

Yonkers City School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2017

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, 2017, 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, 2017, and the respective changes in financial position 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 for the year ended June 30, 2017 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* for the year ended June 30, 2017 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 for the year ended June 30, 2017 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 for the year ended June 30, 2017.

We also previously audited, 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, the basic financial statements of the School District as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated January 4, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those 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 for the year ended June 30, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 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 effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

December 5, 2017

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Yonkers City School District, New York

Management's Discussion and Analysis (MD&A)
June 30, 2017

INTRODUCTION

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, 2017. 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 2016-2017 actual revenue per the District-wide financial statements increased by \$18.1 million from the prior year of \$609.2 million to \$627.3 million. Additional unrestricted state and federal aid of \$13 million along with the \$7.5 million increase in the city contribution and a \$1 million decrease in miscellaneous 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 \$622 million or 99%, of all revenue in 2017. Total expenses for functions/programs in the District-wide financial statements totaled \$699.7 million and \$639.1 million in 2017 and 2016, respectively.
- At June 30, 2017, the School District reported in its Statement of Net Position a liability of \$38.1 million for its proportionate share of the net pension liability. 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, 2017, liabilities and deferred inflows of resources, per the District-wide financial statements exceeded total assets and deferred outflows of resources by \$528 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 \$105.2 million.
- As of the close of the fiscal year, the School District's governmental funds reported combined fund balances surplus of \$67.1 million at June 30, 2017, an increase of \$7.4 million during 2017. These numbers will be explained in more detail throughout the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: (1) 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.

| Figure A-1 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"> • Statement of net position • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balance | <ul style="list-style-type: none"> • Statement of fiduciary assets and liabilities |
| 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 |

| Figure A-1 Major Features of the District-wide and Fund Financial Statements | | | |
|---|--|---|---|
| | 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, 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 I) and change in net position (Table II) of the School District's government wide activities.

Table I – Statement Net Position

| | <u>Fiscal Year 2017</u> | <u>Fiscal Year 2016</u> | <u>Amount Change</u> |
|----------------------------------|-------------------------|-------------------------|------------------------|
| Current and Other Assets | \$ 195,033,717 | \$ 355,986,614 | \$ (160,952,897) |
| Capital Assets | <u>281,908,972</u> | <u>268,316,018</u> | <u>13,592,954</u> |
| Total Assets | <u>476,942,689</u> | <u>624,302,632</u> | <u>(147,359,943)</u> |
| Deferred Outflows of Resources | <u>171,257,666</u> | <u>66,748,097</u> | <u>104,509,569</u> |
| Current Liabilities | 127,645,741 | 143,022,946 | (15,377,205) |
| Long-term Liabilities | <u>1,039,456,723</u> | <u>946,053,709</u> | <u>93,403,014</u> |
| Total Liabilities | <u>1,167,102,464</u> | <u>1,089,076,655</u> | <u>78,025,809</u> |
| Deferred Inflows of Resources | <u>9,516,817</u> | <u>57,929,892</u> | <u>(48,413,075)</u> |
| Net Position: | | | |
| Net Investment in Capital Assets | 138,374,206 | 129,483,641 | 8,890,565 |
| Restricted | 2,272,499 | 2,877,301 | (604,802) |
| Unrestricted | <u>(669,065,631)</u> | <u>(588,316,760)</u> | <u>(80,748,871)</u> |
| Total Net Position | <u>\$ (528,418,926)</u> | <u>\$ (455,955,818)</u> | <u>\$ (72,463,108)</u> |

In Table I, total assets decreased by \$147.3 million, or 23.6%. As a requirement 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, the School District reported a net pension asset, liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems in the Statement of Net Position. This asset and the net deferrals are not in custody of, nor are they accessible by the School District, rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note 3E of the financial statements for more information on these pension items. Total liabilities increased by \$78 million, or 7.16%. 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 \$105.2 million.

Table II - Change in Net Position

| | <u>Fiscal Year 2017</u> | <u>Fiscal Year 2016</u> | <u>Amount Change</u> |
|------------------------------------|-------------------------|-------------------------|------------------------|
| Revenue: | | | |
| Charges for Service | \$ 3,286,209 | \$ 2,397,920 | \$ 888,289 |
| Operating grants and contributions | 82,301,486 | 85,139,990 | (2,838,504) |
| Capital grants and contributions | 618,700 | 11,417 | 607,283 |
| General Revenue: | | | |
| Contribution from City of Yonkers | 257,324,088 | 249,808,568 | 7,515,520 |
| Unrestricted State and Federal aid | 282,424,918 | 269,448,524 | 12,976,394 |
| Miscellaneous | 1,332,404 | 2,369,185 | (1,036,781) |
| Total Revenue | <u>627,287,805</u> | <u>609,175,604</u> | <u>18,112,201</u> |
| Expenses: | | | |
| General Support | 95,681,632 | 92,555,527 | 3,126,105 |
| Instruction | 548,948,870 | 493,814,073 | 55,134,797 |
| Transportation | 39,968,682 | 40,237,470 | (268,788) |
| Interest on Long-Term Debt | 7,054,828 | 4,613,174 | 2,441,654 |
| Community Services | 401,212 | 398,946 | 2,266 |
| Cost of Sales - Food | 7,573,861 | 7,406,632 | 167,229 |
| Other | 121,828 | 118,850 | 2,978 |
| Total Expenses | <u>699,750,913</u> | <u>639,144,672</u> | <u>60,606,241</u> |
| Decrease in Net Position | <u>(72,463,108)</u> | <u>(29,969,068)</u> | <u>(42,494,040)</u> |
| Net Position - Beginning | <u>(455,955,818)</u> | <u>(425,986,750)</u> | <u>(29,969,068)</u> |
| Net Position - Ending | <u>\$ (528,418,926)</u> | <u>\$ (455,955,818)</u> | <u>\$ (72,463,108)</u> |

In Table II, the School District's total revenues were \$627.3 million, an increase of \$18.1 million or 3%. The total cost of all programs and services was \$699.7 million an increase of \$60.6 million or 9.5%.

Table III Revenue Sources for 2017:

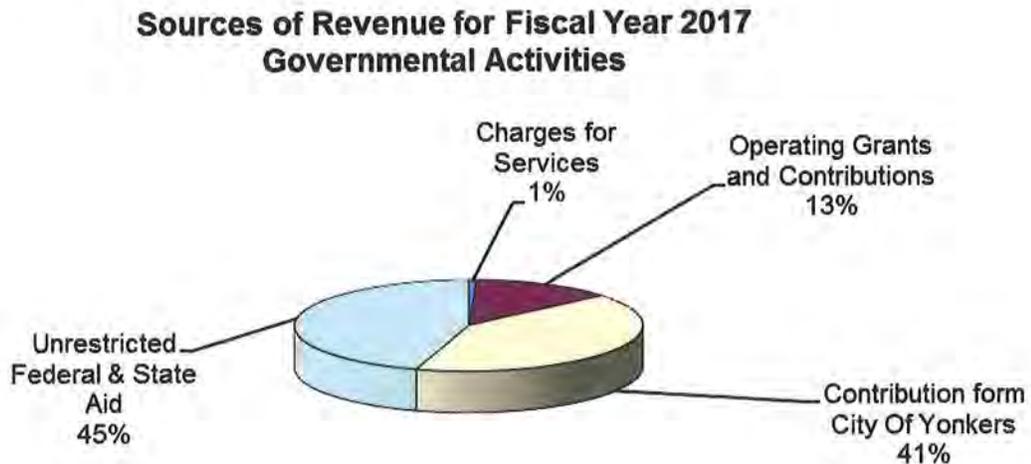
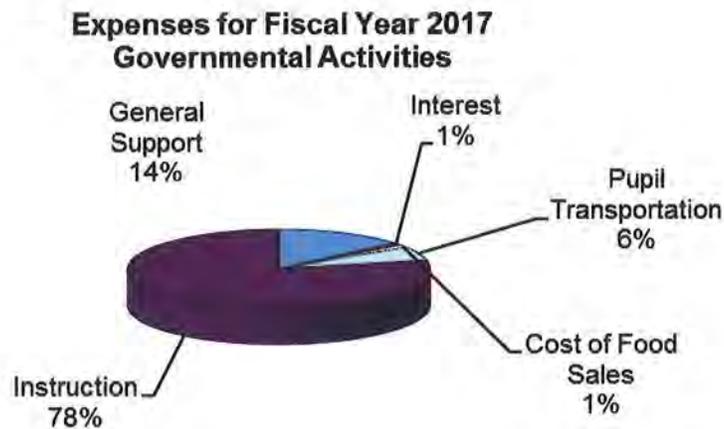


Table IV Sources of Expenses for 2017:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations between years for the 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

| | Original Budget | Final Budget | Actual | Encumbrance | Variance |
|---------------------------------|-----------------|----------------|----------------|----------------|---------------|
| Revenue: | | | | | |
| Local and Miscellaneous Sources | \$ 246,908,090 | \$ 246,908,090 | \$ 247,796,492 | \$ - | \$ 888,402 |
| State Sources | 304,068,377 | 304,068,377 | 303,052,043 | - | (1,016,334) |
| Federal Sources | 580,600 | 580,600 | 756,806 | - | 176,206 |
| Interfunds Revenue | 792,881 | 792,881 | 505,788 | - | (287,093) |
| Total | 552,349,948 | 552,349,948 | 552,111,129 | - | (238,819) |
| Expenses: | | | | | |
| General Support | 41,139,268 | 40,950,270 | 37,813,013 | 1,137,263 | 1,999,994 |
| Instruction | 307,423,452 | 310,245,984 | 304,459,215 | 77,497 | 5,709,272 |
| Transportation | 38,504,318 | 36,381,043 | 33,743,575 | 4,890 | 2,632,578 |
| Employee Benefits | 146,965,014 | 144,953,471 | 139,800,562 | - | 5,152,909 |
| Debt Service | 1,565,530 | 1,565,530 | 1,565,276 | - | 254 |
| Transfers Out | 18,364,090 | 19,865,374 | 19,512,718 | - | 352,656 |
| Total Expenses | 553,961,672 | 553,961,672 | 536,894,359 | 1,219,650 | 15,847,663 |
| Revenue Over (under) Expense | \$ (1,611,724) | \$ (1,611,724) | \$ 15,216,770 | \$ (1,219,650) | \$ 15,608,844 |

The School District considers budget variances of 10% and \$1 million to be significant. The following variances occurred during 2017:

- 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 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, 2017, the School District had \$281.9 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 \$21.3 million in construction costs.

