

CITY SCHOOL DISTRICT OF ALBANY

Basic Financial Statements,  
Supplementary Information and  
Independent Auditors' Report

June 30, 2021

# CITY SCHOOL DISTRICT OF ALBANY

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
City School District 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 Albany (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the 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.

### Auditors' Responsibility

Our responsibility is to express opinions on the 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 District'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 District'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 Albany, as of June 30, 2021, 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.

## Other Matters

As discussed in note 1(b) to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84 - "Fiduciary Activities," during the year ended June 30, 2021. Our opinions are not modified with respect to this matter.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4 through 14 and additional information on pages 55 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 District's basic financial statements. The other supplementary information as listed in the table of contents 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 other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 8, 2021, on our consideration of the City School District of Albany's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 8, 2021

## CITY SCHOOL DISTRICT OF ALBANY

### Management's Discussion and Analysis

June 30, 2021

The following is a discussion and analysis of the City School District of Albany's (the District) financial performance for the fiscal year ended June 30, 2021. This portion of the report is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

#### FINANCIAL HIGHLIGHTS

- The District continues to offer a sound educational plan that supports student achievement.
- S&P Global Ratings affirmed its A+/Stable long-term and underlying ratings and assigned its SP-1+ short-term rating on the District's general obligation outstanding bond anticipation notes (BANs).
- Revenues increased by 0.7% District-wide primarily due to an increase in federal sources.
- Expenses decreased 11.8% District-wide primarily in the area of instruction due to the changes related to the most recent teachers' retirement system valuation.
- There were nine Charter Schools open in the 2020-21 school year, with an estimated enrollment of 2,195 students. The projected cost of the Charter Schools is estimated to be \$37.7 million or 14% of the school budget.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements. The fund financial statements concentrate on the District's most significant funds.

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

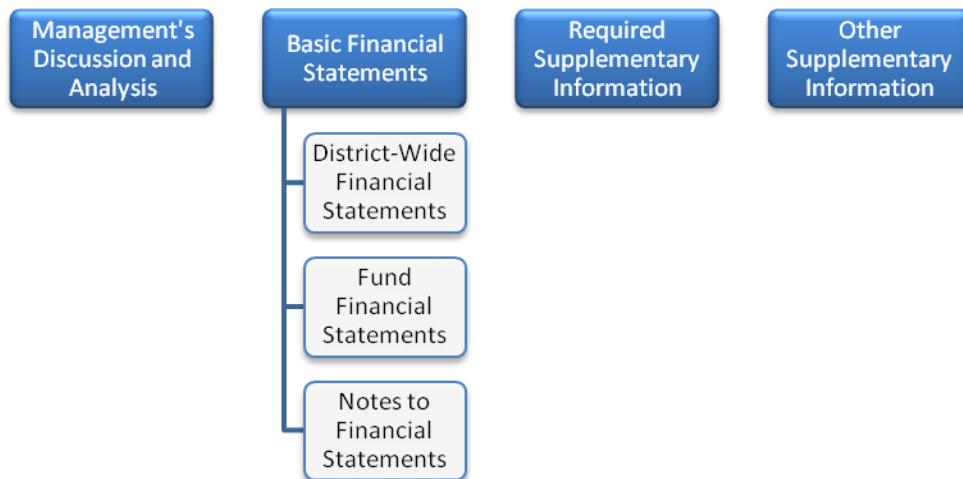
Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

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

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

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





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

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

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as collecting taxes for other governments
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows of resources, liability and deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources both financial and capital, short-term and long-term	Current assets, deferred outflows of resources, liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All financial assets and liabilities, short-term and long-term
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

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

District-wide Statements

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

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

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

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

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

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

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

Fund Financial Statements

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

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, capital projects fund, debt service fund and miscellaneous fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as property taxes collected for other governments. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on fiduciary net position and changes in fiduciary net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	<u>2021</u>	<u>2020*</u>	Increase (Decrease)	Percentage Change
Current assets and other assets	\$ 91.5	78.7	12.8	16.3%
Non-current assets	<u>315.0</u>	<u>302.6</u>	<u>12.4</u>	4.1%
Total assets	<u>406.5</u>	<u>381.3</u>	<u>25.2</u>	6.6%
Deferred outflows of resources	<u>289.3</u>	<u>311.4</u>	<u>(22.1)</u>	-7.1%

\* Restated for change in accounting principle.

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

	<u>2021</u>	<u>2020*</u>	Increase (Decrease)	Percentage Change
Current liabilities	\$ 135.0	113.8	21.2	18.6%
Long-term liabilities	<u>763.3</u>	<u>740.4</u>	<u>22.9</u>	3.1%
Total liabilities	<u>898.3</u>	<u>854.2</u>	<u>44.1</u>	5.2%
Deferred inflows of resources	<u>53.6</u>	<u>44.9</u>	<u>8.7</u>	19.4%
Net position:				
Net investment in capital assets	135.2	133.0	2.2	1.7%
Restricted	34.4	14.6	19.8	135.6%
Unrestricted (deficit)	<u>(425.7)</u>	<u>(354.0)</u>	<u>(71.7)</u>	-20.3%
Total net position	\$ <u>(256.1)</u>	<u>(206.4)</u>	<u>(49.7)</u>	-24.1%

\* Restated for change in accounting principle.

- Total non-current assets increased 4.1% primarily due to capitalization of capital projects. Total current assets increased 16.3% primarily due to an increase in cash and equivalents.
- The increase in current liabilities can be attributed to \$99.3 million of BANs payable at June 30, 2021 due to in-progress capital projects.
- The net increase in long-term liabilities is mainly due to changes in the net pension liability for the District's proportionate share of TRS. This item was an asset in the prior year but changed to a liability during the most recent valuation.
- Net investment in capital assets increased 1.7% primarily due to the capitalization of capital projects net of the related debt.

Changes in Net Position

The District's 2020-2021 revenue was \$281,386,006 (See Figure A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 46.7% and 39.5%, respectively, of the total revenue raised (see Figure A-5). The remainder of revenue came from charges for services, operating grants, capital grants, nonproperty tax items, other tax items, and other miscellaneous sources.

The total cost of all programs and services totaled \$331,192,853 for 2020-2021. These expenses are predominately for the education, supervision, food services, and transportation of students (see Figure A-6). The District's administrative and business activities including debt service accounted for 11.0% of total costs.

Net position decreased during the year by \$(49,806,847) primarily due to the increase of instructional expenses.

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

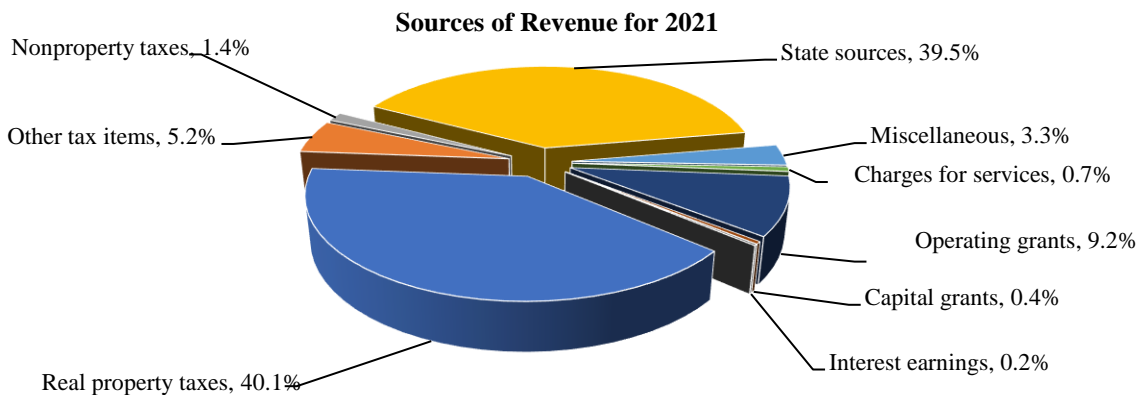
Figure A-4 Changes in Net Position - Governmental Activities (In Millions of Dollars)

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Revenue:</b>				
<b>Program revenue:</b>				
Charges for services	\$ 1.9	2.2	(0.3)	-13.6%
Operating grants	25.9	25.0	0.9	3.6%
Capital grants	1.1	-	1.1	100.0%
<b>General revenue:</b>				
Taxes	131.3	129.6	1.7	1.3%
State sources	111.3	118.7	(7.4)	-6.2%
Interest earnings	0.6	0.5	0.1	20.0%
Miscellaneous	<u>9.3</u>	<u>4.6</u>	<u>4.7</u>	102.2%
Total revenue	<u>281.4</u>	<u>280.6</u>	<u>0.8</u>	0.2%
<b>Expenses:</b>				
General support	31.4	29.9	1.5	5.0%
Instruction	281.5	269.4	12.1	4.5%
Pupil transportation	8.4	8.3	0.1	1.2%
Debt service - interest	5.0	6.4	(1.4)	-21.9%
School lunch program	<u>4.9</u>	<u>5.4</u>	<u>(0.5)</u>	-9.3%
Total expenses	<u>331.2</u>	<u>319.4</u>	<u>11.8</u>	3.7%
Change in net position	\$ <u>(49.8)</u>	<u>(38.8)</u>	<u>(11.0)</u>	28.6%

The District's 2020-2021 revenues totaled \$281.4 million as compared to \$280.6 million for the previous year. While state sources decreased by \$7.4 million, the District saw an increase of \$1.7 million of program revenue mainly due to COVID-19 related grants.

