u>	<u>3.54%</u>

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

See independent auditors' report.

2021	2020	2019	2018
\$ 16,018,831	\$ 10,393,077	\$ 8,152,314	\$ 8,489,207
7,464,212	8,702,007	10,892,909	9,843,729
(4,788,601)	-	(9,782,925)	-
(58,946,834)	2,169,521	(11,236,999)	-
(7,390,013)	70,173,956	(26,722,616)	(13,891,757)
(6,749,219)	(7,696,442)	(6,495,344)	(5,741,280)
(54,391,624)	83,742,119	(35,192,661)	(1,300,101)
325,084,496	241,342,377	276,535,038	277,835,139 (3)
<u>\$ 270,692,872</u>	<u>\$ 325,084,496</u>	<u>\$ 241,342,377</u>	<u>\$ 276,535,038</u>
<u>\$ 66,079,036</u>	<u>\$ 78,873,409</u>	<u>\$ 78,392,258</u>	<u>\$ 83,166,396</u>
<u>410%</u>	<u>412%</u>	<u>308%</u>	<u>333%</u>
<u>2.16%</u>	<u>2.21%</u>	<u>3.51%</u>	<u>3.87%</u>

Schenectady City School District, New York

Required Supplementary Information - Schedule of the
New York State Teachers' Retirement System
Last Ten Fiscal Years

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (1)

	2024 (4)	2023 (3)	2022 (2)(4)	2021 (2)
School District's proportion of the net pension liability (asset)	0.503311%	0.460162%	0.438816%	0.476061%
School District's proportionate share of the net pension liability (asset)	\$ 5,755,785	\$ 8,830,003	\$ (76,042)	\$ 13,154
School District's covered payroll	\$ 92,928,435	\$ 81,518,000	\$ 74,481	\$ 80,794
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	6.19%	10.83%	(102.10)%	16.28%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.17%	98.57%	113.20%	97.76%
Discount Rate	6.95%	6.95%	6.95%	7.10%

Schedule of Contributions

	2024	2023	2022 (2)	2021 (2)
Contractually required contribution	\$ 9,800,650	\$ 9,562,336	\$ 7,098	\$ 7,159
Contributions in relation to the contractually required contribution	(9,800,650)	(9,562,336)	(7,098)	(7,159)
Contribution excess	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 100,416,496	\$ 92,928,435	\$ 81,518	\$ 74,481
Contributions as a percentage of covered payroll	9.76%	10.29%	9.80%	9.53%

(1) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(2) Dollar amounts displayed in thousands.

(3) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

<u>2020 (2)</u>	<u>2019 (2)</u>	<u>2018 (2)</u>	<u>2017 (2)</u>	<u>2016 (2)</u>	<u>2015 (2)</u>
<u>0.468750%</u>	<u>0.466052%</u>	<u>0.456165%</u>	<u>0.439137%</u>	<u>0.441208%</u>	<u>0.450082%</u>
<u>\$ (12,178)</u>	<u>\$ (8,427)</u>	<u>\$ (3,467)</u>	<u>\$ 4,703</u>	<u>\$ (45,827)</u>	<u>\$ (50,136)</u>
<u>\$ 78,192</u>	<u>\$ 75,792</u>	<u>\$ 72,295</u>	<u>\$ 66,275</u>	<u>\$ 66,484</u>	<u>\$ 66,484</u>
<u>(15.57)%</u>	<u>(11.12)%</u>	<u>(4.80)%</u>	<u>7.10%</u>	<u>(68.93)%</u>	<u>(75.41)%</u>
<u>102.17%</u>	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>
<u>7.10%</u>	<u>7.25%</u>	<u>7.25%</u>	<u>7.50%</u>	<u>8.00%</u>	<u>8.00%</u>
<u>2020 (2)</u>	<u>2019 (2)</u>	<u>2018 (2)</u>	<u>2017 (2)</u>	<u>2016 (2)</u>	<u>2015 (2)</u>
<u>\$ 8,309</u>	<u>\$ 7,439</u>	<u>\$ 8,427</u>	<u>\$ 8,985</u>	<u>\$ 10,803</u>	<u>\$ 11,069</u>
<u>(8,309)</u>	<u>(7,439)</u>	<u>(8,427)</u>	<u>(8,985)</u>	<u>(10,803)</u>	<u>(11,069)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 80,794</u>	<u>\$ 78,192</u>	<u>\$ 75,792</u>	<u>\$ 72,295</u>	<u>\$ 66,275</u>	<u>\$ 66,484</u>
<u>8.86%</u>	<u>10.62%</u>	<u>9.80%</u>	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