Table VI - Capital Assets

| Category: | Fiscal Year 2017 | Fiscal Year 2016 | Amount Change |
|---------------------------|------------------|------------------|---------------|
| Land | \$ 6,597,219 | \$ 6,597,219 | - |
| Construction in Progress | 43,172,116 | 30,341,572 | 12,830,544 |
| Building and Improvements | 230,107,801 | 230,112,475 | (4,674) |
| Machinery and Equipment | 2,031,836 | 1,264,752 | 767,084 |
| Total | \$ 281,908,972 | \$ 268,316,018 | \$ 13,592,954 |

Long-Term Debt

As of June 30, 2017, the School District had \$191.9 million in general obligation bonds and \$55.6 in other long-term debt outstanding. In addition, the pension liability of \$38.1 million and other postemployment benefits obligation of \$753.8 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

The School District receives approximately 44% 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, 2017

ASSETS

| | |
|--------------------------|--------------------|
| Receivables | |
| Accounts | \$ 11,698,831 |
| State and Federal aid | 91,078,789 |
| Due from City of Yonkers | 91,945,064 |
| Inventories | 311,033 |
| Capital assets | |
| Not being depreciated | 49,769,335 |
| Being depreciated, net | <u>232,139,637</u> |
| Total Assets | <u>476,942,689</u> |

DEFERRED OUTFLOWS OF RESOURCES

171,257,666

LIABILITIES

| | |
|--------------------------------|----------------------|
| Accounts payable | 10,148,900 |
| Accrued liabilities | 35,376,646 |
| Bond anticipation note payable | 2,700,000 |
| Due to other governments | 1,615,328 |
| Due to retirement systems | 34,133,804 |
| Due to City of Yonkers | 41,168,341 |
| Overpayments | 147,972 |
| Accrued interest payable | 2,354,750 |
| Non-current liabilities | |
| Due within one year | 29,704,246 |
| Due in more than one year | <u>1,009,752,477</u> |
| Total Liabilities | <u>1,167,102,464</u> |

DEFERRED INFLOWS OF RESOURCES

9,516,817

NET POSITION

| | |
|----------------------------------|-------------------------|
| Net investment in capital assets | 138,374,206 |
| Restricted for | |
| Capital projects | 598,362 |
| Debt service | 1,343,220 |
| School lunch | 120,481 |
| Special purpose | 210,436 |
| Unrestricted | <u>(669,065,631)</u> |
| Total Net Position | <u>\$ (528,418,926)</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, 2017

| 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 | \$ 95,681,632 | \$ 321,462 | \$ 505,788 | \$ - | \$ (94,854,382) |
| Instruction | 548,948,870 | 1,444,492 | 72,698,888 | 598,362 | (474,207,128) |
| Pupil transportation | 39,968,682 | - | 1,014,926 | - | (38,953,756) |
| Community services | 401,212 | - | 401,212 | - | - |
| Cost of food sales | 7,573,861 | 1,520,255 | 7,649,534 | - | 1,595,928 |
| Other | 121,828 | - | 31,138 | - | (90,690) |
| Interest | 7,054,828 | - | - | 20,338 | (7,034,490) |
| Total Governmental Activities | \$ 699,750,913 | \$ 3,286,209 | \$ 82,301,486 | \$ 618,700 | (613,544,518) |
| General revenues | | | | | |
| Contribution from City of Yonkers | | | | | 257,324,088 |
| Sale of property and compensation for loss | | | | | 6,281 |
| Unrestricted State aid | | | | | 282,424,918 |
| Miscellaneous | | | | | 1,326,123 |
| Total General Revenues | | | | | 541,081,410 |
| Change in Net Position | | | | | (72,463,108) |
| Net Position - Beginning | | | | | (455,955,818) |
| Net Position - Ending | | | | | \$ (528,418,926) |

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, 2017

| | General | Special Aid | Capital Projects |
|---|-----------------------|----------------------|----------------------|
| ASSETS | | | |
| Receivables | | | |
| Accounts | \$ 11,416,566 | \$ - | \$ 261,606 |
| State and Federal aid | 73,279,079 | 17,241,937 | - |
| Due from City of Yonkers | 47,159,355 | - | 25,767,398 |
| Due from other funds | 31,391,576 | 387,488 | 42,883 |
| Inventories | - | - | - |
| Total Assets | <u>\$ 163,246,576</u> | <u>\$ 17,629,425</u> | <u>\$ 26,071,887</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 6,491,596 | \$ 975,422 | \$ 1,255,783 |
| Accrued liabilities | 33,284,966 | 1,680,721 | - |
| Bond anticipation note payable | - | - | 2,700,000 |
| Due to other governments | 1,325,243 | 290,085 | - |
| Due to retirement systems | 34,133,804 | - | - |
| Due to City of Yonkers | - | - | - |
| Due to other funds | 41,548,786 | 14,683,197 | 1,054,568 |
| Overpayments | 147,972 | - | - |
| Total Liabilities | 116,932,367 | 17,629,425 | 5,010,351 |
| Deferred inflows of resources | | | |
| Unavailable revenues | 2,625,182 | - | - |
| Total Liabilities and Deferred Inflows of Resources | <u>119,557,549</u> | <u>17,629,425</u> | <u>5,010,351</u> |
| Fund balances | | | |
| Nonspendable | - | - | - |
| Restricted | 964,300 | - | 21,061,536 |
| Assigned | 18,631,084 | - | - |
| Unassigned | 24,093,643 | - | - |
| Total Fund Balances | <u>43,689,027</u> | <u>-</u> | <u>21,061,536</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 163,246,576</u> | <u>\$ 17,629,425</u> | <u>\$ 26,071,887</u> |

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

| Total Non-Major Governmental | Total Governmental Funds |
|------------------------------------|--------------------------------|
| \$ 20,659 | \$ 11,698,831 |
| 557,773 | 91,078,789 |
| 19,018,311 | 91,945,064 |
| 42,304,840 | 74,126,787 |
| 311,033 | 311,033 |
| <u>\$ 62,212,616</u> | <u>\$ 269,160,504</u> |
| | |
| \$ 1,426,099 | \$ 10,148,900 |
| 410,959 | 35,376,646 |
| - | 2,700,000 |
| - | 1,615,328 |
| - | 34,133,804 |
| 41,168,341 | 41,168,341 |
| 16,840,236 | 74,126,787 |
| - | 147,972 |
| <u>59,845,635</u> | <u>199,417,778</u> |
| | |
| - | 2,625,182 |
| <u>59,845,635</u> | <u>202,042,960</u> |
| | |
| 311,033 | 311,033 |
| 214,669 | 22,240,505 |
| 1,841,279 | 20,472,363 |
| - | 24,093,643 |
| <u>2,366,981</u> | <u>67,117,544</u> |
| | |
| <u>\$ 62,212,616</u> | <u>\$ 269,160,504</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, 2017

| | |
|--|-------------------------|
| Fund Balance - Total Governmental Funds | \$ 67,117,544 |
| 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>281,908,972</u> |
| Other long-term assets that are not available to pay for current-period expenditures are reported as unearned or deferred in the funds. | |
| Tuition revenues | 1,077,355 |
| State aid | <u>1,547,827</u> |
| | <u>2,625,182</u> |
| Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension liabilities whereas these amounts are deferred and amortized in the statement of activities. | |
| Deferred amounts on refunding bonds | 1,145,527 |
| Deferred amounts on net pension assets (liabilities) | <u>160,595,322</u> |
| | <u>161,740,849</u> |
| Long-term liabilities that are not due and payable in the current period are not reported in the funds. | |
| Accrued interest payable | (2,354,750) |
| Bonds payable | (191,914,502) |
| Notes payable | (10,739,038) |
| State loan payable | (2,600,000) |
| Retirement incentives and other pension obligations | (24,778,495) |
| Compensated absences | (17,469,267) |
| Net pension liability | (38,089,608) |
| Other post employment benefit obligations payable | <u>(753,865,813)</u> |
| | <u>(1,041,811,473)</u> |
| Net Position of Governmental Activities | <u>\$ (528,418,926)</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, 2017

| | General | Special Aid | Capital Projects |
|---|----------------------|-------------------|----------------------|
| REVENUES | | | |
| Charges for services | \$ 367,137 | \$ - | \$ - |
| Use of money and property | 321,462 | - | - |
| Sale of property and compensation for loss | 6,281 | - | - |
| Interfund revenues | 505,788 | - | - |
| State aid | 303,052,043 | 19,633,685 | - |
| Federal aid | 756,806 | 33,151,585 | - |
| Food sales | - | - | - |
| Miscellaneous | 1,651,214 | 126,522 | - |
| Total Revenues | 306,660,731 | 52,911,792 | - |
| EXPENDITURES | | | |
| Current | | | |
| General support | 37,813,013 | 505,788 | - |
| Instruction | 304,459,215 | 50,639,901 | - |
| Pupil transportation | 33,743,575 | 1,014,926 | - |
| Community services | - | 401,212 | - |
| Employee benefits | 139,800,562 | 1,573,809 | - |
| Cost of food sales | - | - | - |
| Other | - | - | - |
| Debt service | | | |
| Principal | 1,148,626 | - | - |
| Interest | 416,650 | - | - |
| Capital outlay | - | - | 25,241,799 |
| Total Expenditures | 517,381,641 | 54,135,636 | 25,241,799 |
| Deficiency of Revenues Over Expenditures | (210,720,910) | (1,223,844) | (25,241,799) |
| OTHER FINANCING SOURCES (USES) | | | |
| Insurance recoveries | - | - | 598,362 |
| Bonds issued | - | - | 15,525,000 |
| Issuance premium | - | - | 844,985 |
| Contribution from City of Yonkers | 245,450,398 | - | - |
| Transfers in | - | 1,223,844 | - |
| Transfers out | (19,512,718) | - | - |
| Total Other Financing Sources | 225,937,680 | 1,223,844 | 16,968,347 |
| Net Change in Fund Balances | 15,216,770 | - | (8,273,452) |
| FUND BALANCES | | | |
| Beginning of Year | 28,472,257 | - | 29,334,988 |
| End of Year | <u>\$ 43,689,027</u> | <u>\$ -</u> | <u>\$ 21,061,536</u> |