Total expenses increased \$11.8 million or 3.7% from prior year, mostly in the area of instruction.

Figure A-5:



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

Figure A-6:

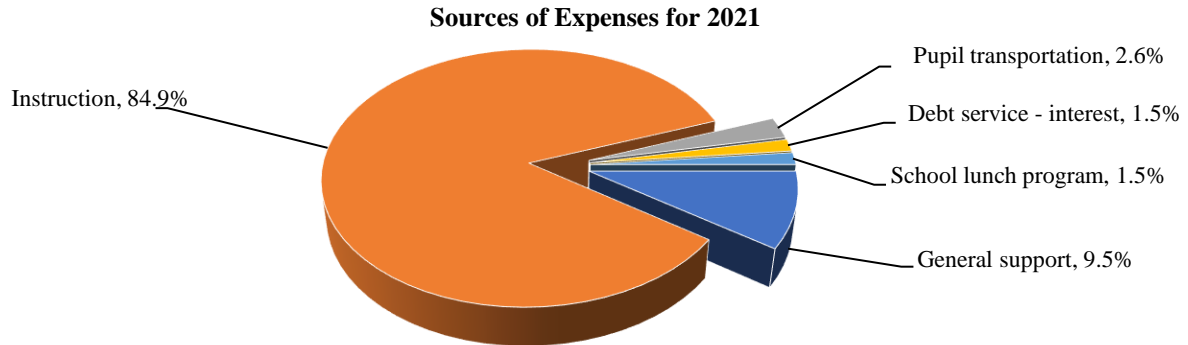


Figure A-7 Net Cost of Governmental Activities (in millions of dollars)

	Total Cost Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost Services <u>2020</u>	Net Cost of Services <u>2020</u>
General support	\$ 31.4	31.4	29.9	29.9
Instruction	281.5	255.7	269.4	247.1
Pupil transportation	8.4	8.4	8.3	8.3
Debt service - Interest	5.0	5.0	6.4	6.4
School lunch program	<u>4.9</u>	<u>1.8</u>	<u>5.4</u>	<u>0.4</u>
	\$ <u>331.2</u>	<u>302.3</u>	<u>319.4</u>	<u>292.1</u>

- The cost of all governmental activities for the year was \$331,192,853.
- The users of the District's programs financed \$1,897,526 of the costs.
- The operating grants financed \$25,915,711 of the costs.
- The capital grants financed \$1,044,028 of the costs.
- The majority of costs were financed by the District's taxpayers and unallocated NYS aid.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

Governmental Funds Highlights

- General Fund - Revenue increased \$8.6 million in 2020-2021 from prior year, primarily from federal sources. Expenditures increased approximately \$3.5 million, primarily due to debt service payments and COVID-19 related expenditures.
- Special Aid Fund - The District's grant portfolio remained relatively flat from prior year.
- School Lunch Fund - The District contracts with an external management company for food service operations. The program is financially self-sustaining.
- Capital Projects Fund - Activity in the capital projects fund increased due to construction activities resulting in \$35.5 million in capital asset additions.
- Miscellaneous Fund - Activity is related to the extracurricular activities and scholarships.

General Fund Budgetary Highlights

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

Results vs. Budget (in millions of Dollars)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	Variance (Actual/ Budget)
Revenue:					
Local sources	\$ 137.9	137.9	142.0	-	4.1
State sources	118.7	118.7	113.5	-	(5.2)
Federal sources	-	-	4.3	-	4.3
Medicaid	1.8	1.8	1.0	-	(0.8)
Transfers in	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>	<u>-</u>	<u>-</u>
Total	<u>258.6</u>	<u>258.6</u>	<u>261.0</u>	<u>-</u>	<u>2.4</u>
Expenditures:					
General support	16.4	17.1	14.4	0.5	2.2
Instruction	160.4	161.3	144.7	1.6	15.0
Pupil transportation	10.1	11.5	7.8	1.4	2.3
Employee benefits	56.2	55.8	51.3	-	4.5
Debt service - principal	12.0	12.0	12.0	-	-
Debt service - interest	6.0	6.0	5.6	-	0.4
Transfers out	<u>0.5</u>	<u>0.5</u>	<u>0.4</u>	<u>-</u>	<u>0.1</u>
Total	<u>261.6</u>	<u>264.2</u>	<u>236.2</u>	<u>3.5</u>	<u>24.5</u>
Changes in fund balance	\$ <u>(3.0)</u>	<u>(5.6)</u>	<u>24.8</u>	<u>(3.5)</u>	<u>(26.9)</u>

Note: Amounts may vary due to rounding.

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

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

- The general fund had a net change in fund balance of approximately \$24.8 million. The District realized additional revenue streams with the COVID-19 related federal grants.

Capital Assets

As of June 30, 2021, the District had \$314,968,468 invested in buildings, computers, and other educational equipment.

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

<u>Category</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020*</u>	<u>Change</u>
Land	\$ 5.0	5.0	-
Construction-in-progress	101.7	77.2	24.5
Buildings	318.0	308.9	9.1
Land improvements	10.2	9.5	0.7
Furniture and equipment	3.5	3.7	(0.2)
Vehicles	<u>0.9</u>	<u>0.9</u>	<u>-</u>
Total	439.3	405.2	34.1
Less accumulated depreciation	<u>124.4</u>	<u>117.0</u>	<u>7.4</u>
Net capital assets	\$ <u>314.9</u>	<u>288.2</u>	<u>26.7</u>

\* The 2020 balances have been restated in order to remove disposals that were duplicated in the prior year.

Long-Term Debt

As of June 30, 2021, the District had \$773,530,047 in general obligation and other long-term debt outstanding. More detailed information about the District's long-term debt is included in the notes to the financial statements.

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

<u>Category</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
General obligation bonds (financed with property taxes)	\$ 85.7	96.0
Other long-term debt	<u>687.8</u>	<u>655.8</u>
Total	\$ <u>773.5</u>	<u>751.8</u>



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

FACTORS BEARING ON THE DISTRICT'S FUTURE

- A referendum for an additional middle school and a five-year District-wide facilities plan was passed in May of 2019. The additional middle school space addresses growing enrollment at the middle school level and complete 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 District is funding \$15 million from its Capital Reserve to cover a large portion of the local taxpayer share on such project.
- The District recently settled a multiyear labor contract with the support staff bargaining unit. The labor contracts for both administrators and teachers will expire in June 2022.
- Charter Schools continue to drain the District's financial resources and inhibit its ability to effectively plan for enrollment and staffing levels on an annual basis. In the spring of 2015 two charter middle schools closed abruptly which forced the District to purchase a building to accommodate the incoming students. Most recently, another charter school is expanding from middle school into the elementary grade levels.
- In February of 2016, the voters passed a referendum in the amount of \$179.9 million to reconstruct and renovate the existing high school building. The construction relating to the project began in the fall of 2017 and will extend to 2025. Occupancy in the new additions will occur as they are completed.
- As is typical in a District this size, its challenges to property tax assessments are ongoing which will require the issuance of future tax refunds. While the amount of these potential refunds cannot be determined at the present time, the District continues in its financial planning to anticipate these undetermined expenditures and has the ability to use reserves as necessary.
- In 2012 the New York State Legislature passed a 2% tax cap law without any corresponding relief from mandated expenditures. On a regular basis, public school districts face new unfunded mandates, and escalating costs that far exceed 2% in the areas of personnel, energy, health insurance, retirement benefits, and charter school tuition. All of these items are mandated.

