

**Yonkers City School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2016



# Yonkers City School District, New York

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## Independent Auditors' Report

The Board of Education of the  
Yonkers City School District, New York

### 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 Yonkers City School District, New York ("School District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2016, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 information is 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 January 4, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

PKF O'Connor Davies, LLP

Harrison, New York

January 4, 2017

# Yonkers City School District, New York

## Management's Discussion and Analysis June 30, 2016

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The following is a discussion and analysis of the Yonkers City School District, New York ("School District") financial performance as of and for the fiscal year ended June 30, 2016. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements and related notes, which immediately follow this section.

### FINANCIAL HIGHLIGHTS

- The School District's 2015-2016 actual revenue per the District-wide financial statements increased by \$31.8 million from the prior year of \$577.3 million to \$609.2 million. Additional state aid of \$3.8 million along with the \$15.6 million increase in the city contribution and increase in federal aid revenue are the major contributing factors for the increase in revenue. Federal and state aid, along with the contribution from the City of Yonkers accounted for \$604.3 million or 99%, of all revenue in 2016. Total expenses for functions/programs in the District-wide financial statements totaled \$639.1 million and \$607.6 million in 2016 and 2015, respectively.
- At June 30, 2016, the School District reported in its Statement of Net Position a liability of \$36,996,600 for its proportionate share of the ERS net pension liability, while also reporting a pension asset of \$153,256,641 for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to financial statements.
- At June 30, 2016, liabilities and deferred inflows of resources, per the District-wide financial statements exceeded total assets and deferred outflows of resources by \$456 million. The decrease in net position was primarily caused by the School District's reporting of postemployment benefits other than pensions, which increased expenditures and liabilities by \$97.4 million.
- As of the close of the fiscal year, the School District's governmental funds reported combined fund balances surplus of \$59.7 million at June 30, 2016, an increase of \$18.2 million during 2016. These numbers will be explained in more detail throughout the management discussion and analysis.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: (1) management's discussion and analysis (MD&A), (2) the basic financial statements, including notes to the basic financial statements, and (3) required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

#### District-wide Financial Statements

The District-wide financial statements provide both short-term and long-term information about the School District's overall financial status.

## Fund Financial Statements

The fund financial statements focus on individual funds of the School District, reporting the School District's operations in more detail than the District-wide statements. The fund financial statements concentrate on the School District's most significant funds.

- **Governmental Funds**

The governmental funds statements indicate 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**

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

## Notes to Basic Financial Statements

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

Figure A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain.

<b>Figure A-1</b> Major Features of the District-wide and Fund Financial Statements			
	District-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School district (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial Statements	<ul style="list-style-type: none"> <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 fiduciary assets and liabilities</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of assets/deferred outflows/liability/deferred inflow information	All assets/deferred outflows/liability/deferred inflow, both financial and capital, short-term and long-term	Generally, assets/deferred outflows/deferred inflows expected to be used up and liabilities that come due during the subsequent year or soon thereafter; no capital assets or long-term liabilities included	Assets/liability/deferred inflow, both short-term and long-term; funds do not currently contain capital assets, although they can

<b>Figure A-1 Major Features of the District-wide and Fund Financial Statements</b>			
	District-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

### District-Wide Statements

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

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors, such as changes in the property tax bases and the condition of buildings and other facilities, should be considered.

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. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. The purchases of capital assets are reported as assets and the incurrence and issuance of debt are accounted for as long term liabilities 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 positions are those with constraints placed on use by external sources or imposed by law.
  - Unrestricted net positions are categories that do not meet any of the above restrictions.

## **Fund Financial Statements**

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

The School District has two types of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the 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, Special Purpose Trust, Debt Service, and the Capital Projects Fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- **Fiduciary Funds:** Keep the School District as the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the School District's government wide activities.

**Table I – Statement Net Position**

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>	<u>Amount Change</u>
Current and Other Assets	\$ 355,986,614	\$ 325,005,305	\$ 30,981,309
Capital Assets	268,316,018	267,675,862	640,156
Total Assets	<u>624,302,632</u>	<u>592,681,167</u>	<u>31,621,465</u>
Deferred Outflows of Resources	<u>66,748,097</u>	<u>36,729,669</u>	<u>30,018,428</u>
Current Liabilities	143,022,946	119,964,283	23,058,663
Long-term Liabilities	946,053,709	822,159,676	123,894,033
Total Liabilities	<u>1,089,076,655</u>	<u>942,123,959</u>	<u>146,952,696</u>
Deferred Inflows of Resources	<u>57,929,892</u>	<u>113,273,627</u>	<u>(55,343,735)</u>
Net Position:			
Net Investment in Capital Assets	129,483,641	129,601,614	(117,973)
Restricted	2,877,301	2,281,828	595,473
Unrestricted	<u>(588,316,760)</u>	<u>(557,870,192)</u>	<u>(30,446,568)</u>
Total Net Position	<u>\$ (455,955,818)</u>	<u>\$ (425,986,750)</u>	<u>\$ (29,969,068)</u>

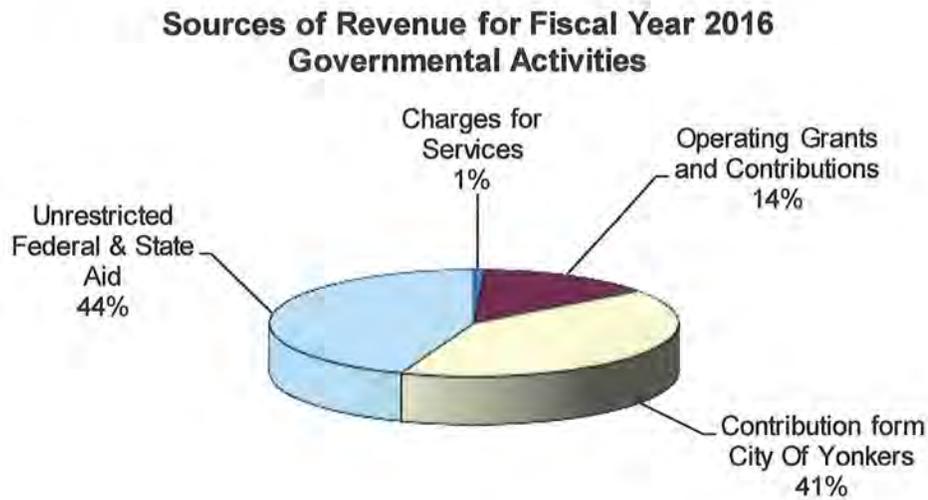
In Table 1, total assets increased by \$31.6 million, or 5.34%. Total liabilities increased by \$147 million, or 15.60%. As discussed earlier the increase in liabilities was predominantly the result of the School District's accounting and financial reporting for postemployment benefits other than pensions, which required the recording of an additional liability of \$97.4 million.

**Table II - Change in Net Position**

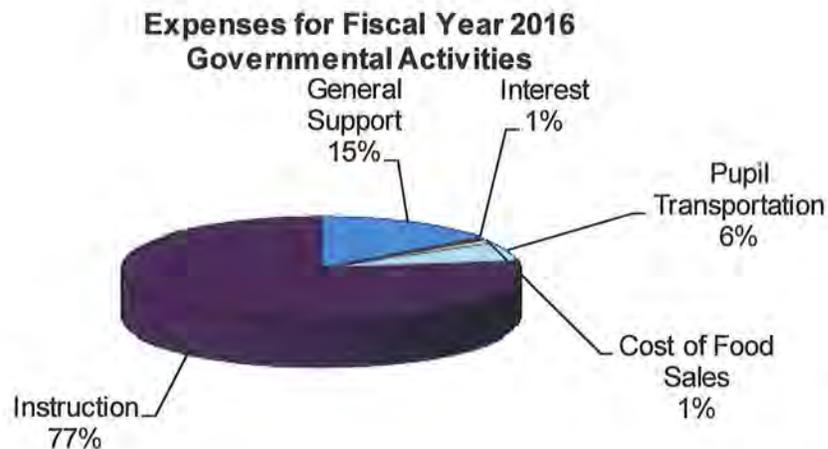
	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>	<u>Amount Change</u>
Revenue:			
Charges for Service	\$ 2,397,920	\$ 2,669,696	(271,776)
Operating grants and contributions	85,139,990	73,437,722	11,702,268
Capital grants and contributions	11,417	25,000	(13,583)
General Revenue:			
Contribution from City of Yonkers	249,808,568	234,173,588	15,634,980
Unrestricted State and Federal aid	269,448,524	265,558,936	3,889,588
Miscellaneous	2,369,185	1,485,204	883,981
Total Revenue	<u>609,175,604</u>	<u>577,350,146</u>	<u>31,825,458</u>
Expenses:			
General Support	92,555,527	83,186,988	9,368,539
Instruction	493,814,073	468,199,471	25,614,602
Transportation	40,237,470	42,958,891	(2,721,421)
Interest on Long-Term Debt	4,613,174	5,463,365	(850,191)
Community Services	398,946	343,098	55,848
Cost of Sales - Food	7,406,632	7,313,418	93,214
Other	118,850	159,950	(41,100)
Total Expenses	<u>639,144,672</u>	<u>607,625,181</u>	<u>31,519,491</u>
Decrease in Net Position	<u>\$ (29,969,068)</u>	<u>\$ (30,275,035)</u>	<u>\$ 305,967</u>
Net Position - Beginning, as reported	(425,986,750)	(431,880,786)	5,894,036
Cumulative Effect of Change in Accounting Principle	-	36,169,071	(36,169,071)
Net Position - Beginning, as restated	<u>(425,986,750)</u>	<u>(395,711,715)</u>	<u>(30,275,035)</u>
Net Position - Ending	<u>\$ (455,955,818)</u>	<u>\$ (425,986,750)</u>	<u>\$ (29,969,068)</u>

In Table 2, the School District's total revenues were \$609.2 million, an increase of \$31.8 million or 5.5%. The total cost of all programs and services was \$639.1 million an increase of \$31.5 million or 5.2%.

**Table III Revenue Sources for 2016:**



**Table IV Sources of Expenses for 2016:**



**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT’S FUNDS**

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District’s governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds’ capital 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.

## 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.

**Table V - Results vs. Budget**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>
Revenue:					
Local and Miscellaneous Sources	\$ 243,968,953	\$ 243,968,953	\$ 245,514,411	\$ -	\$ 1,545,458
State Sources	292,501,962	292,501,962	289,925,696	-	(2,576,266)
Federal Sources	467,995	467,995	712,905	-	244,910
Interfunds Revenue	792,881	792,881	1,276,647	-	483,766
Total	<u>537,731,791</u>	<u>537,731,791</u>	<u>537,429,659</u>	<u>-</u>	<u>(302,132)</u>
Expenses:					
General Support	42,125,305	41,202,378	34,903,131	1,240,349	5,058,898
Instruction	297,806,341	299,594,042	291,215,801	350,362	8,027,879
Transportation	38,707,537	38,017,775	34,536,456	21,013	3,460,306
Employee Benefits	140,112,398	140,472,955	138,499,819	-	1,973,136
Debt Service	1,699,393	1,699,393	1,699,393	-	-
Transfers Out	19,496,516	18,960,947	18,960,947	-	-
Total Expenses	<u>539,947,490</u>	<u>539,947,490</u>	<u>519,815,547</u>	<u>1,611,724</u>	<u>18,520,219</u>
Revenue Over (under) Expense	<u>\$ (2,215,699)</u>	<u>\$ (2,215,699)</u>	<u>\$ 17,614,112</u>	<u>\$ (1,611,724)</u>	<u>\$ 18,218,087</u>

The School District considers budget variances of 10% and \$1 million to be significant. The following variances occurred during 2016:

- General Support savings related to reduced fuel and utility costs, lower utilization due to a mild winter and deferred Facilities maintenance and repairs.
- Two primary areas of the Instructional variance are salary savings (staff turnover, vacancies) and lower than budgeted Special Education Out of District expense.
- Consolidation of routes, elimination of midday Pre-K runs and scheduling revisions generated Transportation savings.
- Contributing factors for the reduction in Employee Benefits are that the increase in health insurance was lower than anticipated, payroll benefits correlate to salary savings, additional employee contributions and reallocation of benefit costs to Grant funded programs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2016, the School District had \$268.3 million invested in a broad range of capital assets including land, buildings, vehicles, athletic facilities, computers, and other educational equipment. The School District continued its major renovation projects at a number of different schools during the school year, expending \$15.2 million in construction costs.

**Table VI - Capital Assets**

Category:	Fiscal Year 2016	Fiscal Year 2015	Amount Change
Land	\$ 6,597,219	\$ 6,597,219	\$ -
Construction in Progress	30,341,572	46,726,815	(16,385,243)
Building and Improvements	230,112,475	211,436,471	18,676,004
Machinery and Equipment	1,264,752	2,915,357	(1,650,605)
Total	<u>\$ 268,316,018</u>	<u>\$ 267,675,862</u>	<u>\$ 640,156</u>

**Long-Term Debt**

As of June 30, 2016, the School District had \$199.1 million in general obligation bonds and \$61.3 in other long-term debt outstanding. In addition, the pension liability of \$36.9 million and other postemployment benefits obligation of \$648.7 million are shown in the exhibit. More detailed information about the School District's long-term debt is included in the notes to the financial statements.