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

| Non-Major Governmental | Total Governmental Funds |
|---------------------------|--------------------------------|
| \$ - | \$ 367,137 |
| 20,526 | 341,988 |
| - | 6,281 |
| - | 505,788 |
| 190,230 | 322,875,958 |
| 7,459,304 | 41,367,695 |
| 1,520,255 | 1,520,255 |
| 30,950 | 1,808,686 |
| <u>9,221,265</u> | <u>368,793,788</u> |
| - | 38,318,801 |
| - | 355,099,116 |
| - | 34,758,501 |
| - | 401,212 |
| 2,116,750 | 143,491,121 |
| 7,317,294 | 7,317,294 |
| 121,828 | 121,828 |
| 22,164,800 | 23,313,426 |
| 7,209,177 | 7,625,827 |
| - | 25,241,799 |
| <u>38,929,849</u> | <u>635,688,925</u> |
| <u>(29,708,584)</u> | <u>(266,895,137)</u> |
| - | 598,362 |
| - | 15,525,000 |
| - | 844,985 |
| 11,873,690 | 257,324,088 |
| 18,288,874 | 19,512,718 |
| - | (19,512,718) |
| <u>30,162,564</u> | <u>274,292,435</u> |
| 453,980 | 7,397,298 |
| <u>1,913,001</u> | <u>59,720,246</u> |
| <u>\$ 2,366,981</u> | <u>\$ 67,117,544</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, 2017

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

| | |
|---|------------------------|
| Net Change in Fund Balances - Total Governmental Funds | <u>\$ 7,397,298</u> |
| <p>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.</p> | |
| Capital outlay expenditures | 23,267,923 |
| Depreciation expense | <u>(9,674,969)</u> |
| | <u>13,592,954</u> |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p> | |
| Deferred revenues | <u>1,077,355</u> |
| <p>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.</p> | |
| Bonds issued | (15,525,000) |
| Issuance premium | (844,985) |
| Principal paid on bonds | 21,964,800 |
| Principal paid on notes | 1,148,626 |
| Principal paid on State loan | 200,000 |
| Principal paid on retirement incentives and other pension obligations | 5,840,716 |
| Issuance of retirement incentives and other pension obligations | (1,213,378) |
| Amortization of loss on refunding bonds and issuance premium | <u>1,364,703</u> |
| | <u>12,935,482</u> |
| <p>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.</p> | |
| Accrued interest | (793,704) |
| Compensated absences | (251,767) |
| Pension obligations | (1,226,764) |
| Other post employment benefit obligations | <u>(105,193,962)</u> |
| | <u>(107,466,197)</u> |
| Change in Net Position of Governmental Activities | <u>\$ (72,463,108)</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 - Budget and Actual
General and Special Aid Funds
Year Ended June 30, 2017

| | General Fund | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|--------------------|--------------------|---|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Charges for services | \$ 376,310 | \$ 376,310 | \$ 367,137 | \$ (9,173) |
| Use of money and property | 363,833 | 363,833 | 321,462 | (42,371) |
| Sale of property and compensation for loss | 1,000 | 1,000 | 6,281 | 5,281 |
| Interfund revenues | 792,881 | 792,881 | 505,788 | (287,093) |
| State aid | 304,068,377 | 304,068,377 | 303,052,043 | (1,016,334) |
| Federal aid | 580,600 | 580,600 | 756,806 | 176,206 |
| Miscellaneous | 716,549 | 716,549 | 1,651,214 | 934,665 |
| Total Revenues | 306,899,550 | 306,899,550 | 306,660,731 | (238,819) |
| EXPENDITURES | | | | |
| Current | | | | |
| General support | 41,139,268 | 40,950,270 | 37,813,013 | 3,137,257 |
| Instruction | 307,423,452 | 310,245,984 | 304,459,215 | 5,786,769 |
| Pupil transportation | 38,504,318 | 36,381,043 | 33,743,575 | 2,637,468 |
| Community services | - | - | - | - |
| Employee benefits | 146,965,014 | 144,953,471 | 139,800,562 | 5,152,909 |
| Debt service | | | | |
| Principal | 1,211,213 | 1,148,626 | 1,148,626 | - |
| Interest | 354,317 | 416,904 | 416,650 | - |
| Total Expenditures | 535,597,582 | 534,096,298 | 517,381,641 | 16,714,657 |
| Deficiency of Revenues Over Expenditures | (228,698,032) | (227,196,748) | (210,720,910) | 16,475,838 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contribution from City of Yonkers | 245,450,398 | 245,450,398 | 245,450,398 | - |
| Transfers in | - | - | - | - |
| Transfers out | (18,364,090) | (19,865,374) | (19,512,718) | 352,656 |
| Total Other Financing Sources | 227,086,308 | 225,585,024 | 225,937,680 | 352,656 |
| Net Change in Fund Balances | (1,611,724) | (1,611,724) | 15,216,770 | 16,828,494 |
| FUND BALANCES | | | | |
| Beginning of Year | 1,611,724 | 1,611,724 | 28,472,257 | 26,860,533 |
| End of Year | \$ - | \$ - | \$ 43,689,027 | \$ 43,689,027 |

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) |
| \$ - | \$ - | \$ - | \$ - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 20,142,048 | 19,999,939 | 19,633,685 | (366,254) |
| 36,429,876 | 38,170,756 | 33,151,585 | (5,019,171) |
| 155,552 | 129,582 | 126,522 | (3,060) |
| <u>56,727,476</u> | <u>58,300,277</u> | <u>52,911,792</u> | <u>(5,388,485)</u> |
| 1,298,457 | 568,733 | 505,788 | 62,945 |
| 53,213,145 | 55,816,513 | 50,639,901 | 5,176,612 |
| 1,116,159 | 1,138,819 | 1,014,926 | 123,893 |
| 499,134 | 502,131 | 401,212 | 100,919 |
| 1,850,581 | 1,850,581 | 1,573,809 | 276,772 |
| - | - | - | - |
| - | - | - | - |
| <u>57,977,476</u> | <u>59,876,777</u> | <u>54,135,636</u> | <u>5,741,141</u> |
| <u>(1,250,000)</u> | <u>(1,576,500)</u> | <u>(1,223,844)</u> | <u>352,656</u> |
| - | - | - | - |
| 1,250,000 | 1,576,500 | 1,223,844 | (352,656) |
| - | - | - | - |
| <u>1,250,000</u> | <u>1,576,500</u> | <u>1,223,844</u> | <u>(352,656)</u> |
| - | - | - | - |
| - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Yonkers City School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2017

| | <u>Agency</u> |
|-----------------------------|---------------------------------|
| ASSETS | |
| Cash and equivalents | \$ 361,610 |
| Due from City of Yonkers | 8,562,861 |
| Due from other funds | <u>1,168,659</u> |
| Total Assets | <u><u>\$ 10,093,130</u></u> |
| LIABILITIES | |
| Employee payroll deductions | \$ 1,998,756 |
| Due to other funds | 7,735,969 |
| Student activity funds | <u>358,405</u> |
| Total Liabilities | <u><u>\$ 10,093,130</u></u> |

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

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, the Board has no taxing power, cannot issue debt in its own name and relies solely upon the City for appropriations. In addition, effective June 30, 2014, the City and School District entered into an inter-municipal agreement (the "IMA"). The IMA continues in perpetuity from the date of execution. The IMA requires that the City assume all School District finance and budget functions in consultation with the Superintendent of Schools and the Board. Additionally, the IMA gives the City the authority to consult on all labor contracts. The IMA also gives the City, in consultation with the Superintendent of Schools and the Board, the authority to supervise non-academic operational functions of the School District, as described in the IMA. Pursuant to the IMA, in connection with the adoption of its 2014-2015 budget, the City immediately absorbed the operations and expenses of various School District administrative functions. In addition, the IMA grants the authority to create, abolish, maintain and consolidate all positions in the non-academic operational functions described in the IMA. The School District retains the authority to create, abolish, maintain or consolidate positions which have a nexus to the academic activities of the School District, which do not fall within the scope of the finance and the budget functions and non-academic operational functions discussed in the IMA. Lastly, the IMA authorizes the City to implement a schedule of public hearings on the School District's budget, which must be held at least quarterly and must be held in consultation with the Superintendent of Schools and the Board. As such, the School District has determined that it is not 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 Statement No. 61. The School District is reported as governmental funds, as appropriate, within the City's financial statements.

The Superintendent services 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 plan 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2017 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.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most governmental fund revenues. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. 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

Cash and Equivalents, Investments and Risk Disclosure

Substantially all of the School District's revenues are paid directly to and deposited with the City. Such amounts are commingled and invested with the City's funds and are therefore not included in the School District's balance sheets. The cash held by the School District relates to Extraclassroom Activity funds and are included within the Agency Fund. The School District follows the cash and investment management policies of the City as follows:

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 governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State.

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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

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

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

Risk Disclosure

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 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, 2017.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2017, 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, 2017, 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 acquisition 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 |

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 \$1,145,527 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 reported deferred inflows of resources of \$1,077,355 for tuition revenues and \$1,547,827 for State aid that do not meet the availability criteria in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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 3E.