CONTACTING THE DISTRICT'S FINANCE MANAGEMENT

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

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

CITY SCHOOL DISTRICT OF ALBANY  
Statement of Net Position  
June 30, 2021

Assets:	
Cash and equivalents:	
Unrestricted	\$ 36,166,153
Restricted	33,833,105
Investments	1,557,999
Receivables:	
State and federal aid	16,716,971
Due from other governments, net of allowance	2,619,320
Other	243,420
Inventory	133,505
Prepaid expenses	266,227
Capital assets, net	<u>314,968,468</u>
Total assets	<u>406,505,168</u>
Deferred outflows of resources:	
Employees' retirement system	15,334,831
Teachers' retirement system	51,087,675
Other postemployment benefits	215,809,190
Deferred loss on bond refunding	<u>7,060,783</u>
Total deferred outflows of resources	<u>289,292,479</u>
Liabilities:	
Payables:	
Accounts payable	10,154,624
Retainage payable	1,029,183
Accrued liabilities	4,435,835
Bond interest payable	175,934
Due to teachers' retirement system	8,850,571
Due to employees' retirement system	845,175
Due and payable within one year:	
Bond anticipation notes payable	99,277,155
Bonds payable	9,693,270
Compensated absences	502,082
Due and payable after one year:	
Bonds payable	76,020,819
Bonds premium	11,349,964
Accrued workers' compensation	2,716,685
Compensated absences	12,783,493
Net pension liability - proportionate share - ERS System	72,077
Net pension liability - proportionate share - TRS System	15,342,365
Total OPEB liability	<u>645,049,292</u>
Total liabilities	<u>898,298,524</u>
Deferred inflows of resources:	
Unearned revenue	1,912,030
Employees' retirement system	21,110,713
Teachers' retirement system	10,104,860
Other postemployment benefits	<u>20,534,079</u>
Total deferred inflows of resources	<u>53,661,682</u>
Net position:	
Net investment in capital assets	135,175,528
Restricted	34,391,185
Unrestricted (deficit)	<u>(425,729,272)</u>
Total net position (deficit)	<u><u>\$ (256,162,559)</u></u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY  
Statement of Activities  
Year ended June 30, 2021

		Program Revenue			Net (Expense)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Grants</u>	<u>Changes in</u>
					<u>Net Position</u>
Functions and programs:					
General support	\$ 31,430,370	-	-	-	(31,430,370)
Instruction	281,490,184	1,897,524	22,868,226	1,044,028	(255,680,406)
Pupil transportation	8,449,920	-	-	-	(8,449,920)
Debt service - interest	4,967,550	-	-	-	(4,967,550)
School lunch program	<u>4,854,829</u>	<u>2</u>	<u>3,047,485</u>	<u>-</u>	<u>(1,807,342)</u>
Total functions and programs	<u>\$ 331,192,853</u>	<u>1,897,526</u>	<u>25,915,711</u>	<u>1,044,028</u>	<u>(302,335,588)</u>
General revenue:					
Real property taxes					112,571,319
Other tax items					14,647,541
Nonproperty tax items					4,074,088
Use of money and property					164,722
Sale of property and compensation for loss					462,896
Medicaid reimbursement					1,027,403
State sources					111,283,617
Miscellaneous					<u>8,297,155</u>
Total general revenue					<u>252,528,741</u>
Change in net position					<u>(49,806,847)</u>
Net position (deficit) at beginning of year, as previously stated					(208,355,950)
Cumulative effect of change in accounting principle (note 13)					<u>2,000,238</u>
Net position (deficit) at beginning of year, as restated					<u>(206,355,712)</u>
Total net position (deficit) at end of year					<u>\$ (256,162,559)</u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY  
Balance Sheet - Governmental Funds  
June 30, 2021

<u>Assets</u>	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
Cash and equivalents:							
Unrestricted	\$ 23,015,466	-	3,663,202	9,487,485	-	-	36,166,153
Restricted	32,826,203	-	-	-	566,833	440,069	33,833,105
Investments	-	-	-	-	-	1,557,999	1,557,999
Receivables:							
Due from other funds	6,161,109	-	-	338	81	-	6,161,528
Due from state and federal	6,583,333	8,264,098	672,726	1,196,814	-	-	16,716,971
Due from other governments, net of allowance	2,619,320	-	-	-	-	-	2,619,320
Other receivables, net of allowance	236,608	6,812	-	-	-	-	243,420
Inventory	-	-	133,505	-	-	-	133,505
Prepaid expenditures	266,227	-	-	-	-	-	266,227
Total assets	<u>\$ 71,708,266</u>	<u>8,270,910</u>	<u>4,469,433</u>	<u>10,684,637</u>	<u>566,914</u>	<u>1,998,068</u>	<u>97,698,228</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balance</u>							
Liabilities:							
Accounts payable	5,791,971	1,486,968	121,963	2,753,722	-	-	10,154,624
Retainage payable	-	-	-	1,029,183	-	-	1,029,183
Accrued liabilities	4,026,212	409,623	-	-	-	-	4,435,835
Due to other funds	338	6,119,431	41,678	81	-	-	6,161,528
Due to teachers' retirement system	8,850,571	-	-	-	-	-	8,850,571
Due to employees' retirement system	845,175	-	-	-	-	-	845,175
Bond anticipation note payable	-	-	-	99,277,155	-	-	99,277,155
Compensated absences	502,082	-	-	-	-	-	502,082
Total liabilities	<u>20,016,349</u>	<u>8,016,022</u>	<u>163,641</u>	<u>103,060,141</u>	<u>-</u>	<u>-</u>	<u>131,256,153</u>
Deferred inflows of resources - unearned revenue	<u>1,741,198</u>	<u>254,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,995,989</u>
Fund balance:							
Nonspendable	266,227	-	133,505	-	-	1,000,000	1,399,732
Restricted	32,826,203	-	-	-	566,914	998,068	34,391,185
Assigned	6,068,696	-	-	-	-	-	6,068,696
Unassigned (deficit)	10,789,593	97	4,172,287	(92,375,504)	-	-	(77,413,527)
Total fund balance (deficit)	<u>49,950,719</u>	<u>97</u>	<u>4,305,792</u>	<u>(92,375,504)</u>	<u>566,914</u>	<u>1,998,068</u>	<u>(35,553,914)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 71,708,266</u>	<u>8,270,910</u>	<u>4,469,433</u>	<u>10,684,637</u>	<u>566,914</u>	<u>1,998,068</u>	<u>97,698,228</u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY  
Reconciliation of Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2021

Total governmental fund balance (deficit)		\$ (35,553,914)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		314,968,468
Deferred amount on bond refundings that are not due in the current period are not recognized on the fund financial statements.		7,060,783
Pension related government-wide activity:		
Deferred outflows of resources	\$ 66,422,506	
Deferred inflows of resources	(31,215,573)	
Net pension liability - proportionate share - ERS System	(72,077)	
Net pension liability - proportionate share - TRS System	<u>(15,342,365)</u>	19,792,491
OPEB related government-wide activity:		
Deferred outflows of resources	215,809,190	
Deferred inflows of resources	(20,534,079)	
Total OPEB liability	<u>(645,049,292)</u>	(449,774,181)
Long-term bonds payable are not due in the current period and, therefore, are not reported in the funds.		(85,714,089)
Bond premium is recorded as revenue in the fund financial statements, in the year of issuance, but is amortized over the life of the bond under full accrual accounting.		(11,349,964)
Compensated absences due in more than one year are recognized as a liability under full accrual accounting.		(12,783,493)
Long-term liabilities, including accrued workers' compensation are not due and payable in the current period and, therefore, are not reported in the funds.		(2,716,685)
Unearned revenue received in the current year which was recognized as a revenue in the District-wide statements in the prior year.		83,959
Interest payable at June 30, 2021, in the government-wide statements is recorded as an expense under full accrual accounting.		<u>(175,934)</u>
Total net position (deficit)		<u><u>\$ (256,162,559)</u></u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY  
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds  
Year ended June 30, 2021

