

**CITY SCHOOL DISTRICT OF
THE CITY OF ALBANY**

**Financial Statements and Required Reports
Under Uniform Guidance as of
June 30, 2020
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

October 8, 2020

To the Board of Education of
City School District of the City of Albany

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City School District of the City of Albany (School District) as of and for the year ended June 30, 2020 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.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of City School District of the City of Albany as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of net pension liability (asset), and schedule of contributions – pension plans be presented to supplement the basic financial statements. Such information, 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.

Other 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 other information required by the New York State Education Department and such other information is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The other information required by the New York State Education Department has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2020 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.

Bonadio & Co., LLP

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2020. This portion of the report 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

- The School District continues to offer a sound educational plan that supports student achievement.
- S&P Global Ratings affirmed its A+ long-term and underlying ratings and assigned its SP-1+ short-term rating on the District's general obligation bond anticipation notes (BANs).
- Revenues increased by 2.9% *government-wide* primarily due to an increase in state aid.
- Expenditures increased 12.4% *government-wide* primarily in the area of instruction and debt service.
- There were nine Charter Schools open in the 2019-20 school year, with an estimated enrollment of 2,160 students. The projected cost of the Charter Schools is estimated to be \$36 million or 14% of the school budget.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- *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.

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

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

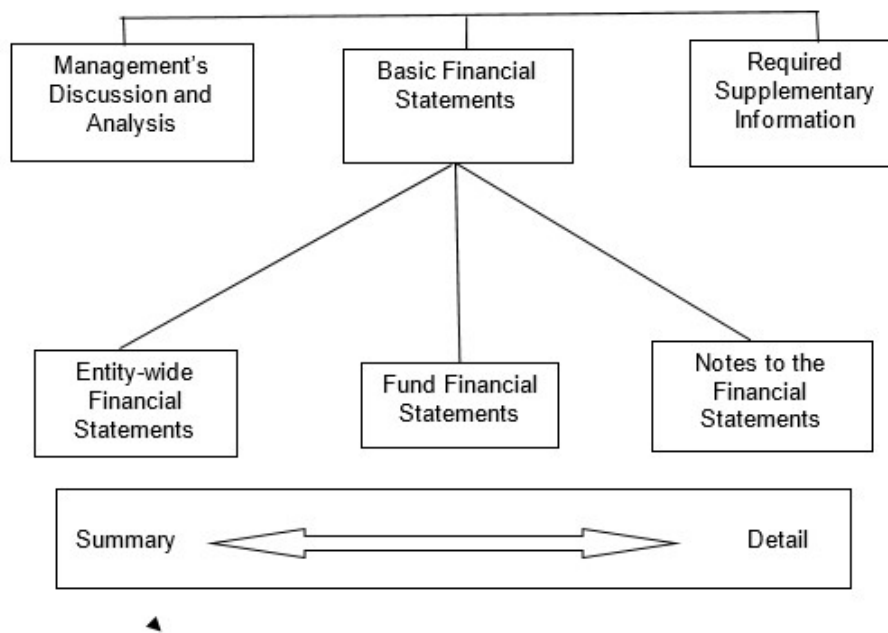


Figure A-2 summarizes the major features of the School District's financial statements, including a portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

	Fund Financial Statements		
	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire School 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 changes in fund balances 	<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.
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/outflow 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 and liabilities. 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 they have changed. Net position – the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – are one way to measure the School District's financial health or position.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Statements (Continued)

- 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 differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Capital assets are reported as expenditures when financial resources (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 balances.

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 is net position that 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 kinds 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 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 statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, capital projects fund, and debt service fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and change in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

- Fiduciary Funds: The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Figure A-3 Condensed Statement of Net Position (In Millions of Dollars)

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	Percent <u>Change</u>
Current and other assets	\$ 76.7	\$ 96.2	-20.3%
Non-current assets	<u>302.6</u>	<u>273.4</u>	10.7%
Total assets	<u>379.3</u>	<u>369.6</u>	2.6%
Deferred outflows of resources	<u>311.4</u>	<u>82.5</u>	
Current liabilities	113.8	105.2	8.2%
Long-term liabilities	<u>740.4</u>	<u>486.8</u>	52.1%
Total liabilities	<u>854.2</u>	<u>592.0</u>	44.3%
Deferred inflows of resources	<u>44.9</u>	<u>29.8</u>	
Net position:			
Net investment in capital assets	133.0	129.6	2.6%
Restricted	13.6	13.6	0.0%
Unrestricted	<u>(354.9)</u>	<u>(312.8)</u>	13.5%
Total net position	<u>\$ (208.3)</u>	<u>\$ (169.6)</u>	22.8%

- Total non-current assets increased 10.7% primarily due to capitalization of capital projects and recognition of the TRS pension asset. Total current assets decreased 20.3% primarily in unrestricted cash.
- The increase in current liabilities can be attributed to \$77.9 million of BANs payable at June 30, 2020 due to in-progress capital projects.
- The net increase in long-term liabilities is due to changes in other post-employment liabilities (OPEB) relating to health benefits and the net pension liability.
- Net investment in capital assets increased 2.6% primarily due to the capitalization of capital projects net of the related debt.

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

Changes in Net Position

The School District's 2019-2020 revenue was \$280,546,203 (See Figure A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 39% and 42%, respectively, of the total revenue raised (see Figure A-5). The remainder of revenue came from charges for services, operating grants and contributions, non-property taxes, other tax items, and other miscellaneous sources.

The total cost of all programs and services totaled \$319,315,891 for 2019-2020. These expenses are predominately for the education, supervision, food services, and transportation of students (see Figure A-6). The School District's administrative and business activities including debt service accounted for 11% of total costs.

Net position decreased during the year by \$(38,769,688) primarily due to the increase of instructional expenses, such as salary and benefits.

Figure A-4 Changes in Net Position from Operating Results (In Millions of Dollars)

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	Percent <u>Change</u>
<u>Revenue</u>			
Program revenue:			
Charges for services	\$ 2.2	\$ 2.6	-15.4%
Operating grants and contributions	25.0	27.0	-7.4%
General revenue:			
Taxes	129.6	126.1	2.8%
State formula aid	118.7	108.2	9.7%
Interest earnings	0.5	1.4	-64.3%
Miscellaneous	4.6	7.3	-37.0%
Total revenue	<u>280.6</u>	<u>272.6</u>	2.9%
<u>Expenses</u>			
General support	29.9	28.1	6.4%
Instruction	269.4	236.3	14.0%
Transportation	8.3	10.3	-19.4%
Debt service - Interest	6.4	4.4	45.5%
School lunch program	5.4	5.0	8.0%
Total expenses	<u>319.4</u>	<u>284.1</u>	12.4%
Increase (decrease) in net position	<u>\$ (38.8)</u>	<u>\$ (11.5)</u>	-237.4%

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

The School District's 2019-2020 revenues totaled \$280.5 million as compared to \$272.5 million for the previous year. While state aid increased by \$10.5 million, the School District also saw an increase of \$3.6 million of revenue in real property tax revenues.

Total expenditures increased \$35.3 million or 12.4% from prior year, mostly in the area of instruction.

Figure A-5:

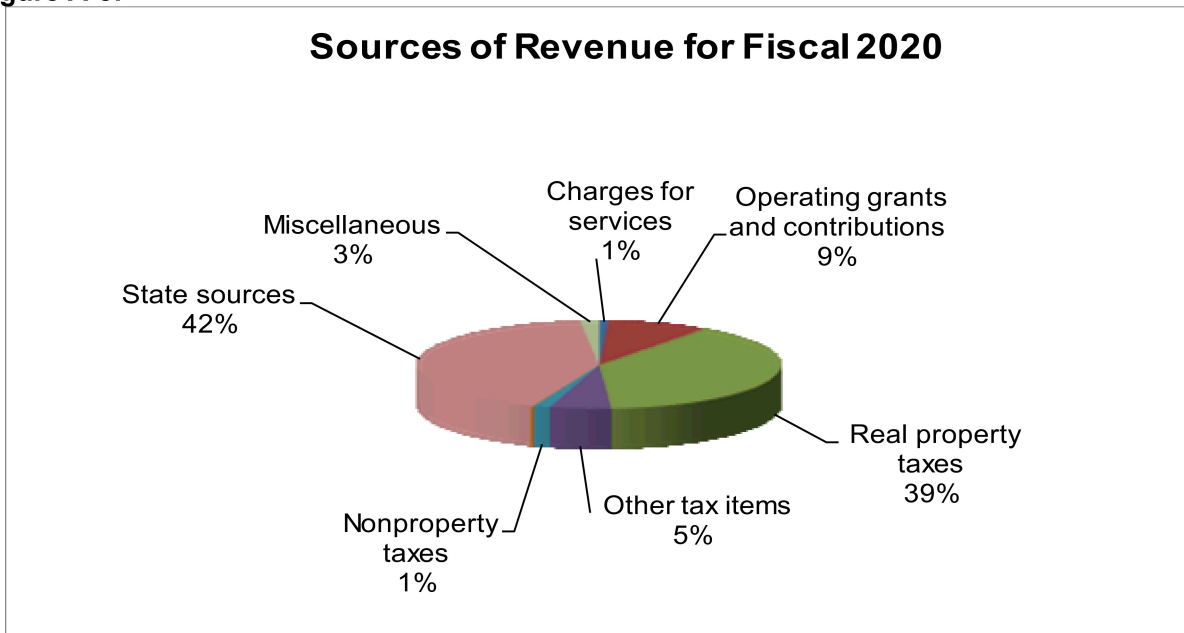
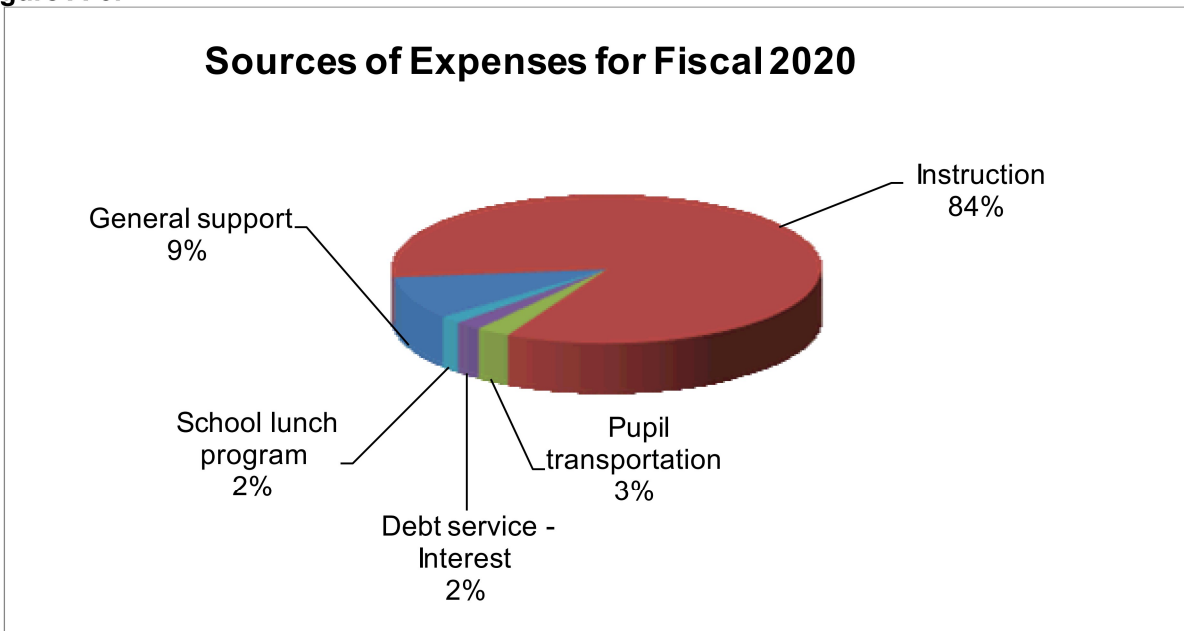


Figure A-6:



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

Figure A-7

Net Cost of Governmental Activities (In Millions of Dollars)

	Total Cost Services <u>2020</u>	Net Cost of Services <u>2020</u>	Total Cost Services <u>2019</u>	Net Cost of Services <u>2019</u>
General support	\$ 29.9	\$ 29.9	\$ 28.1	\$ 28.1
Instruction	269.4	247.1	236.3	212.4
Pupil transportation	8.3	8.3	10.3	10.3
Debt service - Interest	6.4	6.4	4.4	4.4
School lunch program	5.4	0.4	4.9	(0.7)
	<u>\$ 319.4</u>	<u>\$ 292.1</u>	<u>\$ 284.0</u>	<u>\$ 254.5</u>

- The cost of all governmental activities for the year was \$319,315,891.
- The users of the School District's programs financed \$2,224,705 of the costs.
- The federal and state government financed \$24,989,276 of the costs.
- The majority of costs were financed by the School District's taxpayers and unallocated NYS aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations 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 (see Statement of Revenue, Expenditures, and Changes in Fund Equity – Governmental Funds in the attached financial statements).

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

Governmental Funds Highlights

- General Fund – Revenues increased \$8.2 million in 2019-2020 from prior year, primarily from State Aid. Expenses decreased approximately \$14.3 million primarily due to the decrease in operating transfers out.
- Special Aid Fund – The School District's grant portfolio remained relatively flat from prior year.
- School Lunch Fund – The School District contracts with an external management company for food service operations. The program is financially self-sustaining.
- Capital Projects Fund – Activity in the capital projects fund increased due to construction activities relating to the \$179.9 million high school reconstruction/renovation project.
- Debt Service Fund – Except for the high school project, most project costs have been financed as of 2019-2020 year-end.

General Fund Budgetary Highlights

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

Results vs. Budget (In Millions of Dollars)

	Original Budget	Final Budget	Actual	Encumbrances	Variance (Actual/Budget)
Revenues:					
Local sources	\$ 135.2	\$ 135.2	\$ 135.0	\$ -	\$ (0.2)
State sources	117.6	117.6	115.8	-	(1.8)
Medicaid	2.0	2.0	1.4	-	(0.6)
Transfers in	0.3	0.3	0.2	-	(0.1)
Total	<u>255.1</u>	<u>255.1</u>	<u>252.4</u>	<u>-</u>	<u>(2.7)</u>
Expenditures:					
General support	16.6	16.7	15.3	0.4	1.0
Instruction	163.5	165.5	159.0	0.8	5.7
Pupil transportation	9.8	9.8	7.5	-	2.3
Employee benefits	52.7	51.7	50.3	1.4	0.0
Debt service	0.2	0.2	0.2	-	-
Transfers out	17.6	17.6	17.6	-	-
Total	<u>260.4</u>	<u>261.5</u>	<u>249.9</u>	<u>2.6</u>	<u>9.0</u>
Revenues over (under) expenditures	<u>\$ (5.3)</u>	<u>\$ (6.4)</u>	<u>\$ 2.5</u>	<u>\$ (2.6)</u>	<u>\$ 6.3</u>

Note: Amounts may vary due to rounding.

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

General Fund Budgetary Highlights (Continued)

The general fund is the only fund for which a budget is legally adopted.

- The General Fund had an excess of revenues over expenditures of approximately \$2.5 million. The School District realized savings primarily in the areas of salaries and transportation costs, which were attributable to the shutdown in March through June due to COVID-19.

Capital Assets

As of June 30, 2020, the School District had \$288,139,239 invested in buildings, computers, and other educational equipment.

Figure A-8

Capital Assets (Net of Depreciation, in Millions of Dollars)

<u>Category</u>	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	Percent <u>Change</u>
Land and land improvements	\$ 14.2	\$ 14.2	0.0%
Buildings	386.1	353.5	9.2%
Furniture and equipment	3.7	3.4	8.8%
Vehicles	<u>0.8</u>	<u>0.9</u>	-11.1%
Total	404.8	372.0	8.8%
Less: Accumulated depreciation	<u>116.6</u>	<u>108.6</u>	7.4%
Net capital assets	<u>\$ 288.2</u>	<u>\$ 263.4</u>	9.4%

Long-Term Debt

As of June 30, 2020, the School District had \$751.8 million in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the financial statements.

Figure A-9

Outstanding Long-Term Debt (In Millions of Dollars)

<u>Category</u>	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>
General obligation bonds (financed with property taxes)	\$ 96.0	\$ 106.2
Other long-term debt	<u>655.8</u>	<u>391.3</u>
Total	<u>\$ 751.8</u>	<u>\$ 497.5</u>

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- A referendum for an additional middle school and a five-year School District-wide facilities plan was passed in May of 2019. The additional middle school space addresses growing enrollment at the middle school level and complete the relocation of remaining 6th grades housed in PreK – 6 elementary buildings. The relocation of 6th grades to 6 – 8 grade buildings will strengthen instructional programming. The School District is funding \$15 million from its Capital Reserve to cover a large portion of the local taxpayer share on such a project.
- The School District recently settled multiyear labor contracts with two bargaining units that represent the teachers and administrators. The support staff bargaining unit's contract will expire in June 2020.
- Charter Schools continue to drain the School District's financial resources and inhibit its ability to effectively plan for enrollment and staffing levels on an annual basis. In the spring of 2015 two charter middle schools closed abruptly which forced the School District to purchase a building to accommodate the incoming students. Most recently, another charter school is expanding from middle school into the elementary grade levels.
- In February of 2016, the voters passed a referendum in the amount of \$179.9 million to reconstruct and renovate the existing high school building. The construction relating to the project began in the fall of 2017 and will extend to 2025. Occupancy in the new additions will occur as they are completed.
- As is typical in a School District this size, its challenges to property tax assessments are ongoing which will require the issuance of future tax refunds. While the amount of these potential refunds cannot be determined at the present time, the School District continues in its financial planning to anticipate these undetermined expenditures and has the ability to use reserves as necessary.
- In 2012 the New York State Legislature passed a 2% tax cap law without any corresponding relief from mandated expenditures. On a regular basis, public School Districts face new unfunded mandates, and escalating costs that far exceed 2% in the areas of personnel, energy, health insurance, retirement benefits, and charter school tuition. All of these items are mandated.