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 expensed as incurred.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 capital projects, debt service, school lunch and special purpose. 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.

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 Commissioner of Finance 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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 inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 5, 2017.

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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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, 2017

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, 2017 were as follows:

| Fund | Due From | Due To |
|------------------------|----------------------|----------------------|
| General | \$ 31,391,576 | \$ 41,548,786 |
| Special Aid | 387,488 | 14,683,197 |
| Capital Projects | 42,883 | 1,054,568 |
| Non-Major Governmental | 42,304,840 | 16,840,236 |
| | <u>\$ 74,126,787</u> | <u>\$ 74,126,787</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, 2016 | Additions | Deletions | Balance June 30, 2017 |
|--|----------------------------|----------------------|---------------------|-----------------------------|
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 6,597,219 | \$ - | \$ - | \$ 6,597,219 |
| Construction in progress | 30,341,572 | 21,312,627 | 8,482,083 | 43,172,116 |
| Total Capital Assets, not being depreciated | <u>\$ 36,938,791</u> | <u>\$ 21,312,627</u> | <u>\$ 8,482,083</u> | <u>\$ 49,769,335</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and Improvements | \$ 382,849,499 | \$ 9,123,746 | \$ - | \$ 391,973,245 |
| Machinery and Equipment | 6,211,551 | 1,313,633 | 1,109,354 | 6,415,830 |
| Total Capital Assets, being depreciated | <u>389,061,050</u> | <u>10,437,379</u> | <u>1,109,354</u> | <u>398,389,075</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | 152,737,024 | 9,128,420 | - | 161,865,444 |
| Machinery and Equipment | 4,946,799 | 546,549 | 1,109,354 | 4,383,994 |
| Total Accumulated Depreciation | <u>157,683,823</u> | <u>9,674,969</u> | <u>1,109,354</u> | <u>166,249,438</u> |
| Total Capital Assets, being depreciated, net | <u>\$ 231,377,227</u> | <u>\$ 762,410</u> | <u>\$ -</u> | <u>\$ 232,139,637</u> |
| Capital Assets, net | <u>\$ 268,316,018</u> | <u>\$ 22,075,037</u> | <u>\$ 8,482,083</u> | <u>\$ 281,908,972</u> |

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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

| | |
|--------------------------------|-------------------------|
| General Support | \$ 5,737,174 |
| Instruction | 3,901,271 |
| Pupil Transportation | 10,272 |
| Cost of Food Sales | <u>26,252</u> |
| Total Depreciation Expense | <u>\$ 9,674,969</u> |

C. Short-Term Capital Borrowings

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

| Purpose | Year of Original Issue | Rate of Interest | Balance July 1, 2016 | New Issues | Balance June 30, 2017 |
|-------------------------|------------------------------|---------------------|----------------------------|---------------|-----------------------------|
| Textbooks and equipment | 2017 | 2.25 % | \$ - | \$ 2,700,000 | \$ 2,700,000 |

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

Interest expense of \$13,500 was recorded in the district-wide financial statements.

D. Accrued Liabilities

Accrued liabilities at June 30, 2017 were as follows:

| | Fund | | | Total |
|----------------------------------|----------------------|---------------------|---------------------------|----------------------|
| | General | Special Aid | Non-Major Governmental | |
| Payroll and Employee Benefits | \$ 23,242,658 | \$ 823,868 | \$ 410,959 | \$ 24,477,485 |
| Tuition | 3,314,923 | - | - | 3,314,923 |
| Health | 1,998,836 | - | - | 1,998,836 |
| Other | 4,728,549 | 856,853 | - | 5,585,402 |
| | <u>\$ 33,284,966</u> | <u>\$ 1,680,721</u> | <u>\$ 410,959</u> | <u>\$ 35,376,646</u> |

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2017:

| | Balance July 1, 2016 | New Issues/ Additions | Maturities and/or Payments | Balance June 30, 2017 | Due Within One-Year |
|--|----------------------------|-----------------------------|----------------------------------|-----------------------------|---------------------------|
| Governmental Activities | | | | | |
| Bonds Payable | | | | | |
| Capital Construction | \$ 151,349,312 | \$ 15,525,000 | \$ 18,504,800 | \$ 148,369,512 | \$ 21,127,354 |
| Deficit Financing | 37,260,000 | - | 3,460,000 | 33,800,000 | 3,595,000 |
| | 188,609,312 | 15,525,000 | 21,964,800 | 182,169,512 | 24,722,354 |
| Unamortized Premium on Bonds | 10,464,949 | 844,985 | 1,564,944 | 9,744,990 | - |
| | 199,074,261 | 16,369,985 | 23,529,744 | 191,914,502 | 24,722,354 |
| Notes Payable | 11,887,664 | - | 1,148,626 | 10,739,038 | 1,265,241 |
| State Loan Payable | 2,800,000 | - | 200,000 | 2,600,000 | 200,000 |
| Other Non-current Liabilities: | | | | | |
| Retirement Incentives and Other Pension Obligations | 29,405,833 | 1,213,378 | 5,840,716 | 24,778,495 | 1,769,651 |
| Compensated Absences | 17,217,500 | 1,971,767 | 1,720,000 | 17,469,267 | 1,747,000 |
| Net Pension Liability | 36,996,600 | 1,093,008 | - | 38,089,608 | - |
| Other Post Employment Benefit Obligations | 648,671,851 | 134,572,437 | 29,378,475 | 753,865,813 | - |
| Total Other Non-current Liabilities | 732,291,784 | 138,850,590 | 36,939,191 | 834,203,183 | 3,516,651 |
| Governmental Activities Total Long-Term Liabilities | <u>\$ 946,053,709</u> | <u>\$ 155,220,575</u> | <u>\$ 61,817,561</u> | <u>\$ 1,039,456,723</u> | <u>\$ 29,704,246</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 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.

Yonkers City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

Bonds payable at June 30, 2017 are comprised of the following individual issues:

| Purpose | Year of Issue | Original Issue Amount | Final Maturity | Interest Rates | Amount Outstanding at June 30, 2017 |
|----------------------------|---------------|-----------------------|-----------------|----------------|-------------------------------------|
| District-wide Construction | 2008 | \$ 17,985,000 | November, 2030 | 3.0 - 5.000 % | \$ 13,055,000 |
| District-wide Construction | 2008 | 14,164,000 | December, 2018 | - | 3,400,000 |
| District-wide Construction | 2009 | 13,836,000 | December, 2019 | .350 | 4,195,000 |
| District-wide Construction | 2011 | 12,555,000 | October, 2027 | 4.0 - 5.000 | 9,460,000 |
| District-wide Construction | 2011 | 15,000,000 | December, 2026 | 5.750 | 10,000,000 |
| District-wide Construction | 2012 | 26,590,000 | August, 2025 | 3.000 | 20,810,000 |
| Refunding | 2012 | 12,110,000 | July, 2018 | 3.000 | 5,575,711 |
| Refunding | 2015 | 14,430,000 | September, 2027 | 2.5 - 5.000 | 14,295,000 |
| Deficit financing | 2015 | 37,260,000 | March, 2025 | 4.0 - 5.000 | 33,800,000 |
| District-wide Construction | 2015 | 21,355,000 | October, 2029 | 2.5 - 3.000 | 20,055,000 |
| District-wide Construction | 2015 | 5,010,000 | August, 2018 | 4.000 | 2,470,000 |
| District-wide Construction | 2016 | 18,370,000 | September, 2027 | 2.0 - 4.264 | 18,370,000 |
| Refunding | 2016 | 14,700,766 | August, 2019 | 3.0 - 5.000 | 11,158,801 |
| District-wide Construction | 2016 | 15,525,000 | November, 2036 | 3.0 - 5.000 | 15,525,000 |
| | | | | | \$ 182,169,512 |

Interest expenditures of \$7,209,177 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$6,736,064 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 of \$793,596, including interest at 2.32%, through October, 2024. The balance due at June 30, 2017 was \$5,733,182.

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, 2017 was \$5,005,856.

Interest expenditures of \$416,650 were recorded in the fund financial statement in the General Fund. Interest expense of \$305,264 was recorded in the district-wide financial statements.

Yonkers City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

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, 2017, the School District has recorded a liability of \$2,600,000.

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, 2017, including interest payments of \$41,136,187 are as follows:

| Year Ending June 30, | Bonds | | Notes Payable | | State Loan |
|----------------------------|-----------------------|----------------------|----------------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal |
| 2018 | \$ 24,722,354 | \$ 6,925,369 | \$ 1,265,241 | \$ 316,379 | \$ 200,000 |
| 2019 | 24,908,504 | 5,864,704 | 1,320,595 | 277,859 | 200,000 |
| 2020 | 15,733,654 | 5,156,686 | 1,378,338 | 237,453 | 200,000 |
| 2021 | 14,040,000 | 4,552,270 | 1,438,572 | 195,079 | 200,000 |
| 2022 | 14,605,000 | 3,938,582 | 1,501,399 | 150,647 | 200,000 |
| 2023-2027 | 64,985,000 | 10,587,785 | 3,834,894 | 177,309 | 1,000,000 |
| 2028-2032 | 18,280,000 | 2,164,520 | - | - | 600,000 |
| 2033-2037 | 4,895,000 | 591,545 | - | - | - |
| | <u>\$ 182,169,512</u> | <u>\$ 39,781,461</u> | <u>\$ 10,739,038</u> | <u>\$ 1,354,726</u> | <u>\$ 2,600,000</u> |

| Year Ending June 30, | Total | |
|----------------------------|-----------------------|----------------------|
| | Principal | Interest |
| 2018 | \$ 26,187,595 | \$ 7,241,748 |
| 2019 | 26,429,099 | 6,142,563 |
| 2020 | 17,311,992 | 5,394,139 |
| 2021 | 15,678,572 | 4,747,349 |
| 2022 | 16,306,399 | 4,089,229 |
| 2023-2027 | 69,819,894 | 10,765,094 |
| 2028-2032 | 18,880,000 | 2,164,520 |
| 2033-2037 | 4,895,000 | 591,545 |
| | <u>\$ 195,508,550</u> | <u>\$ 41,136,187</u> |

Note 3 - Detailed Notes on All Funds (Continued)

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.