**Table VII - Outstanding Long-Term Debt**

Category:	Fiscal Year 2016	Fiscal Year 2015	Amount change
General Obligation Bonds & Premium	\$ 199,074,261	\$ 197,715,962	\$ 1,358,299
State Loan Payable	2,800,000	3,000,000	(200,000)
Note Payable - ESCO	11,887,664	13,053,265	(1,165,601)
Due to Retirement Systems	29,405,833	31,792,614	(2,386,781)
Compensated Absences	17,217,500	16,683,246	534,254
Net Pension Liability	36,996,600	8,667,334	28,329,266
Other Post Employment Benefits	648,671,851	551,247,255	97,424,596
	<u>\$ 946,053,709</u>	<u>\$ 822,159,676</u>	<u>\$ 123,894,033</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES**

The School District receives approximately 45% of its revenue from the City of Yonkers. Recent State legislation changes to real property laws could impact the City's ability to increase funding to the School District which will be needed to meet its projected increased costs in future periods. Such increases in the School District's costs include contractual obligations for salary, health insurance premiums, retirement system contributions and other postemployment benefits.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Mr. John A Liszewski, Commissioner of Finance  
 City of Yonkers  
 Department of Finance and Management Services  
 One Larkin Center, Yonkers, New York 10701-7044

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**Yonkers City School District, New York**

Statement of Net Position  
June 30, 2016

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**ASSETS**

Receivables	
Accounts	\$ 9,633,512
State and Federal aid	92,415,924
Due from City of Yonkers	100,591,958
Inventories	88,579
Net pension asset	153,256,641
Capital assets	
Not being depreciated	36,938,791
Being depreciated, net	<u>231,377,227</u>
Total Assets	<u>624,302,632</u>

**DEFERRED OUTFLOWS OF RESOURCES**

66,748,097

**LIABILITIES**

Accounts payable	4,972,590
Accrued liabilities	33,452,434
Due to other governments	2,561,226
Due to retirement systems	35,788,532
Due to City of Yonkers	64,372,617
Overpayments	314,501
Accrued interest payable	1,561,046
Non-current liabilities	
Due within one year	26,736,539
Due in more than one year	<u>919,317,170</u>
Total Liabilities	<u>1,089,076,655</u>

**DEFERRED INFLOWS OF RESOURCES**

57,929,892

**NET POSITION**

Net investment in capital assets	129,483,641
Restricted for	
Debt service	2,059,079
School lunch	517,096
Special purposes	301,126
Unrestricted	<u>(588,316,760)</u>
Total Net Position	<u>\$ (455,955,818)</u>

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

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**Yonkers City School District, New York**

Statement of Activities  
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 92,555,527	\$ 318,656	\$ 1,276,677	\$ -	\$ (90,960,194)
Instruction	493,814,073	471,839	74,784,952	-	(418,557,282)
Pupil transportation	40,237,470	-	901,420	-	(39,336,050)
Community services	398,946	-	293,499	-	(105,447)
Cost of food sales	7,406,632	1,607,425	7,763,799	-	1,964,592
Other	118,850	-	119,643	-	793
Interest	4,613,174	-	-	11,417	(4,601,757)
<b>Total Governmental   Activities</b>	<b>639,144,672</b>	<b>2,397,920</b>	<b>85,139,990</b>	<b>11,417</b>	<b>(551,595,345)</b>
General revenues					
Contribution from City of Yonkers					249,808,568
Sale of property and compensation for loss					2,000
Unrestricted State aid					269,448,524
Miscellaneous					2,367,185
<b>Total General Revenues</b>					<b>521,626,277</b>
Change in Net Position					(29,969,068)
Net Position - Beginning					(425,986,750)
Net Position - Ending					<b>\$ (455,955,818)</b>

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

**Yonkers City School District, New York**

Balance Sheet  
 Governmental Funds  
 June 30, 2016

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Receivables			
Accounts	\$ 9,467,400	\$ -	\$ -
State and Federal aid	73,937,467	17,052,283	-
Due from City of Yonkers	270	56,669,668	31,367,092
Due from other funds	135,291,362	9,328,131	51,881
Inventories	-	-	-
Total Assets	<u>\$ 218,696,499</u>	<u>\$ 83,050,082</u>	<u>\$ 31,418,973</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,621,361	\$ 1,039,726	\$ 1,070,291
Accrued liabilities	31,774,657	1,372,462	-
Unearned revenues	1,547,827	-	-
Due to other governments	2,223,846	337,380	-
Due to retirement systems	35,788,532	-	-
Due to City of Yonkers	52,357,915	-	-
Due to other funds	64,595,603	80,300,514	1,013,694
Overpayments	314,501	-	-
Total Liabilities	<u>190,224,242</u>	<u>83,050,082</u>	<u>2,083,985</u>
Fund balances			
Nonspendable	-	-	-
Restricted	964,300	-	29,334,988
Assigned	1,611,724	-	-
Unassigned	25,896,233	-	-
Total Fund Balances	<u>28,472,257</u>	<u>-</u>	<u>29,334,988</u>
Total Liabilities and Fund Balances	<u>\$ 218,696,499</u>	<u>\$ 83,050,082</u>	<u>\$ 31,418,973</u>

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

Total Non-Major Governmental	Total Governmental Funds
\$ 166,112	\$ 9,633,512
1,426,174	92,415,924
12,554,928	100,591,958
16,633,360	161,304,734
88,579	88,579
<u>\$ 30,869,153</u>	<u>\$ 364,034,707</u>
\$ 1,241,212	\$ 4,972,590
305,315	33,452,434
-	1,547,827
-	2,561,226
-	35,788,532
12,014,702	64,372,617
15,394,923	161,304,734
-	314,501
<u>28,956,152</u>	<u>304,314,461</u>
88,579	88,579
1,395,905	31,695,193
428,517	2,040,241
-	25,896,233
<u>1,913,001</u>	<u>59,720,246</u>
<u>\$ 30,869,153</u>	<u>\$ 364,034,707</u>

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**Yonkers City School District, New York**

Reconciliation of the Governmental Funds Balance Sheet to  
the Government-Wide Statement of Net Position  
June 30, 2016

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Fund Balance - Total Governmental Funds	<u>\$ 59,720,246</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources are not reported in the funds	<u>268,316,018</u>
Other long-term assets that are not available to pay for current-period expenditures are reported as unearned in the funds.	
Pension assets	153,256,641
State aid	<u>1,547,827</u>
	<u>154,804,468</u>
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	1,345,768
Deferred amounts on net pension assets (liabilities)	<u>7,472,437</u>
	<u>8,818,205</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(1,561,046)
Bonds payable	(199,074,261)
Notes payable	(11,887,664)
State loan payable	(2,800,000)
Retirement incentives and other pension obligations	(29,405,833)
Compensated absences	(17,217,500)
Net pension liability	(36,996,600)
Other post employment benefit obligations payable	<u>(648,671,851)</u>
	<u>(947,614,755)</u>
Net Position of Governmental Activities	<u>\$ (455,955,818)</u>

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

**Yonkers City School District, New York**

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2016

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Charges for services	\$ 471,839	\$ -	\$ -
Use of money and property	318,656	-	-
Interfund revenues	1,276,647	-	-
State aid	289,925,696	20,639,024	-
Federal aid	712,905	35,272,118	-
Food sales	-	-	-
Sale of property and compensation for loss	2,000	-	-
Miscellaneous	2,372,976	149,538	-
<b>Total Revenues</b>	<b>295,080,719</b>	<b>56,060,680</b>	<b>-</b>
<b>EXPENDITURES</b>			
Current			
General support	34,903,131	1,276,677	-
Instruction	291,215,801	53,806,520	-
Pupil transportation	34,536,456	901,420	-
Community services	-	293,499	-
Employee benefits	138,499,819	1,483,878	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	1,165,601	-	-
Interest	533,792	-	-
Refunding bond issuance costs	-	-	-
Capital outlay	-	-	19,925,708
<b>Total Expenditures</b>	<b>500,854,600</b>	<b>57,761,994</b>	<b>19,925,708</b>
Deficiency of Revenues Over Expenditures	(205,773,881)	(1,701,314)	(19,925,708)
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds issued	-	-	18,370,000
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Issuance premium	-	-	1,513,325
Contribution from City of Yonkers	242,348,940	-	-
Transfers in	-	1,701,314	-
Transfers out	(18,960,947)	-	-
<b>Total Other Financing Sources</b>	<b>223,387,993</b>	<b>1,701,314</b>	<b>19,883,325</b>
<b>Net Change in Fund Balances</b>	<b>17,614,112</b>	<b>-</b>	<b>(42,383)</b>
<b>FUND BALANCES</b>			
Beginning of Year	10,858,145	-	29,377,371
End of Year	<u>\$ 28,472,257</u>	<u>\$ -</u>	<u>\$ 29,334,988</u>

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

Other Governmental	Total Governmental Funds
\$ -	\$ 471,839
11,710	330,366
-	1,276,647
210,116	310,774,836
7,553,683	43,538,706
1,607,425	1,607,425
-	2,000
119,350	2,641,864
<u>9,502,284</u>	<u>360,643,683</u>
-	36,179,808
-	345,022,321
-	35,437,876
-	293,499
2,115,407	142,099,104
7,285,824	7,285,824
118,850	118,850
17,472,520	18,638,121
6,633,471	7,167,263
114,096	114,096
-	19,925,708
<u>33,740,168</u>	<u>612,282,470</u>
<u>(24,237,884)</u>	<u>(251,638,787)</u>
-	18,370,000
14,700,766	14,700,766
(15,330,913)	(15,330,913)
744,243	2,257,568
7,459,628	249,808,568
17,259,633	18,960,947
-	(18,960,947)
<u>24,833,357</u>	<u>269,805,989</u>
595,473	18,167,202
1,317,528	41,553,044
<u>\$ 1,913,001</u>	<u>\$ 59,720,246</u>

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**Yonkers City School District, New York**

Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2016

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

Net Change in Fund Balances - Total Governmental Funds \$ 18,167,202

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than total capital outlay since capital outlay includes amounts under the capitalization threshold.

Capital outlay expenditures	14,761,770
Depreciation expense	(9,751,161)
Loss on disposition	(4,370,453)
	640,156

Bond, note and loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities.

Refunding bonds issued	(14,700,766)
Bonds issued	(18,370,000)
Issuance premium	(2,257,568)
Payment to refunded bond escrow agent	15,330,913
Principal paid on bonds	17,272,520
Principal paid on notes	1,165,601
Principal paid on State loan	200,000
Principal paid on retirement incentives and other pension obligations	4,757,109
Issuance of retirement incentives and other pension obligations	(2,370,328)
Amortization of loss on refunding bonds and issuance premium	1,322,273
	2,349,754

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	1,231,816
Compensated absences	(534,254)
Pension assets	45,600,854
Other post employment benefit obligations	(97,424,596)
	(51,126,180)

Change in Net Position of Governmental Activities \$ (29,969,068)

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

**Yonkers City School District, New York**

Statement of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual  
General and Special Aid Funds  
Year Ended June 30, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Charges for services	\$ 439,000	\$ 439,000	\$ 471,839	\$ 32,839
Use of money and property	453,333	453,333	318,656	(134,677)
Forfeitures	1,000	1,000	-	(1,000)
Sale of property and compensation for loss	-	-	2,000	2,000
Interfund revenues	792,881	792,881	1,276,647	483,766
State aid	292,501,962	292,501,962	289,925,696	(2,576,266)
Federal aid	467,995	467,995	712,905	244,910
Miscellaneous	726,680	726,680	2,372,976	1,646,296
<b>Total Revenues</b>	<b>295,382,851</b>	<b>295,382,851</b>	<b>295,080,719</b>	<b>(302,132)</b>
<b>EXPENDITURES</b>				
Current				
General support	42,125,305	41,202,378	34,903,131	6,299,247
Instruction	297,806,341	299,594,042	291,215,801	8,378,241
Pupil transportation	38,707,537	38,017,775	34,536,456	3,481,319
Community services	-	-	-	-
Employee benefits	140,112,398	140,472,955	138,499,819	1,973,136
Debt service				
Principal	1,165,601	1,165,601	1,165,601	-
Interest	533,792	533,792	533,792	-
<b>Total Expenditures</b>	<b>520,450,974</b>	<b>520,986,543</b>	<b>500,854,600</b>	<b>20,131,943</b>
Deficiency of Revenues Over Expenditures	(225,068,123)	(225,603,692)	(205,773,881)	19,829,811
<b>OTHER FINANCING SOURCES (USES)</b>				
Contribution from City of Yonkers	242,348,940	242,348,940	242,348,940	-
Transfers in	-	-	-	-
Transfers out	(19,496,516)	(18,960,947)	(18,960,947)	-
<b>Total Other Financing Sources</b>	<b>222,852,424</b>	<b>223,387,993</b>	<b>223,387,993</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(2,215,699)</b>	<b>(2,215,699)</b>	<b>17,614,112</b>	<b>19,829,811</b>
<b>FUND BALANCES</b>				
Beginning of Year	2,215,699	2,215,699	10,858,145	8,642,446
End of Year	\$ -	\$ -	\$ 28,472,257	\$ 28,472,257