CONTACTING THE SCHOOL DISTRICT'S FINANCE 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:

City School District of the City of Albany, New York
Attn: Assistant Superintendent for Business Affairs
Academy Park
Albany, New York 12207
(518) 475-6020

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**STATEMENT OF NET POSITION
JUNE 30, 2020**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS:

Cash and cash equivalents - Unrestricted	\$ 44,118,377
Cash and cash equivalents - Restricted	13,521,640
State and federal aid receivable	15,808,323
Due from other governments, net	2,495,400
Other receivables, net	285,981
Inventory	126,455
Prepaid expenses	<u>353,468</u>
 Total current assets	 <u>76,709,644</u>

NON-CURRENT ASSETS:

Net pension asset - TRS	14,499,969
Capital assets, net	<u>288,139,239</u>
 Total noncurrent assets	 <u>302,639,208</u>
 Total assets	 <u>379,348,852</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - TRS Pension	45,648,412
Deferred outflows of resources - ERS Pension	12,799,422
Deferred outflows of resources - other postemployment benefits	245,414,452
Deferred amount on bond refunding	<u>7,565,118</u>
 Total deferred outflows of resources	 <u>311,427,404</u>

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

CURRENT LIABILITIES:

Accounts payable	7,846,874
Retainage payable	2,195,979
Accrued liabilities	3,007,785
Accrued interest	199,506
Unearned revenue	153,480
Overpayments and collections in advance	174,217
Due to teachers' retirement system	9,344,817
Due to employees' retirement system	775,000
BAN payable	77,892,000
Current portion of compensated absences payable	861,796
Current portion of workers compensation payable	1,063,852
Bonds payable due within one year	<u>10,282,274</u>
 Total current liabilities	 <u>113,797,580</u>

LONG-TERM LIABILITIES, net of current position

Bonds payable, less current portion	85,713,830
Bonds premium, net	12,458,221
Compensated absences	12,028,598
Accrued workers' compensation	918,136
Net pension liability - ERS	19,606,628
Total other postemployment benefits obligation	<u>609,721,622</u>
 Total long-term liabilities	 <u>740,447,035</u>
 Total liabilities	 <u>854,244,615</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - ERS Pension	360,705
Deferred inflows of resources - TRS Pension	22,511,663
Deferred inflows of resources - other postemployment benefits	<u>22,015,223</u>
 Total deferred inflows of resources	 <u>44,887,591</u>

NET POSITION

Net investment in capital assets	132,996,357
Restricted	13,552,721
Unrestricted	<u>(354,905,028)</u>
 TOTAL NET POSITION	 <u>\$ (208,355,950)</u>

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u> <u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
FUNCTIONS/PROGRAMS:				
General support	\$ 29,927,441	-	-	\$ (29,927,441)
Instruction	269,378,987	2,198,358	20,082,244	(247,098,385)
Pupil transportation	8,267,312	-	-	(8,267,312)
Debt service - Interest	6,381,967	-	-	(6,381,967)
School lunch program	5,360,184	26,347	4,907,032	(426,805)
	<u>\$ 319,315,891</u>	<u>\$ 2,224,705</u>	<u>\$ 24,989,276</u>	<u>(292,101,910)</u>
TOTAL FUNCTIONS AND PROGRAMS				
GENERAL REVENUE:				
Real property taxes				110,044,731
Other tax items				15,304,371
Nonproperty taxes				4,091,984
Use of money and property				545,788
Sale of property and compensation for loss				4,627
Medicaid reimbursement				1,368,840
State sources				118,715,490
Miscellaneous				3,256,391
				<u>253,332,222</u>
TOTAL GENERAL REVENUE				<u>(38,769,688)</u>
CHANGE IN NET POSITION				<u>(169,586,262)</u>
TOTAL NET POSITION - beginning of year				<u>\$ (208,355,950)</u>
TOTAL NET POSITION - end of year				<u>\$ (208,355,950)</u>

The accompanying notes are an integral part of these statements.

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2020

	Governmental Fund Types					Total Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	Debt Service	
ASSETS						
Cash and cash equivalents - Unrestricted	\$ 16,085,425	\$ -	\$ 4,394,627	\$ 23,638,325	\$ -	\$ 44,118,377
Cash and cash equivalents - Restricted	12,987,396	-	-	-	534,244	13,521,640
State and federal aid receivable	5,471,524	9,455,942	728,071	152,786	-	15,808,323
Due from other governments, net	2,495,400	-	-	-	-	2,495,400
Due from other funds	8,906,715	-	-	-	204	8,906,919
Other receivables, net	254,966	138	-	-	30,877	285,981
Inventory	-	-	126,455	-	-	126,455
Prepaid expenditures	353,468	-	-	-	-	353,468
TOTAL ASSETS	\$ 46,554,894	\$ 9,456,080	\$ 5,249,153	\$ 23,791,111	\$ 565,325	\$ 85,616,563
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
LIABILITIES:						
Accounts payable	\$ 4,975,406	\$ 440,708	\$ 381,999	2,048,761	\$ -	\$ 7,846,874
Retainage payable	-	-	-	2,195,979	-	2,195,979
Accrued liabilities	2,973,047	34,738	-	-	-	3,007,785
Due to other funds	-	8,822,213	84,502	204	-	8,906,919
Due to teachers' retirement system	9,344,817	-	-	-	-	9,344,817
Due to employees' retirement system	775,000	-	-	-	-	775,000
Bond anticipation note payable	-	-	-	77,892,000	-	77,892,000
Compensated absences	861,796	-	-	-	-	861,796
Overpayments and collections in advance	174,217	-	-	-	-	174,217
Unearned revenue	-	158,324	-	-	-	158,324
TOTAL LIABILITIES	19,104,283	9,455,983	466,501	82,136,944	-	111,163,711
DEFERRED INFLOWS OF RESOURCES						
Deferred state aid	2,276,883	-	-	-	-	2,276,883

(Continued)

The accompanying notes are an integral part of these statements.

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**BALANCE SHEET - GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2020**

	Governmental Fund Types					Total Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	Debt Service	
FUND BALANCE:						
Non-spendable:						
Inventory	-	-	126,455	-	-	126,455
Prepaid expenditures	353,468	-	-	-	-	353,468
Total non-spendable fund balance	353,468	-	126,455	-	-	479,923
Restricted:						
Workers' compensation	300,000	-	-	-	-	300,000
Unemployment insurance	507,402	-	-	-	-	507,402
Health insurance claims	387,000	-	-	-	-	387,000
Capital	1,000,000	-	-	-	-	1,000,000
Tax certiorari	952,994	-	-	-	-	952,994
Employee benefits	9,840,000	-	-	-	-	9,840,000
Debt service	-	-	-	-	565,325	565,325
Total restricted fund balance	12,987,396	-	-	-	565,325	13,552,721
Assigned:						
Unappropriated	2,576,895	97	4,656,197	-	-	7,233,189
Appropriated for subsequent year's expenditures	2,400,000	-	-	-	-	2,400,000
Total assigned fund balance	4,976,895	97	4,656,197	-	-	9,633,189
Unassigned	6,855,969	-	-	(58,345,833)	-	(51,489,864)
TOTAL FUND BALANCE	25,173,728	97	4,782,652	(58,345,833)	565,325	(27,824,031)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 46,554,894	\$ 9,456,080	\$ 5,249,153	\$ 23,791,111	\$ 565,325	\$ 85,616,563

The accompanying notes are an integral part of these statements.

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION
JUNE 30, 2020**

A reconciliation of total governmental fund balance to government-wide net position follows:

Total governmental fund balance per above	\$ (27,824,031)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	288,139,239
State aid revenue in the statement of activities is recognized as revenue in the government-wide statements, but is not not recognized as revenue under the modified accrual basis of accounting in the fund financial statements	1,073,870
Deferred amount on bond refundings at June 30, 2020, in government-wide statements using the full accrual method of accounting, not recognized on the fund financial statements, which use the modified accrual method	7,565,118
Pension related government wide activity:	
Deferred outflows of resources	58,447,834
Net pension liability	(19,606,628)
Deferred inflows of resources	(22,872,368)
Net pension asset	14,499,969
OPEB related government wide activity:	
Deferred outflows of resources	245,414,452
Deferred inflows of resources	(22,015,223)
Total OPEB liability	(609,721,622)
Long-term bonds payable are not due in the current period and, therefore, are not reported in the funds	(95,996,104)
Bond premium is recorded as revenue in the fund financial statements, but is amortized over the life of the bond under full accrual accounting	(12,458,221)
Compensated absences due in more than one year are recognized as a liability under full accrual accounting	(12,028,598)
Long-term liabilities, including accrued workers' compensation are not due and payable in the current period and, therefore, are not reported in the funds	(1,981,988)
Unearned revenue not received in the current year is recognized as revenue under full accrual accounting	1,207,857
Interest payable at June 30, 2020, in the government-wide statements is recorded as an expense under full accrual accounting	<u>(199,506)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (208,355,950)