Schenectady City School District, New York

Required Supplementary Information - Schedule of the
New York State and Local Employees' Retirement System
Last Ten Fiscal Years

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (1)

	2024 (4)	2023 (3)	2022 (2)(4)	2021 (2)
School District's proportion of the net pension liability (asset)	0.0614847%	0.0500182%	0.0393592%	0.0466785%
School District's proportionate share of the net pension liability (asset)	\$ 9,053,029	\$ 10,725,916	\$ (3,217)	\$ 46
School District's covered payroll	\$ 24,229,892	\$ 21,811,000	\$ 13,363	\$ 15,329
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.36%	49.18%	(24.07)%	0.30%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%
Discount Rate	5.90%	5.90%	5.90%	5.90%

Schedule of Contributions

	2024	2023	2022 (2)	2021 (2)
Contractually required contribution	\$ 2,229,810	\$ 1,633,538	\$ 2,051	\$ 2,235
Contributions in relation to the contractually required contribution	(2,229,810)	(1,633,538)	(2,051)	(2,235)
Contribution excess	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 25,354,040	\$ 23,189,000	\$ 13,363	\$ 15,329
Contributions as a percentage of covered payroll	8.79%	7.04%	15.35%	14.58%

(1) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(2) Dollar amounts displayed in thousands.

(3) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.

<u>2020 (2)</u>	<u>2019 (2)</u>	<u>2018 (2)</u>	<u>2017 (2)</u>	<u>2016 (2)</u>	<u>2015 (2)</u>
<u>0.0472586%</u>	<u>0.0497478%</u>	<u>0.0481619%</u>	<u>0.0494815%</u>	<u>0.0514991%</u>	<u>0.0526538%</u>
<u>\$ 12,514</u>	<u>\$ 3,524</u>	<u>\$ 1,554</u>	<u>\$ 4,649</u>	<u>\$ 8,265</u>	<u>\$ 1,778</u>
<u>\$ 14,597</u>	<u>\$ 14,668</u>	<u>\$ 14,453</u>	<u>\$ 14,141</u>	<u>\$ 13,973</u>	<u>\$ 14,053</u>
<u>85.73%</u>	<u>24.03%</u>	<u>10.75%</u>	<u>32.88%</u>	<u>59.15%</u>	<u>12.65%</u>
<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>
<u>6.80%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>
<u>2020 (2)</u>	<u>2019 (2)</u>	<u>2018 (2)</u>	<u>2017 (2)</u>	<u>2016 (2)</u>	<u>2015 (2)</u>
<u>\$ 1,981</u>	<u>\$ 2,121</u>	<u>\$ 2,092</u>	<u>\$ 2,170</u>	<u>\$ 2,543</u>	<u>\$ 2,570</u>
<u>(1,981)</u>	<u>(2,121)</u>	<u>(2,092)</u>	<u>(2,170)</u>	<u>(2,543)</u>	<u>(2,570)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 14,597</u>	<u>\$ 14,668</u>	<u>\$ 14,453</u>	<u>\$ 14,141</u>	<u>\$ 13,973</u>	<u>\$ 14,053</u>
<u>13.57%</u>	<u>14.46%</u>	<u>14.47%</u>	<u>15.35%</u>	<u>18.20%</u>	<u>18.29%</u>