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Miscellaneous</u>	<u>Total Governmental Funds</u>
Revenue:							
Real property taxes	\$112,571,319	-	-	-	-	-	112,571,319
Other tax items	14,647,541	-	-	-	-	-	14,647,541
Nonproperty tax items	4,074,088	-	-	-	-	-	4,074,088
Charges for services	1,897,524	-	-	-	-	-	1,897,524
Use of money and property	132,619	-	-	-	1,589	30,514	164,722
Sale of property and compensation for loss	483,889	-	-	-	-	-	483,889
State sources	113,481,385	7,887,779	91,689	1,044,028	-	-	122,504,881
Federal sources	4,316,769	10,663,678	2,638,497	-	-	-	17,618,944
Medicaid reimbursement	1,027,403	-	-	-	-	-	1,027,403
Surplus food	-	-	317,299	-	-	-	317,299
School food service	-	-	2	-	-	-	2
Miscellaneous	<u>8,158,424</u>	<u>88,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,193</u>	<u>8,297,155</u>
Total revenue	<u>260,790,961</u>	<u>18,639,995</u>	<u>3,047,487</u>	<u>1,044,028</u>	<u>1,589</u>	<u>80,707</u>	<u>283,604,767</u>
Expenditures:							
General support	14,359,237	-	50	-	-	-	14,359,287
Instruction	144,729,112	16,262,242	-	-	-	82,877	161,074,231
Pupil transportation	7,752,522	407,533	-	-	-	-	8,160,055
Employee benefits	51,310,162	2,245,056	486,295	-	-	-	54,041,513
Debt service - principal	11,993,057	-	-	-	-	-	11,993,057
Debt service - interest	5,595,044	-	-	-	-	-	5,595,044
Cost of sales	-	-	3,038,002	-	-	-	3,038,002
Capital outlay	-	-	-	36,783,699	-	-	36,783,699
Total expenditures	<u>235,739,134</u>	<u>18,914,831</u>	<u>3,524,347</u>	<u>36,783,699</u>	<u>-</u>	<u>82,877</u>	<u>295,044,888</u>
Excess (deficiency) of revenue over expenditures	<u>25,051,827</u>	<u>(274,836)</u>	<u>(476,860)</u>	<u>(35,739,671)</u>	<u>1,589</u>	<u>(2,170)</u>	<u>(11,440,121)</u>
Other financing sources (uses):							
BANs redeemed from appropriations	-	-	-	1,710,000	-	-	1,710,000
Operating transfers in	150,120	424,956	-	-	-	-	575,076
Operating transfers (out)	<u>(424,956)</u>	<u>(150,120)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(575,076)</u>
Total other financing sources (uses)	<u>(274,836)</u>	<u>274,836</u>	<u>-</u>	<u>1,710,000</u>	<u>-</u>	<u>-</u>	<u>1,710,000</u>
Net change in fund balance	<u>24,776,991</u>	<u>-</u>	<u>(476,860)</u>	<u>(34,029,671)</u>	<u>1,589</u>	<u>(2,170)</u>	<u>(9,730,121)</u>
Fund balance (deficit) at beginning of year, as previously stated	25,173,728	97	4,782,652	(58,345,833)	565,325	-	(27,824,031)
Cumulative effect of change in accounting principle (note 13)	-	-	-	-	-	2,000,238	2,000,238
Fund balance (deficit) at beginning of year, as restated	<u>25,173,728</u>	<u>97</u>	<u>4,782,652</u>	<u>(58,345,833)</u>	<u>565,325</u>	<u>2,000,238</u>	<u>(25,823,793)</u>
Fund balance (deficit) at end of year	<u>\$ 49,950,719</u>	<u>97</u>	<u>4,305,792</u>	<u>(92,375,504)</u>	<u>566,914</u>	<u>1,998,068</u>	<u>(35,553,914)</u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY  
 Reconciliation of the Statement of Revenue, Expenditures and Changes in  
 in Fund Balances - Governmental Funds to the Statement of Activities  
 Year ended June 30, 2021

Net change in fund balance	\$ (9,730,121)
Amounts reported for governmental activities in the statement of activities are are different because:	
Capital outlays, net of disposals, are reported in governmental funds income statement, but are capitalized in the statement of net position.	35,457,603
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(8,628,374)
Amounts that were withheld at the end of 2020 and deferred in the governmental funds. This amount was recognized as revenue in 2020 in the statement of activities. This was recognized in the governmental funds in 2021.	(2,197,768)
Pension expense resulting from GASB Statement No. 68 related pension reporting is not recorded as an expenditure in the government funds but is recorded in the statement of activities.	(10,676,316)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reduction of liabilities in the statement of net position.	10,282,015
Bond premium amortization is not recorded as revenue in the governmental funds, but is recorded in the statement of activities.	1,108,257
Deferred loss on bond refunding amortization is not recorded as expenditures in the governmental funds, but is recorded in the statement of activities.	(504,335)
Interest on long-term debt in the statement of activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2020 to June 30, 2021 changed by:	23,572
Other postemployment benefits do not require the expenditure of current resources and are, therefore, not reported as expenditures in the government funds.	(63,451,788)
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>(1,489,592)</u>
Change in net position of governmental activities	<u><u>\$(49,806,847)</u></u>

See accompanying notes to financial statements.

CITY SCHOOL DISTRICT OF ALBANY  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year ended June 30, 2021

	Private Purpose <u>Trust Fund</u>	Custodial <u>Fund</u>
Additions - real property taxes	\$ -	8,798,716
Deductions - payments to library	<u>-</u>	<u>8,798,716</u>
Change in net position	-	-
Fiduciary net position at beginning of year, as previously stated	1,799,708	-
Cummulative effect of change in accounting principle (note 13)	<u>(1,799,708)</u>	<u>-</u>
Fiduciary net position at beginning of year, as restated	<u>-</u>	<u>-</u>
Fiduciary net position at end of year	<u>\$ -</u>	<u>-</u>

See accompanying notes to financial statements.



# CITY SCHOOL DISTRICT OF ALBANY

## Notes to Financial Statements

June 30, 2021

### (1) Summary of Significant Accounting Policies

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

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

#### (a) Reporting Entity

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

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

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

#### Extraclassroom Activity Funds

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

## CITY SCHOOL DISTRICT OF ALBANY

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (b) Basis of Presentation

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

During the year ended June 30, 2021, the District adopted the provisions of GASB Statement No. 84 - "Fiduciary Activities." The primary objective of this Statement is to improve guidance regarding the indemnification of fiduciary activities for accounting and financial reporting purposes. See note 13 of the financial statements for the impact of the implementation on the financial statements.

##### District-Wide Statements

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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 District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

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

## CITY SCHOOL DISTRICT OF ALBANY

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (b) Basis of Presentation, Continued

###### Governmental Fund

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

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

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

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

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

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

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

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

###### Fiduciary Fund Types

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

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

Private Purpose Trust Fund - is used to account for trust arrangements where the District itself is not a beneficiary, and the assets are dedicated to providing benefits to recipients in accordance with the benefit terms and are legally protected from creditors of the District.

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Use of Estimates

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

(d) Measurement Focus and Basis of Accounting

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

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 District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within ninety days after the end of the fiscal year (sixty days for property taxes). Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Cash and Equivalents

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

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

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

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

(f) Investments

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

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Investments, Continued

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

Level 2 - Inputs to the valuation methodology include:

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2021.

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

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

(g) Inventory and Prepaid Expenditures

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

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Interfund Transactions

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

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

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

(i) Capital Assets

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

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

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

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

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

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

(k) Vested Employee Benefits

Compensated Absences

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

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

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

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

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.



CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Vested Employee Benefits, Continued

Retirement Benefits

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

Other Postemployment Benefits

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

(l) Property Taxes

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

(m) Receivables

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

(n) Unearned Revenue

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

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

(o) Short-Term Debt

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) Short-Term Debt, Continued

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

(p) Accrued Liabilities and Long-Term Obligations

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

(q) Restricted Resources

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

(r) Net Position and Fund Balance Classifications

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

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

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Net Position and Fund Balance Classifications, Continued

Restricted net position consists of the following:

Health insurance claims	\$ 387,000
Unemployment insurance	2,621,335
Workers' compensation	2,800,000
Tax certiorari	953,089
Capital	9,174,779
Employee benefits	9,840,000
Retirement contributions	7,050,000
Debt service	566,914
Scholarships	772,400
Extraclassroom activities	<u>225,668</u>
Total restricted net position	<u>\$ 34,391,185</u>

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

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

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

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

The District has available the following restricted fund balances:

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Net Position and Fund Balance Classifications, Continued

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Net Position and Fund Balance Classifications, Continued

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Net Position and Fund Balance Classifications, Continued

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2021.

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

General Fund:

Appropriated fund balance	\$ 2,583,431
Encumbrances	<u>3,485,265</u>
Total General Fund	\$ <u>6,068,696</u>

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

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

Order of Fund Balance Spending Policy

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

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

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

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

- Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities - Total fund balances of the District's governmental funds differs from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.
- Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities - Differences between the governmental funds Statement of Revenue, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories.
  - Long-Term Revenue and Expense Differences - Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the Statement of Activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
  - Capital Related Differences - Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
  - Long-Term Debt Transaction Differences - Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

(t) Stewardship and Compliance

Budgets

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

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

Appropriations are adopted at the program line item level.

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

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(t) Stewardship and Compliance, Continued

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

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

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

(u) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

(v) Subsequent Events

The District has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements except as indicated below.

(2) Cash and Investments

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



CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(2) Cash and Investments, Continued

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and equivalents	\$ <u>70,812,525</u>	<u>69,999,258</u>
Covered by FDIC insurance	750,000	
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	<u>70,062,525</u>	
Total	\$ <u>70,812,525</u>	

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

General fund:

Cash on deposit for health insurance claims	\$ 387,000	
Cash on deposit for unemployment insurance	2,621,335	
Cash on deposit for workers compensation	2,800,000	
Cash on deposit for tax certiorari	953,089	
Cash on deposit for capital	9,174,779	
Cash on deposit for employee benefits	9,840,000	
Cash on deposit for retirement contributions	<u>7,050,000</u>	
Total general fund	\$ <u>32,826,203</u>	
Debt service fund - cash on deposit for debt service	\$ <u>566,833</u>	
Miscellaneous fund:		
Cash on deposit for extraclassroom activities	\$ 225,668	
Cash on deposits for scholarships	<u>214,401</u>	
Total miscellaneous fund	\$ <u>440,069</u>	

(3) Investments

In 1981, the District received a donation of securities with a fair value of \$1,000,000. The gift was made for the purpose of providing scholarships for students of the District based on a maximum of 75% of the income earned on the principal portion, with the remaining 25% and any residual not paid as a scholarship added back to the principal. At June 30, 2021, principal and income portions were as follows:

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(3) Investments, Continued

Principal	\$ 1,556,577
Income	<u>1,422</u>
Total	\$ <u>1,557,999</u>

At June 30, 2021 the investments consisted principally of treasury notes, which are stated at their cost which approximates fair value and are considered level 1 investments. The investments are held by a third party in the District's name.