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	Debt Service		
REVENUE:							
Real property taxes	\$ 110,044,731	-	\$ -	-	\$ -	-	\$ 110,044,731
Other tax items	15,304,371	-	-	-	-	-	15,304,371
Nonproperty taxes	4,091,984	-	-	-	-	-	4,091,984
Charges for services	2,123,525	-	-	-	-	-	2,123,525
Use of money and property	473,413	-	-	-	72,375	-	545,788
Sale of property and compensation for loss	4,627	-	-	-	-	-	4,627
Miscellaneous	2,926,871	74,833	833	-	-	-	3,002,537
State sources	115,836,077	9,202,279	79,451	1,805,543	-	-	126,923,350
Federal sources	-	10,879,965	4,506,521	-	-	-	15,386,486
Medicaid reimbursement	1,368,840	-	-	-	-	-	1,368,840
Surplus food	-	-	321,060	-	-	-	321,060
Sales - School lunch	-	-	26,347	-	-	-	26,347
Total revenue	252,174,439	20,157,077	4,934,212	1,805,543	72,375	-	279,143,646
EXPENDITURES:							
General support	15,340,644	-	-	-	-	-	15,340,644
Instruction	158,983,614	17,453,177	-	-	-	-	176,436,791
Pupil transportation	7,467,439	587,455	-	-	-	-	8,054,894
Employee benefits	50,253,566	2,424,171	626,319	-	-	-	53,304,056
Debt service - Principal	183,465	-	-	-	11,599,949	-	11,783,414
Debt service - Interest	25,644	-	4,100,759	-	7,156,125	-	7,181,769
Cost of sales	-	-	-	-	-	-	4,100,759
Capital outlay	-	-	-	33,547,247	-	-	33,547,247
Total expenditures	232,254,372	20,464,803	4,727,078	33,547,247	18,756,074	-	309,749,574
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	19,920,067	(307,726)	207,134	(31,741,704)	(18,683,699)	-	(30,605,928)
OTHER SOURCES AND (USES):							
Premium on BAN issuance	-	-	-	-	328,687	-	328,687
BANs redeemed from appropriations	-	-	-	1,614,949	-	-	1,614,949
Operating transfers in	167,101	474,827	-	-	17,147,152	-	17,789,080
Operating transfers (out)	(17,621,979)	(167,101)	-	-	-	-	(17,789,080)
Total other sources (uses)	(17,454,878)	307,726	-	1,614,949	17,475,839	-	1,943,636
NET CHANGE IN FUND BALANCE	2,465,189	-	207,134	(30,126,755)	(1,207,860)	-	(28,662,292)
FUND BALANCE - beginning of year	22,708,539	97	4,575,518	(28,219,078)	1,773,185	-	838,261
FUND BALANCE - end of year	\$ 25,173,728	\$ 97	\$ 4,782,652	\$ (58,345,833)	\$ 565,325	\$ -	\$ (27,824,031)

The accompanying notes are an integral part of these statements.

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balance - Total governmental funds	\$ (28,662,292)
Capital outlays, net of disposals are expenditures in governmental funds, but are capitalized in the statement of net position	33,030,998
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	(8,425,698)
State aid revenue in the statement of activities is recognized as revenue in the government-wide statements, but is not recognized as revenue under the modified accrual basis of accounting in the fund financial statements.	1,073,870
Pension expense resulting from GASB 68 related pension reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities	(12,482,779)
Net repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	10,168,465
Bond premium amortization is not recorded as revenue in the governmental funds, but is recorded in the statement of activities	1,257,545
Deferred loss on bond refunding amortization is not recorded as expenditures in the governmental funds, but are recorded in the statement of activities	(504,335)
Other postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	(32,999,628)
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	<u>(1,225,834)</u>
Change in net position - Governmental activities	<u>\$ (38,769,688)</u>

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<i>Private Purpose Trusts</i>	<i>Agency</i>
ASSETS:		
Cash	\$ -	\$ 183,463
Restricted cash	232,249	200,202
Investment in securities	<u>1,567,459</u>	<u>-</u>
Total assets	<u>1,799,708</u>	<u>\$ 383,665</u>
LIABILITIES:		
Extraclassroom activity balances	-	\$ 200,202
Other liabilities	<u>-</u>	<u>183,463</u>
Total liabilities	<u>-</u>	<u>\$ 383,665</u>
NET POSITION:		
Reserved for scholarships	<u>\$ 1,799,708</u>	

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<i>Private Purpose Trusts</i>
ADDITIONS:	
Gifts and contributions	\$ 2,400
Loss on sale of securities	(8,849)
Investment earnings	<u>72,495</u>
Total additions	66,046
DEDUCTIONS:	
Scholarships and awards	<u>54,394</u>
Change in net position	11,652
NET POSITION - beginning of year	<u>1,788,056</u>
NET POSITION - end of year	<u>\$ 1,799,708</u>

The accompanying notes are an integral part of these statements.

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

Significant accounting principles and policies utilized by the School District are described below:

Reporting Entity

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

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

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is included in the School District's reporting entity:

Extraclassroom Activity Funds

The extraclassroom activity funds of the School District represent funds of the students of the School District. The board of education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in an agency fund.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

Government-Wide Statements

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

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

Fund Financial Statements

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

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

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

Governmental Fund Types

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

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

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Fund: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of the governmental activities.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governmental units, and/or other funds. These activities are not included in the School District-wide financial statements, because their resources do not belong to the School District, and are not available to be used.

There are two types of fiduciary funds:

- Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income are used for awards and scholarships for students. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.
- Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

Use of Estimates

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

Measurement Focus and Basis of Accounting

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

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

The Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Non-exchange transactions in which the School District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Cash and Cash Equivalents

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

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

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

The District participates in the New York Cooperative Liquid Assets Securities System (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2020, the District held \$23,297,134 in investments consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated 'AAAm' by S&P Global Ratings. The investments are highly liquid and the amount held represents the amortized cost of the investment pool shares, which are considered to approximate fair value. Due to the highly liquid nature of these investments, they are classified as cash equivalents in the financial statements. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are recorded at fair value determined by reference to published market data for publicly traded securities and through the use of independent valuation services and appraisals for other investments. The net increase in fair value of investments consists of the realized gains and losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains or losses in sales of investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the fair value of investments reported in the prior year and the current year. Unrealized increase or decrease is computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned and includes amortization of discounts and premiums on interest-bearing instruments that were purchased at a discount or premium. Dividend income is recognized on the paying company's announced ex-dividend date.

Inventory and Prepaid Expenditures

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

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

Interfund Transactions

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

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

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

Capital Assets, Net

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

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Capital Assets, Net (Continued)

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	SL	50-75
Building improvement	\$ 5,000	SL	20
Land improvements	\$ 5,000	SL	20
Furniture and equipment	\$ 5,000	SL	5-20
Vehicles	\$ 5,000	SL	8

Deferred Outflows and Deferred Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate financial statement element, *deferred outflows of resources*, which is presented directly after assets and *deferred inflows of resources* which is presented directly after liabilities. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then.

Vested Employee Benefits

Compensated Absences

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

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

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

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

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

Retirement Benefits

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

Other Postemployment Benefits

In addition to providing the retirement benefits described, the School District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the School District.

The School District pays a variable percentage of the cost of premiums to an insurance company that provides health care insurance.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

The City and County in which the School District is located enforces uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the County to the School District within two years from the return of unpaid taxes to the County. Real property taxes receivable expected to be collected within sixty days of year-end are recognized as revenue. Otherwise, deferred inflows offset real property taxes receivable.

Unearned Revenue

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

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

Short-Term Debt

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

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

Accrued Liabilities and Long-Term Obligations

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

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

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

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

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Restricted Resources

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

Net Position and Fund Balance Classifications

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

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

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

Restricted net position consists of the following:

Health insurance claims	\$ 387,000
Unemployment insurance	507,402
Workers compensation	300,000
Tax certiorari	952,994
Capital	1,000,000
Employee benefits	9,840,000
Debt service	<u>565,325</u>
Total restricted net position	<u>\$ 13,552,721</u>

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

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

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

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

The School District has available the following restricted fund balances:

Capital Reserve

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

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Net Position and Fund Balance Classifications (Continued)

Repair Reserve

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

Workers' Compensation Reserve

Workers' compensation reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund under restricted fund balance.

Unemployment Insurance Reserve

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

Reserve for Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. The reserve is accounted for in the debt service fund under restricted fund balance.

Insurance Reserve

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

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Net Position and Fund Balance Classifications (Continued)

Property Loss Reserve and Liability Reserve

Property loss reserve and liability reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by School Districts, except city School Districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.

Tax Certiorari Reserve

Tax certiorari reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund under restricted fund balance.

Employee Benefit Accrued Liability Reserve

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund under restricted fund balance.

Retirement Contribution Reserve

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

Encumbrances

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

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2020.

Assigned fund balance – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. Encumbrances reported in the general fund amounted to \$2,576,895.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position and Fund Balance Classifications (Continued)

As of June 30, 2020, the School District's encumbrances were classified as follows:

Instruction	\$ 752,835
General support	403,412
Pupil transportation	<u>1,420,648</u>
Total encumbrances	<u>\$ 2,576,895</u>

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

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

Order of Fund Balance Spending Policy

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

Explanation of Certain Differences Between Fund Financial Statements and Government-Wide Statements

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

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the School District's governmental funds differs from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Explanation of Certain Differences Between Fund Financial Statements and Government-Wide Statements (Continued)

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

Stewardship and Compliance

Budgets

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

The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

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

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

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

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

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

2. CASH AND INVESTMENTS

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. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these Notes.