Schenectady City School District, New York

General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
REVENUES					
Real property taxes	\$ 46,952,923	\$ 46,952,923	\$ 46,592,828	\$	\$ (360,095)
Other tax items	9,096,346	9,096,346	8,654,625		(441,721)
Non-property taxes	2,500,000	2,500,000	2,782,559		282,559
Charges for services	459,500	459,500	543,207		83,707
Use of money and property	614,500	614,500	2,041,664		1,427,164
Sale of property and compensation for loss	-	-	66,076		66,076
Intergovernmental revenue	250,000	250,000	180,923		(69,077)
State aid	192,534,226	192,534,226	201,011,344		8,477,118
Federal aid	700,000	700,000	666,181		(33,819)
Miscellaneous	1,340,000	1,340,000	1,992,854		652,854
Total Revenues	254,447,495	254,447,495	264,532,261		10,084,766
EXPENDITURES					
Current					
General support					
Board of education	109,274	108,846	76,285	-	32,561
Central administration	1,764,246	1,401,297	1,164,148	2,074	235,075
Finance	1,667,025	1,966,206	1,877,691	1,154	87,361
Staff	2,599,921	2,080,248	1,839,272	106,059	134,917
Central services	21,099,938	25,173,230	22,915,948	2,081,490	175,792
Special items	2,092,592	2,096,370	2,090,445	-	5,925
Total General Support	29,332,996	32,826,197	29,963,789	2,190,777	671,631
Instruction					
Instruction, administration and improvement	16,714,283	13,210,413	11,967,028	69,096	1,174,289
Teaching - Regular school Programs for students with disabilities	71,684,359	69,066,880	64,039,952	918,399	4,108,529
Occupational education	37,016,592	33,062,103	32,312,373	81,786	667,944
Teaching - Special schools	1,654,262	2,065,660	2,016,637	-	49,023
Instructional media	870,473	601,074	500,723	4,774	95,577
Pupil services	8,040,543	9,399,876	8,200,972	943,629	255,275
	15,311,072	16,728,507	16,193,266	58,482	476,759
Total Instruction	151,291,584	144,134,513	135,230,951	2,076,166	6,827,396
Pupil transportation	19,008,239	21,428,994	20,946,860	16,429	465,705
Employee benefits	46,641,528	47,881,136	47,250,589	-	630,547
Debt service					
Principal	-	343,837	261,001	-	82,836
Interest	-	22,487	20,897	-	1,590
Total Expenditures	246,274,347	246,637,164	233,674,087	4,283,372	8,679,705
Excess of Revenues Over Expenditures	8,173,148	7,810,331	30,858,174	(4,283,372)	18,764,471
OTHER FINANCING SOURCES (USES)					
Leases issued	-	-	662,077	-	662,077
Transfers out	(23,528,031)	(24,501,034)	(24,146,676)	-	354,358
Total Other Financing Sources (Uses)	(23,528,031)	(24,501,034)	(23,484,599)	-	1,016,435
Net Change in Fund Balance	(15,354,883)	(16,690,703)	7,373,575	\$ (4,283,372)	\$ 19,780,906
FUND BALANCE					
Beginning of Year	15,354,883	16,690,703	49,917,905		
End of Year	\$ -	\$ -	\$ 57,291,480		

See independent auditors' report.

Schenectady City School District, New York

General Fund
Schedule of Revenues and Other Financing Sources Compared to Budget
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	<u>\$ 46,952,923</u>	<u>\$ 46,952,923</u>	<u>\$ 46,592,828</u>	<u>\$ (360,095)</u>
OTHER TAX ITEMS				
School tax relief reimbursement	4,490,000	4,490,000	4,381,907	(108,093)
Payments in lieu of taxes	3,756,346	3,756,346	3,647,512	(108,834)
Interest and penalties on real property taxes	850,000	850,000	625,206	(224,794)
	<u>9,096,346</u>	<u>9,096,346</u>	<u>8,654,625</u>	<u>(441,721)</u>
NON-PROPERTY TAXES				
Utility tax	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,782,559</u>	<u>282,559</u>
CHARGES FOR SERVICES				
Day school tuition	148,000	148,000	24,011	(123,989)
Adult education fees	3,500	3,500	9,038	5,538
Other student fees and charges	3,000	3,000	1,315	(1,685)
Health services for other districts	190,000	190,000	250,552	60,552
Services for BOCES	-	-	66,040	66,040
Services for other districts	115,000	115,000	192,251	77,251
	<u>459,500</u>	<u>459,500</u>	<u>543,207</u>	<u>83,707</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	600,000	600,000	1,958,234	1,358,234
Rental of real property	14,500	14,500	83,430	68,930
	<u>614,500</u>	<u>614,500</u>	<u>2,041,664</u>	<u>1,427,164</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Sale of equipment	-	-	28,531	28,531
Insurance recoveries	-	-	37,545	37,545
	<u>-</u>	<u>-</u>	<u>66,076</u>	<u>66,076</u>