(4) Capital Assets

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

	July 1, 2020*	Additions	Deletions	June 30, 2021
	<u>Balance</u>			<u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 5,020,491	-	-	5,020,491
Construction in progress	<u>77,202,526</u>	<u>31,761,692</u>	<u>7,255,226</u>	<u>101,708,992</u>
Total non-depreciable historical cost	<u>82,223,017</u>	<u>31,761,692</u>	<u>7,255,226</u>	<u>106,729,483</u>
Capital assets that are depreciated:				
Buildings	308,852,500	9,156,094	-	318,008,594
Land improvements	9,484,860	1,099,285	357,583	10,226,562
Furniture and equipment	3,668,227	708,541	919,557	3,457,211
Vehicles	<u>911,504</u>	<u>8,210</u>	<u>-</u>	<u>919,714</u>
Total depreciable historical cost	<u>322,917,091</u>	<u>10,972,130</u>	<u>1,277,140</u>	<u>332,612,081</u>
Less accumulated depreciation:				
Buildings	110,785,592	7,856,645	-	118,642,237
Land improvements	3,041,519	416,823	357,583	3,100,759
Furniture and equipment	2,439,421	311,393	898,564	1,852,250
Vehicles	<u>734,337</u>	<u>43,513</u>	<u>-</u>	<u>777,850</u>
Total accumulated depreciation	<u>117,000,869</u>	<u>8,628,374</u>	<u>1,256,147</u>	<u>124,373,096</u>
Total capital assets, net	\$ <u>288,139,239</u>	<u>34,105,448</u>	<u>7,276,219</u>	<u>314,968,468</u>

\* The balances as of July 1, 2020 have been amended due to the duplication of fully depreciated disposals in the prior year. As these disposals were fully depreciated, there is no impact to the District's net position.

Depreciation expense for the year ended June 30, 2021 was allocated to specific functions as follows:

General support	\$ 7,914,903
Instruction	655,394
Transportation	43,513
Cost of sales	<u>14,564</u>
Total	\$ <u>8,628,374</u>

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(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	7/31/2020	2.00%	\$ 53,707,000	-	53,707,000	-
BAN	3/26/2021	1.10%	24,185,000	-	24,185,000	-
BAN	7/30/2021	1.25%	-	52,272,000	-	52,272,000
BAN	3/25/2022	3.00%	-	47,005,155	-	47,005,155
			<u>\$ 77,892,000</u>	<u>99,277,155</u>	<u>77,892,000</u>	<u>99,277,155</u>

(6) Long-Term Liabilities

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

Interest paid	\$ 5,595,044
Less interest accrued in prior year	(199,506)
Less amortization expense on bond premium	(1,108,257)
Plus amortization expense on deferred loss on refunding	504,335
Plus interest accrued in current year	<u>175,934</u>
Total interest expense	<u>\$ 4,967,550</u>

Long-term liability balances and activity for the year ended June 30, 2021 are summarized below:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Long-term Portion</u>
Bonds and payable:						
Capital projects - 2011	1,910,000	-	1,910,000	-	-	-
Capital projects - 2012	1,780,000	-	195,000	1,585,000	200,000	1,385,000
Capital projects - 2014	14,705,000	-	1,045,000	13,660,000	995,000	12,665,000
Capital projects - 2016	10,935,000	-	520,000	10,415,000	545,000	9,870,000
Capital projects - 2016	40,085,000	-	2,570,000	37,515,000	2,585,000	34,930,000
Capital projects - 2017	10,090,000	-	3,285,000	6,805,000	2,595,000	4,210,000
Capital projects - 2017	5,995,000	-	5,000	5,990,000	1,990,000	4,000,000
Capital projects - 2019	9,580,000	-	565,000	9,015,000	590,000	8,425,000
NYPA projects	509,372	-	136,827	372,545	141,378	231,167
NYPA projects	406,732	-	50,188	356,544	51,892	304,652
Total bonds and payable	<u>95,996,104</u>	<u>-</u>	<u>10,282,015</u>	<u>85,714,089</u>	<u>9,693,270</u>	<u>76,020,819</u>
Other long-term liabilities:						
Accrued workers' compensation	1,981,988	734,697	-	2,716,685	-	2,716,685
Bond premium	12,458,221	-	1,108,257	11,349,964	-	11,349,964
Compensated absences	12,028,598	1,256,977	-	13,285,575	502,082	12,783,493
Net pension liability- ERS	19,606,628	-	19,534,551	72,077	-	72,077
Net pension liability- TRS	-	15,342,365	-	15,342,365	-	15,342,365
Total OPEB Liability	<u>609,721,622</u>	<u>35,327,670</u>	<u>-</u>	<u>645,049,292</u>	<u>-</u>	<u>645,049,292</u>
Total other long-term debt	<u>655,797,057</u>	<u>52,661,709</u>	<u>20,642,808</u>	<u>687,815,958</u>	<u>502,082</u>	<u>687,313,876</u>
Total long-term liabilities	<u>\$ 751,793,161</u>	<u>52,661,709</u>	<u>30,924,823</u>	<u>773,530,047</u>	<u>10,195,352</u>	<u>763,334,695</u>

CITY SCHOOL DISTRICT OF ALBANY

Notes to Financial Statements, Continued

(6) Long-Term Liabilities, Continued

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

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>June 30, 2021 Balance</u>
Capital Projects - 2012	2012	2028	2.70%	\$ 1,585,000
Capital Projects - 2014	2014	2032	5.00%	13,660,000
Capital Projects - 2016	2016	2035	3.00%	10,415,000
Capital Projects - 2016	2016	2036	3.00%	37,515,000
Capital Projects - 2017	2017	2027	3.00%	6,805,000
Capital Projects - 2017	2017	2025	3.00%	5,990,000
Capital Projects - 2019	2019	2034	5.00%	9,015,000
NYPA Projects	2009	2024	1.92%	372,545
NYPA Projects	2012	2027	1.92%	<u>356,544</u>
Total				\$ <u>85,714,089</u>

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

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 9,693,270	3,785,333	13,478,603
2023	8,053,138	3,357,615	11,410,753
2024	8,370,766	2,989,884	11,360,650
2025	7,110,912	2,588,793	9,699,705
2026	5,972,320	2,245,885	8,218,205
2027-2031	28,408,684	7,371,240	35,779,924
2032-2036	<u>18,104,999</u>	<u>1,706,244</u>	<u>19,811,243</u>
Total	\$ <u>85,714,089</u>	<u>24,044,994</u>	<u>109,759,083</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	\$ 6,161,109	338	150,120	424,956
Special aid fund	-	6,119,431	424,956	150,120
School lunch fund	-	41,678	-	-
Capital projects fund	338	81	-	-
Debt service fund	<u>81</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	\$ <u>6,161,528</u>	<u>6,161,528</u>	<u>575,076</u>	<u>575,076</u>

## CITY SCHOOL DISTRICT OF ALBANY

### Notes to Financial Statements, Continued

#### (7) Interfund Balances and Activity, Continued

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

#### (8) Pension Plans

##### (a) Plan Descriptions and Benefits Provided

###### Teachers' Retirement System (TRS)

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

###### Employees' Retirement System (ERS)

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(a) Plan Descriptions and Benefits Provided, Continued

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

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

At June 30, 2021, the District reported the following liability for its proportionate share of the net pension liability for each of TRS and ERS. The net pension liability was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to TRS and ERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS and TRS in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	4/01/2020	6/30/2019
Measurement date	3/31/2021	6/30/2020
Net pension liability	\$ 72,077	15,342,365
District's proportion of the Plan's net pension liability	0.0723850%	0.555225%
Change in proportionate share	(0.0016565)	(0.002894)

For the year ended June 30, 2021, the District's recognized pension expense of \$1,763,844 for ERS and \$20,015,248 for TRS in the statement of activities.