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

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
20,492,469	21,360,033	20,639,024	(721,009)
39,197,370	41,195,978	35,272,118	(5,923,860)
400,974	400,974	149,538	(251,436)
<u>60,090,813</u>	<u>62,956,985</u>	<u>56,060,680</u>	<u>(6,896,305)</u>
1,407,751	1,411,795	1,276,677	135,118
57,999,415	60,236,548	53,806,520	6,430,028
1,064,765	1,064,765	901,420	163,345
461,314	461,313	293,499	167,814
1,394,451	1,483,878	1,483,878	-
-	-	-	-
-	-	-	-
<u>62,327,696</u>	<u>64,658,299</u>	<u>57,761,994</u>	<u>6,896,305</u>
<u>(2,236,883)</u>	<u>(1,701,314)</u>	<u>(1,701,314)</u>	<u>-</u>
-	-	-	-
2,236,883	1,701,314	1,701,314	-
-	-	-	-
<u>2,236,883</u>	<u>1,701,314</u>	<u>1,701,314</u>	<u>-</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Yonkers City School District, New York**

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2016

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 366,169
Due from City of Yonkers	6,564,105
Due from other funds	<u>4,252,755</u>
 Total Assets	 <u><u>\$ 11,183,029</u></u>
<b>LIABILITIES</b>	
Employee payroll deductions	\$ 2,073,094
Due to other funds	8,746,946
Student activity funds	<u>362,989</u>
 Total Liabilities	 <u><u>\$ 11,183,029</u></u>

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

## Yonkers City School District, New York

Notes to Financial Statements  
June 30, 2016

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### **Note 1 - Summary of Significant Accounting Policies**

The Yonkers City School District, New York, ("School District") as presently constituted, operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education ("Board") is the legislative body responsible for providing education services to the residents of the City of Yonkers, New York ("City"). The members of the Board are appointed by the Mayor. The Board is, pursuant to Section 2551 of Education Law, a legally separate entity. However, inasmuch as the Board has no taxing power, relies solely upon the City for appropriations, and, while it may be sued in its own name, recourse exists to the City and therefore the Board may not be defined as a separate legal entity for financial reporting purposes pursuant to the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 14 as amended by GASB 61. The Superintendent serves as the chief executive officer and is appointed by the Board. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

#### **A. Financial Reporting Entity**

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

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

The accompanying financial statements present only the activities of the School District and do not purport to, and do not, present fairly the financial position of the City of Yonkers, New York as of June 30, 2016 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### **B. District-Wide Financial Statements**

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned

**Note 1 - Summary of Significant Accounting Policies (Continued)**

to expenditures for specific purposes other than debt service or capital projects. The major special revenue fund of the School District is as follows:

Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal, State or local funds.

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

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

Special Revenue Funds:

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

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

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

- b. Fiduciary Funds (Not Included in District-Wide Financial Statements) - Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also used to account for employee payroll tax withholdings that are payable to other jurisdictions.

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

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

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A ninety day availability period is generally used for revenue recognition for most governmental fund revenues. Charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability, retirement incentives and other pension obligations and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**Deposits and Risk Disclosure**

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

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

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

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2016.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

All cash and equivalents restricted by external sources are held by a fiscal agent in the name of the City for the benefit of the School District and are reflected on the books and records of the City.

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

**Due From/To City of Yonkers** - During the course of its operations, the School District has numerous transactions with the City to finance operations, provide services and construct assets. To the extent that certain transactions between the School District and the City had not been paid or received as of June 30, 2016, balances of amounts receivable or payable have been recorded.

**Due From/To Other Funds** - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded.

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

**Capital Assets** - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	20-50
Machinery and Equipment	5-20

**Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$1,547,827 for State aid in the General Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

The School District reported deferred outflows of resources of \$1,345,768 for a deferred loss on refunding bonds in the district-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the shorter of the life of the refunded or refunding debt.

The School District also reports deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the School District's pension plans in Note 3D.

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

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

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation, sick and terminal leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and

**Note 1 - Summary of Significant Accounting Policies (Continued)**

long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

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

**Net Position** - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for debt service, school lunch and special purposes. The balance is classified as unrestricted.

**Fund Balances** - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

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

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

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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or delegated to the Assistant Superintendent for Business and Managerial Services for amounts assigned as encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

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

**F. Encumbrances**

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

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is January 4, 2017.

## Yonkers City School District, New York

Notes to Financial Statements (Continued)  
June 30, 2016

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### **Note 2 - Stewardship, Compliance and Accountability**

#### **A. Budgetary Data**

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

- a) The School District administration prepares a proposed budget for approval by the Board of Education. The School District must submit the budget to the Mayor and City Council's Budget Committee by March 1st. The budget is included in the City's budget and must be approved by the City Council.
- b) The Charter requires the budget to be presented to the City Council by April 15th.
- c) The School District budget is referred to the City Council's Budget Committee for deliberations and hearings.
- d) The City Council sets a date for a public hearing which is generally in May.
- e) After the public hearing, the City Council adopts the City budget, which includes appropriations and estimated revenues of the School District. By Charter, this may not be later than June 1st.
- f) The Fiscal Agent (State Comptroller), as defined by the Special Local Finance and Budget Act, reviews the City budget to determine the justification documents required. This Act limits budgeted expenditures to amounts not less than those of the previous audited year and requires revenues to be estimated at not more than those of the previous audited year, unless justification documents have been filed as support.
- g) After adoption, the Fiscal Agent certifies that the City budget is in compliance with the Special Local Finance and Budget Act.
- h) Formal budgetary integration is employed during the year as a management control device for General, Special Aid, School Lunch and Debt Service funds.
- i) Budgets for General, Special Aid, School Lunch and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted for the Special Purpose Fund.
- j) The legally adopted budget is controlled at the fund level of expenditures. Transfers between appropriation accounts require approval by the Superintendent. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations requires Board of Education and City Council approval.
- k) Appropriations in General, Special Aid, School Lunch and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

**B. Expenditures in Excess of Budget**

The following categories of expenditures exceeded their budgetary provisions by the amounts indicated:

General Fund	
Employee benefits	
State retirement	\$ 629,581
Social security	252,655

**Note 3 - Detailed Notes on All Funds**

**A. Due From/To Other Funds**

The balances reflected as due from to other funds at June 30, 2016 were as follows:

Fund	Due From	Due To
General	\$ 135,291,362	\$ 64,595,603
Special Aid	9,328,131	80,300,514
Capital Projects	51,881	1,013,694
Non-Major Governmental	16,633,360	15,394,923
	<u>\$ 161,304,734</u>	<u>\$ 161,304,734</u>

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

**B. Capital Assets**

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

Class	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets, not being depreciated				
Land	\$ 6,597,219	-	-	\$ 6,597,219
Construction in progress	46,726,815	15,210,038	31,595,281	30,341,572
Total Capital Assets, not being depreciated	<u>\$ 53,324,034</u>	<u>\$ 15,210,038</u>	<u>\$ 31,595,281</u>	<u>\$ 36,938,791</u>
Capital assets, being depreciated				
Buildings and Improvements	\$ 356,680,093	\$ 30,262,401	\$ 4,092,995	\$ 382,849,499
Machinery and Equipment	11,011,085	884,612	5,684,146	6,211,551
Total Capital Assets, being depreciated	<u>367,691,178</u>	<u>31,147,013</u>	<u>9,777,141</u>	<u>389,061,050</u>
Less Accumulated Depreciation for				
Buildings and Improvements	145,243,622	8,960,058	1,466,656	152,737,024
Machinery and Equipment	8,095,728	791,103	3,940,032	4,946,799
Total Accumulated Depreciation	<u>153,339,350</u>	<u>9,751,161</u>	<u>5,406,688</u>	<u>157,683,823</u>
Total Capital Assets, being depreciated, net	<u>214,351,828</u>	<u>21,395,852</u>	<u>4,370,453</u>	<u>231,377,227</u>
Capital Assets, net	<u>\$ 267,675,862</u>	<u>\$ 36,605,890</u>	<u>\$ 35,965,734</u>	<u>\$ 268,316,018</u>

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

**Note 3 - Detailed Notes on All Funds (Continued)**

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

General Support	\$ 5,076,080
Instruction	4,640,955
Pupil Transportation	9,121
Cost of Food Sales	<u>25,005</u>
Total Depreciation Expense	<u>\$ 9,751,161</u>

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2016 were as follows:

	Fund			Total
	General	Special Aid	Non-Major Governmental	
Payroll and Employee Benefits	\$ 19,563,542	\$ 795,211	\$ 305,315	\$ 20,664,068
Tuition	9,870,676	-	-	9,870,676
Other	2,340,439	577,251	-	2,917,690
	<u>\$ 31,774,657</u>	<u>\$ 1,372,462</u>	<u>\$ 305,315</u>	<u>\$ 33,452,434</u>

**D. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2016:

	Balance July 1, July 1, 2015	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2016	Due Within One-Year
Governmental Activities					
Bonds Payable					
Capital Construction	\$ 150,726,066	\$ 33,070,766	\$ 32,447,520	\$ 151,349,312	\$ 18,504,800
Deficit Financing	37,260,000	-	-	37,260,000	3,460,000
	187,986,066	33,070,766	32,447,520	188,609,312	21,964,800
Unamortized Premium on Bonds	9,729,896	2,257,568	1,522,515	10,464,949	-
	<u>197,715,962</u>	<u>35,328,334</u>	<u>33,970,035</u>	<u>199,074,261</u>	<u>21,964,800</u>
Notes Payable	13,053,265	-	1,165,601	11,887,664	1,226,808
State Loan Payable	3,000,000	-	200,000	2,800,000	200,000
Other Non-current Liabilities:					
Retirement Incentives and Other Pension Obligations	31,792,614	2,370,328	4,757,109	29,405,833	1,624,931
Compensated Absences	16,683,246	2,202,254	1,668,000	17,217,500	1,720,000
Net Pension Liability	8,667,334	28,329,266	-	36,996,600	-
Other Post Employment Benefit Obligations	551,247,255	126,166,218	28,741,622	648,671,851	-
Total Other Non-current Liabilities	<u>608,390,449</u>	<u>159,068,066</u>	<u>35,166,731</u>	<u>732,291,784</u>	<u>3,344,931</u>
Governmental Activities					
Total Long-Term Liabilities	<u>\$ 822,159,676</u>	<u>\$ 194,396,400</u>	<u>\$ 70,502,367</u>	<u>\$ 946,053,709</u>	<u>\$ 26,736,539</u>

The liabilities for notes payable, retirement incentives and other pension obligations, compensated absences, net pension liability and other post employment benefit obligations are liquidated by the

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

**Note 3 - Detailed Notes on All Funds (Continued)**

respective fund, primarily the General Fund. The School District's indebtedness for bonds and State loans payable is satisfied by the Debt Service Fund, which is funded primarily by the General Fund.

**Bonds Payable**

Bonds payable at June 30, 2016 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2016
District-wide Construction	2006	\$ 7,790,000	September, 2023	4.25 %	\$ 470,000
District-wide Construction	2007	15,190,000	May, 2028	4.0 - 4.25	690,000
District-wide Construction	2008	17,985,000	November, 2030	3.00 - 5.0	13,740,000
District-wide Construction	2008	14,164,000	December, 2018	-	5,000,000
District-wide Construction	2009	13,836,000	December, 2019	.35	5,585,000
District-wide Construction	2011	12,555,000	October, 2027	3.0 - 5.0	10,115,000
District-wide Construction	2011	15,000,000	December, 2026	5.75	11,000,000
District-wide Construction	2012	26,590,000	August, 2025	3.0	22,795,000
Refunding	2012	12,110,000	July, 2018	2.0 - 3.0	9,473,546
Refunding	2015	14,430,000	September, 2027	2.0 - 5.0	14,315,000
Deficit financing	2015	37,260,000	March, 2025	4.0 - 5.0	37,260,000
District-wide Construction	2015	21,355,000	October, 2029	2.5 - 3.0	21,355,000
District-wide Construction	2015	5,010,000	August, 2018	2.0-4.0	3,740,000
District-wide Construction	2016	18,370,000	September, 2023	2.0-5.0	18,370,000
Refunding	2016	14,700,766	August, 2028	2.0-5.0	14,700,766
					<u>\$ 188,609,312</u>

Interest expenditures of \$6,633,471 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$4,106,020 was recorded in the district-wide financial statements.

**Notes Payable**

During 2009, the School District entered into a contractual agreement for the acquisition of energy efficient equipment to assist the School District in reducing its ongoing energy costs. The terms of the agreement provide for annual installments in varying amounts from \$156,660 to \$943,580, including interest at 4.44%, through October, 2024. The balance due at June 30, 2016 was \$6,315,000.

During 2011, the School District entered into a second contractual agreement to finance energy savings upgrades. The terms of the agreement provide for semi-annual installments in varying amounts from \$310,515 to \$443,505, including interest at 3.77%, through February, 2024. The balance due at June 30, 2016 was \$5,572,664.

Interest expenditures of \$533,792 were recorded in the fund financial statement in the General Fund. Interest expense of \$507,154 was recorded in the district-wide financial statements.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

**Note 3 - Detailed Notes on All Funds (Continued)**

**State Loan Payable**

The State of New York, pursuant to Chapter 88 of the Laws of 2000, accelerated \$6 million of State aid during the 1999-2000 fiscal year. In each of the subsequent 30 years, the aid formula enumerated in the statutes will reduce the accelerated portion by \$200,000 per year. This loan is interest free. Accordingly, at June 30, 2016, the School District has recorded a liability of \$2,800,000.