Retirement Incentives and Other Pension Obligations

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, 2017 was \$16,432,963.

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, 2017 was \$8,345,532.

| | Original Amount Amortized | Interest Accrued | Current Year Payments | Principal Balance Due | Due Within One Year |
|---------------|---------------------------------|---------------------|-----------------------------|-----------------------------|---------------------------|
| 2009-2010 ERS | \$ 829,817 | \$ - | \$ 107,465 | \$ 381,064 | \$ 88,412 |
| 2011-2012 ERS | 2,236,786 | - | 272,354 | 1,221,035 | 226,565 |
| 2012-2013 ERS | 4,122,338 | - | 483,263 | 2,617,934 | 404,725 |
| 2013-2014 ERS | 5,112,072 | - | 537,145 | 4,037,885 | 385,320 |
| 2014-2015 ERS | 5,861,562 | - | 606,578 | 5,044,666 | 430,014 |
| 2015-2016 ERS | 2,059,587 | - | 210,758 | 1,917,001 | 147,305 |
| 2016-2017 ERS | 1,213,378 | - | - | 1,213,378 | 87,310 |
| 2013-2014 TRS | 4,631,076 | 141,195 | 4,356,980 | 636,267 | - |
| 2014-2015 TRS | 7,535,726 | 286,014 | - | 7,709,265 | - |
| | <u>\$ 33,602,342</u> | <u>\$ 427,209</u> | <u>\$ 6,574,543</u> | <u>\$ 24,778,495</u> | <u>\$ 1,769,651</u> |
| | <u>TRS</u> | <u>ERS</u> | <u>Total</u> | | |
| | <u>\$ 4,356,980</u> | <u>\$ 2,217,563</u> | <u>\$ 6,574,543</u> | | |

Note 3 - Detailed Notes on All Funds (Continued)

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 day's 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: day's 1-49 \$10/day, day's 50-99 \$20/day, day's 100-149 \$30/day and day's 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/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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 salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2017 are as follows:

Yonkers City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

| <u>Tier/Plan</u> | <u>Rate</u> |
|------------------|-------------|
| 1 75I | 21.8 % |
| 2 75I | 19.9 |
| 3 A14 | 16.1 |
| 4 A15 | 16.1 |
| 5 A15 | 13.2 |
| 6 A15 | 9.4 |
| 6 A15 | 9.4 |

At June 30, 2017, the School District reported a liability of \$22,227,049 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, 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, 2017, the School District's proportion was .2365530%, which was an increase of .0060486% from its proportion measured as of March 31, 2016.

For the year ended June 30, 2017, the School District recognized pension expense in the district-wide financial statements of \$12,966,818. Pension expenditures of \$10,740,282, inclusive of retirement incentives and other pension obligations, were recorded in the fund financial statements (\$9,670,930 in the General Fund, \$509,463 in the Special Aid Fund and \$559,889 in the School Lunch Fund). At June 30, 2017, 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 | \$ 556,989 | \$ 3,375,303 |
| Changes of assumptions | 7,593,574 | - |
| Net difference between projected and actual earnings on pension plan investments | 4,439,643 | - |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 1,122,540 | 487,453 |
| School District contributions subsequent to the measurement date | 2,138,206 | - |
| | <u>\$ 15,850,952</u> | <u>\$ 3,862,756</u> |

\$2,138,206 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Yonkers City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

| <u>Year Ended</u> <u>March 31,</u> | |
|---------------------------------------|--------------|
| 2018 | \$ 4,469,348 |
| 2019 | 4,469,348 |
| 2020 | 3,762,870 |
| 2021 | (2,851,576) |

The total pension liability for the March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. Significant actuarial assumptions used in the April 1, 2016 valuation were as follows:

| | |
|----------------------------|---|
| 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, 2016 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.

| <u>Asset Type</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------|--------------------------|---|
| Domestic Equity | 36 % | 4.55 % |
| International Equity | 14 | 6.35 |
| Private Equity | 10 | 7.75 |
| Real Estate | 10 | 5.80 |
| Absolute Return Strategies | 2 | 4.00 |
| Opportunistic Portfolio | 3 | 5.89 |
| Real Assets | 3 | 5.54 |
| Bonds and Mortgages | 17 | 1.31 |
| Cash | 1 | (0.25) |
| Inflation Indexed Bonds | 4 | 1.50 |
| | <u>100 %</u> | |

The real rate of return is net of the long-term inflation assumption of 2.5%.

Note 3 - Detailed Notes on All Funds (Continued)

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:

| | 1% Decrease (6.0%) | Current Assumption (7.0%) | 1% Increase (8.0%) |
|--|--------------------------|---------------------------------|--------------------------|
| School District's proportionate share of the net pension liability (asset) | <u>\$ 70,988,792</u> | <u>\$ 22,227,049</u> | <u>\$ (19,000,912)</u> |

The components of the collective net pension liability of ERS as of the March 31, 2017 measurement date were as follows:

| | |
|---|-------------------------|
| Total pension liability | \$ 177,400,586,000 |
| ERS fiduciary net position | <u>168,004,363,000</u> |
| Employers' net pension liability | <u>\$ 9,396,223,000</u> |
| ERS fiduciary net position as a percentage of total pension liability | <u>94.7%</u> |

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2017 were \$2,138,206.

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

Note 3 - Detailed Notes on All Funds (Continued)

State statute. The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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 2017 was 11.72%.

At June 30, 2017, the School District reported a liability of \$15,862,559 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 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 the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2016, the School District's proportion was 1.481040%, which was an increase of .005548% from its proportion measured at June 30, 2015.

For the year ended June 30, 2017, the School District recognized pension expense in the district-wide financial statements of \$26,108,846. Pension expenditures of \$30,482,318, inclusive of retirement incentives and other pension obligations, were recorded in the fund financial statements (\$26,852,411 in the General Fund and \$3,629,907 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 5,153,049 |
| Changes of assumptions | 90,363,236 | - |
| Net difference between projected and actual earnings on pension plan investments | 35,667,374 | - |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 91,974 | 501,012 |
| School District contributions subsequent to the measurement date | <u>28,138,603</u> | <u>-</u> |
| | <u>\$ 154,261,187</u> | <u>\$ 5,654,061</u> |

\$28,138,603 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 a decrease of the net pension liability 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:

Note 3 - Detailed Notes on All Funds (Continued)

| Year Ended June 30, | |
|------------------------|---------------|
| 2017 | \$ 10,965,422 |
| 2018 | 10,965,422 |
| 2019 | 38,665,690 |
| 2020 | 30,047,330 |
| 2021 | 13,744,123 |
| Thereafter | 16,080,536 |

The total pension liability for the June 30, 2016 measurement date was determined by using an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

| | |
|----------------------------|---|
| Inflation | 2.5% |
| Projected salary increases | Rates of increase differ based on service. They have been calculated based upon recent TRS member experience. |

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

| | |
|---------------------------|---|
| Projected COLAs | 1.5% compounded annually |
| Investment rate of return | 7.5% 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 MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation date of June 30, 2015 is summarized in the following table:

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

| Asset Class: | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return*</u> |
|----------------------------------|------------------------------|--|
| Equities: | | |
| Domestic equities | 37 % | 6.10 % |
| International equities | 18 | 7.30 |
| Real estate | 10 | 5.40 |
| Alternative investments | <u>7</u> | 9.20 |
| Total Equities | <u>72</u> | |
| Fixed Income: | | |
| Domestic fixed income securities | 17 | 1.00 |
| Global fixed income securities | 2 | 0.80 |
| Mortgages | 8 | 3.10 |
| Short-term | <u>1</u> | 0.10 |
| Total Fixed Income | <u>28</u> | |
| Total | <u>100 %</u> | |

* Real rates of return are net of the long-term inflation assumption of 2.1% for 2015.

The discount rate used to measure the total pension liability was 7.5%. 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 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 7.5%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

| | <u>1% Decrease (6.5%)</u> | <u>Current Assumption (7.5%)</u> | <u>1% Increase (8.5%)</u> |
|--|-----------------------------------|--|-----------------------------------|
| School District's proportionate share of the net pension liability (asset) | <u>\$ 206,963,138</u> | <u>\$ 15,862,559</u> | <u>\$ (144,422,589)</u> |

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension liability of TRS as of the June 30, 2016 measurement date were as follows:

| | |
|---|-------------------------|
| Total pension liability | \$ 108,577,184,039 |
| TRS fiduciary net position | <u>107,506,142,099</u> |
| Employers' net pension liability | <u>\$ 1,071,041,940</u> |
| TRS fiduciary net position as a percentage of total pension liability | <u>99.01%</u> |

Employer and employee contributions for the year ended June 30, 2017 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, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 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, 2017 were \$31,995,598.

Voluntary Defined Contribution Plan

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

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.