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

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

At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 880,251	13,442,982	-	786,267
Changes of assumptions	13,252,567	19,404,521	249,947	6,916,698
Net difference between projected and actual investment earnings on pension plan investments		- 10,019,909	20,704,651	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	356,838	205,733	156,115	2,401,895
District's contributions subsequent to the measurement date	<u>845,175</u>	<u>8,014,530</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 15,334,831</u>	<u>51,087,675</u>	<u>21,110,713</u>	<u>10,104,860</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2022	\$ (1,150,984)	5,335,721
2023	(363,544)	11,423,951
2024	(1,087,958)	9,483,868
2025	(4,018,571)	5,863,972
2026	-	137,837
Thereafter	<u>-</u>	<u>722,936</u>
	<u>\$ (6,621,057)</u>	<u>32,968,285</u>

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(c) Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Investment rate of return (net of investment expense, including inflation)	5.9%	7.1%
Salary scale	4.4%	4.72% - 1.90%
Cost-of-living adjustments	1.4%	1.3%
Inflation rate	2.7%	2.2%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active member mortality rates based on Plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

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



CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(c) Actuarial Assumptions, Continued

The long-term expected rate of return on TRS 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.

Measurement date	<u>ERS</u>		<u>TRS</u>	
	March 31, 2021		June 30, 2020	
	Long-term expected real rate of <u>of return*</u>	Target <u>allocation</u>	Long-term expected real rate <u>of return*</u>	Target <u>allocation</u>
Asset class:				
Domestic equity	4.05%	32%	7.10%	33%
International equity	6.30%	15%	7.70%	16%
Real estate equity	4.95%	9%	6.80%	11%
Global equity	-	-	7.40%	4%
Domestic fixed income	-	-	1.80%	16%
Global bonds	-	-	1.00%	2%
High-yield bonds	-	-	3.90%	1%
Real estate debt	-	-	3.60%	7%
Private equity	6.75%	10%	10.40%	8%
Private debt	-	-	5.20%	1%
Real assets	5.95%	3%	-	-
Fixed income	-	23%	-	-
Opportunistic/ARS portfolio	4.50%	3%	-	-
Credit	3.63%	4%	-	-
Cash	0.50%	1%	0.70%	1%

\* Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.0% for ERS.

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(8) Pension Plans, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

ERS	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	\$(20,005,683)	(72,077)	18,311,374
 TRS	 1% Decrease (6.1%)	 Current Discount (7.1%)	 1% Increase (8.1%)
Employer's proportionate share of the net pension asset (liability)	\$(96,912,433)	(15,342,365)	53,115,594

(f) Pension Plan Fiduciary Net Position

The components of the current year net pension asset/(liability) of the employers as of the measurement dates indicated below were as follows:

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2021	June 30, 2020
Employers' total pension liability	\$ (220,680)	(123,243)
Plan net position	<u>220,580</u>	<u>120,480</u>
Employers' net pension liability	\$ <u>(100)</u>	<u>(2,763)</u>
Ratio of plan net position to the employers' total pension liability	99.95%	97.8%

## CITY SCHOOL DISTRICT OF ALBANY

### Notes to Financial Statements, Continued

#### (8) Pension Plans, Continued

##### (g) Contributions to the Pension Plans

ERS employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$845,175. This amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to ERS for the year ended June 30, 2021 were \$2,989,578.

TRS employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions to TRS as of June 30, 2021 amounted to \$8,850,571 including employees' share. The accrued employer contributions have been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2021 were \$8,014,530.

#### (9) Other Postemployment Benefits Obligation

##### (a) Plan Description

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

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

##### (b) Benefits Provided

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(9) Other Postemployment Benefits Obligation, Continued

(c) Employees Covered by Benefit Terms

At June 30, 2021, 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>2,503</u>

(d) Total OPEB Liability

The District's total OPEB liability of \$645,049,292 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2019.

(e) 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 salary
Discount Rate	2.16%
Healthcare Cost Trend Rates	5.40% for 2020 decreasing to an ultimate rate of 3.94% for 2075

The discount rate was based on tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2021.

Mortality rates were Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generational using MP-2019.

(f) Changes in Total OPEB Liability

Balance July 1, 2020	\$ 609,721,622
Service cost	27,468,482
Interest	13,970,623
Difference between expected and actual experience	(2,114,084)
Change in assumptions	6,128,427
Benefit payments	<u>(10,125,778)</u>
Balance June 30, 2021	\$ <u>645,049,292</u>

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(9) Other Postemployment Benefits Obligation, Continued

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current Assumption (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ <u>786,210,736</u>	<u>645,049,292</u>	<u>536,240,561</u>

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

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

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability	\$ <u>514,471,181</u>	<u>645,049,292</u>	<u>823,250,457</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$73,577,566. As of June 30, 2021 the District reported deferred outflows of resources and inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	11,130,353
Changes of assumptions or other inputs	<u>215,809,190</u>	<u>9,403,726</u>
	\$ <u>215,809,190</u>	<u>20,534,079</u>

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

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

<u>Year ending June 30,</u>	
2022	\$ 32,138,461
2023	32,138,461
2024	32,138,461
2025	32,138,461
2026	32,138,461
Thereafter	<u>34,582,806</u>
	\$ <u>195,275,111</u>

## CITY SCHOOL DISTRICT OF ALBANY

### Notes to Financial Statements, Continued

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

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

The total assessed value of all affordable housing properties, including the CAIDA shelter rent properties, is \$369,104,465 for the School Tax year, with taxable assessed values of \$57,382,001. The total PILOT payments on these properties were \$969,070. 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 \$1,458,628 abatement of school taxes.

The total assessed value of Commercial (almost exclusively CAIDA) properties is \$237,962,300 for the School Tax Year, with taxable assessed values of \$306,423,650. The total PILOT payments on these properties to date were \$2,680,498 to the District. This constitutes a \$6,403,701 abatement of school taxes.

#### (11) Risk Management

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

## CITY SCHOOL DISTRICT OF ALBANY

### Notes to Financial Statements, Continued

#### (11) Risk Management, Continued

##### (a) New York State Unemployment Insurance

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

##### (b) Workers' Compensation Plan

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

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

##### (c) Health Insurance Plan

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

All known claims filed and an estimate of all incurred but not reported claims existing at June 30, 2021, have been recorded as accrued liabilities in the general fund.

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

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

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

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

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(11) Risk Management, Continued

(c) Health Insurance Plan, Continued

The following represents changes in those aggregate liabilities for the District during 2021:

	<u>Health</u>	<u>Workers' Compensation</u>
Unpaid claims and claim adjustment, beginning of year	\$ 2,104,816	1,981,988
Incurred claims and claim adjustment expenses	32,356,811	7,079,779
Payments made for claims arising during the current year	<u>(31,878,432)</u>	<u>(6,345,082)</u>
Unpaid claims and claim adjustment expenses, end of year	\$ <u>2,583,195</u>	<u>2,716,685</u>

(12) Contingencies and Commitments

(a) Litigation

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

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

(b) Other

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

(13) Cumulative Effect of Accounting Principle

For the year ended June 30, 2021, the District implemented GASB Statement No. 84 - "Fiduciary Activities." The implementation of this Statement resulted in reporting certain activities as governmental activities. The District's governmental fund balance and net position in the governmental and fiduciary activities at June 30, 2020 has been restated as follows:

Governmental Funds:

Fund balance (deficit) at beginning of year, as previously stated	\$ (27,824,031)
GASB Statement No. 84 implementation	<u>2,000,238</u>
Fund balance (deficit) at beginning of year, as restated	\$ <u>(25,823,793)</u>

Governmental Activities:

Net position (deficit) at beginning of year, as previously stated	\$ (208,355,950)
GASB Statement No. 84 implementation	<u>2,000,238</u>
Net position (deficit) at beginning of year, as restated	\$ <u>(206,355,712)</u>



CITY SCHOOL DISTRICT OF ALBANY  
Notes to Financial Statements, Continued

(13) Cumulative Effect of Accounting Principle, Continued

Fiduciary Activities:

Net position at beginning of year, as previously stated	\$ 1,799,708
GASB Statement No. 84 implementation	<u>(1,799,708)</u>
Net position at beginning of year, as restated	\$ <u>                  -</u>

(14) Accounting Standards Issued But Not Yet Implemented

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

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY SCHOOL DISTRICT OF ALBANY  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 Year ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance With Budgetary Actual</u>
Revenue:				
Local sources:				
Real property taxes	\$112,587,684	113,046,387	112,571,319	(475,068)
Other tax items	15,220,149	14,761,446	14,647,541	(113,905)
Nonproperty tax items	3,800,000	3,800,000	4,074,088	274,088
Charges for services	1,932,500	1,932,500	1,897,524	(34,976)
Use of money and property	350,000	350,000	132,619	(217,381)
Sale of property and compensation for loss	-	-	483,889	483,889
Miscellaneous	4,012,000	4,012,000	8,158,424	4,146,424
State sources	118,658,453	118,658,453	113,481,385	(5,177,068)
Federal sources	-	-	4,316,769	4,316,769
Medicaid reimbursement	<u>1,800,000</u>	<u>1,800,000</u>	<u>1,027,403</u>	<u>(772,597)</u>
Total revenue	258,360,786	258,360,786	260,790,961	2,430,175
Other financing sources - operating transfers in	<u>200,000</u>	<u>200,000</u>	<u>150,120</u>	<u>(49,880)</u>
Total revenue and other financing sources	<u>\$258,560,786</u>	<u>258,560,786</u>	<u>260,941,081</u>	<u>2,380,295</u>