The School District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash, including trust funds	<u>\$ 35,535,729</u>	<u>\$ 34,958,797</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 34,845,912	
Covered by FDIC insurance	<u>689,817</u>	
Total	<u>\$ 35,535,729</u>	

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

Restricted cash consists of the following:

General fund:

Cash on deposit for health insurance claims	\$ 387,000
Cash on deposit for unemployment insurance	507,402
Cash on deposit for workers compensation	300,000
Cash on deposit for tax certiorari	952,994
Cash on deposit for capital	1,000,000
Cash on deposit for employee benefits	<u>9,840,000</u>
Total general fund	<u>\$ 12,987,396</u>

Debt service fund:

Cash on deposit for debt service	<u>\$ 534,244</u>
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Fiduciary funds:

Cash on deposit for extraclassroom activity funds and scholarships	<u>\$ 432,451</u>
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3. INVESTMENTS FOR SCHOLARSHIP FUND

In 1981, the School District received a donation of securities with a fair value of \$1,000,000. The gift was made for the purpose of providing scholarships for students of the School District based on a maximum of 75% of the income earned on the principal portion, with the remaining 25% and any residual not paid as a scholarship added back to the principal. During the 2019-2020 school year scholarship awards amounted to \$51,955. At June 30, 2020, principal and income portions were as follows:

Principal	\$ 1,550,831
Income	<u>16,628</u>
Total	<u>\$ 1,567,459</u>

At June 30, 2020 the investments consisted principally of treasury notes, which are stated at their cost which approximates fair value. The investments are held by a third party in the School District's name.

4. CAPITAL ASSETS, NET

Capital asset balances and activity for the year ended June 30, 2020, were as follows:

	July 1, 2019 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 2020 <u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 5,020,491	\$ -	\$ -	\$ 5,020,491
Construction in progress	<u>48,490,641</u>	<u>32,519,809</u>	<u>3,807,924</u>	<u>77,202,526</u>
Total non-depreciable historical cost	<u>53,511,132</u>	<u>32,519,809</u>	<u>3,807,924</u>	<u>82,223,017</u>
Capital assets that are depreciated:				
Buildings	305,055,367	3,797,133	-	308,852,500
Land improvements	9,216,411	268,449	313,659	9,171,201
Furniture and equipment	3,424,350	243,877	-	3,668,227
Vehicles	<u>901,851</u>	<u>9,654</u>	<u>115,090</u>	<u>796,415</u>
Total depreciable historical cost	<u>318,597,979</u>	<u>4,319,113</u>	<u>428,749</u>	<u>322,488,343</u>
Less accumulated depreciation:				
Buildings	103,058,857	7,726,735	-	110,785,592
Land improvements	2,638,362	403,157	313,659	2,727,860
Furniture and equipment	2,199,761	239,660	-	2,439,421
Vehicles	<u>678,192</u>	<u>56,146</u>	<u>115,090</u>	<u>619,248</u>
Total accumulated depreciation	<u>108,575,172</u>	<u>8,425,698</u>	<u>428,749</u>	<u>116,572,121</u>
Total capital assets, net	<u>\$263,533,939</u>	<u>\$ 28,413,224</u>	<u>\$ 3,807,924</u>	<u>\$288,139,239</u>

Construction in progress primarily relates to the construction costs for the high school renovation project as of June 30, 2020.

4. CAPITAL ASSETS, NET (Continued)

Depreciation expense for the year ended June 30, 2020, was allocated to specific functions as follows:

General support	\$ 51,425
Operation of plant	7,726,736
Instruction	578,535
Transportation	56,146
Cost of sales	12,856
Total	<u>\$ 8,425,698</u>

5. SHORT-TERM DEBT

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	8/2/2019	3.50%	\$ 39,806,948	\$ -	\$ 39,806,948	\$ -
BAN	3/27/2020	2.75%	24,700,000	-	24,700,000	-
BAN	7/31/2020	2.00%	-	53,707,000	-	53,707,000
BAN	3/26/2021	1.10%	-	24,185,000	-	24,185,000
			<u>\$ 64,506,948</u>	<u>\$ 77,892,000</u>	<u>\$ 64,506,948</u>	<u>\$ 77,892,000</u>

6. LONG-TERM LIABILITIES

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

Interest paid	\$ 7,181,769
Less interest accrued in prior year	(246,098)
Less amortization expense on bond premium	(1,257,545)
Plus amortization expense on deferred loss on refunding	504,335
Plus interest accrued in current year	199,506
Total expense	<u>\$ 6,381,967</u>

6. LONG-TERM LIABILITIES (Continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts	
					Due Within One Year	Long-term Portion
Bonds and notes payable:						
Capital projects - 2010	\$ 3,205,000	\$ -	\$ 3,205,000	\$ -	\$ -	\$ -
Capital projects - 2011	3,730,000	-	1,820,000	1,910,000	1,910,000	-
Capital projects - 2012	1,970,000	-	190,000	1,780,000	195,000	1,585,000
Capital projects - 2014	15,700,000	-	995,000	14,705,000	1,045,000	13,660,000
Capital projects - 2016	11,435,000	-	500,000	10,935,000	520,000	10,415,000
Capital projects - 2016	43,345,000	-	3,260,000	40,085,000	2,570,000	37,515,000
Capital projects - 2017	10,095,000	-	5,000	10,090,000	3,285,000	6,805,000
Capital projects - 2017	6,000,000	-	5,000	5,995,000	5,000	5,990,000
Capital projects - 2019	9,585,000	-	5,000	9,580,000	565,000	9,015,000
NYPA projects	643,607	-	134,235	509,372	137,212	372,160
NYPA projects	455,962	-	49,230	406,732	50,062	356,670
Total bonds and notes payable	<u>\$106,164,569</u>	<u>\$ -</u>	<u>\$ 10,168,465</u>	<u>\$ 95,996,104</u>	<u>\$ 10,282,274</u>	<u>\$ 85,713,830</u>
Other long-term liabilities:						
Accrued workers' compensation	1,263,693	718,295 (A)	-	1,981,988	1,063,852	918,136
Bond premium	13,715,766	-	1,257,545	12,458,221	-	12,458,221
Compensated absences	11,474,467	554,131 (A)	-	12,028,598	-	12,028,598
Net pension liability	4,939,049	14,667,579	-	19,606,628	-	19,606,628
Total other postemployment benefits	<u>359,947,922</u>	<u>249,773,700</u>	<u>-</u>	<u>609,721,622</u>	<u>-</u>	<u>609,721,622</u>
Total other long-term debt	<u>391,340,897</u>	<u>265,713,705</u>	<u>1,257,545</u>	<u>655,797,057</u>	<u>1,063,852</u>	<u>654,733,205</u>
Total long-term liabilities	<u>\$497,505,466</u>	<u>\$265,713,705</u>	<u>\$ 11,426,010</u>	<u>\$751,793,161</u>	<u>\$ 11,346,126</u>	<u>\$740,447,035</u>

(A) Additions and deletions to compensated absences and accrued workers' compensation are shown net because it is impractical to determine these amounts separately.

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

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	June 30, 2020
				<u>Balance</u>
Capital Projects - 2011	2011	2025	5.00%	\$ 1,910,000
Capital Projects - 2012	2012	2028	2.70%	1,780,000
Capital Projects - 2014	2014	2032	5.00%	14,705,000
Capital Projects - 2016	2016	2035	3.00%	10,935,000
Capital Projects - 2016	2016	2036	3.00%	40,085,000
Capital Projects - 2017	2017	2027	3.00%	10,090,000
Capital Projects - 2017	2017	2025	3.00%	5,995,000
Capital Projects - 2019	2019	2034	5.00%	9,580,000
NYPA Projects	2009	2024	1.92%	509,372
NYPA Projects	2012	2027	1.92%	406,732
Total				<u>\$ 95,996,104</u>

6. LONG-TERM LIABILITIES (Continued)

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 10,282,274	\$ 4,251,866	\$ 14,534,140
2022	9,692,567	3,787,274	13,479,841
2023	8,053,009	3,358,982	11,411,991
2024	8,370,942	2,990,677	11,361,619
2025	7,110,966	2,589,333	9,700,299
2026-2030	28,981,346	8,647,963	37,629,309
2031-2035	22,050,000	2,630,506	24,680,506
2036	<u>1,455,000</u>	<u>45,469</u>	<u>1,500,469</u>
Totals	<u>\$ 95,996,104</u>	<u>\$ 28,302,070</u>	<u>\$124,298,174</u>

7. INTERFUND BALANCES AND ACTIVITY

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditure</u>
General fund	\$ 8,906,715	\$ -	\$ 167,101	\$ 17,621,979
Special aid fund	-	8,822,213	474,827	167,101
School lunch fund	-	84,502	-	-
Debt service fund	204	-	17,147,152	-
Capital fund	<u>-</u>	<u>204</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 8,906,919</u>	<u>\$ 8,906,919</u>	<u>\$ 17,789,080</u>	<u>\$ 17,789,080</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position. The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

8. PENSION PLANS

New York State Employees' Retirement System

The School District participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27th, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent 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 Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2020	\$ 3,098,013
2019	\$ 2,709,108
2018	\$ 2,718,368

8. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

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

At June 30, 2020, the School District reported a liability of \$19,606,628 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2019. The School District's proportion of the net pension liability was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020, the School District's proportion was 0.0740415 percent, which was an increase of 0.0043331% from its proportion measured June 30, 2019.