Note 3 - Detailed Notes on All Funds (Continued)

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:

| Year Ended June 30, | Health Care Cost Trend Assumption |
|------------------------|---|
| 2018 | 8.50 % |
| 2019 | 8.00 |
| 2020 | 7.50 |
| 2021 | 7.00 |
| 2022 | 6.50 |
| 2023 | 6.00 |
| 2024 | 5.50 |
| 2025+ | 5.00 |

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, 2017 was as follows:

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

| | |
|--|-------------------------|
| Amortization Component: | |
| Actuarial Accrued Liability as of July 1, 2016 | \$ 1,251,121,663 |
| Assets at Market Value | - |
| Unfunded Actuarial Accrued Liability ("UAAL") | <u>\$ 1,251,121,663</u> |
| Funded Ratio | <u>0.00%</u> |
| Covered Payroll (Active plan members) | <u>\$ 261,223,639</u> |
| UAAL as a Percentage of Covered Payroll | <u>478.95%</u> |
| Annual Required Contribution | \$ 108,865,756 |
| Interest on Net OPEB Obligation | 25,946,874 |
| Adjustment to Annual Required Contribution | <u>(240,193)</u> |
| Annual OPEB Cost | 134,572,437 |
| Contributions Made | <u>(29,378,475)</u> |
| Increase in Net OPEB Obligation | 105,193,962 |
| Net OPEB Obligation - Beginning of Year | <u>648,671,851</u> |
| Net OPEB Obligation - End of Year | <u>\$ 753,865,813</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:

| <u>Fiscal Year Ended June 30,</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|---|-----------------------------|---|--------------------------------|
| 2017 | \$ 134,572,437 | 21.83 % | \$ 753,865,813 |
| 2016 | 126,166,218 | 22.78 | 648,671,851 |
| 2015 | 107,439,444 | 26.80 | 551,247,255 |

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.

F. 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, 2017, the City has dedicated \$257,324,088 of ad valorem taxes to fund the educational programs of the School District.

Note 3 - Detailed Notes on All Funds (Continued)

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 Governmental Funds</u> | |
| General Fund | <u>\$ 1,223,844</u> | <u>\$ 18,288,874</u> | <u>\$ 19,512,718</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.

G. Net Position

The components of net position are detailed below:

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

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

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities 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 Purpose - 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, 2017

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

| | 2017 | | | | 2016 | | | |
|--------------------------------|----------------------|-----------------------|------------------------------|----------------------|----------------------|-----------------------|------------------------------|----------------------|
| | General Fund | Capital Projects Fund | Non-Major Governmental Funds | Total | General Fund | Capital Projects Fund | Non-Major Governmental Funds | Total |
| Nonspendable | | | | | | | | |
| Inventories | \$ - | \$ - | \$ 311,033 | \$ 311,033 | \$ - | \$ - | \$ 88,579 | \$ 88,579 |
| Restricted | | | | | | | | |
| Debt service | 964,300 | - | 4,233 | 968,533 | 964,300 | - | 374,687 | 1,338,987 |
| Capital projects | - | 21,061,536 | - | 21,061,536 | - | 29,334,988 | - | 29,334,988 |
| Special purposes | - | - | 210,436 | 210,436 | - | - | 301,126 | 301,126 |
| Total Restricted | 964,300 | 21,061,536 | 214,669 | 22,240,505 | 964,300 | 29,334,988 | 675,813 | 30,975,101 |
| Assigned | | | | | | | | |
| Purchases on order | | | | | | | | |
| General government support | 1,137,263 | - | - | 1,137,263 | 1,240,349 | - | - | 1,240,349 |
| Instruction | 77,497 | - | - | 77,497 | 350,362 | - | - | 350,362 |
| Pupil Transportation | 4,890 | - | - | 4,890 | 21,013 | - | - | 21,013 |
| | 1,219,650 | - | - | 1,219,650 | 1,611,724 | - | - | 1,611,724 |
| Subsequent year's expenditures | 17,411,434 | - | 803,187 | 18,214,621 | - | - | 720,092 | 720,092 |
| School Lunch Fund | - | - | 1,038,092 | 1,038,092 | - | - | 428,517 | 428,517 |
| Total Assigned | 18,631,084 | - | 1,841,279 | 20,472,363 | 1,611,724 | - | 1,148,609 | 2,760,333 |
| Unassigned | | | | | | | | |
| Subsequent year's expenditures | | | | | | | | |
| General Fund | 24,093,643 | - | - | 24,093,643 | 25,896,233 | - | - | 25,896,233 |
| Total Fund Balances | \$ 43,689,027 | \$ 21,061,536 | \$ 2,366,981 | \$ 67,117,544 | \$ 28,472,257 | \$ 29,334,988 | \$ 1,913,001 | \$ 59,720,246 |

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.

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

Subsequent year's expenditures represent that at June 30, 2017, the City has assigned the above amount to be appropriated for the ensuing year's budget.

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

There are several employment discrimination and tort claims that have been filed against the School District, which are in various stages and are either awaiting trial or judgment. The City is self-insured with respect to most tort and workers' compensation matters for both the City and School District. The City's actuarial consultant provides an analysis of loss experience. The government-wide financial statements of the City reflects general and workers' compensation claims which are based upon estimates of the ultimate cost of claims that have been reported, but not settled, and of claims that have been incurred but not reported. Because the City defends all claims and pays all judgments or settlements arising from workers' compensation claims and liability torts, no amounts have been recorded in the School District's financial statements.

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, 2017

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 August 2017, the School District, through the City, issued serial bonds for capital improvements and refunding serial bonds in the amounts of \$20,405,000 and \$17,255,000 respectively. The serial bonds mature annually through 2027 and 2023 with interest rates ranging from 2.0% to 5.0% and 2.0% to 4.0% respectively.

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, 2016 | \$ - | \$ 1,251,121,663 | \$ 1,251,121,663 | - % | \$ 261,223,639 | 478.95 % |
| 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 |

See independent auditors' report.

Yonkers City School District, New York

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

| | <u>2017 (2)</u> | <u>2016</u> | <u>2015</u> |
|---|-----------------------|-------------------------|-------------------------|
| School District's proportion of the net pension liability (asset) | <u>1.481040%</u> | <u>1.475492%</u> | <u>1.447884%</u> |
| School District's proportionate share of the net pension liability (asset) | <u>\$ 15,862,559</u> | <u>\$ (153,256,641)</u> | <u>\$ (164,733,013)</u> |
| School District's covered-employee payroll | <u>\$ 228,539,404</u> | <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 payroll | <u>6.94%</u> | <u>(69.15)%</u> | <u>(79.29)%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>99.01%</u> | <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*.

(2) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

Yonkers City School District, New York

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

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-----------------------|-----------------------|-----------------------|
| Contractually required contribution | \$ 28,138,603 | \$ 30,304,325 | \$ 38,853,314 |
| Contributions in relation to the contractually required contribution | <u>(28,138,603)</u> | <u>(30,304,325)</u> | <u>(38,853,314)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| School District's covered payroll | <u>\$ 240,090,469</u> | <u>\$ 228,539,404</u> | <u>\$ 221,638,990</u> |
| Contributions as a percentage of covered payroll | <u>11.72%</u> | <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*.

See independent auditors' report.

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>2017</u> | <u>2016 (2)</u> | <u>2015</u> |
|---|----------------------|----------------------|----------------------|
| School District's proportion of the net pension liability | <u>0.2365530%</u> | <u>0.2305044%</u> | <u>0.2600000%</u> |
| School District's proportionate share of the net pension liability | <u>\$ 22,227,049</u> | <u>\$ 36,996,600</u> | <u>\$ 8,667,336</u> |
| School District's covered-employee payroll | <u>\$ 63,494,500</u> | <u>\$ 64,732,543</u> | <u>\$ 62,258,485</u> |
| School District's proportionate share of the net pension liability as a percentage of its covered payroll | <u>35.01%</u> | <u>57.15%</u> | <u>13.92%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>94.70%</u> | <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>2017</u> | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|----------------------|
| Contractually required contribution | \$ 9,761,360 | \$ 9,908,281 | \$ 13,039,579 |
| Contributions in relation to the contractually required contribution | <u>(9,761,360)</u> | <u>(9,908,281)</u> | <u>(13,039,579)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| School District's covered payroll | <u>\$ 63,816,965</u> | <u>\$ 62,967,109</u> | <u>\$ 60,571,468</u> |
| Contributions as a percentage of covered payroll | <u>15.30%</u> | <u>15.74%</u> | <u>21.53%</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*.

See independent auditors' report.

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Yonkers City School District, New York

General Fund
 Comparative Balance Sheet
 June 30,

| | <u>2017</u> | <u>2016</u> |
|--|-----------------------|-----------------------|
| ASSETS | | |
| Receivables | | |
| Accounts | \$ 11,416,566 | \$ 9,467,400 |
| State and Federal aid | 73,279,079 | 73,937,467 |
| Due from City of Yonkers | 47,159,355 | 270 |
| Due from other funds | 31,391,576 | 135,291,362 |
| | <u>163,246,576</u> | <u>218,696,499</u> |
| Total Assets | <u>\$ 163,246,576</u> | <u>\$ 218,696,499</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ 6,491,596 | \$ 1,621,361 |
| Accrued liabilities | 33,284,966 | 31,774,657 |
| Due to other governments | 1,325,243 | 2,223,846 |
| Due to retirement systems | 34,133,804 | 35,788,532 |
| Due to City of Yonkers | - | 52,357,915 |
| Due to other funds | 41,548,786 | 64,595,603 |
| Overpayments | 147,972 | 314,501 |
| | <u>116,932,367</u> | <u>188,676,415</u> |
| Total Liabilities | 116,932,367 | 188,676,415 |
| Deferred inflows of resources | | |
| Unavailable revenues | 2,625,182 | 1,547,827 |
| | <u>2,625,182</u> | <u>1,547,827</u> |
| Total Liabilities and Deferred inflows of Resources | <u>119,557,549</u> | <u>190,224,242</u> |
| Fund balance | | |
| Restricted | 964,300 | 964,300 |
| Assigned | 18,631,084 | 1,611,724 |
| Unassigned | 24,093,643 | 25,896,233 |
| | <u>43,689,027</u> | <u>28,472,257</u> |
| Total Fund Balance | <u>43,689,027</u> | <u>28,472,257</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 163,246,576</u> | <u>\$ 218,696,499</u> |

See independent auditors' report.