The provisions of the statute also require the School District's chief fiscal officer to monitor all budgets and prepare a quarterly report depicting revenue and expenditure trends. The reports require recommended remedial action by the Superintendent, if necessary, to resolve any unfavorable budget variances. The reports are to be submitted within sixty days after the end of the quarter to the Board of Education, the State Division of the Budget, the State Comptroller, the Commissioner of Education, the Chairman of the Assembly Ways and Means Committee and the Chairman of the Senate Finance Committee.

**Payments to Maturity**

The annual requirements to amortize all outstanding bond, notes and State loan debt as of June 30, 2016, including interest payments of \$41,905,516 are as follows:

Year Ending June 30,	Bonds		Notes Payable		State Loan
	Principal	Interest	Principal	Interest	Principal
2017	\$ 21,964,800	\$ 7,209,177	\$ 1,226,808	\$ 485,258	\$ 200,000
2018	24,722,354	6,008,735	1,294,873	434,233	200,000
2019	24,168,504	5,241,229	1,359,882	380,422	200,000
2020	14,963,654	4,563,411	1,418,012	244,240	200,000
2021	13,240,000	3,990,395	1,603,661	132,185	200,000
2022-2026	67,680,000	11,150,704	4,984,428	621,652	1,000,000
2027-2031	21,870,000	1,443,875	-	-	800,000
	<u>\$ 188,609,312</u>	<u>\$ 39,607,526</u>	<u>\$ 11,887,664</u>	<u>\$ 2,297,990</u>	<u>\$ 2,800,000</u>

Year Ending June 30,	Total	
	Principal	Interest
2017	\$ 23,391,608	\$ 7,694,435
2018	26,217,227	6,442,968
2019	25,728,386	5,621,651
2020	16,581,666	4,807,651
2021	15,043,661	4,122,580
2022-2026	73,664,428	11,772,356
2027-2031	22,670,000	1,443,875
	<u>\$ 203,296,976</u>	<u>\$ 41,905,516</u>

The above general obligation bonds, Notes Payable and State Loan and are direct obligations of the City and School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the City.

**Note 3 - Detailed Notes on All Funds (Continued)**

**Advance Refunding**

During the current fiscal year, the School District issued \$14,700,766 in serial bonds with interest rates ranging from 2.0% to 5.0%, depending on maturity. The proceeds were used to refund \$15,175,000 of the 2015 educational facilities refunding serial bonds bearing interest at rates ranging from 3.0% to 5.0%. The net proceeds of \$15,330,913 (net of a \$744,243 re-offering premium and after payment of \$114,096 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 refunding serial bonds. As a result, the 2005 refunding serial bond is considered defeased and the liability for those serial bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$155,913 and the premium received was \$744,243.

The School District advance refunded the 2005 refunding serial bonds to reduce its total debt service payments over 20 years by \$2,298,025 and to obtain a net present value economic gain of \$1,825,825.

**Prior Year Defeasance**

In a prior fiscal year, the School District defeased serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2016, \$13,740,000 of bonds outstanding are considered defeased.

**Retirement Incentives and Other Pension Obligations**

Chapter 260 of the Laws of 2004 authorized local governments to amortize the portion of their respective 2005 contribution which exceeded 9.5% of covered payroll, over a ten year period, commencing in the 2006-07 fiscal year. The amortization payment would include interest at 5% per annum. The School District has elected to amortize the maximum allowable ERS contributions which aggregated \$373,904. The amount required to be amortized during the 2015-16 fiscal year was \$46,117, including interest of \$4,208 and was charged to the General Fund. There was no balance due at June 30, 2016.

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rates as compared to the System's overall graded rate. The amortized amounts are to be paid in equal installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The School District has elected to amortize the maximum allowable ERS contribution in each of the fiscal years since this option was first offered excluding the June 30, 2011 year end. The amount required to be amortized under this option during the 2015-16 fiscal year was \$1,431,490, including interest of \$575,315 and was charged to the General Fund. The balance due at June 30, 2015 was \$16,844,516.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2016

**Note 3 - Detailed Notes on All Funds (Continued)**

Chapter 57 of the laws of 2013, Part BB, authorized local governments at their option, to amortize a portion of their respective TRS contributions beginning in 2014. Stabilization rates will continue through 2020. The deferred contribution for years one through five will be amortized over a five-year period, with payments beginning in year six. Interest on deferred amounts will be based on the monthly average yield on 10-year U.S. Treasury securities for the 12-month period that precedes August 1 of the applicable deferred year, plus 1%. The School District has elected to amortize the maximum allowable TRS contribution for years ended June 30, 2014 and June 30, 2015 which aggregated \$4,631,076 and \$7,535,726 respectively. The balance due at June 30, 2016 was \$12,561,317.

In June 2010, the Board of Education approved a workforce reduction plan. An integral part of the plan was the adoption of Parts A and B of the 2010 Retirement Incentive Program offered by ERS and TRS. Part A of the program provided eligible employees one month of additional service credit for each year of service up to 36 months. Part B of the program provided for no age reduction if the employees were at least age 55 with 25 or more years of service credit. Participating employers were not required to eliminate vacated positions provided they could demonstrate, over a two-year period, savings of at least one-half of the base salary of the retiring employee. The estimated cost of the program was to be approximately 60% of the employee's final average salary. Payments are being made over a five year period with interest at 7.5%. The School District had opted into the plan for the year ended June 30, 2011 for both ERS and TRS for \$3,031,237 and \$11,071,749. The current year cost of the program was \$696,944 and \$2,823,471 for ERS and TRS, respectively, including interest of \$240,913 and was charged to retirement expenditures in the General Fund. There was no balance due at June 30, 2016.

	Original Amount Amortized	Interest Accrued	Current Year Payments	Principle Balance Due	Due Within One Year
2006-2007 ERS	\$ 373,904	\$ -	\$ 50,325	\$ -	\$ -
2009-2010 ERS	829,817	-	107,465	465,266	84,202
2011-2012 ERS	2,236,786	-	272,354	1,439,411	218,376
2012-2013 ERS	4,122,338	-	483,263	3,010,871	392,937
2013-2014 ERS	5,112,072	-	537,145	4,409,242	371,357
2014-2015 ERS	5,861,562	-	606,578	5,460,139	415,473
2015-2016 ERS	2,059,587	-	-	2,059,587	142,586
2013-2014 TRS	4,631,076	137,202	-	4,852,052	-
2014-2015 TRS	7,535,726	173,539	-	7,709,265	-
2010-2011 ERS Incentive	3,031,237	-	696,944	-	-
2010-2011 TRS Incentive	11,071,749	-	2,823,471	-	-
	<u>\$ 46,865,854</u>	<u>\$ 310,741</u>	<u>\$ 5,577,545</u>	<u>\$ 29,405,833</u>	<u>\$ 1,624,931</u>

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

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**Note 3 - Detailed Notes on All Funds (Continued)**

<u>TRS</u>	<u>ERS</u>	<u>Total</u>
<u>\$ 2,823,471</u>	<u>\$ 2,754,074</u>	<u>\$ 5,577,545</u>

**Compensated Absences**

School District employees earn vacation leave based upon the terms of the respective collective bargaining agreements. Civil service employees, teamsters and central administrators, upon separation of service from the School District, will be compensated for unused vacation time as provided in their bargaining agreements. Civil service employees, with at least 20 years of service to the School District, are entitled to terminal leave upon separation. Eligible employees receive pay equivalent to 30 work days plus 1-1/2 days additional pay for each year over twenty years of service. Commencing with the 2005-06 fiscal year, employees who have ten years or more of consecutive service shall be entitled to payment for their accumulated unused sick days upon retirement as follows: days 1-49 \$10/day, days 50-99 \$20/day, days 100-149 \$30/day and days 150-200 \$40/day. Additionally, teachers and building administrators with at least 20 years of service to the School District are also entitled to payment for accumulated unused sick days upon retirement. The amount paid to teachers for each accumulated day is based on the number of days accumulated. The amount to be paid to building administrators is \$200 per day. The value of the compensated absences has been reflected in the district-wide financial statements.

**Pension Plans**

***Employees' Retirement System***

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

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)

June 30, 2016

**Note 3 - Detailed Notes on All Funds (Continued)**

salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2016 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
1 75I	25.2 %
2 75I	23.2
3 A14	18.9
4 A15	18.9
5 A15	15.6
6 A15	10.6
6 A15	10.7

At June 30, 2016, the School District reported a liability of \$36,996,600 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2016, the School District's proportion was .2305044% which was a decrease of .0294956% from its proportion measured as of March 15, 2015.

For the year ended June 30, 2016, the School District recognized pension expense in the district-wide financial statements of \$13,633,729. Pension expenditures of \$11,968,742, inclusive of retirement incentives and other pension obligations, were recorded in the fund financial statements (\$10,928,913 in the General Fund, \$501,235 in the Special Aid Fund and \$538,594 in the School Lunch Fund). At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 186,953	\$ 4,385,330
Changes of assumptions	9,865,878	-
Net difference between projected and actual earnings on pension plan investments	21,948,413	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	886,582	649,937
School District contributions subsequent to the measurement date	<u>2,136,737</u>	<u>-</u>
	<u>\$ 35,024,563</u>	<u>\$ 5,035,267</u>

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

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**Note 3 - Detailed Notes on All Funds (Continued)**

The School District reported \$2,136,737 as deferred outflows of resources related to ERS resulting from accrued contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended March 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

<u>Year Ended March 31,</u>	
2017	\$ 7,137,132
2018	7,137,132
2019	7,137,132
2020	6,441,163

The total pension liability for the March 31, 2016 measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2014. Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary scale	3.8%, indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3% annually

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

**Note 3 - Detailed Notes on All Funds (Continued)**

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds and Mortgages	18	4.00
Cash	2	2.25
Inflation Indexed Bonds	2	4.00
	<u>100 %</u>	

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 83,424,646</u>	<u>\$ 36,996,600</u>	<u>\$ (2,233,115)</u>

The components of the collective net pension liability of ERS as of the March 31, 2016 measurement date were as follows:

Total pension liability	\$ 172,303,544,000
ERS fiduciary net position	<u>156,253,265,000</u>
Employers' net pension liability	<u>\$ 16,050,279,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>90.7%</u>

**Note 3 - Detailed Notes on All Funds (Continued)**

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2016 were \$2,136,737.

***Teachers' Retirement System***

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

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rate for the plan's year ending in 2016 was 13.26%.

At June 30, 2016, the School District reported an asset of \$153,256,641 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School District's proportion of the net pension asset was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2015, the School District's proportion was 1.475492%, which was an increase of .027608% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the School District recognized pension expense in the district-wide financial statements of \$(9,620,271). Pension expenditures of \$32,795,104, inclusive of retirement incentives and other pension obligations, were recorded in the fund financial statements (\$29,241,653 in the General Fund and \$3,553,451 in the Special Aid Fund). At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

**Note 3 - Detailed Notes on All Funds (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 4,247,396
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	48,445,222
Changes in proportion and differences between School District contributions and proportionate share of contributions	104,403	202,007
School District contributions subsequent to the measurement date	<u>30,273,363</u>	<u>-</u>
	<u>\$ 30,377,766</u>	<u>\$ 52,894,625</u>

\$30,273,363 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2016	\$ (19,556,843)
2017	(19,556,843)
2018	(19,556,843)
2019	8,039,668
2020	(546,410)
Thereafter	(1,612,951)

The total pension liability for the June 30, 2015 measurement date was determined by using an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by using an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2014. These actuarial valuations used the following actuarial assumptions:

Inflation	3.0%
Projected salary increases	Rates of increase differ based on age and gender. They have been calculated based upon recent TRS member experience.

<u>Age</u>	<u>Female</u>	<u>Male</u>
25	10.35 %	10.91 %
35	6.26	6.27
45	5.39	5.04
55	4.42	4.01

**Note 3 - Detailed Notes on All Funds (Continued)**

Projected COLAs	1.625% compounded annually
Investment rate of return	8.0% compounded annually, net of pension plan investment expense, including inflation

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA.

The actuarial assumptions used in the June 30, 2014 and 2013 valuations were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation dates of June 30, 2014 and 2013 are summarized in the following table:

Asset Class:	Target Allocation		Long-Term Expected Real Rate of Return*	
	2014	2013	2014	2013
Equities:				
Domestic equities	37 %	37 %	6.5 %	7.3 %
International equities	18	18	7.7	8.5
Real estate	10	10	4.6	5.0
Alternative investments	7	7	9.9	11.0
Total Equities	72	72		
Fixed Income:				
Domestic fixed income securities	17	18	2.1	1.5
Global fixed income securities	2	2	1.9	1.4
Mortgages	8	8	3.4	3.4
Short-term	1	-	1.2	0.8
Total Fixed Income	28	28		
Total	100 %	100 %		

\* Real rates of return are net of the long-term inflation assumption of 2.3% for 2014 and 2013.

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, TRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2016

**Note 3 - Detailed Notes on All Funds (Continued)**

investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension asset calculated using the discount rate of 8.0%, as well as what the School District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one percentage point lower (7.0%) or one percentage point higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 10,454,079</u>	<u>\$ (153,256,641)</u>	<u>\$ (292,867,507)</u>

The components of the collective net pension asset of TRS as of the June 30, 2015 measurement date were as follows:

Total pension liability	\$ 99,332,103,743
TRS fiduciary net position	<u>109,718,916,659</u>
Employers' net pension asset	<u>\$ 10,386,812,916</u>
TRS fiduciary net position as a percentage of total pension liability	<u>110.46%</u>

Employer and employee contributions for the year ended June 30, 2016 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of June 30, 2016 were \$33,651,795.