INTERGOVERNMENTAL REVENUE	<u>250,000</u>	<u>250,000</u>	<u>180,923</u>	<u>(69,077)</u>
STATE AID				
Basic formula	182,450,363	182,450,363	160,151,425	(22,298,938)
Lottery aid	-	-	27,299,643	27,299,643
BOCES aid	8,216,139	8,216,139	12,211,580	3,995,441
Textbook aid	803,683	803,683	577,724	(225,959)
Computer software aid	200,914	200,914	332,447	131,533
Library aid	-	-	57,856	57,856
Other	863,127	863,127	380,669	(482,458)
	<u>192,534,226</u>	<u>192,534,226</u>	<u>201,011,344</u>	<u>8,477,118</u>
FEDERAL AID				
Impact aid	-	-	34,515	34,515
Medical assistance	700,000	700,000	631,666	(68,334)
	<u>700,000</u>	<u>700,000</u>	<u>666,181</u>	<u>(33,819)</u>
MISCELLANEOUS				
Refund of prior year's expenditures	250,000	250,000	88,264	(161,736)
Refund for BOCES aided services	250,000	250,000	1,153,298	903,298
Gifts and donations	25,000	25,000	13,453	(11,547)
E-rate recovery	300,000	300,000	8,317	(291,683)
Other	515,000	515,000	729,522	214,522
	<u>1,340,000</u>	<u>1,340,000</u>	<u>1,992,854</u>	<u>652,854</u>
TOTAL REVENUES	<u>254,447,495</u>	<u>254,447,495</u>	<u>264,532,261</u>	<u>10,084,766</u>
OTHER FINANCING SOURCES				
Leases issued	-	-	662,077	662,077
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 254,447,495</u>	<u>\$ 254,447,495</u>	<u>\$ 265,194,338</u>	<u>\$ 10,746,843</u>

See independent auditors' report.

Schenectady City School District, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 60,300	\$ 79,872	\$ 68,242	\$ -	\$ 11,630
District clerk	35,974	15,974	5,793	-	10,181
District meeting	13,000	13,000	2,250	-	10,750
Total Board of Education	109,274	108,846	76,285	-	32,561
CENTRAL ADMINISTRATION					
Chief school administrator	1,764,246	1,401,297	1,164,148	2,074	235,075
FINANCE					
Business administration	992,975	1,246,966	1,221,783	1,022	24,161
Auditing	110,400	85,400	70,341	-	15,059
Tax collection service	322,609	342,599	333,857	-	8,742
Treasurer	93,870	93,870	90,870	132	2,868
Purchasing	87,171	137,371	109,840	-	27,531
Fiscal agent fees	60,000	60,000	51,000	-	9,000
Total Finance	1,667,025	1,966,206	1,877,691	1,154	87,361
STAFF					
Legal	370,672	290,500	172,682	106,059	11,759
Personnel	1,605,240	1,205,219	1,166,623	-	38,596
Records management	57,800	63,282	57,246	-	6,036
Public information and services	566,209	521,247	442,721	-	78,526
Total Staff	2,599,921	2,080,248	1,839,272	106,059	134,917
CENTRAL SERVICES					
Operation and maintenance of plant	14,563,238	17,100,878	15,061,505	1,975,782	63,591
Security support	5,641,792	7,194,128	7,002,631	85,312	106,185
Central storeroom	209,821	59,756	53,740	-	6,016
Central printing and mailing	685,087	818,468	798,072	20,396	-
Total Central Services	21,099,938	25,173,230	22,915,948	2,081,490	175,792

SPECIAL ITEMS

Unallocated insurance	850,000	895,778	895,644	-	134
School association dues	35,000	4,000	-	-	4,000
Refunds of real property taxes	100,000	54,000	52,209	-	1,791
Administrative charge - BOCES	743,578	743,578	743,578	-	-
Capital expense - BOCES	364,014	364,014	364,014	-	-
Other	-	35,000	35,000	-	-
Total Special Items	2,092,592	2,096,370	2,090,445	-	5,925
Total General Support	29,332,996	32,826,197	29,963,789	2,190,777	671,631

INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	3,078,493	1,475,476	1,433,502	300	41,674
Supervision - Regular school	9,223,163	8,773,101	7,732,308	55,942	984,851
Research, planning and evaluation	1,375,896	1,585,618	1,560,286	1,654	23,678
In-service training - Instruction	3,036,731	1,376,218	1,240,932	11,200	124,086
Total Instruction, Administration and Improvement	16,714,283	13,210,413	11,967,028	69,096	1,174,289

TEACHING - REGULAR SCHOOL

71,684,359	69,066,880	64,039,952	918,399	4,108,529
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PROGRAMS FOR STUDENTS WITH DISABILITIES

37,016,592	33,062,103	32,312,373	81,786	667,944
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OCCUPATIONAL EDUCATION

1,654,262	2,065,660	2,016,637	-	49,023
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SPECIAL SCHOOLS PROGRAM AND SUPPORT

Special schools	215,764	148,798	104,871	4,774	39,153
HSE program	101,371	5,598	1,366	-	4,232
Summer school	479,338	356,234	313,999	-	42,235
Night school	74,000	90,444	80,487	-	9,957
	870,473	601,074	500,723	4,774	95,577

INSTRUCTIONAL MEDIA

School library and audiovisual	2,054,730	1,382,728	1,191,443	3,671	187,614
Computer assisted instruction	5,985,813	8,017,148	7,009,529	939,958	67,661
Total Instructional Media	8,040,543	9,399,876	8,200,972	943,629	255,275

(Continued)

Schenectady City School District, New York

General Fund
Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
INSTRUCTION (Continued)					
PUPIL SERVICES					
Attendance - Regular school	\$ 662,477	\$ 852,365	\$ 804,282	\$ 597	\$ 47,486
Guidance - Regular school	3,750,036	3,876,919	3,858,712	8,066	10,141
Health services - Regular school	2,228,299	3,008,621	2,843,604	21,642	143,375
Psychological services - Regular school	2,218,066	2,414,005	2,395,852	4,201	13,952
Social work services - Regular school	4,297,705	3,924,718	3,714,570	11,784	198,364
Pupil personnel special schools	1,070,524	1,387,503	1,356,228	6,903	24,372
Co-curricular activities - Regular school	50,000	51,251	48,758	-	2,493
Interscholastic athletics - Regular school	1,033,965	1,213,125	1,171,260	5,289	36,576
Total Pupil Services	15,311,072	16,728,507	16,193,266	58,482	476,759
Total Instruction	151,291,584	144,134,513	135,230,951	2,076,166	6,827,396
PUPIL TRANSPORTATION					
District transportation services	303,239	304,425	281,365	16,429	6,631
Contract and public carrier transportation	17,905,000	20,324,569	19,865,495	-	459,074
Public transportation	800,000	800,000	800,000	-	-
Total Pupil Transportation	19,008,239	21,428,994	20,946,860	16,429	465,705
EMPLOYEE BENEFITS					
State retirement	2,500,000	2,348,676	2,149,483	-	199,193
Teachers' retirement	8,431,717	8,647,413	8,305,111	-	342,302
Social security	7,430,000	8,352,443	8,352,443	-	-
Life insurance	130,000	205,735	205,735	-	-
Unemployment benefits	100,000	98,055	51,810	-	46,245
Hospital, medical and dental insurance	25,469,811	25,952,722	25,910,421	-	42,301
Workers' compensation benefits	565,000	853,587	853,587	-	-
Administrative fees	2,000,000	1,407,245	1,406,739	-	506
Disability insurance	15,000	15,260	15,260	-	-
Total Employee Benefits	46,641,528	47,881,136	47,250,589	-	630,547

DEBT SERVICE

Principal Leases	-	343,837	261,001	-	82,836
Interest Leases	-	22,487	20,897	-	1,590
Total Debt Service	-	366,324	281,898	-	84,426
TOTAL EXPENDITURES	246,274,347	246,637,164	233,674,087	4,283,372	8,679,705
OTHER FINANCING USES					
Transfers out					
Special Aid Fund	500,000	865,753	511,395	-	354,358
Capital Projects Fund	9,100,000	9,707,250	9,707,250	-	-
Debt Service Fund	13,928,031	13,928,031	13,928,031	-	-
TOTAL OTHER FINANCING USES	23,528,031	24,501,034	24,146,676	-	354,358
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 269,802,378	\$ 271,138,198	\$ 257,820,763	\$ 4,283,372	\$ 9,034,063

See independent auditors' report.