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,

| | 2017 | | | | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|----------------------|-----------------------|---|
| | Original Budget | Final Budget | Actual | Encumbr- ances | |
| REVENUES | | | | | |
| Charges for services | \$ 376,310 | \$ 376,310 | \$ 367,137 | \$ | \$ (9,173) |
| Use of money and property | 363,833 | 363,833 | 321,462 | | (42,371) |
| Forfeitures | - | - | - | | - |
| Sale of property and compensation for loss | 1,000 | 1,000 | 6,281 | | 5,281 |
| Interfund revenues | 792,881 | 792,881 | 505,788 | | (287,093) |
| State aid | 304,068,377 | 304,068,377 | 303,052,043 | | (1,016,334) |
| Federal aid | 580,600 | 580,600 | 756,806 | | 176,206 |
| Miscellaneous | 716,549 | 716,549 | 1,651,214 | | 934,665 |
| Total Revenues | 306,899,550 | 306,899,550 | 306,660,731 | | (238,819) |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General support | | | | | |
| Board of education | 291,428 | 295,482 | 235,450 | 198 | 59,834 |
| Central administration | 1,124,409 | 1,248,784 | 1,075,442 | 30,112 | 143,230 |
| Finance | 176,505 | 176,505 | 104,180 | 63,870 | 8,455 |
| Staff | 20,000 | - | - | - | - |
| Central services | 38,675,123 | 38,377,696 | 35,553,876 | 1,043,083 | 1,780,737 |
| Special items | 851,803 | 851,803 | 844,065 | - | 7,738 |
| Total General Support | 41,139,268 | 40,950,270 | 37,813,013 | 1,137,263 | 1,999,994 |
| Instruction | | | | | |
| Instruction, administration and improvement | 29,775,594 | 30,394,863 | 29,643,839 | 2,068 | 748,956 |
| Teaching - Regular school | 172,600,949 | 171,755,328 | 169,922,583 | 17,962 | 1,814,783 |
| Programs for students with disabilities | 77,788,923 | 80,210,920 | 77,833,791 | - | 2,377,129 |
| Occupational education | 6,547,973 | 6,592,850 | 6,504,629 | 608 | 87,613 |
| Instructional media | 1,766,212 | 1,751,729 | 1,698,336 | - | 53,393 |
| Pupil services | 18,943,801 | 19,540,294 | 18,856,037 | 56,859 | 627,398 |
| Total Instruction | 307,423,452 | 310,245,984 | 304,459,215 | 77,497 | 5,709,272 |
| Pupil transportation | 38,504,318 | 36,381,043 | 33,743,575 | 4,890 | 2,632,578 |
| Employee benefits | 146,965,014 | 144,953,471 | 139,800,562 | - | 5,152,909 |
| Debt service | | | | | |
| Principal | 1,211,213 | 1,148,626 | 1,148,626 | - | - |
| Interest | 354,317 | 416,904 | 416,650 | - | 254 |
| Total Debt Service | 1,565,530 | 1,565,530 | 1,565,276 | - | 254 |
| Total Expenditures | 535,597,582 | 534,096,298 | 517,381,641 | 1,219,650 | 15,495,007 |
| Deficiency of Revenues Over Expenditures | (228,698,032) | (227,196,748) | (210,720,910) | (1,219,650) | 15,256,188 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Contribution from City of Yonkers | 245,450,398 | 245,450,398 | 245,450,398 | - | - |
| Transfers out | (18,364,090) | (19,865,374) | (19,512,718) | - | 352,656 |
| Total Other Financing Sources | 227,086,308 | 225,585,024 | 225,937,680 | - | 352,656 |
| Net Change in Fund Balance | (1,611,724) | (1,611,724) | 15,216,770 | \$ (1,219,650) | \$ 15,608,844 |
| FUND BALANCE | | | | | |
| Beginning of Year | 1,611,724 | 1,611,724 | 28,472,257 | | |
| End of Year | \$ - | \$ - | \$ 43,689,027 | | |

See independent auditors' report.

2016

| Original Budget | Final Budget | Actual | Encumbrances | Variance with Final Budget Positive (Negative) |
|----------------------|----------------------|----------------------|-----------------------|--|
| \$ 439,000 | \$ 439,000 | \$ 471,839 | \$ | \$ 32,839 |
| 453,333 | 453,333 | 318,656 | | (134,677) |
| 1,000 | 1,000 | - | | (1,000) |
| - | - | 2,000 | | 2,000 |
| 792,881 | 792,881 | 1,276,647 | | 483,766 |
| 292,501,962 | 292,501,962 | 289,925,696 | | (2,576,266) |
| 467,995 | 467,995 | 712,905 | | 244,910 |
| 726,680 | 726,680 | 2,372,976 | | 1,646,296 |
| <u>295,382,851</u> | <u>295,382,851</u> | <u>295,080,719</u> | | <u>(302,132)</u> |
| 287,895 | 291,050 | 231,173 | 198 | 59,679 |
| 937,375 | 1,074,462 | 909,130 | 13,000 | 152,332 |
| 306,009 | 306,009 | 1,400 | - | 304,609 |
| - | 30,000 | - | - | 30,000 |
| 39,762,516 | 38,667,221 | 32,928,474 | 1,227,151 | 4,511,596 |
| 831,510 | 833,636 | 832,954 | - | 682 |
| <u>42,125,305</u> | <u>41,202,378</u> | <u>34,903,131</u> | <u>1,240,349</u> | <u>5,058,898</u> |
| 29,194,249 | 29,041,575 | 27,641,869 | 5,111 | 1,394,595 |
| 164,930,950 | 166,975,441 | 165,730,455 | 265,047 | 979,939 |
| 77,473,660 | 76,049,341 | 71,696,839 | 6,959 | 4,345,543 |
| 7,022,650 | 6,952,902 | 6,763,767 | 4,629 | 184,506 |
| 2,062,496 | 2,119,589 | 2,010,063 | 27,800 | 81,726 |
| 17,122,336 | 18,455,194 | 17,372,808 | 40,816 | 1,041,570 |
| <u>297,806,341</u> | <u>299,594,042</u> | <u>291,215,801</u> | <u>350,362</u> | <u>8,027,879</u> |
| <u>38,707,537</u> | <u>38,017,775</u> | <u>34,536,456</u> | <u>21,013</u> | <u>3,460,306</u> |
| <u>140,112,398</u> | <u>140,472,955</u> | <u>138,499,819</u> | <u>-</u> | <u>1,973,136</u> |
| 1,165,601 | 1,165,601 | 1,165,601 | - | - |
| 533,792 | 533,792 | 533,792 | - | - |
| <u>1,699,393</u> | <u>1,699,393</u> | <u>1,699,393</u> | <u>-</u> | <u>-</u> |
| <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> |
| <u>(225,068,123)</u> | <u>(225,603,692)</u> | <u>(205,773,881)</u> | <u>(1,611,724)</u> | <u>18,218,087</u> |
| 242,348,940 | 242,348,940 | 242,348,940 | - | - |
| (19,496,516) | (18,960,947) | (18,960,947) | - | - |
| <u>222,852,424</u> | <u>223,387,993</u> | <u>223,387,993</u> | <u>-</u> | <u>-</u> |
| <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> |
| <u>2,215,699</u> | <u>2,215,699</u> | <u>10,858,145</u> | | |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 28,472,257</u> | | |

Yonkers City School District, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended June 30, 2017

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|-----------------|----------------|---|
| CHARGES FOR SERVICES | | | | |
| Day school tuition | \$ 261,710 | \$ 261,710 | \$ 200,502 | \$ (61,208) |
| Summer school tuition - Individuals | 3,000 | 3,000 | 3,443 | 443 |
| Student fees and charges | 600 | 600 | 12,873 | 12,273 |
| Health services for other districts | 110,000 | 110,000 | 149,188 | 39,188 |
| Other | 1,000 | 1,000 | 1,131 | 131 |
| | <u>376,310</u> | <u>376,310</u> | <u>367,137</u> | <u>(9,173)</u> |
| USE OF MONEY AND PROPERTY | | | | |
| Rental of real property - Individuals | 255,500 | 255,500 | 229,905 | (25,595) |
| Rental - Other governments | 108,333 | 108,333 | 91,557 | (16,776) |
| | <u>363,833</u> | <u>363,833</u> | <u>321,462</u> | <u>(42,371)</u> |
| SALE OF PROPERTY AND COMPENSATION FOR LOSS | | | | |
| Other | 1,000 | 1,000 | 6,281 | 5,281 |
| INTERFUND REVENUES | <u>792,881</u> | <u>792,881</u> | <u>505,788</u> | <u>(287,093)</u> |

STATE AID

| | | | | |
|------------------------------|-------------|-------------|-------------|--------------|
| Basic formula | 239,758,565 | 239,758,565 | 225,764,185 | (13,994,380) |
| Lottery | 42,986,886 | 42,986,886 | 56,660,733 | 13,673,847 |
| Educational improvement plan | 17,500,000 | 17,500,000 | 17,500,000 | - |
| Textbooks | 1,849,030 | 1,849,030 | 1,857,418 | 8,388 |
| Computer software | 866,939 | 866,939 | 866,827 | (112) |
| Library materials | 187,806 | 187,806 | 187,181 | (625) |
| Homeless aid | 919,151 | 919,151 | 215,699 | (703,452) |

| | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| | <u>304,068,377</u> | <u>304,068,377</u> | <u>303,052,043</u> | <u>(1,016,334)</u> |
|--|--------------------|--------------------|--------------------|--------------------|

FEDERAL AID

| | | | | |
|--------------------|---------|---------|---------|---------|
| Medical assistance | 575,000 | 575,000 | 736,429 | 161,429 |
| Impact aid | 5,600 | 5,600 | 20,377 | 14,777 |

| | | | | |
|--|----------------|----------------|----------------|----------------|
| | <u>580,600</u> | <u>580,600</u> | <u>756,806</u> | <u>176,206</u> |
|--|----------------|----------------|----------------|----------------|