For the year ended June 30, 2020, the School District recognized pension expense of \$6,729,929. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,153,929	\$ -
Changes of Assumptions	394,785	340,890
Net difference between projected and actual earnings on pension plan investments	10,051,310	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	424,398	19,815
Contributions subsequent to the measurement date	775,000	-
	<u>\$ 12,799,422</u>	<u>\$ 360,705</u>

\$775,000 reported as deferred outflows of resources related to pensions resulting from the School District's contributions subsequent to the measurement date of March 31, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:	
2021	\$ 2,000,821
2022	2,930,727
2023	3,736,157
2024	2,996,012
	<u>\$ 11,663,717</u>

8. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	4.2 percent indexed by service
Projected COLAs	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2018
Investment Rate of Return	6.8% compounded annually, net of investment expenses

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 and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of term</u>
Domestic Equity	36.0%	4.05%
International Equity	14.0%	6.15%
Private Equity	10.0%	6.75%
Real Estate	10.0%	4.95%
Absolute Return Strategies	2.0%	3.25%
Opportunistic Portfolio	3.0%	4.65%
Real Assets	3.0%	5.95%
Bonds and Mortgages	17.0%	0.75%
Cash	1.0%	0.00%
Inflation-Indexed Bonds	4.0%	0.50%
	<u>100.0%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. 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. Based upon the assumptions, the Plan'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.

8. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.8 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (5.8%) or 1 percent higher (7.8%) than the current rate:

	1 % Decrease <u>(5.8%)</u>	Current <u>Assumption (6.8%)</u>	1% Increase <u>(7.8%)</u>
Proportionate Share of Net Pension liability (asset)	\$ 35,983,697	\$ 19,606,628	\$ 4,523,277

Pension Plan Fiduciary Net Position

The components of the pension plan's net pension liability as of March 31, 2020, were as follows:

	<u>Pension Plan's Fiduciary Net Position</u>
Total pension liability	\$ 194,596,261
Net position	168,115,682
Net pension liability (asset)	<u>\$ 26,480,579</u>
Fiduciary net position as a percentage of total pension liability	86.39%

New York State Teacher Retirement System

The School District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. The system offers 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.

The New York State Teachers' Retirement Board administers NYSTRS. The system provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

8. PENSION PLANS (Continued)

New York State Teacher Retirement System (Continued)

The School District is required to contribute at an actuarially determined rate. The School District contributions made to the systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

2020	\$ 8,349,950
2019	\$ 9,893,500
2018	\$ 8,474,570

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

At June 30, 2020, the School District reported an asset of \$14,499,969 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2018. The School District's proportion of the net pension asset was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020 the School District's proportion was 0.558119 percent, which was an increase of .0136 percent from its proportion measured June 30, 2019.

For the year ended June 30, 2020, the School District recognized pension expense of \$17,226,600. At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,826,259	\$ 1,078,246
Changes of Assumptions	27,392,381	6,679,037
Net difference between projected and actual earnings on pension plan investments	-	11,628,228
Changes in proportion and differences between the District's contributions and proportionate share of contributions	79,823	3,126,152
Contributions subsequent to the measurement date	8,349,950	-
	<u>\$ 45,648,413</u>	<u>\$ 22,511,663</u>

\$8,349,950 reported as deferred outflows of resources related to pensions resulting from the School District's contributions subsequent to the measurement date of June 30, 2019 will be recognized as a reduction of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:	
2020	\$ 5,837,625
2021	(306,119)
2022	5,813,847
2023	3,862,419
2024	222,723
Thereafter	<u>(643,695)</u>
	<u>\$ 14,786,800</u>

8. PENSION PLANS (Continued)

New York State Teacher Retirement System (Continued)

Actuarial Assumptions

The total pension liability at the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.20%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.3% compounded annually
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense, including inflation.

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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 Systems target asset allocation as of the measurement date of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of term</u>
Domestic Equity	33.0%	6.3%
International Equity	16.0%	7.8%
Global Equity	4.0%	7.2%
Real Estate Equity	11.0%	4.6%
Private Equity	8.0%	9.9%
Domestic Fixed Income	16.0%	1.3%
Global Bonds	2.0%	0.9%
High-yield bonds	1.0%	3.6%
Private debt	1.0%	6.5%
Real estate debt	7.0%	2.9%
Cash equivalents	1.0%	0.3%
	<u>100.0%</u>	

8. PENSION PLANS (Continued)

New York State Teacher Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from School Districts will be made at statutorily required rates, actuarially determined. Based on 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.

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

The following presents the net pension liability (asset) of the School District calculated using the discount rate of 7.10 percent, as well as what the School Districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1 % Decrease <u>(6.10%)</u>	Current Assumption <u>(7.10%)</u>	1% Increase <u>(8.10%)</u>
Proportionate Share of Net Pension liability (asset)	\$ 65,451,346	\$ (14,499,969)	\$ (81,570,100)

Pension Plan Fiduciary Net Position

The components of the pension plan's net pension liability (asset) as of June 30, 2019, were as follows:

Total pension liability	\$ 119,879,473,882
Net position	122,477,480,654
Net pension liability (asset)	<u>\$ (2,598,006,772)</u>
Fiduciary net position as a percentage of total pension liability	<u>102.17%</u>

9. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION

Plan Description

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

The plan is a single-employer defined benefit OPEB plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	969
Active employees	<u>1,534</u>
Total participants	<u><u>2,503</u></u>

Total OPEB Liability

The School District's total OPEB liability of \$609,721,622 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Actuarial cost method	Entry age normal percent of pay cost method
Discount Rate	2.21%
Healthcare Cost Trend Rates	5.40% for 2019 decreasing to an ultimate rate of 3.94% for 2075

The discount rate was based on the index provided by *Bond Buyer General Obligation 20-year Municipal Bond Index*.

Mortality rates were Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generational using MP-2019.

9. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (Continued)

Changes in Total OPEB Liability

Balance 7/1/2019	\$359,947,922
Service cost	12,786,739
Interest	12,912,212
Change in benefit terms	(14,520,606)
Difference in experience	(12,374,040)
Change in assumptions	260,784,781
Benefit payments	<u>(9,815,386)</u>
Balance 6/30/2020	<u>\$609,721,622</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.51% in 2019 to 2.21% in 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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 (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease <u>1.21%</u>	Current Discount <u>2.21%</u>	1% Increase <u>3.21%</u>
Total OPEB Liability	\$ <u>743,095,377</u>	\$ <u>609,721,622</u>	\$ <u>506,916,246</u>

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

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 rate:

	1% Decrease <u>4.40%</u>	Current Trend <u>5.40%</u>	1% Increase <u>6.40%</u>
Total OPEB Liability	\$ <u>490,990,678</u>	\$ <u>609,721,622</u>	\$ <u>770,795,761</u>

9. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (Continued)

OPEB Expense and Deferred Outflows and Inflows related to OPEB

For the year ended June 30, 2020, the School District recognized OPEB expense of \$42,815,014. As of June 30, 2020 the School District reported deferred outflows and inflows of resources as follows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ -	\$ 10,827,285
Changes of assumptions or other inputs	<u>245,414,452</u>	<u>11,187,938</u>
	<u>\$245,414,452</u>	<u>\$ 22,015,223</u>

Deferred outflows/inflows will be recognized as follows:

Year Ending:

2021	\$ 31,636,669
2022	31,636,669
2023	31,636,669
2024	31,636,669
2025	31,636,669
Thereafter	<u>65,215,884</u>
	<u>\$223,399,229</u>

10. TAX ABATEMENTS

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

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

10. TAX ABATEMENTS (Continued)

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

The total assessed value of all affordable housing properties, including the IDA shelter rent properties, is \$294,790,656 for the School Tax year, with taxable assessed values of \$39,629,813. The total PILOT payments on these properties was \$706,586. This value is an expression of what the total value of collected shelter rents would be if they were collected and apportioned as taxes. This constitutes a \$7,618,383 abatement of school taxes.

The total assessed value of Commercial (almost exclusively IDA) properties is \$298,921,100 for the School Tax Year, with taxable assessed values of \$140,675,902. The total PILOT payments on these properties to date were \$ \$3,478,706 to the School District. This constitutes a \$4,962,908 abatement of school taxes.

11. RISK MANAGEMENT

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

New York State Unemployment Insurance (NYS/UI)

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

Workers' Compensation Plan

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

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

11. RISK MANAGEMENT (Continued)

Health Insurance Plan

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

All known claims filed and an estimate of all incurred, but not reported claims existing at June 30, 2020, have been recorded as accrued liabilities in the general fund and as long-term debt.

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

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

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

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

The following represents changes in those aggregate liabilities for the School District during 2020:

	<u>Health</u>	<u>Workers' Compensation</u>	<u>Unemployment</u>
Unpaid claims and claim adjustment - beginning of year	\$ 2,104,816	\$ 1,263,693	\$ -
Incurred claims and claim adjustment expenses:			
Provision for incurred claims expenses for events of the current year	<u>30,853,193</u>	<u>6,318,183</u>	<u>(175,235)</u>
Total incurred claims and claims adjustment expenses	32,958,009	7,581,876	(175,235)
Payments made for claims arising during the current year	<u>30,853,193</u>	<u>5,599,888</u>	<u>(175,235)</u>
Total unpaid claims and claim adjustment expenses - end of year	<u>\$ 2,104,816</u>	<u>\$ 1,981,988</u>	<u>\$ -</u>

12. CONTINGENCIES AND COMMITMENTS

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

The School District has various commitments with contractors for the completion of capital projects.