*Voluntary Defined Contribution Plan*

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

**Note 3 - Detailed Notes on All Funds (Continued)**

**Other Post Employment Benefit Obligations**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. The cost of retiree health care benefits is recognized as an expenditure as claims are paid in the fund financial statements.

The School District's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 established standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The School District is required to accrue on the district-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the School District's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed increase in postretirement benefits is as follows:

<u>Year Ended June 30,</u>	<u>Health Care Cost Trend Assumption</u>
2017	7.50 %
2018	7.00
2019	6.50
2020	6.00
2021	5.50
2022+	5.00

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2016

**Note 3 - Detailed Notes on All Funds (Continued)**

The amortization basis is the level dollar method with an open amortization approach based on a present value factor over 30 years. The actuarial assumptions included a 4.0% discount rate of return. The School District currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit cost method.

The number of participants as of June 30, 2016 was as follows:

Active Employees	3,337
Retired Employees	<u>2,387</u>
	<u><u>5,724</u></u>

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2015	\$ 1,197,431,984
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 1,197,431,984</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 258,636,440</u>
UAAL as a Percentage of Covered Payroll	<u>462.98%</u>
Annual Required Contribution	\$ 104,356,521
Interest on Net OPEB Obligation	22,049,890
Adjustment to Annual Required Contribution	<u>(240,193)</u>
Annual OPEB Cost	126,166,218
Contributions Made	<u>(28,741,622)</u>
Increase in Net OPEB Obligation	97,424,596
Net OPEB Obligation - Beginning of Year	<u>551,247,255</u>
Net OPEB Obligation - End of Year	<u>\$ 648,671,851</u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding year is as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 126,166,218	22.78 %	\$ 648,671,851
2015	107,439,444	26.80	551,247,255
2014	100,656,565	26.65	472,601,114

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2016

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**Note 3 - Detailed Notes on All Funds (Continued)**

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial liability of the benefits over time.

**E. Revenues and Expenditures**

**Contribution from City of Yonkers**

The School District is funded by State aid, charges for services and other miscellaneous revenues. The balance of the funding is provided by a contribution from the City. For the year ended June 30, 2016, the City has dedicated \$249,808,568 of ad valorem taxes to fund the educational programs of the School District.

**Interfund Transfers**

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

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>Special Aid Fund</u>	<u>Non- Major Funds</u>	
General Fund	<u>\$ 1,701,314</u>	<u>\$ 17,259,633</u>	<u>\$ 18,960,947</u>

Transfers are used to 1) move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due and 2) move amounts earmarked in the operating funds to fulfill commitments for Special Aid and School Lunch funds expenditures.

**F. Net Position**

The components of net position are detailed below:

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

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

*Restricted for School Lunch* - the component of net position that reports the difference between assets and liabilities in the School Lunch Fund.

*Restricted for Special Purposes* - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)  
June 30, 2016

**Note 3 - Detailed Notes on All Funds (Continued)**

**G. Fund Balances**

	2016				2015				
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>									
Inventories	\$ -	\$ -	\$ 88,579	\$ 88,579	\$ -	\$ -	\$ -	\$ 47,813	\$ 47,813
Advances	-	-	-	-	500,000	-	-	-	500,000
Prepaid expenditures	-	-	-	-	828,977	-	-	-	828,977
Long-term receivables	-	-	-	-	-	500,000	-	-	500,000
<b>Total Nonspendable</b>	<b>-</b>	<b>-</b>	<b>88,579</b>	<b>88,579</b>	<b>1,328,977</b>	<b>500,000</b>	<b>-</b>	<b>47,813</b>	<b>1,876,790</b>
<b>Restricted</b>									
Debt service	964,300	-	1,094,779	2,059,079	964,300	-	-	720,092	1,684,392
Capital projects	-	29,334,988	-	29,334,988	-	-	29,377,371	-	29,377,371
Special purposes	-	-	301,126	301,126	-	-	-	300,333	300,333
<b>Total Restricted</b>	<b>964,300</b>	<b>29,334,988</b>	<b>1,395,905</b>	<b>31,695,193</b>	<b>964,300</b>	<b>-</b>	<b>29,377,371</b>	<b>1,020,425</b>	<b>31,362,096</b>
<b>Assigned</b>									
Purchases on order									
General government support	1,240,349	-	-	1,240,349	1,653,955	-	-	-	1,653,955
Instruction	350,362	-	-	350,362	331,807	-	-	-	331,807
Transportation	21,013	-	-	21,013	229,937	-	-	-	229,937
	1,611,724	-	-	1,611,724	2,215,699	-	-	-	2,215,699
School Lunch Fund	-	-	428,517	428,517	-	-	-	249,290	249,290
<b>Total Assigned</b>	<b>1,611,724</b>	<b>-</b>	<b>428,517</b>	<b>2,040,241</b>	<b>2,215,699</b>	<b>-</b>	<b>-</b>	<b>249,290</b>	<b>2,464,989</b>
<b>Unassigned</b>									
Purchases on order									
Special Aid Fund	-	-	-	-	-	(500,000)	-	-	(500,000)
General Fund	25,896,233	-	-	25,896,233	6,349,169	-	-	-	6,349,169
<b>Total Unassigned</b>	<b>25,896,233</b>	<b>-</b>	<b>-</b>	<b>25,896,233</b>	<b>6,349,169</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>	<b>5,849,169</b>
<b>Total Fund Balances</b>	<b>\$ 28,472,257</b>	<b>\$ 29,334,988</b>	<b>\$ 1,913,001</b>	<b>\$ 59,720,246</b>	<b>\$ 10,858,145</b>	<b>\$ -</b>	<b>\$ 29,377,371</b>	<b>\$ 1,317,528</b>	<b>\$ 41,553,044</b>

**Note 3 - Detailed Notes on All Funds (Continued)**

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

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

Capital projects represents funds used to account for and report financial resources restricted for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

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

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

**Note 4 - Summary Disclosure of Significant Contingencies**

**A. Litigation**

Employment discrimination and tort case claims have been filed against the Board of Education. All cases are in the preliminary stages and are either awaiting trial or judgment. The School District's insurance carrier for its school leaders errors and omissions policy has been notified of these cases. The City's self-insurance fund is responsible for the School District's tort cases. Counsel is unable to estimate damages, if any, at this time.

**B. Contingencies**

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the School District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

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

**Yonkers City School District, New York**

Notes to Financial Statements (Concluded)  
June 30, 2016

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**Note 4 - Summary Disclosure of Significant Contingencies (Continued)**

**C. Risk Management**

*Property, Automobile and Errors and Omissions*

The School District purchases conventional insurance coverage to reduce its exposure to loss. The School District maintains property and casualty insurance to reduce its exposure to loss from damage or fire to School District owned properties. The School District also maintains an automobile policy with coverage up to \$1 million per occurrence and an excess policy with coverage up to \$4 million. The School District maintains a policy for school leaders errors and omissions with coverage up to \$5 million in the aggregate and a policy for student professional liability with coverage up to \$3 million in the aggregate. Additionally, the School District maintains a student accident policy. Settled claims resulting from those risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

*Workers' Compensation and Liability Claims*

The City defends all claims and pays all judgments or settlements arising from workers' compensation claims and liability torts.

*Health Benefits*

The School District purchases conventional health insurance coverage for all full-time School District employees and retirees.

**Note 5 - Subsequent Event**

In November 2016, the School District, through the City, issued serial bonds for capital improvements in the amount of \$15,525,000. The serial bond's mature annually through 2027 with interest rates ranging from 3.1/8% to 5.0%.

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**Yonkers City School District, New York**

Required Supplementary Information - Schedule of Funding Progress

Other Postemployment Benefits

Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2015	\$ -	\$ 1,197,431,984	\$ 1,197,431,984	- %	\$ 258,636,440	462.98 %
July 1, 2014	-	1,046,095,017	1,046,095,017	-	251,823,044	415.41
July 1, 2013	-	1,002,761,409	1,002,761,409	-	256,104,233	391.54

## Yonkers City School District, New York

Required Supplementary Information - Schedule of the  
School District's Proportionate Share of the Net Pension Liability  
New York State Teachers' Retirement System  
Last Ten Fiscal Years (1)

	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability (asset)	<u>1.475492%</u>	<u>1.447884%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (153,256,641)</u>	<u>\$ (164,733,013)</u>
School District's covered-employee payroll	<u>\$ 221,638,990</u>	<u>\$ 207,758,212</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>(69.15)%</u>	<u>(79.29)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>110.46%</u>	<u>111.48%</u>

Note - The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Yonkers City School District, New York**

Required Supplementary Information - Schedule of Contributions  
New York State Teachers' Retirement System  
Last Ten Fiscal Years (1)

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	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 30,304,325	\$ 38,853,314
Contributions in relation to the contractually required contribution	<u>(30,304,325)</u>	<u>(38,853,314)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 228,539,404</u>	<u>\$ 221,638,990</u>
Contributions as a percentage of covered-employee payroll	<u>13.26%</u>	<u>17.53%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**Yonkers City School District, New York**

Required Supplementary Information - Schedule of the  
 School District's Proportionate Share of the Net Pension Liability  
 New York State and Local Employees' Retirement System  
 Last Ten Fiscal Years (1)

	<u>2016 (2)</u>	<u>2015</u>
School District's proportion of the net pension liability (asset)	<u>0.2305044%</u>	<u>0.2600000%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 36,996,600</u>	<u>\$ 8,667,336</u>
School District's covered-employee payroll	<u>\$ 64,732,543</u>	<u>\$ 62,258,485</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>57.15%</u>	<u>13.92%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.70%</u>	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

**Yonkers City School District, New York**

Required Supplementary Information - Schedule of Contributions  
 New York State and Local Employees' Retirement System  
 Last Ten Fiscal Years (1)

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 12,656,473	\$ 16,471,795
Contributions in relation to the contractually required contribution	<u>(12,656,473)</u>	<u>(16,471,795)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 62,967,109</u>	<u>\$ 60,571,468</u>
Contributions as a percentage of covered-employee payroll	<u>20.10%</u>	<u>27.19%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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**Yonkers City School District, New York**

General Fund  
 Comparative Balance Sheet  
 June 30,

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Receivables		
Accounts	\$ 9,467,400	\$ 9,484,159
State and Federal aid	73,937,467	75,411,735
Due from City of Yonkers	270	-
Due from other funds	135,291,362	79,684,784
Advances to other funds	-	500,000
	<u>218,696,499</u>	<u>165,080,678</u>
Prepaid expenditures	-	828,977
Total Assets	<u>\$ 218,696,499</u>	<u>\$ 165,909,655</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,621,361	\$ 12,101,827
Accrued liabilities	31,774,657	20,288,294
Unearned revenues	1,547,827	1,547,827
Due to other governments	2,223,846	2,251,593
Due to retirement systems	35,788,532	36,445,327
Due to City of Yonkers	52,357,915	31,900,758
Due to other funds	64,595,603	50,095,628
Overpayments	314,501	420,256
Total Liabilities	<u>190,224,242</u>	<u>155,051,510</u>
Fund balance		
Nonspendable	-	1,328,977
Restricted	964,300	964,300
Assigned	1,611,724	2,215,699
Unassigned	25,896,233	6,349,169
Total Fund Balance	<u>28,472,257</u>	<u>10,858,145</u>
Total Liabilities and Fund Balance	<u>\$ 218,696,499</u>	<u>\$ 165,909,655</u>