Schenectady City School District, New York

Capital Projects Fund
 Project-Length Schedule
 Inception of Project Through June 30, 2024

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
District-wide Renovations (HF)	\$ 70,000,000	\$ 69,806,485	\$ -	\$ 69,806,485	\$ 193,515
District-wide Renovations (HH)	64,500,000	65,971,836	5,801	65,977,637	(1,477,637)
Building purchase and Renovations (HJ)	6,000,000	-	3,485,008	3,485,008	2,514,992
District-wide Renovations (HK)	300,000,000	-	4,994,626	4,994,626	295,005,374
District-wide Renovations (H6)	190,413	92,579	4,765	97,344	93,069
Fulton ES HVAC Upgrade (H7)	300,000	-	279,043	279,043	20,957
District-wide Renovations (H8)	2,428,292	96,460	1,659,604	1,756,064	672,228
Paige ES Heating Lines Insulation Upgrade (H10)	525,000	-	525,000	525,000	-
Mont Pleasant Field and Turf Renovations (H12)	9,323,202	-	5,709,616	5,709,616	3,613,586
Hamilton ES Parapet Reconstruction (H13)	707,250	-	707,250	707,250	-
Kitchen Upgrades - Pleasant Valley ES and Yates ES (H15)	931,500	-	133,577	133,577	797,923
Smart Schools Bond Act (H4)	<u>5,542,843</u>	<u>2,871,676</u>	<u>-</u>	<u>2,871,676</u>	<u>2,671,167</u>
Totals	<u>\$ 460,448,500</u>	<u>\$ 138,839,036</u>	<u>\$ 17,504,290</u>	<u>\$ 156,343,326</u>	<u>\$ 304,105,174</u>

See independent auditors' report.

Methods of Financing					Fund Balance (Deficit) at June 30, 2024	Bond Anticipation Note Outstanding at June 30, 2024
Proceeds of Obligations	Transfers	State and Federal Aid	Miscellaneous	Totals		
\$ 69,195,000	\$ 611,485	\$ 3,611,485	\$ -	\$ 73,417,970	\$ 3,611,485	\$ -
58,755,000	1,959,316	-	1,305,310	62,019,626	(3,958,011)	19,320,000
-	6,000,000	-	-	6,000,000	2,514,992	-
-	5,885,055	-	-	5,885,055	890,429	-
-	190,413	-	-	190,413	93,069	-
-	300,000	-	-	300,000	20,957	-
-	2,428,292	-	-	2,428,292	672,228	-
-	525,000	-	-	525,000	-	-
-	9,313,338	-	-	9,313,338	3,603,722	-
-	707,250	-	-	707,250	-	-
-	931,500	-	-	931,500	797,923	-
-	-	-	-	-	(2,871,676)	-
<u>\$ 127,950,000</u>	<u>\$ 28,851,649</u>	<u>\$ 3,611,485</u>	<u>\$ 1,305,310</u>	<u>\$ 161,718,444</u>	<u>\$ 5,375,118</u>	<u>\$ 19,320,000</u>

Schenectady City School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2024

	School Lunch	Special Purpose	Total Non-Major Governmental Funds
ASSETS			
Cash and equivalents	\$ 426,975	\$ 169,927	\$ 596,902
Investments	6,356,342	253,815	6,610,157
Receivables			
State and Federal aid	1,351,316	-	1,351,316
	1,351,316	-	1,351,316
Inventories	118,554	-	118,554
Total Assets	<u>\$ 8,253,187</u>	<u>\$ 423,742</u>	<u>\$ 8,676,929</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,269,102	\$ -	\$ 1,269,102
Accrued liabilities	8,890	-	8,890
Due to other funds	710,932	-	710,932
Total Liabilities	1,988,924	-	1,988,924
Fund balances			
Nonspendable	118,554	-	118,554
Restricted	-	423,742	423,742
Assigned	6,145,709	-	6,145,709
Total Fund Balances	6,264,263	423,742	6,688,005
Total Liabilities and Fund Balances	<u>\$ 8,253,187</u>	<u>\$ 423,742</u>	<u>\$ 8,676,929</u>

See independent auditors' report.