Litigation

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

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

Other

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

13. COVID-19 PANDEMIC

As of the date of this report, the United States is in the midst of a national health emergency related to a virus, commonly known as novel coronavirus (COVID-19). The School District was closed effective March 16, 2020 and did not re-open during the 2020 academic year. The School District has developed a re-opening plan for the 2020-2021 school year and will resume educating students in September. Instruction will be a mix of in-person and virtual education.

Businesses throughout NYS remain closed or are operating significantly below their capacity. New York State has publicly stated that COVID-19 will have a significant negative impact on its revenues and its 2020-21 budget. In August 2020 the New York State Department of Education notified all School Districts that effective immediately all future payments of state aid will be reduced by a 20% withholding and that this withholding may become a permanent reduction in aid. As a result, at June 30, 2020, the School District has recorded a deferred inflow of resources in the amount of \$1,073,870 in the General fund.

It is difficult at this time to predict with certainty the full effect this impact may have on future State aid payments to the School District. However, at this time it appears that NYS will be withholding 20% of substantially all aid payments for the foreseeable future. The School District is currently analyzing the effects such a reduction will have on its fiscal 2021 operations.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUE					
Local Sources:					
Real property taxes	\$ 109,490,199	\$ 110,281,964	\$ 110,044,731	\$ -	\$ (237,233)
Other tax items	15,996,414	15,204,649	15,304,371	-	99,722
Nonproperty taxes	4,200,000	4,200,000	4,091,984	-	(108,016)
Charges for services	1,860,000	1,860,000	2,123,525	-	263,525
Use of money and property	182,500	182,500	473,413	-	290,913
Sale of property and compensation for loss	19,000	19,000	4,627	-	(14,373)
Miscellaneous	3,484,500	3,484,500	2,926,871	-	(557,629)
Total local sources	135,232,613	135,232,613	134,969,522	-	(263,091)
State sources	117,635,896	117,635,896	115,836,077	-	(1,799,819)
Medicaid reimbursement	1,950,000	1,950,000	1,368,840	-	(581,160)
Total revenue	254,818,509	254,818,509	252,174,439	-	(2,644,070)
OTHER FINANCING SOURCES					
Transfers from other funds	250,000	250,000	167,101	-	(82,899)
Total revenue and other financing sources	\$ 255,068,509	\$ 255,068,509	\$ 252,341,540	\$ -	\$ (2,726,969)

(Continued)

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual</u>
EXPENSES					
General support					
Board of education	\$ 129,100	\$ 196,025	\$ 185,840	\$ -	\$ 10,185
Central administration	407,890	417,315	413,816	-	3,499
Finance	970,993	1,268,809	1,009,876	231,676	27,257
Staff	1,451,041	1,468,739	1,395,196	-	73,543
Central services	11,979,286	12,104,099	11,174,078	171,736	758,285
Special items	1,633,800	1,254,500	1,161,838	-	92,662
Total general support	<u>16,572,110</u>	<u>16,709,487</u>	<u>15,340,644</u>	<u>403,412</u>	<u>965,431</u>
Instruction					
Instruction, administration & improvement	10,756,931	10,819,870	10,170,350	42,780	606,740
Teaching - regular school	96,836,351	97,294,798	94,441,936	408,828	2,444,034
Programs for students with disabilities	30,086,298	31,242,668	30,779,021	3,625	460,022
Occupational education	752,308	747,845	727,334	400	20,111
Teaching - special schools	1,078,830	1,017,072	867,746	-	149,326
Instructional media	3,667,028	3,919,323	3,470,562	217,351	231,410
Pupil services	20,293,300	20,494,748	18,526,665	79,851	1,888,232
Total instruction	<u>163,471,046</u>	<u>165,536,324</u>	<u>158,983,614</u>	<u>752,835</u>	<u>5,799,875</u>
Pupil transportation	9,802,952	9,802,952	7,467,439	1,420,648	914,865
Employee benefits	52,664,337	51,665,484	50,253,566	-	1,411,918
Debt service - Principal	188,072	183,466	183,465	-	1
Debt service - Interest	14,480	25,671	25,644	-	27
Total expenditures	242,712,997	243,923,384	232,254,372	2,576,895	9,092,117
OTHER FINANCING USES					
Transfers to other funds	<u>17,642,152</u>	<u>17,642,152</u>	<u>17,621,979</u>	<u>-</u>	<u>20,173</u>
Total expenditures and other uses	<u>260,355,149</u>	<u>261,565,536</u>	<u>249,876,351</u>	<u>2,576,895</u>	<u>9,112,290</u>
NET CHANGE IN FUND BALANCE	<u>(5,286,640)</u>	<u>(6,497,027)</u>	<u>2,465,189</u>	<u>(2,576,895)</u>	<u>6,385,321</u>
FUND BALANCE - beginning of year	<u>22,708,539</u>	<u>22,708,539</u>	<u>22,708,539</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 17,421,899</u>	<u>\$ 16,211,512</u>	<u>\$ 25,173,728</u>	<u>\$ (2,576,895)</u>	<u>\$ 6,385,321</u>

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability (asset) (thousands)	0.0740415%	0.0697084%	0.0664322%	0.0646409%	0.0646409%	0.0649258%				
Proportionate share of the net pension liability (asset)	\$ 19,606.6	\$ 4,939.0	\$ 2,144.1	\$ 6,196.4	\$ 10,375.0	\$ 2,193.4				
Covered-employee payroll	\$ 22,567.3	\$ 19,780.0	\$ 19,287.0	\$ 17,973.0	\$ 16,769.1	\$ 16,903.0				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.88%	24.97%	11.12%	34.48%	61.87%	12.98%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability (asset) (thousands)	0.568119%	0.544519%	0.529804%	0.484392%	0.484392%	0.489271%				
Proportionate share of the net pension liability (asset)	\$ (14,500.0)	\$ (9,846.3)	\$ (4,027.0)	\$ 5,520.7	\$ (50,312.9)	\$ (64,501.7)				
Covered-employee payroll	\$ 94,243.2	\$ 93,159.1	\$ 86,475.2	\$ 79,539.9	\$ 72,762.3	\$ 72,273.0				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-15.39%	-10.57%	-4.66%	6.94%	-69.15%	-75.41%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

(thousands)
 Contractually required contribution
 Contributions in relation to the contractually required contribution
 Contribution deficiency (excess)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	\$ 3,098.0	\$ 2,709.1	\$ 2,718.4	\$ 2,572.7	\$ 2,622.7	\$ 3,255.9				
	3,098.0	2,709.1	2,718.4	2,572.7	2,622.7	3,255.9				
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
	\$ 22,567.3	\$ 19,780.0	\$ 19,287.0	\$ 17,973.0	\$ 16,769.1	\$ 16,903.0				
	13.73%	13.70%	14.09%	14.31%	15.64%	19.26%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN

(thousands)
 Contractually required contribution
 Contributions in relation to the contractually required contribution
 Contribution deficiency (excess)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	\$ 8,350.0	\$ 9,893.5	\$ 8,474.6	\$ 10,547.0	\$ 12,755.2	\$ 11,744.4				
	8,350.0	9,893.5	8,474.6	10,547.0	12,755.2	11,744.4				
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
	\$ 94,243.2	\$ 93,159.1	\$ 86,475.2	\$ 79,539.9	\$ 72,762.3	\$ 72,273.0				
	8.86%	10.62%	9.80%	13.26%	17.53%	16.25%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

Covered-employee payroll
 Contributions as a percentage of covered-employee payroll

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 12,786,739	\$ 11,013,684	\$ 11,602,843							
Interest	12,912,212	12,807,522	11,874,146							
Changes of benefit terms	(14,520,606)	-	-							
Differences between expected and actual experience	(12,374,040)	-	-							
Changes in assumptions	260,784,781	21,966,845	(16,540,574)							
Benefit payments	(9,815,386)	(11,431,799)	(13,024,806)							
Total change in total OPEB liability	249,773,700	34,356,252	(6,088,391)							
Total OPEB liability - beginning	359,947,922	325,591,670	331,680,061							
Total OPEB liability - ending	\$ 609,721,622	\$ 359,947,922	\$ 325,591,670							
Covered-employee payroll	\$ 112,148,280	\$ 106,567,717	\$ 93,136,917							
Total OPEB liability as a percentage of covered-employee payroll	543.7%	337.8%	349.6%							

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:
Discount rate 2.21% 3.51% 3.87%

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The healthcare trend cost rates have been reset to an initial rate of 5.40% for 2019 decreasing annually to an ultimate rate of 3.94% by 2075.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

OTHER INFORMATION (UNAUDITED)

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 260,355,149
Add: Prior year's encumbrances	<u>1,210,387</u>
Original budget	261,565,536
Budget revisions	<u>-</u>
Final budget	<u>\$ 261,565,536</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget	\$ 261,568,188
Maximum allowed (4% of subsequent year's budget):	10,462,728
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :	
Unrestricted fund balance:	
Assigned fund balance	\$ 4,976,895
Unassigned fund balance	<u>6,855,969</u>
Total unrestricted fund balance	<u>\$ 11,832,864</u>
Less:	
Appropriated fund balance	\$ 2,400,000
Encumbrances included in committed and assigned fund balance	<u>2,576,895</u>
Total adjustments	<u>\$ 4,976,895</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 6,855,969</u>
Actual percentage	2.62%