**Yonkers City School District, New York**

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

	2016				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
<b>REVENUES</b>					
Charges for services	\$ 439,000	\$ 439,000	\$ 471,839	\$	\$ 32,839
Use of money and property	453,333	453,333	318,656		(134,677)
Forfeitures	1,000	1,000	-		(1,000)
Sale of property and compensation for loss	-	-	2,000		2,000
Interfund revenues	792,881	792,881	1,276,647		483,766
State aid	292,501,962	292,501,962	289,925,696		(2,576,266)
Federal aid	467,995	467,995	712,905		244,910
Miscellaneous	726,680	726,680	2,372,976		1,646,296
<b>Total Revenues</b>	<b>295,382,851</b>	<b>295,382,851</b>	<b>295,080,719</b>		<b>(302,132)</b>
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	287,895	291,050	231,173	198	59,679
Central administration	937,375	1,074,462	909,130	13,000	152,332
Finance	306,009	306,009	1,400	-	304,609
Staff	-	30,000	-	-	30,000
Central services	39,762,516	38,667,221	32,928,474	1,227,151	4,511,596
Special items	831,510	833,636	832,954	-	682
<b>Total General Support</b>	<b>42,125,305</b>	<b>41,202,378</b>	<b>34,903,131</b>	<b>1,240,349</b>	<b>5,058,898</b>
Instruction					
Instruction, administration and improvement	29,194,249	29,041,575	27,641,869	5,111	1,394,595
Teaching - Regular school	164,930,950	166,975,441	165,730,455	265,047	979,939
Programs for students with handicapping conditions	77,473,660	76,049,341	71,696,839	6,959	4,345,543
Occupational education	7,022,650	6,952,902	6,763,767	4,629	184,506
Instructional media	2,062,496	2,119,589	2,010,063	27,800	81,726
Pupil services	17,122,336	18,455,194	17,372,808	40,816	1,041,570
<b>Total Instruction</b>	<b>297,806,341</b>	<b>299,594,042</b>	<b>291,215,801</b>	<b>350,362</b>	<b>8,027,879</b>
Pupil transportation	38,707,537	38,017,775	34,536,456	21,013	3,460,306
Employee benefits	140,112,398	140,472,955	138,499,819	-	1,973,136
Debt service					
Principal	1,165,601	1,165,601	1,165,601	-	-
Interest	533,792	533,792	533,792	-	-
Issuance costs	-	-	-	-	-
<b>Total Debt Service</b>	<b>1,699,393</b>	<b>1,699,393</b>	<b>1,699,393</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>520,450,974</b>	<b>520,986,543</b>	<b>500,854,600</b>	<b>1,611,724</b>	<b>18,520,219</b>
Deficiency of Revenues Over Expenditures	(225,068,123)	(225,603,692)	(205,773,881)	(1,611,724)	18,218,087
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	-	-	-	-	-
Issuance premium	-	-	-	-	-
Contribution from City of Yonkers	242,348,940	242,348,940	242,348,940	-	-
Transfers out	(19,496,516)	(18,960,947)	(18,960,947)	-	-
<b>Total Other Financing Sources</b>	<b>222,852,424</b>	<b>223,387,993</b>	<b>223,387,993</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(2,215,699)	(2,215,699)	17,614,112	\$ (1,611,724)	\$ 18,218,087
<b>FUND BALANCE (DEFICIT)</b>					
Beginning of Year	2,215,699	2,215,699	10,858,145		
End of Year	\$ -	\$ -	\$ 28,472,257		

2015				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 450,850	\$ 450,850	\$ 426,107	\$	\$ (24,743)
429,000	429,000	361,534		(67,466)
5,000	5,000	-		(5,000)
-	-	5,781		5,781
792,881	792,881	961,887		169,006
280,437,370	283,829,301	286,122,402		2,293,101
375,000	375,000	560,478		185,478
881,800	881,800	2,087,600		1,205,800
<u>283,371,901</u>	<u>286,763,832</u>	<u>290,525,789</u>		<u>3,761,957</u>
296,846	315,719	313,243	557	1,919
863,164	1,319,404	1,318,718	686	-
236,942	235,767	32,600	137,909	65,258
7,240	7,240	-	-	7,240
41,464,181	39,332,111	37,140,298	1,514,803	677,010
808,694	793,053	793,053	-	-
<u>43,677,067</u>	<u>42,003,294</u>	<u>39,597,912</u>	<u>1,653,955</u>	<u>751,427</u>
27,191,595	26,772,243	26,635,001	1,974	135,268
165,021,602	161,798,072	161,440,387	204,074	153,611
65,993,947	70,190,527	70,073,246	16,164	101,117
7,031,533	6,856,514	6,812,090	22,006	22,418
1,456,589	1,571,455	1,571,193	-	262
15,760,555	15,819,474	15,695,344	87,589	36,541
<u>282,455,821</u>	<u>283,008,285</u>	<u>282,227,261</u>	<u>331,807</u>	<u>449,217</u>
<u>38,462,388</u>	<u>37,812,634</u>	<u>37,547,079</u>	<u>229,937</u>	<u>35,618</u>
<u>128,197,926</u>	<u>134,799,050</u>	<u>133,530,997</u>	<u>-</u>	<u>1,268,053</u>
1,101,171	1,101,171	1,101,171	-	-
579,680	686,685	686,685	-	-
-	328,441	328,440	-	1
<u>1,680,851</u>	<u>2,116,297</u>	<u>2,116,296</u>	<u>-</u>	<u>1</u>
<u>494,474,053</u>	<u>499,739,560</u>	<u>495,019,545</u>	<u>2,215,699</u>	<u>2,504,316</u>
<u>(211,102,152)</u>	<u>(212,975,728)</u>	<u>(204,493,756)</u>	<u>(2,215,699)</u>	<u>6,266,273</u>
-	-	37,260,000	-	37,260,000
-	-	4,787,191	-	4,787,191
228,996,844	228,996,844	228,996,846	-	2
(20,179,340)	(18,305,764)	(18,242,820)	-	62,944
<u>208,817,504</u>	<u>210,691,080</u>	<u>252,801,217</u>	<u>-</u>	<u>42,110,137</u>
<u>(2,284,648)</u>	<u>(2,284,648)</u>	<u>48,307,461</u>	<u>\$ (2,215,699)</u>	<u>\$ 48,376,410</u>
<u>2,284,648</u>	<u>2,284,648</u>	<u>(37,449,316)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,858,145</u>		

**Yonkers City School District, New York**

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CHARGES FOR SERVICES</b>				
Day school tuition	\$ 307,500	\$ 307,500	\$ 295,208	\$ (12,292)
Summer school tuition - Individuals	5,000	5,000	2,965	(2,035)
Student fees and charges	500	500	15,240	14,740
Other charges for services - Individuals	1,000	1,000	1,029	29
Health services for other districts	110,000	110,000	153,558	43,558
Other	15,000	15,000	3,839	(11,161)
	<u>439,000</u>	<u>439,000</u>	<u>471,839</u>	<u>32,839</u>
<b>USE OF MONEY AND PROPERTY</b>				
Rental of real property - Individuals	225,000	225,000	224,064	(936)
Rental - Other governments	228,333	228,333	94,592	(133,741)
	<u>453,333</u>	<u>453,333</u>	<u>318,656</u>	<u>(134,677)</u>
<b>FORFEITURES</b>				
Forfeiture of deposits	1,000	1,000	-	(1,000)
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Other	-	-	2,000	2,000
<b>INTERFUND REVENUES</b>				
	<u>792,881</u>	<u>792,881</u>	<u>1,276,647</u>	<u>483,766</u>

**STATE AID**

Basic formula	227,920,048	227,920,048	212,793,286	(15,126,762)
Lottery	44,206,329	44,206,329	56,655,238	12,448,909
Tuition and transportation aid for students with disabilities	-	-	67,344	67,344
Contract for excellence	17,500,000	17,500,000	17,500,000	-
Textbooks	1,831,147	1,831,147	1,843,962	12,815
Computer software	858,445	858,445	856,802	(1,643)
Library materials	185,993	185,993	185,637	(356)
Homeless aid	-	-	23,427	23,427
	<u>292,501,962</u>	<u>292,501,962</u>	<u>289,925,696</u>	<u>(2,576,266)</u>

**FEDERAL AID**

Medical assistance	451,995	451,995	691,956	239,961
Impact aid	16,000	16,000	20,949	4,949
	<u>467,995</u>	<u>467,995</u>	<u>712,905</u>	<u>244,910</u>

**MISCELLANEOUS**

Refund of prior year's expenditures	529,480	529,480	1,807,580	1,278,100
Refund for BOCES' aided services	-	-	516,142	516,142
Saunders Trust Fund	200	200	708	508
School technology voucher program	120,000	120,000	5,083	(114,917)
Other	77,000	77,000	43,463	(33,537)
	<u>726,680</u>	<u>726,680</u>	<u>2,372,976</u>	<u>1,646,296</u>

**TOTAL REVENUES**

	295,382,851	295,382,851	295,080,719	(302,132)
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**OTHER FINANCING SOURCES**

Contribution from City of Yonkers	242,348,940	242,348,940	242,348,940	-
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**TOTAL REVENUES AND  
OTHER FINANCING SOURCES**

	<u>\$ 537,731,791</u>	<u>\$ 537,731,791</u>	<u>\$ 537,429,659</u>	<u>\$ (302,132)</u>
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**Yonkers City School District, New York**

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 287,895	\$ 291,050	\$ 231,173	\$ 198	\$ 59,679
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	937,375	1,074,462	909,130	13,000	152,332
<b>FINANCE</b>					
Business administration	137,909	137,909	1,400	-	136,509
Auditing	168,100	168,100	-	-	168,100
Total Finance	306,009	306,009	1,400	-	304,609
<b>STAFF</b>					
Personnel	-	30,000	-	-	30,000
<b>CENTRAL SERVICES</b>					
Operation of plant	31,016,761	29,861,683	25,295,802	785,436	3,780,445
Maintenance of plant	4,714,899	4,668,287	3,903,790	438,959	325,538
Central printing and mailing	420,584	425,631	348,249	-	77,382
Data processing	3,609,097	3,711,620	3,380,633	2,756	328,231
Total Central Services	39,762,516	38,667,221	32,928,474	1,227,151	4,511,596

**SPECIAL ITEMS**

Unallocated insurance	831,510	833,636	832,954	-	682
Total General Support	42,125,305	41,202,378	34,903,131	1,240,349	5,058,898

**INSTRUCTION****INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	3,072,627	2,887,454	2,753,017	-	134,437
Supervision - Regular school	24,631,820	24,569,608	23,691,409	-	878,199
Research, training and evaluation	1,301,502	1,411,269	1,159,432	5,111	246,726
In-service training - Instruction	188,300	173,244	38,011	-	135,233

Total Instruction, Administration  
and Improvement

29,194,249	29,041,575	27,641,869	5,111	1,394,595
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**TEACHING - REGULAR SCHOOL**

164,930,950	166,975,441	165,730,455	265,047	979,939
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**PROGRAMS FOR STUDENTS WITH HANDICAPPING CONDITIONS**

Programs for handicapped children and  
services for pupils with learning disabilities

77,473,660	76,049,341	71,696,839	6,959	4,345,543
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**OCCUPATIONAL EDUCATION**

7,022,650	6,952,902	6,763,767	4,629	184,506
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**INSTRUCTIONAL MEDIA**

School library and audiovisual  
Computer assisted instruction

1,059,667	1,016,430	966,973	-	49,457
1,002,829	1,103,159	1,043,090	27,800	32,269

Total Instructional Media

2,062,496	2,119,589	2,010,063	27,800	81,726
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(Continued)

Yonkers City School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>PUPIL SERVICES</b>					
Attendance - Regular school	\$ 863,836	\$ 878,325	\$ 851,351	\$ -	\$ 26,974
Guidance - Regular school	4,522,507	4,769,766	4,637,045	5,667	127,054
Health services - Regular school	5,107,823	5,166,887	4,896,454	-	270,433
Psychological services - Regular school	2,435,861	2,827,519	2,576,799	7,005	243,715
Social work services - Regular school	1,385,741	1,581,599	1,388,494	-	193,105
Interscholastic athletics - Regular school	2,806,568	3,231,098	3,022,665	28,144	180,289
<b>Total Pupil Services</b>	<b>17,122,336</b>	<b>18,455,194</b>	<b>17,372,808</b>	<b>40,816</b>	<b>1,041,570</b>
<b>Total Instruction</b>	<b>297,806,341</b>	<b>299,594,042</b>	<b>291,215,801</b>	<b>350,362</b>	<b>8,027,879</b>
<b>PUPIL TRANSPORTATION</b>					
District transportation services	5,817,266	5,555,324	5,428,455	4,675	122,194
Contract transportation	31,944,571	31,468,251	28,138,661	16,338	3,313,252
Public transportation	945,700	975,700	964,772	-	10,928
BOCES transportation	-	18,500	4,568	-	13,932
<b>Total Pupil Transportation</b>	<b>38,707,537</b>	<b>38,017,775</b>	<b>34,536,456</b>	<b>21,013</b>	<b>3,460,306</b>
<b>EMPLOYEE BENEFITS</b>					
State retirement	10,299,332	10,299,332	10,928,913	-	(629,581)
Teachers' retirement	29,747,489	29,829,032	29,241,653	-	587,379
Social security	19,938,790	19,983,004	20,235,659	-	(252,655)
Hospital, medical and dental benefits	75,982,687	76,195,256	74,395,391	-	1,799,865
Life insurance	55,037	77,268	52,821	-	24,447
Unemployment benefits	200,000	200,000	16,775	-	183,225
Union welfare benefits	3,889,063	3,889,063	3,628,607	-	260,456
<b>Total Employee Benefits</b>	<b>140,112,398</b>	<b>140,472,955</b>	<b>138,499,819</b>	<b>-</b>	<b>1,973,136</b>

**DEBT SERVICE**

## Principal

Notes payable	1,165,601	1,165,601	1,165,601	-	-
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## Interest

Notes payable	533,792	533,792	533,792	-	-
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Total Debt Service	1,699,393	1,699,393	1,699,393	-	-
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<b>TOTAL EXPENDITURES</b>	<u>520,450,974</u>	<u>520,986,543</u>	<u>500,854,600</u>	<u>1,611,724</u>	<u>18,520,219</u>
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**OTHER FINANCING USES**

## Transfers out

Special Aid Fund	2,236,883	1,701,314	1,701,314	-	-
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School Lunch Fund	250,000	250,000	250,000	-	-
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Debt Service Fund	17,009,633	17,009,633	17,009,633	-	-
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<b>TOTAL OTHER FINANCING USES</b>	<u>19,496,516</u>	<u>18,960,947</u>	<u>18,960,947</u>	<u>-</u>	<u>-</u>
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<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 539,947,490</u>	<u>\$ 539,947,490</u>	<u>\$ 519,815,547</u>	<u>\$ 1,611,724</u>	<u>\$ 18,520,219</u>
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**Yonkers City School District, New York**