(Continued)

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

	Original <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary <u>Basis</u> )	Year-End <u>Encumbrances</u>	Final Budget Variance With Budgetary Actual and <u>Encumbrances</u>
Expenditures:					
General support:					
Board of Education	\$ 109,100	317,340	63,936	208,240	45,164
Central administration	424,630	429,102	382,401	-	46,701
Finance	1,006,973	1,202,957	1,005,603	106,818	90,536
Staff	1,411,353	1,436,387	1,271,646	141	164,600
Central services	12,150,974	12,267,140	10,450,129	143,239	1,673,772
Special items	1,304,930	1,439,742	1,185,522	-	254,220
Instruction:					
Instruction, adm and imp	10,700,463	10,734,173	8,749,312	6,380	1,978,481
Teaching - regular school	92,768,126	92,918,276	88,072,380	607,984	4,237,912
Programs for children with handicapping conditions	30,905,764	30,572,400	27,590,154	2,376	2,979,870
Occupational education	802,442	797,821	762,877	1,062	33,882
Teaching - special schools	479,617	409,667	157,075	37,687	214,905
Instructional media	3,557,071	4,592,136	3,993,557	454,286	144,293
Pupil services	21,187,801	21,247,463	15,403,757	496,404	5,347,302
Pupil transportation	10,093,909	11,538,584	7,752,522	1,420,648	2,365,414
Employee benefits	56,180,930	55,772,646	51,310,162	-	4,462,484
Debt service - principal	11,992,274	11,993,057	11,993,057	-	-
Debt service - interest	5,994,981	5,994,198	5,595,044	-	399,154
Total expenditures	<u>261,071,338</u>	<u>263,663,089</u>	<u>235,739,134</u>	<u>3,485,265</u>	<u>24,438,690</u>
Other financing uses - transfers to other funds	<u>496,850</u>	<u>496,850</u>	<u>424,956</u>	<u>-</u>	<u>71,894</u>
Total expenditures and other financing uses	<u>261,568,188</u>	<u>264,159,939</u>	<u>236,164,090</u>	<u>3,485,265</u>	<u>24,510,584</u>
Change in fund balance	(3,007,402)	(5,599,153)	24,776,991	(3,485,265)	26,890,879
Fund balance - beginning	<u>25,173,728</u>	<u>25,173,728</u>	<u>25,173,728</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 22,166,326</u>	<u>19,574,575</u>	<u>49,950,719</u>	<u>(3,485,265)</u>	<u>26,890,879</u>

Budget Basis of Accounting

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

CITY SCHOOL DISTRICT OF ALBANY  
 Required Supplementary Information  
 Schedule of Changes in the District's  
 Total OPEB Liability and Related Ratios  
 Year ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 27,468,482	12,786,739	11,013,684	11,602,843
Interest	13,970,623	12,912,212	12,807,522	11,874,146
Changes in benefit terms	-	(14,520,606)	-	-
Differences between expected and actual experience	(2,114,084)	(12,374,040)	-	-
Changes in assumptions	6,128,427	260,784,781	21,966,845	(16,540,574)
Benefit payments	<u>(10,125,778)</u>	<u>(9,815,386)</u>	<u>(11,431,799)</u>	<u>(13,024,806)</u>
Net change in total OPEB liability	35,327,670	249,773,700	34,356,252	(6,088,391)
Total OPEB liability - beginning	<u>609,721,622</u>	<u>359,947,922</u>	<u>325,591,670</u>	<u>331,680,061</u>
Total OPEB liability - ending	<u>\$ 645,049,292</u>	<u>609,721,622</u>	<u>359,947,922</u>	<u>325,591,670</u>
Covered payroll	\$ 100,616,295	112,148,280	106,567,717	93,136,917
Total OPEB liability as a percentage of covered payroll	641.10%	543.67%	337.76%	349.58%

Notes to schedule:

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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
2.16%	2.21%	3.51%	3.87%

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

CITY SCHOOL DISTRICT OF ALBANY  
 Required Supplementary Information  
 Schedule of District's Proportionate Share of the Net Position Asset/Liability  
 Year ended June 30, 2021

<u>TRS System - Asset (Liability)</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.555225%	0.558119%	0.544519%	0.529804%	0.484392%	0.484392%	0.489271%
The District's proportionate share of the net pension asset (liability)	\$(15,342,365)	14,500,000	9,846,300	4,027,000	5,520,700	50,312,900	54,501,700
The District's covered payroll	\$ 84,097,898	94,243,200	93,159,100	86,475,200	79,539,900	72,762,300	72,273,000
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	-18.24%	15.39%	10.57%	4.66%	6.94%	69.15%	75.41%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
 <u>ERS System - Liability</u>							
The District's proportion of the net pension asset (liability)	0.072385%	0.074042%	0.069708%	0.066432%	0.064641%	0.064641%	0.064926%
The District's proportionate share of the net pension asset (liability)	\$ (72,077)	(19,606,600)	(4,939,000)	(2,144,100)	(6,196,400)	(10,375,000)	(2,193,400)
The District's covered payroll	\$ 22,438,224	22,567,300	19,780,000	19,287,000	17,973,000	16,769,100	16,903,000
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	-0.32%	-86.88%	-24.97%	-11.12%	-34.48%	-61.87%	-12.98%
Plan fiduciary net position as a percentage of the total pension asset (liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

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

CITY SCHOOL DISTRICT OF ALBANY  
 Required Supplementary Information  
 Schedule of Employer's Pension Contributions  
 Year ended June 30, 2021

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

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

OTHER SUPPLEMENTARY INFORMATION



CITY SCHOOL DISTRICT OF ALBANY  
 Other Supplementary Information  
 Schedule of Changes From Adopted Budget  
 to the Final Budget and the Real Property Law Limit  
 Year ended June 30, 2021

Change from adopted budget to final budget:		
Adopted budget		\$ 261,568,188
Add prior year's encumbrances		<u>2,576,895</u>
Original budget		264,145,083
Budget revisions		<u>14,856</u>
Final budget		<u><u>\$ 264,159,939</u></u>
<u>Section 1318 of Real Property Tax Law Limit Calculation</u>		
2021-2022 expenditure budget		\$ 270,267,867
Maximum allowed 4% of 2021-2022 budget		10,810,715
General fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	\$6,068,696	
Unassigned fund balance	<u>10,789,593</u>	
Total unrestricted fund balance		16,858,289
Less:		
Appropriated fund balance	2,583,431	
Encumbrances included in assigned fund balance	<u>3,485,265</u>	
Total adjustments		<u>6,068,696</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		<u><u>\$ 10,789,593</u></u>
Actual percentage		3.99%

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

CITY SCHOOL DISTRICT OF ALBANY  
Other Supplementary Information  
Schedule of Project Expenditures - Capital Projects Fund  
Year ended June 30, 2021