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

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures		Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance 30-Jun-19
			Prior Years	Current Year			Total	State Aid	Local Sources	
Capital Projects - \$240M Summary	\$ 164,603,000	\$ 204,240,000	\$ 203,401,488	\$ -	\$ 838,512	\$ 198,298,340	\$ 5,669,666	\$ 255	\$ 203,968,261	\$ 566,773
Livingston Magnet School	19,422,000	-	-	-	-	-	-	-	-	-
Sunshine School	1,215,000	-	(264)	-	264	-	-	-	-	264
Lease Cathedral Immaculate	-	-	1,489,900	-	(1,489,900)	-	-	1,490,200	1,490,200	300
Lease 75 Watervliet	-	-	226,592	-	(226,592)	-	-	205,993	205,993	(20,599)
Albany High School Reconstruction	-	7,792,150	7,074,198	-	717,952	5,676,000	-	2,109,469	7,785,469	711,271
Abrookin - Excel Project	-	3,809,933	3,734,646	-	75,287	3,173,244	826,756	-	4,000,000	265,354
Giffen - Excel Project	-	960,000	885,383	-	74,617	691,200	208,800	-	900,000	14,617
North Albany Academy Roof	-	300,000	240,880	-	59,120	-	-	-	-	(240,880)
Albany School of Humanities - Chiller Project	-	300,000	299,803	-	197	-	-	285,000	285,000	(14,803)
Hackett Parking Lot & Generator	-	370,000	502,043	-	(132,043)	-	-	-	-	(502,043)
Eagle Point Roof	-	110,000	115,125	-	(5,125)	-	-	-	-	(115,125)
Arbor Hill Air Handlers	-	300,000	15,432	-	284,568	-	-	-	-	(15,432)
Albany High Turf Field	2,417,000	-	2,387,542	-	29,458	1,642,640	-	774,360	2,417,000	29,458
Albany High Press Box - Turf Field	67,000	-	59,171	-	7,829	-	-	67,000	67,000	7,829
Albany High School - \$179.9M	179,900,000	-	38,429,842	32,499,491	108,970,667	1,440,000	1,805,543	-	3,245,543	(67,683,790)
District Wide Reconstruction - \$13.9 Million	13,944,000	-	14,387,702	18,710	(462,412)	8,993,000	-	4,951,000	13,944,000	(462,412)
N Lark Street Purchase	-	-	2,192,449	-	(2,192,449)	-	-	2,192,449	2,192,449	-
N Lark St Middle School Conversion	6,525,000	-	6,470,954	-	54,046	295,000	-	1,305,000	1,600,000	(4,870,954)
ASH NYPA Energy Project	-	-	787,610	-	(787,610)	787,610	-	-	787,610	-
395 Elk Building Purchase	4,100,000	-	4,005,831	-	94,169	-	-	4,100,000	4,100,000	94,169
Smart Schools Bond	2,100,827	-	1,641,341	-	459,486	-	1,641,341	-	1,641,341	-
New Scotland Temp Air Conditioning	613,000	-	166,774	166,774	446,226	-	-	-	-	(166,774)
Harriet Gibbons Mechanica	168,000	-	18,900	18,900	149,100	-	-	-	-	(18,900)
Five Year Facilities Plan	17,021,287	-	399,522	399,522	16,621,765	-	-	3,334,900	3,334,900	2,935,378
North Albany MS	28,460,000	-	115,684	443,850	27,900,466	-	-	11,700,000	11,700,000	11,140,466
	\$ 440,556,114	\$ 218,182,083	\$ 288,463,352	\$ 33,547,247	\$ 151,487,598	\$ 220,997,034	\$ 10,152,106	\$ 32,515,626	\$ 263,664,766	\$ (68,345,833)

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Capital assets, net		\$ 288,139,239
Add:		
Unamortized deferred loss on refunding		7,565,118
Deduct:		
BAN payable	77,892,000	
Short-term portion of bonds payable	10,282,274	
Long-term portion of bonds payable	85,713,830	
Less: Unspent proceeds	<u>(23,638,325)</u>	150,249,779
Unamortized bond premium		<u>12,458,221</u>
Net investment in capital assets		<u>\$ 132,996,357</u>

REQUIRED REPORTS UNDER UNIFORM GUIDANCE

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

October 8, 2020

To the Board of Education of
City School District of the City of Albany:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of City School District of the City of Albany (School District) as of and for the year ended June 30, 2020, 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, 2020.

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 may exist that have not been identified.

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(Continued)

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

(Continued)

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

October 8, 2020

The Board of Education of the
City School District of the City of Albany:

Report on Compliance for Each Major Federal Program

We have audited the City School District of the City of Albany's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City School District of the City of Albany's major federal programs for the year ended June 30, 2020. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE (Continued)

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of 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, 2020.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Bonadio & Co., LLP

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grant Number	Expenditures	Amounts Provided to Subrecipients
U.S. Department of Agriculture				
Passed through New York State Dept. of Education/ <i>Child Nutrition Cluster:</i>				
National school lunch program (Noncash food donations)	10.555	N/A	\$ 321,060	\$ -
School breakfast program	10.553	N/A	749,305	-
National school lunch program	10.555	N/A	2,432,037	-
Summer food service program for children	10.559	N/A	1,325,060	-
<i>Total Child Nutrition Cluster</i>			<u>4,827,462</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>4,827,462</u>	<u>-</u>
U.S. Department of Education				
Passed through New York State Department of Education				
Title I Grants to Local Educational Agencies	84.010	0021-20-0005	3,981,151	-
Title I Grants to Local Educational Agencies	84.010	0021-19-0005	849,695	-
Title I Grants to Local Educational Agencies	84.010	0011-20-2012	212,930	-
Title I Grants to Local Educational Agencies	84.010	0011-19-2012	44,494	-
Title I Grants to Local Educational Agencies	84.010	0011-18-2012	207,860	-
Title I Grants to Local Educational Agencies	84.010	0016-20-0005	189,165	-
Title I Grants to Local Educational Agencies	84.010	0016-19-0005	86,164	-
			<u>5,571,459</u>	<u>-</u>
<i>Special Education Cluster (IDEA):</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-20-0001	3,121,297	-
Special Education - Preschool Grants (IDEA, Preschool)	84.173	0033-20-0001	156,276	-
<i>Total Special Education Cluster (IDEA)</i>			<u>3,277,573</u>	<u>-</u>
VATEA, General	84.048	8000-20-0084	88,672	-
Education for Homeless Children and Youth	84.196	0212-20-3097	47,681	-
Twenty-First Century Community Learning Center	84.287	0187-20-7078	823,223	-
Twenty-First Century Community Learning Center	84.287	0187-19-7078	16,034	-
			<u>839,257</u>	<u>-</u>
English Language Acquisition Grants - Title IIIA	84.365	0149-19-0005	9,070	-
English Language Acquisition Grants - Title IIIA	84.365	0293-20-0005	93,334	-
English Language Acquisition Grants - Title IIIA	84.365	0293-19-0005	88,086	-
			<u>190,490</u>	<u>-</u>
Title II Part B - Math -Science	84.366	0294-19-0301	31,268	-
Title II Part A - Teaching	84.367	0147-20-0005	543,184	-
Title II Part A - Teaching	84.367	0147-19-0005	79,646	-
			<u>622,830</u>	<u>-</u>
Connecting Youth in Transition	84.420	0144-20-0003	56,527	-
Connecting Youth in Transition	84.420	0144-18-0003	36,285	-
			<u>92,812</u>	<u>-</u>
Title IV - Student Support and Academic Enrichment Program	84.424	0204-20-0005	74,984	-
Title IV - Student Support and Academic Enrichment Program	84.424	0204-19-0005	42,937	-
			<u>117,921</u>	<u>-</u>
Total New York State Education Department			<u>10,879,963</u>	<u>-</u>
Total U.S. Department of Education			<u>10,879,963</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 15,707,425</u>	<u>\$ -</u>

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2020

1. GENERAL

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City School District of the City of Albany (School District), under programs of the federal government for the year ended June 30, 2020. 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 portion of the operations of the School District, it is not intended to and does not present the government activities, each major fund and aggregate remaining for the School District.

2. BASIS OF ACCOUNTING

The Schedule is presented in accordance with generally accepted accounting principles, as described in the School District's basic financial statements.

3. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent that such costs are included in the federal financial reports used as the source document for the data presented.

The School District did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. MATCHING COSTS

Matching costs, i.e. the School District's share of certain program costs, are not included in the reported expenditures.

5. NONCASH ASSISTANCE

The School District received noncash assistance is reported totaling \$321,060 (CFDA 10.555) in the form of food commodities for the year ended June 30, 2020.

CITY SCHOOL DISTRICT OF THE CITY OF ALBANY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
JUNE 30, 2020**

Section II—Financial Statement Findings

There were no findings identified that are required to be reported under *Government Auditing Standards*.

Section III—Federal Award Findings and Questioned Costs

There were no findings identified including questioned costs that are required to be reported under Uniform Guidance.