Special Aid Fund  
 Comparative Balance Sheet  
 June 30,

	2016	2015
<b>ASSETS</b>		
State and Federal aid receivable	\$ 17,052,283	\$ 15,295,683
Due from City of Yonkers	56,669,668	17,524,410
Due from other funds	9,328,131	6,566,593
<b>Total Assets</b>	<b>\$ 83,050,082</b>	<b>\$ 39,386,686</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts payable	\$ 1,039,726	\$ 2,330,475
Accrued liabilities	1,372,462	1,023,487
Due to other governments	337,380	467,654
Due to other funds	80,300,514	35,065,070
Advances from other funds	-	500,000
<b>Total Liabilities</b>	<b>83,050,082</b>	<b>39,386,686</b>
Fund balance (deficit)		
Nonspendable	-	500,000
Unassigned	-	(500,000)
<b>Total Fund Balance</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 83,050,082</b>	<b>\$ 39,386,686</b>

**Yonkers City School District, New York**

Special Aid Fund  
 Comparative Schedule of Revenues, Expenditures and  
 Changes in Fund Balance-Budget and Actual  
 Years Ended June 30,

	2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 20,492,469	\$ 21,360,033	\$ 20,639,024	\$ (721,009)
Federal aid	39,197,370	41,195,978	35,272,118	(5,923,860)
Miscellaneous	400,974	400,974	149,538	(251,436)
Total Revenues	<u>60,090,813</u>	<u>62,956,985</u>	<u>56,060,680</u>	<u>(6,896,305)</u>
<b>EXPENDITURES</b>				
Current				
General support	1,407,751	1,411,795	1,276,677	135,118
Instruction	57,999,415	60,236,548	53,806,520	6,430,028
Pupil transportation	1,064,765	1,064,765	901,420	163,345
Community services	461,314	461,313	293,499	167,814
Employee benefits	1,394,451	1,483,878	1,483,878	-
Total Expenditures	<u>62,327,696</u>	<u>64,658,299</u>	<u>57,761,994</u>	<u>6,896,305</u>
Deficiency of Revenues Over Expenditures	(2,236,883)	(1,701,314)	(1,701,314)	-
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>2,236,883</u>	<u>1,701,314</u>	<u>1,701,314</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2015

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 26,946,610	\$ 27,123,973	\$ 16,890,352	\$ (10,233,621)
27,566,784	30,656,108	27,081,839	(3,574,269)
698,406	708,560	427,568	(280,992)
<u>55,211,800</u>	<u>58,488,641</u>	<u>44,399,759</u>	<u>(14,088,882)</u>
1,039,833	1,039,833	957,461	82,372
52,325,872	55,524,786	41,777,384	13,747,402
1,185,193	1,185,193	1,000,976	184,217
377,491	377,491	242,958	134,533
1,389,425	1,389,425	1,386,123	3,302
<u>56,317,814</u>	<u>59,516,728</u>	<u>45,364,902</u>	<u>14,151,826</u>
(1,106,014)	(1,028,087)	(965,143)	62,944
<u>1,106,014</u>	<u>1,028,087</u>	<u>965,143</u>	<u>(62,944)</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Yonkers City School District, New York**

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Receivables		
Due from City of Yonkers	\$ 31,367,092	\$ 33,336,446
Due from other funds	<u>51,881</u>	<u>50,356</u>
Total Assets	<u><u>\$ 31,418,973</u></u>	<u><u>\$ 33,386,802</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,070,291	\$ 2,998,924
Accrued liabilities	-	24,262
Due to other funds	<u>1,013,694</u>	<u>986,245</u>
Total Liabilities	2,083,985	4,009,431
Fund balance		
Restricted	<u>29,334,988</u>	<u>29,377,371</u>
Total Liabilities and Fund Balance	<u><u>\$ 31,418,973</u></u>	<u><u>\$ 33,386,802</u></u>

**Yonkers City School District, New York**

Capital Projects Fund  
Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Years Ended June 30,

	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Miscellaneous	\$ -	\$ 25,000
<b>EXPENDITURES</b>		
Capital outlay	<u>19,925,708</u>	<u>27,324,967</u>
Deficiency of Revenues Over Expenditures	<u>(19,925,708)</u>	<u>(27,299,967)</u>
<b>OTHER FINANCING SOURCES</b>		
Bonds issued	18,370,000	26,365,000
Issuance premium	<u>1,513,325</u>	<u>619,802</u>
Total Other Financing Sources	<u>19,883,325</u>	<u>26,984,802</u>
Net Change in Fund Balance	(42,383)	(315,165)
<b>FUND BALANCE</b>		
Beginning of Year	<u>29,377,371</u>	<u>29,692,536</u>
End of Year	<u><u>\$ 29,334,988</u></u>	<u><u>\$ 29,377,371</u></u>

**Yonkers City School District, New York**

Capital Projects Fund  
 Project-Length Schedule  
 Inception Of Project Through June 30, 2016

PROJECT	Authorization		Expenditures and Transfers to Date
	Original	Revised	Prior Years
Bond Sale - April 2001	\$ 5,000,000	\$ 5,000,000	\$ 4,999,486
Bond Sale - June 2002	7,000,000	7,000,000	6,994,936
Bond Sale - April 2004	12,000,000	12,000,000	11,998,111
Bond Sale - December 2004	11,850,000	11,850,000	11,843,928
Bond Sale - March 2006	2,800,000	2,800,000	2,799,344
Equipment and Technology Improvements	3,038,000	3,038,000	2,968,968
Improvements to School Buildings	12,461,168	12,461,168	12,403,717
Bond Sale - February 2008	18,000,000	18,000,000	17,931,714
Bond to Bond Anticipation Note - December 2011	2,800,000	2,800,000	2,533,497
Bond Sale - December 2011	10,000,000	10,000,000	6,859,229
Bond Sale - December 2012	27,847,502	27,847,502	21,243,817
Bond Anticipation Note - August 2013	5,205,900	5,205,900	4,790,817
Bond Sale - October 2014	21,729,385	21,778,902	2,994,491
Bond Sale - September 2015	19,883,325	19,883,325	-
<b>Total</b>	<b>\$ 159,615,280</b>	<b>\$ 159,664,797</b>	<b>\$ 110,362,055</b>

<u>Expenditures and Transfers to Date</u>		<u>Unexpended Balance</u>	<u>Methods of Financing</u>	<u>Fund Balance at June 30, 2016</u>
<u>Current Year</u>	<u>Total</u>		<u>Proceeds of Obligations</u>	
\$ 514	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
5,064	7,000,000	-	7,000,000	-
1,877	11,999,988	12	12,000,000	12
6,057	11,849,985	15	11,850,000	15
-	2,799,344	656	2,800,000	656
46,296	3,015,264	22,736	3,038,000	22,736
45,566	12,449,283	11,885	12,461,168	11,885
65,458	17,997,172	2,828	18,000,000	2,828
186,890	2,720,387	79,613	2,800,000	79,613
686,108	7,545,337	2,454,663	9,957,954	2,412,617
2,834,129	24,077,946	3,769,556	27,847,502	3,769,556
278,813	5,069,630	136,270	5,205,900	136,270
12,960,551	15,955,042	5,823,860	21,778,902	5,823,860
2,808,385	2,808,385	17,074,940	19,883,325	17,074,940
<u>\$ 19,925,708</u>	<u>\$ 130,287,763</u>	<u>\$ 29,377,034</u>	<u>\$ 159,622,751</u>	<u>\$ 29,334,988</u>

**Yonkers City School District, New York**

Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2016  
 (With Comparative Totals for 2015)

	<u>School Lunch</u>	<u>Special Purpose</u>	<u>Debt Service</u>
<b>ASSETS</b>			
Receivables			
Accounts	\$ 53,612	\$ 112,500	\$ -
State and Federal aid	1,426,174	-	-
Due from City of Yonkers	11,765,643	789,285	-
Due from other funds	<u>1,199,651</u>	<u>9,316</u>	<u>15,424,393</u>
	14,445,080	911,101	15,424,393
Inventories	<u>88,579</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 14,533,659</u>	<u>\$ 911,101</u>	<u>\$ 15,424,393</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,241,212	\$ -	\$ -
Accrued liabilities	178,665	126,650	-
Due to retirement systems	-	-	-
Due to the City of Yonkers	-	-	12,014,702
Due to other funds	<u>12,596,686</u>	<u>483,325</u>	<u>2,314,912</u>
Total Liabilities	<u>14,016,563</u>	<u>609,975</u>	<u>14,329,614</u>
Fund balances			
Nonspendable	88,579	-	-
Restricted	-	301,126	1,094,779
Assigned	<u>428,517</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>517,096</u>	<u>301,126</u>	<u>1,094,779</u>
Total Liabilities and Fund Balances	<u>\$ 14,533,659</u>	<u>\$ 911,101</u>	<u>\$ 15,424,393</u>

Total Non-Major  
Governmental Funds

2016	2015
\$ 166,112	\$ 197,515
1,426,174	1,332,172
12,554,928	6,813,382
<u>16,633,360</u>	<u>8,906,387</u>
30,780,574	17,249,456
88,579	47,813
<u>\$ 30,869,153</u>	<u>\$ 17,297,269</u>

\$ 1,241,212	\$ 1,451,293
305,315	268,624
-	63,421
12,014,702	5,135,226
<u>15,394,923</u>	<u>9,061,177</u>
28,956,152	15,979,741
88,579	47,813
1,395,905	1,020,425
<u>428,517</u>	<u>249,290</u>
1,913,001	1,317,528
<u>\$ 30,869,153</u>	<u>\$ 17,297,269</u>

**Yonkers City School District, New York**

Combining Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Non-Major Governmental Funds  
Year Ended June 30, 2016  
(With Comparative Totals for 2015)

	School Lunch	Special Purpose	Debt Service
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 293	\$ 11,417
State aid	210,116	-	-
Federal aid	7,553,683	-	-
Food sales	1,607,425	-	-
Miscellaneous	-	119,350	-
	<u>9,371,224</u>	<u>119,643</u>	<u>11,417</u>
<b>Total Revenues</b>			
<b>EXPENDITURES</b>			
Current			
Employee benefits	2,115,407	-	-
Cost of food sales	7,285,824	-	-
Other	-	118,850	-
Debt service			
Principal	-	-	17,472,520
Interest	-	-	6,633,471
Refunding bond issuance costs	-	-	114,096
	<u>9,401,231</u>	<u>118,850</u>	<u>24,220,087</u>
<b>Total Expenditures</b>			
Excess (Deficiency) of Revenues Over Expenditures	<u>(30,007)</u>	<u>793</u>	<u>(24,208,670)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Contribution from City of Yonkers	-	-	7,459,628
Refunding bonds issued	-	-	14,700,766
Payment to refunded bond escrow agent	-	-	(15,330,913)
Issuance premium	-	-	744,243
Transfers in	250,000	-	17,009,633
Transfers out	-	-	-
	<u>250,000</u>	<u>-</u>	<u>24,583,357</u>
<b>Total Other Financing Sources</b>			
Net Change in Fund Balances	219,993	793	374,687
<b>FUND BALANCES</b>			
Beginning of Year	<u>297,103</u>	<u>300,333</u>	<u>720,092</u>
End of Year	<u>\$ 517,096</u>	<u>\$ 301,126</u>	<u>\$ 1,094,779</u>

Total Non-Major  
Governmental Funds

<u>2016</u>	<u>2015</u>
\$ 11,710	\$ 500
210,116	192,421
7,553,683	6,991,271
1,607,425	1,882,055
119,350	121,650
<u>9,502,284</u>	<u>9,187,897</u>
2,115,407	1,935,152
7,285,824	7,210,892
118,850	159,950
17,472,520	17,349,620
6,633,471	4,825,448
114,096	452,225
<u>33,740,168</u>	<u>31,933,287</u>
<u>(24,237,884)</u>	<u>(22,745,390)</u>
7,459,628	5,176,742
14,700,766	14,430,000
(15,330,913)	(15,011,409)
744,243	1,033,634
17,259,633	17,293,782
-	(16,105)
<u>24,833,357</u>	<u>22,906,644</u>
595,473	161,254
1,317,528	1,156,274
<u>\$ 1,913,001</u>	<u>\$ 1,317,528</u>

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**Yonkers City School District, New York**

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Receivables		
Accounts	\$ 53,612	\$ 85,015
State and Federal aid	1,426,174	1,332,172
Due from City of Yonkers	11,765,643	6,143,740
Due from other funds	<u>1,199,651</u>	<u>932,306</u>
	14,445,080	8,493,233
Inventories	<u>88,579</u>	<u>47,813</u>
Total Assets	<u><u>\$ 14,533,659</u></u>	<u><u>\$ 8,541,046</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,241,212	\$ 1,406,593
Accrued liabilities	178,665	186,224
Due to retirement systems	-	63,421
Due to City of Yonkers	-	3,940
Due to other funds	<u>12,596,686</u>	<u>6,583,765</u>
Total Liabilities	<u>14,016,563</u>	<u>8,243,943</u>
Fund balance		
Nonspendable	88,579	47,813
Assigned	<u>428,517</u>	<u>249,290</u>
Total Fund Balance	<u>517,096</u>	<u>297,103</u>
Total Liabilities and Fund Balance	<u><u>\$ 14,533,659</u></u>	<u><u>\$ 8,541,046</u></u>