Schenectady City School District, New York

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2024

	School Lunch	Special Purpose	Total Non-Major Governmental Funds
REVENUES			
Use of money and property	\$ 282,665	\$ 13,228	\$ 295,893
Sale of property and compensation for loss	833	-	833
State aid	146,623	-	146,623
Federal aid	7,621,926	-	7,621,926
Food sales	87,939	-	87,939
Miscellaneous	182,128	197,597	379,725
Total Revenues	8,322,114	210,825	8,532,939
EXPENDITURES			
Current			
Cost of food sales	8,103,824	-	8,103,824
Other	-	172,594	172,594
Total Expenditures	8,103,824	172,594	8,276,418
Excess of Revenues Over Expenditures	218,290	38,231	256,521
OTHER FINANCING USES			
Transfers out	(931,500)	-	(931,500)
Net Change in Fund Balance	(713,210)	38,231	(674,979)
FUND BALANCES			
Beginning of Year	6,977,473	385,511	7,362,984
End of Year	\$ 6,264,263	\$ 423,742	\$ 6,688,005

See independent auditors' report.

Schenectady City School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2024

Adopted Budget	\$ 265,267,298
Additions - Encumbrances	<u>4,535,080</u>
Original Budget	269,802,378
Budget Amendments	<u>1,335,820</u>
Final Budget	<u><u>\$ 271,138,198</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

Year Ended June 30, 2024

2024-25 Expenditure Budget	<u>\$ 277,731,769</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law Unrestricted fund balance	
Assigned	\$ 14,702,541
Unassigned	<u>11,773,186</u>
Total Unrestricted Fund Balance	<u>26,475,727</u>
Less	
Appropriated for subsequent year's budget	10,419,169
Encumbrances	<u>4,283,372</u>
Total Adjustments	<u>14,702,541</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 11,773,186</u></u>
Actual Percentage	<u><u>4.24%</u></u>

See independent auditors' report.

Schenectady City School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2024

Capital Assets, net		\$ 254,637,617
Less		
General obligation bonds payable - capital construction	\$ (108,180,000)	
Energy performance contract	(8,187,167)	
Leases payable	(518,303)	
Bond anticipation notes payable	(19,320,000)	
Unamortized portion of issuance premium on bonds	<u>(5,712,432)</u>	<u>(141,917,902)</u>
Net Investment in Capital Assets		<u>\$ 112,719,715</u>

See independent auditors' report.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

**The Board of Education of the
Schenectady City School District, New York**

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 and each major fund of the Schenectady City School District, New York ("School District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 8, 2024



**Report on Compliance For Each Major Federal Program and Report
on Internal Control Over Compliance Required by
the Uniform Guidance**

Independent Auditors' Report

**The Board of Education of the
Schenectady City School District, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Schenectady City School District, New York's ("School 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 School District's major federal programs for the year ended June 30, 2024. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School 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 School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance 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 School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 8, 2024