Project Title	Expenditures					Unexpended Balance	Methods of Financing				Fund Balance 6/30/2021
	Original Appropriation	Revised Appropriation	Prior Year's	Current Year	Total		Proceeds of Obligations	State and Federal Sources	Local Sources	Total	
Capital Projects - \$240M Summary	\$ 164,603,000	204,240,000	203,401,488	-	203,401,488	838,512	198,298,340	5,669,666	255	203,968,261	566,773
Livingston Magnet School	19,422,000	-	-	-	-	-	-	-	-	-	-
Sunshine School	1,215,000	-	(264)	-	(264)	264	-	-	-	-	264
Lease Cathedral Immaculate	-	-	1,489,900	-	1,489,900	(1,489,900)	-	-	1,490,200	1,490,200	300
Lease 75 Watervliet	-	-	226,592	-	226,592	(226,592)	-	-	205,993	205,993	(20,599)
Albany High School Reconstruction	-	7,792,150	7,074,198	-	7,074,198	717,952	5,676,000	-	2,109,469	7,785,469	711,271
Abrookin - Excel Project	-	3,809,933	3,734,646	-	3,734,646	75,287	3,173,244	826,756	-	4,000,000	265,354
Giffen - Excel Project	-	960,000	885,383	-	885,383	74,617	691,200	208,800	-	900,000	14,617
North Albany Academy Roof	-	300,000	240,880	-	240,880	59,120	-	-	-	-	(240,880)
Albany School of Humanities - Chiller Project	-	300,000	299,803	-	299,803	197	-	-	285,000	285,000	(14,803)
Hackett Parking Lot & Generator	-	370,000	502,043	-	502,043	(132,043)	-	-	-	-	(502,043)
Eagle Point Roof	-	110,000	115,125	-	115,125	(5,125)	-	-	-	-	(115,125)
Arbor Hill Handlers	-	300,000	15,432	-	15,432	284,568	-	-	-	-	(15,432)
Albany High Turf Field	2,417,000	-	2,387,542	-	2,387,542	29,458	1,642,640	-	774,360	2,417,000	29,458
Albany High Press Box - Turf Field	67,000	-	59,171	-	59,171	7,829	-	-	67,000	67,000	7,829
Albany High School - \$179.9 Million	179,900,000	-	70,929,333	29,288,239	100,217,572	79,682,428	3,060,000	1,805,543	-	4,865,543	(95,352,029)
District Wide Reconstruction - \$13.9 Million	13,944,000	-	14,406,412	-	14,406,412	(462,412)	8,993,000	-	4,951,000	13,944,000	(462,412)
N Lark Street Purchase	-	-	2,192,449	-	2,192,449	(2,192,449)	-	-	2,192,449	2,192,449	-
N Lark Street Middle School Conversion	6,525,000	-	6,470,954	22,282	6,493,236	31,764	385,000	-	1,305,000	1,690,000	(4,803,236)
ASH NYPA Energy Project	-	-	787,610	-	787,610	(787,610)	787,610	-	-	787,610	-
395 Elk Building Purchase	4,100,000	-	4,005,831	-	4,005,831	94,169	-	-	4,100,000	4,100,000	94,169
Smart Schools Bond	2,100,827	3,600,827	1,641,341	1,044,028	2,685,369	915,458	-	2,685,369	-	2,685,369	-
New Schotland Temp Air Conditioning	613,000	-	166,774	343,539	510,313	102,687	-	-	-	-	(510,313)
Harriet Gibbons Mecvhanica	168,000	-	18,900	235,776	254,676	(86,676)	-	-	-	-	(254,676)
Five Year Facilities Plan	17,021,287	-	399,522	1,329,068	1,728,590	15,292,697	-	-	3,334,900	3,334,900	1,606,310
North Albany MS	28,460,000	-	559,534	4,520,767	5,080,301	23,379,699	-	-	11,700,000	11,700,000	6,619,699
<b>Total</b>	<b>\$ 440,556,114</b>	<b>221,782,910</b>	<b>322,010,599</b>	<b>36,783,699</b>	<b>358,794,298</b>	<b>116,203,899</b>	<b>222,707,034</b>	<b>11,196,134</b>	<b>32,515,626</b>	<b>266,418,794</b>	<b>(92,375,504)</b>

CITY SCHOOL DISTRICT OF ALBANY  
Other Supplementary Information  
Net Investment in Capital Assets  
June 30, 2021

Capital assets, net		\$ 314,968,468
Add:		
Unamortized deferred loss on refunding	\$7,060,783	
Unspent bond proceeds	<u>9,487,485</u>	16,548,268
Deduct:		
Bond anticipation notes payable	99,277,155	
Short-term portion of bonds payable	9,693,270	
Long-term portion of bonds payable	76,020,819	
Unamortized bond premiums	<u>11,349,964</u>	<u>(196,341,208)</u>
Net investment in capital assets		<u>\$ 135,175,528</u>

FEDERAL GRANT COMPLIANCE AUDIT

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of City School District of Albany (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated October 8, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 8, 2021

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

The Board of Education  
City School District of Albany:

Report on Compliance for Each Major Federal Program

We have audited the City School District of Albany’s (the 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 District’s major federal programs for the year ended June 30, 2021. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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.

Auditors’ Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 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 District’s compliance.

### Opinion on Each Major Federal Program

In our opinion, the City School District of Albany 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, 2021.

### Report on Internal Control Over Compliance

Management of the 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 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 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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 8, 2021



CITY SCHOOL DISTRICT OF ALBANY  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>				
Passed Through NYS Education Department -				
Child Nutrition Cluster:				
National School Lunch Program	10.555	N/A	\$ 19,403	-
Commodity Supplemental Food program	10.555	N/A	317,299	-
Summer Food Service Program for Children	10.559	N/A	<u>2,619,094</u>	-
Total Child Nutrition Cluster			<u>2,955,796</u>	-
Total U.S. Department of Agriculture			<u>2,955,796</u>	-
<u>U.S. Department of Education</u>				
Passed-through NYS Education Department:				
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	0021-20-0005	353,202	-
Title I Grants to Local Educational Agencies	84.010	0021-21-0005	4,371,758	-
Title I Grants to Local Educational Agencies	84.010	0011-20-2012	115,884	-
Title I Grants to Local Educational Agencies	84.010	0011-21-2012	351,519	-
Title I Grants to Local Educational Agencies	84.010	0016-20-0005	183,162	-
Title I Grants to Local Educational Agencies	84.010	0016-21-0005	<u>208,686</u>	-
Total Title I, Part A Cluster			<u>5,584,211</u>	-
Special Education Cluster (IDEA):				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-21-0001	3,144,133	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-20-0001	<u>151,884</u>	-
Total Special Education Cluster (IDEA)			<u>3,296,017</u>	-
Career and Technical Education-Basic Grants to States	84.048	80030-20-0084	1,108	-
Career and Technical Education-Basic Grants to States	84.048	80030-21-0084	<u>58,379</u>	-
			<u>59,487</u>	-
Education for Homeless Children and Youth	84.196	0212-21-3097	53,955	-
Twenty-First Century Community Learning Centers	84.287	0187-21-7078	828,858	-
English Language Acquisition State Grants	84.365	0293-20-0005	59,214	-
English Language Acquisition State Grants	84.365	0293-21-0005	<u>67,991</u>	-
			<u>127,205</u>	-
Supporting Effective Instruction State Grants	84.367	0147-20-0005	28,981	-
Supporting Effective Instruction State Grants	84.367	0147-21-0005	<u>414,955</u>	-
			<u>443,936</u>	-
Performance Partnership Pilots for Disconnected Youth	84.420	0144-21-0003	26,288	-
Student Support and Academic Enrichment Program	84.424	0204-20-0005	63,476	-
Student Support and Academic Enrichment Program	84.424	0204-21-0005	<u>180,245</u>	-
			<u>243,721</u>	-
Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	5895-21-0005	619,052	-
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0005	<u>3,697,717</u>	-
Total Education Stabilization Fund			<u>4,316,769</u>	-
Total U.S. Department of Education			<u>14,980,447</u>	-
Total Expenditures of Federal Awards			<u>\$ 17,936,243</u>	-

See accompanying notes to schedule of expenditures of federal awards.

CITY SCHOOL DISTRICT OF ALBANY  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2021

(1) Summary of Significant Accounting Policies

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

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

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

(2) Subrecipients

No amounts were provided to subrecipients.

(3) Nonmonetary Federal Program

The District is the recipient of a federal award program (Assistance Listing No. 10.555) that does not result in cash receipts or disbursements termed a "nonmonetary program." During the year ended June 30, 2021, the District used \$317,299 worth of food commodities as reported in the schedule of expenditures of federal awards.

(4) Indirect Costs

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

CITY SCHOOL DISTRICT OF ALBANY  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2021

Part I. - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

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

Unmodified

Internal control over financial reporting:

- |   |     |     |     |               |
|---|-----|-----|-----|---------------|
| 1. Material weakness(es) identified?  | ___ | Yes | _x_ | No            |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | ___ | Yes | _x_ | None reported |
| 3. Noncompliance material to financial statements noted?                              | ___ | Yes | _x_ | No            |

Federal Awards:

Internal control over major programs:

- |   |     |     |     |               |
|---|-----|-----|-----|---------------|
| 4. Material weakness(es) identified?  | ___ | Yes | _x_ | No            |
| 5. Significant deficiency(ies) identified not considered to be material weakness(es)? | ___ | Yes | _x_ | None reported |

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

Unmodified

- |   |                                  |     |     |    |
|---|----------------------------------|-----|-----|----|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)(Uniform Guidance)? | ___                              | Yes | _x_ | No |
| 7. The District's major programs audited were:  |                                  |     |     |    |
| <u>Name of Federal Programs</u>   | <u>Assistance Listing Number</u> |     |     |    |
| Education Stabilization Fund  | 84.425C/84.425D                  |     |     |    |
| Supporting Effective Instruction State Grants   | 84.367                           |     |     |    |
| Title I Grants to Local Educational Agencies  | 84.010                           |     |     |    |
| 8. Dollar threshold used to distinguish between Type A and Type B programs.   | \$ 750,000                       |     |     |    |
| 9. Auditee qualified as low-risk auditee?   | _x_                              | Yes | ___ | No |

Part II. - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III. - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

CITY SCHOOL DISTRICT OF ALBANY  
Status of Prior Audit Findings  
Year ended June 30, 2021

There were no audit findings in the prior year financial statements (June 30, 2020).