**Yonkers City School District, New York**

School Lunch Fund  
 Comparative Schedule of Revenues, Expenditures  
 and Changes in Fund Balance - Budget and Actual  
 Years Ended June 30,

	2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 212,287	\$ 212,287	\$ 210,116	\$ (2,171)
Federal aid	7,185,741	7,185,741	7,553,683	367,942
Food sales	1,914,307	1,914,307	1,607,425	(306,882)
<b>Total Revenues</b>	<b>9,312,335</b>	<b>9,312,335</b>	<b>9,371,224</b>	<b>58,889</b>
<b>EXPENDITURES</b>				
Current				
Employee benefits	2,183,440	2,183,440	2,115,407	68,033
Cost of food sales	7,362,790	7,362,790	7,285,824	76,966
<b>Total Expenditures</b>	<b>9,546,230</b>	<b>9,546,230</b>	<b>9,401,231</b>	<b>144,999</b>
Deficiency of Revenues Over Expenditures	(233,895)	(233,895)	(30,007)	203,888
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	250,000	250,000	250,000	-
Transfers out	(16,105)	(16,105)	-	16,105
<b>Total Other Financing Sources</b>	<b>233,895</b>	<b>233,895</b>	<b>250,000</b>	<b>16,105</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>219,993</b>	<b>219,993</b>
<b>FUND BALANCE</b>				
Beginning of Year	-	-	297,103	297,103
End of Year	\$ -	\$ -	\$ 517,096	\$ 517,096

2015			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 215,889	\$ 215,889	\$ 192,421	\$ (23,468)
6,963,568	6,963,568	6,991,271	27,703
2,083,689	2,083,689	1,882,055	(201,634)
<u>9,263,146</u>	<u>9,263,146</u>	<u>9,065,747</u>	<u>(197,399)</u>
2,147,751	2,147,751	1,935,152	212,599
7,349,290	7,349,290	7,210,892	138,398
<u>9,497,041</u>	<u>9,497,041</u>	<u>9,146,044</u>	<u>350,997</u>
<u>(233,895)</u>	<u>(233,895)</u>	<u>(80,297)</u>	<u>153,598</u>
250,000	250,000	250,000	-
(16,105)	(16,105)	(16,105)	-
<u>233,895</u>	<u>233,895</u>	<u>233,895</u>	<u>-</u>
-	-	153,598	153,598
-	-	143,505	143,505
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,103</u>	<u>\$ 297,103</u>

**Yonkers City School District, New York**

Special Purpose Fund  
 Comparative Balance Sheet  
 June 30,

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Receivables		
Accounts	\$ 112,500	\$ 112,500
Due from City of Yonkers	789,285	669,642
Due from other funds	<u>9,316</u>	<u>9,316</u>
 Total Assets	 <u>\$ 911,101</u>	 <u>\$ 791,458</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ -	\$ 44,700
Accrued liabilities	126,650	82,400
Due to other funds	<u>483,325</u>	<u>364,025</u>
 Total Liabilities	 609,975	 491,125
 Fund balance		
Restricted	<u>301,126</u>	<u>300,333</u>
 Total Liabilities and Fund Balance	 <u>\$ 911,101</u>	 <u>\$ 791,458</u>

**Yonkers City School District, New York**

Special Purpose Fund  
Comparative Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Years Ended June 30,

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	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>		
Use of money and property	\$ 293	\$ 500
Miscellaneous	<u>119,350</u>	<u>121,650</u>
Total Revenues	119,643	122,150
<b>EXPENDITURES</b>		
Current		
Other	<u>118,850</u>	<u>159,950</u>
Excess (Deficiency) of Revenues Over Expenditures	793	(37,800)
<b>FUND BALANCE</b>		
Beginning of Year	<u>300,333</u>	<u>338,133</u>
End of Year	<u><u>\$ 301,126</u></u>	<u><u>\$ 300,333</u></u>

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**Yonkers City School District, New York**

Debt Service Fund  
Comparative Balance Sheet  
June 30,

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Due from other funds	<u>\$ 15,424,393</u>	<u>\$ 7,964,765</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Due to City of Yonkers	\$ 12,014,702	\$ 5,131,286
Due to other funds	<u>2,314,912</u>	<u>2,113,387</u>
Total Liabilities	14,329,614	7,244,673
Fund balance		
Restricted	<u>1,094,779</u>	<u>720,092</u>
Total Liabilities and Fund Balance	<u>\$ 15,424,393</u>	<u>\$ 7,964,765</u>

**Yonkers City School District, New York**

Debt Service Fund  
 Comparative Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
 Years Ended June 30,

	2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 11,417	\$ 11,417
<b>EXPENDITURES</b>				
Debt service				
Principal				
Bonds	17,272,520	17,272,520	17,272,520	-
State loan	200,000	200,000	200,000	-
Retirement incentives and other pension obligations	-	-	-	-
	<u>17,472,520</u>	<u>17,472,520</u>	<u>17,472,520</u>	<u>-</u>
Interest				
Bonds	7,012,846	7,012,846	6,633,471	379,375
Retirement incentives and other pension obligations	-	-	-	-
	<u>7,012,846</u>	<u>7,012,846</u>	<u>6,633,471</u>	<u>379,375</u>
Refunding bond issuance costs	-	114,096	114,096	-
Total Expenditures	<u>24,485,366</u>	<u>24,599,462</u>	<u>24,220,087</u>	<u>379,375</u>
Deficiency of Revenues Over Expenditures	<u>(24,485,366)</u>	<u>(24,599,462)</u>	<u>(24,208,670)</u>	<u>390,792</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Contribution from City of Yonkers	7,459,628	7,459,628	7,459,628	-
Refunding bonds issued	-	14,700,766	14,700,766	-
Payment to refunded bond escrow agent	-	(15,330,913)	(15,330,913)	-
Issuance premium	-	744,243	744,243	-
Transfers in	17,025,738	17,025,738	17,009,633	(16,105)
Total Other Financing Sources	<u>24,485,366</u>	<u>24,599,462</u>	<u>24,583,357</u>	<u>(16,105)</u>
Net Change in Fund Balance	-	-	374,687	374,687
<b>FUND BALANCE</b>				
Beginning of Year	-	-	720,092	720,092
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094,779</u>	<u>\$ 1,094,779</u>

2015			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 500	\$ 500	\$ -	\$ (500)
17,054,620	17,149,635	17,149,620	15
200,000	200,000	200,000	-
1,365,108	-	-	-
18,619,728	17,349,635	17,349,620	15
4,966,406	4,871,391	4,825,448	45,943
430,541	-	-	-
5,396,947	4,871,391	4,825,448	45,943
-	452,225	452,225	-
24,016,675	22,673,251	22,627,293	45,958
(24,016,175)	(22,672,751)	(22,627,293)	45,458
5,176,744	5,176,744	5,176,742	(2)
-	14,430,000	14,430,000	-
-	(15,011,409)	(15,011,409)	-
-	1,033,634	1,033,634	-
18,839,431	17,043,782	17,043,782	-
24,016,175	22,672,751	22,672,749	(2)
-	-	45,456	45,456
-	-	674,636	674,636
\$ -	\$ -	\$ 720,092	\$ 720,092

**Yonkers City School District, New York**

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2016

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Adopted Budget	\$ 537,731,791
Additions	
Encumbrances	<u>2,215,699</u>
Original/Final Budget	<u><u>\$ 539,947,490</u></u>

**Yonkers City School District, New York**

**Schedule of Net Investment in Capital Assets  
Year Ended June 30, 2016**

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Capital Assets, net		\$ 268,316,018
Less		
Bonds payable	(151,349,312)	
Notes payable	(11,887,664)	
Unamortized portion of premium on bonds	<u>(6,276,157)</u>	(169,513,133)
Plus		
Unexpended bond proceeds	29,334,988	
Unamortized portion of loss on refunding bonds	<u>1,345,768</u>	<u>30,680,756</u>
Net Investment in Capital Assets		<u>\$ 129,483,641</u>

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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Yonkers City School District, New York ("School District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 4, 2017.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

We noted certain matters that we reported to the management of the School District in a separate letter.

## **Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

January 4, 2017



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

**Independent Auditors' Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Yonkers City School District, New York's ("School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2016. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

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

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

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

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

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

January 4, 2017

Yonkers City School District, New York

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 1,076,176
National School Lunch Program - Commodities	10.555	N/A	-	542,473
National School Lunch Program - Cash	10.555	N/A	-	5,722,962
Summer Food Service Program for Children	10.559	N/A	-	212,072
Subtotal Child Nutrition Cluster			-	7,553,683
Child Nutrition Discretionary Grants Limited Availability	10.579	0005-15-0035	-	46,313
Total U.S. Department of Agriculture			-	7,599,996
<u>U.S. Department of Education</u>				
Direct Programs				
Impact Aid	84.041	N/A	-	20,949
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster - IDEA</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-15-1107	-	186
Special Education - Grants to States (IDEA, Part B)	84.027	0032-16-1107	-	6,552,621
Special Education - Grants to States (IDEA, Part B)	84.027	C01213	-	585,411
Special Education - Preschool Grants (IDEA, Preschool)	84.173	0033-15-1107	-	1,070
Special Education - Preschool Grants (IDEA, Preschool)	84.173	0033-16-1107	-	274,704
Subtotal Special Education Cluster			-	7,413,992
Adult Education - Basic Grants to States	84.002	2338-16-2025	-	449,484
Title I Grants to Local Educational Agencies	84.010	0011-15-2008	-	573,162
Title I Grants to Local Educational Agencies	84.010	0011-16-2008	-	236,147
Title I Grants to Local Educational Agencies	84.010	0011-15-7040	-	130,880
Title I Grants to Local Educational Agencies	84.010	0011-16-7040	-	214,316
Title I Grants to Local Educational Agencies	84.010	0011-15-7041	-	87,580
Title I Grants to Local Educational Agencies	84.010	0011-16-7041	-	294,927
Title I Grants to Local Educational Agencies	84.010	0011-16-6116	-	250,000
Title I Grants to Local Educational Agencies	84.010	0011-16-6117	-	250,000
Title I Grants to Local Educational Agencies	84.010	0021-15-3820	-	381,858
Title I Grants to Local Educational Agencies	84.010	0021-16-3820	-	9,198,080
			-	11,616,950
NY Gear Up	84.334	N/A	-	135,247
Career and Technical Education - Basic Grants to State	84.048	8000-15-9037	-	1,907
Career and Technical Education - Basic Grants to State	84.048	8000-16-9037	-	219,709
Career and Technical Education - Basic Grants to State	84.048	8000-16-0001	-	253,190
Career and Technical Education - Basic Grants to State	84.048	8000-15-0001	-	29,486
			-	504,292

(Continued)

Yonkers City School District, New York

Schedule of Expenditures of Federal Awards (Continued)  
 Year Ended June 30, 2016

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
Education for Homeless Children and Youth	84.196	0212-16-4017	\$ -	\$ 50,750
English Language Acquisition State Grants	84.365	0293-15-3820	-	62,851
English Language Acquisition State Grants	84.365	0149-15-3820	-	49,630
English Language Acquisition State Grants	84.365	0293-16-3820	-	532,424
English Language Acquisition State Grants	84.365	0149-16-3820	-	200,667
			-	<u>845,572</u>
Mathematics and Science Partnerships	84.366	0294-16-0201	-	<u>969,688</u>
Improving Teacher Quality State Grants	84.367	0147-15-3820	-	551,977
Improving Teacher Quality State Grants	84.367	0147-16-3820	-	1,457,788
			-	<u>2,009,765</u>
School Improvement Grants	84.377	0123-15-4208	-	396,054
School Improvement Grants	84.377	0123-16-4208	-	892,308
School Improvement Grants	84.377	0123-15-4206	-	329,672
School Improvement Grants	84.377	0123-16-4206	-	867,748
School Improvement Grants	84.377	0123-16-7023	-	292,136
School Improvement Grants	84.377	0123-16-7024	-	282,870
			-	<u>3,060,788</u>
Preschool Development Grant	84.419	8120-16-1005	-	<u>8,169,277</u>
Total U.S. Department of Education			-	<u>35,246,754</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>42,846,750</u>

(1) Catalog of Federal Domestic Assistance number.

The accompanying notes are an integral part of this schedule.

## **Yonkers City School District, New York**

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

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### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Yonkers City School District, New York ("School District") under programs of the federal government for the year ended June 30, 2016. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the 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*"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

**Yonkers City School District, New York**

Summary Schedule of Prior Audit Findings  
Year ended June 30, 2016

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None

**Yonkers City School District, New York**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

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**Section I - Summary of Auditors' Results**

*Financial Statements*

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

Unmodified

Internal control over financial reporting:

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

\_\_\_ Yes     X  No  
\_\_\_ Yes     X  None reported

Noncompliance material to financial statements noted?

\_\_\_ Yes     X  No

**Federal Awards**

Internal control over major federal programs:

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

\_\_\_ Yes     X  No  
\_\_\_ Yes     X  None reported

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

Unmodified

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

\_\_\_ Yes     X  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.419	Preschool Development Grant
84.377	Title I School Improvement Grant

Dollar threshold used to distinguish between Type A and Type B programs:  
Auditee qualified as low-risk auditee?

\$1,285,403   
 X  Yes    \_\_\_ No