Schenectady City School District, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- Recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 2,384,477
National School Lunch Program - Cash	10.555	N/A	-	4,120,573
National School Lunch Program - Commodities	10.555	N/A	-	379,528
Summer Food Service Program	10.559	N/A	-	157,478
Fresh Fruit and Vegetable Program	10.582	N/A	-	315,759
Subtotal Child Nutrition Cluster			-	7,357,815
Child and Adult Care Food Program	10.558	N/A	-	264,111
Total U.S. Department of Agriculture			-	7,621,926
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid	84.041	N/A	-	34,515
Indirect Programs - Passed through New York State Department of Education				
Adult Education - Basic Grants to States	84.002	0040-23-3201	-	59,045
Adult Education - Basic Grants to States	84.002	0040-24-3201	-	206,115
Adult Education - Basic Grants to States	84.002	0040-24-3100	-	278,741
Adult Education - Basic Grants to States	84.002	0138-23-3301	-	32,098
Adult Education - Basic Grants to States	84.002	0138-24-3301	-	164,105
Adult Education - Basic Grants to States	84.002	2338-23-3100	-	70,524
			-	810,628
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	0032-23-0835	-	78,066
Special Education - Grants to States	84.027	0032-24-0835	-	3,115,931
Special Education - Preschool Grants	84.173	0033-24-0835	-	179,105
ARP Special Education - Grants to States	84.027X	5532-22-0835	-	33,065
ARP Special Education - Preschool Grants	84.173X	5533-22-0835	-	406
Subtotal Special Education Cluster			-	3,406,573
Title I Grants to Local Educational Agencies	84.010	0011-23-2186	-	204,333
Title I Grants to Local Educational Agencies	84.010	0011-23-4122	-	2,013
Title I Grants to Local Educational Agencies	84.010	0011-23-6009	-	91,806
Title I Grants to Local Educational Agencies	84.010	0011-24-4122	-	146,297
Title I Grants to Local Educational Agencies	84.010	0011-24-6009	-	51,674
Title I Grants to Local Educational Agencies	84.010	0011-23-8088	-	2,210
Title I Grants to Local Educational Agencies	84.010	0011-24-5130	-	11,940
Title I Grants to Local Educational Agencies	84.010	0011-24-2130	-	1,268,943
Title I Grants to Local Educational Agencies	84.010	0011-24-3130	-	4,000
Title I Grants to Local Educational Agencies	84.010	0021-23-2760	-	430,559
Title I Grants to Local Educational Agencies	84.010	0021-24-2760	-	6,116,049
Title I Grants to Local Educational Agencies	84.010	0016-23-2760	-	154,989
Title I Grants to Local Educational Agencies	84.010	0016-24-2760	-	85,211
			-	8,570,024
Career and Technical Education - Basic Grants to States	84.048	8000-23-0019	-	30,639
Career and Technical Education - Basic Grants to States	84.048	8000-24-0019	-	191,017
			-	221,656

(Continued)

Schenectady City School District, New York

 Schedule of Expenditures of Federal Awards (Continued)
 Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- Recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Education (Continued)</u>				
Education for Homeless Children and Youth	84.196	0021-22-3025	\$ -	\$ 5,574
Twenty-First Century Community Learning Centers	84.287	0187-23-8053	-	7,849
Twenty-First Century Community Learning Centers	84.287	0187-24-8053	-	855,257
			-	863,106
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	84.334	HES01-C12392GG-3310200	-	194,516
English Language Acquisition State Grants	84.365	0293-23-2760	-	16,260
English Language Acquisition State Grants	84.365	0293-24-2760	-	53,157
			-	69,417
Supporting Effective Instruction State Grants	84.367	0147-23-2760	-	237,866
Supporting Effective Instruction State Grants	84.367	0147-24-2760	-	607,217
			-	845,083
Student Support and Academic Enrichment	84.424	0204-23-2760	-	9,527
Student Support and Academic Enrichment	84.424	0204-24-2760	-	36,466
			-	45,993
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5891-21-2760	-	1,825,292
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-2760	-	17,446,150
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5882-21-2760	-	17,115
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5883-21-2760	-	168,648
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5884-21-2760	-	1,484,091
American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	5218-21-2760	-	43,097
			-	20,984,393
Total U.S. Department of Education			-	36,051,478
Total Expenditures of Federal Awards			\$ -	\$ 43,673,404

N/A - Information not available

The accompanying notes are an integral part of this schedule.

Schenectady City School District, New York

Notes to Schedule of Expenditures of Federal Awards
Year ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Schenectady City School District, New York ("School District") under programs of the federal government for the year ended June 30, 2024. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the 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"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Schenectady City School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on
whether the financial statements audited
were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes X No
___ Yes X None reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

___ Yes X No
___ Yes X None reported

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

Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516(a)?

___ Yes X No

Identification of major federal programs:

Assistance

Listing Number(s)

Name of Federal Program or Cluster

84.002

Adult Education – Basic Grants to States

84.010

Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish
between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

Schenectady City School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None