MISCELLANEOUS

| | | | | |
|-------------------------------------|---------|---------|-----------|---------|
| Refund of prior year's expenditures | 654,000 | 654,000 | 1,326,123 | 672,123 |
| Saunders Trust Fund | - | - | 707 | 707 |
| Other | 62,549 | 62,549 | 324,384 | 261,835 |

| | | | | |
|--|----------------|----------------|------------------|----------------|
| | <u>716,549</u> | <u>716,549</u> | <u>1,651,214</u> | <u>934,665</u> |
|--|----------------|----------------|------------------|----------------|

TOTAL REVENUES

| | | | | |
|--|-------------|-------------|-------------|-----------|
| | 306,899,550 | 306,899,550 | 306,660,731 | (238,819) |
|--|-------------|-------------|-------------|-----------|

OTHER FINANCING SOURCES

| | | | | |
|-----------------------------------|-------------|-------------|-------------|---|
| Contribution from City of Yonkers | 245,450,398 | 245,450,398 | 245,450,398 | - |
|-----------------------------------|-------------|-------------|-------------|---|

**TOTAL REVENUES AND
OTHER FINANCING SOURCES**

| | | | | |
|--|-----------------------|-----------------------|-----------------------|---------------------|
| | <u>\$ 552,349,948</u> | <u>\$ 552,349,948</u> | <u>\$ 552,111,129</u> | <u>\$ (238,819)</u> |
|--|-----------------------|-----------------------|-----------------------|---------------------|

Yonkers City School District, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended June 30, 2017

| | Original Budget | Final Budget | Actual | Encumbr- ances | Variance with Final Budget Positive (Negative) |
|-------------------------------|--------------------|-----------------|------------|-------------------|---|
| GENERAL SUPPORT | | | | | |
| BOARD OF EDUCATION | | | | | |
| Board of education | \$ 291,428 | \$ 295,482 | \$ 235,450 | \$ 198 | \$ 59,834 |
| CENTRAL ADMINISTRATION | | | | | |
| Chief school administrator | 1,124,409 | 1,248,784 | 1,075,442 | 30,112 | 143,230 |
| FINANCE | | | | | |
| Auditing | 176,505 | 176,505 | 104,180 | 63,870 | 8,455 |
| STAFF | | | | | |
| Personnel | 20,000 | - | - | - | - |
| CENTRAL SERVICES | | | | | |
| Operation of plant | 30,071,802 | 29,360,905 | 27,554,661 | 587,221 | 1,219,023 |
| Maintenance of plant | 4,639,725 | 5,133,174 | 4,290,631 | 455,862 | 386,681 |
| Central printing and mailing | 417,892 | 422,108 | 354,179 | - | 67,929 |
| Data processing | 3,544,529 | 3,461,509 | 3,354,405 | - | 107,104 |
| Total Central Services | 38,675,123 | 38,377,696 | 35,553,876 | 1,043,083 | 1,780,737 |
| SPECIAL ITEMS | | | | | |
| Unallocated insurance | 851,803 | 851,803 | 844,065 | - | 7,738 |
| Total General Support | 41,139,268 | 40,950,270 | 37,813,013 | 1,137,263 | 1,999,994 |

INSTRUCTION

INSTRUCTION, ADMINISTRATION AND IMPROVEMENT

| | | | | | |
|--|------------|------------|------------|-------|---------|
| Curriculum development and supervision | 2,836,447 | 2,567,820 | 2,379,605 | - | 188,215 |
| Supervision - Regular school | 25,488,591 | 26,149,793 | 25,831,845 | - | 317,948 |
| Research, training and evaluation | 1,289,456 | 1,514,150 | 1,380,757 | 2,068 | 131,325 |
| In-service training - Instruction | 161,100 | 163,100 | 51,632 | - | 111,468 |

Total Instruction, Administration and Improvement

| | | | | |
|------------|------------|------------|-------|---------|
| 29,775,594 | 30,394,863 | 29,643,839 | 2,068 | 748,956 |
|------------|------------|------------|-------|---------|

TEACHING - REGULAR SCHOOL

| | | | | |
|-------------|-------------|-------------|--------|-----------|
| 172,600,949 | 171,755,328 | 169,922,583 | 17,962 | 1,814,783 |
|-------------|-------------|-------------|--------|-----------|

PROGRAMS FOR STUDENTS WITH DISABILITIES

| | | | | |
|------------|------------|------------|---|-----------|
| 77,788,923 | 80,210,920 | 77,833,791 | - | 2,377,129 |
|------------|------------|------------|---|-----------|

OCCUPATIONAL EDUCATION

| | | | | |
|-----------|-----------|-----------|-----|--------|
| 6,547,973 | 6,592,850 | 6,504,629 | 608 | 87,613 |
|-----------|-----------|-----------|-----|--------|

INSTRUCTIONAL MEDIA

| | | | | | |
|--------------------------------|-----------|-----------|---------|---|--------|
| School library and audiovisual | 1,015,689 | 1,001,292 | 999,148 | - | 2,144 |
| Computer assisted instruction | 750,523 | 750,437 | 699,188 | - | 51,249 |

Total Instructional Media

| | | | | |
|-----------|-----------|-----------|---|--------|
| 1,766,212 | 1,751,729 | 1,698,336 | - | 53,393 |
|-----------|-----------|-----------|---|--------|

PUPIL SERVICES

| | | | | | |
|--|-----------|-----------|-----------|--------|---------|
| Attendance - Regular school | 903,738 | 920,528 | 898,400 | - | 22,128 |
| Guidance - Regular school | 5,232,698 | 5,230,865 | 5,184,777 | 7,671 | 38,417 |
| Health services - Regular school | 5,054,096 | 5,214,781 | 5,138,457 | 17,061 | 59,263 |
| Psychological services - Regular school | 2,783,426 | 3,022,785 | 2,966,514 | 825 | 55,446 |
| Social work services - Regular school | 1,473,233 | 1,587,558 | 1,584,292 | - | 3,266 |
| Interscholastic athletics - Regular school | 3,496,610 | 3,563,777 | 3,083,597 | 31,302 | 448,878 |

Total Pupil Services

| | | | | |
|------------|------------|------------|--------|---------|
| 18,943,801 | 19,540,294 | 18,856,037 | 56,859 | 627,398 |
|------------|------------|------------|--------|---------|

Total Instruction

| | | | | |
|-------------|-------------|-------------|--------|-----------|
| 307,423,452 | 310,245,984 | 304,459,215 | 77,497 | 5,709,272 |
|-------------|-------------|-------------|--------|-----------|

(Continued)

Yonkers City School District, New York

General Fund

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

Year Ended June 30, 2017

| | Original Budget | Final Budget | Actual | Encumbr- ances | Variance with Final Budget Positive (Negative) |
|---------------------------------------|--------------------|--------------------|--------------------|-------------------|---|
| PUPIL TRANSPORTATION | | | | | |
| District transportation services | \$ 5,863,360 | \$ 5,241,585 | \$ 5,117,639 | \$ 400 | \$ 123,546 |
| Contract transportation | 31,502,458 | 30,000,958 | 27,739,870 | 4,490 | 2,256,598 |
| Public transportation | 1,120,000 | 1,120,000 | 872,340 | - | 247,660 |
| BOCES transportation | 18,500 | 18,500 | 13,726 | - | 4,774 |
| Total Pupil Transportation | 38,504,318 | 36,381,043 | 33,743,575 | 4,890 | 2,632,578 |
| EMPLOYEE BENEFITS | | | | | |
| State retirement | 10,019,426 | 10,159,426 | 9,670,930 | - | 488,496 |
| Teachers' retirement | 30,378,465 | 29,335,280 | 26,852,411 | - | 2,482,869 |
| Social security | 19,852,771 | 21,156,784 | 19,363,305 | - | 1,793,479 |
| Hospital, medical and dental benefits | 82,563,873 | 80,137,289 | 80,073,794 | - | 63,495 |
| Life insurance | 67,366 | 81,579 | 45,278 | - | 36,301 |
| Unemployment benefits | 100,000 | 100,000 | 50,963 | - | 49,037 |
| Union welfare benefits | 3,983,113 | 3,983,113 | 3,743,881 | - | 239,232 |
| Total Employee Benefits | 146,965,014 | 144,953,471 | 139,800,562 | - | 5,152,909 |
| DEBT SERVICE | | | | | |
| Notes payable | | | | | |
| Prinicpal | 1,211,213 | 1,148,626 | 1,148,626 | - | - |
| Interest | 354,317 | 416,904 | 416,650 | - | 254 |
| Total Debt Service | 1,565,530 | 1,565,530 | 1,565,276 | - | 254 |
| TOTAL EXPENDITURES | 535,597,582 | 534,096,298 | 517,381,641 | 1,219,650 | 15,495,007 |

OTHER FINANCING USES

Transfers out

| | | | | | |
|-------------------|------------|------------|------------|---|---------|
| Special Aid Fund | 1,250,000 | 1,576,500 | 1,223,844 | - | 352,656 |
| School Lunch Fund | 350,000 | 1,524,784 | 1,524,784 | - | - |
| Debt Service Fund | 16,764,090 | 16,764,090 | 16,764,090 | - | - |

| | | | | | |
|-----------------------------------|-------------------|-------------------|-------------------|----------|----------------|
| TOTAL OTHER FINANCING USES | <u>18,364,090</u> | <u>19,865,374</u> | <u>19,512,718</u> | <u>-</u> | <u>352,656</u> |
|-----------------------------------|-------------------|-------------------|-------------------|----------|----------------|

| | | | | | |
|--|-----------------------|-----------------------|-----------------------|---------------------|----------------------|
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 553,961,672</u> | <u>\$ 553,961,672</u> | <u>\$ 536,894,359</u> | <u>\$ 1,219,650</u> | <u>\$ 15,847,663</u> |
|--|-----------------------|-----------------------|-----------------------|---------------------|----------------------|

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Yonkers City School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

| | <u>2017</u> | <u>2016</u> |
|--------------------------|--------------------------|--------------------------|
| ASSETS | | |
| Receivables | | |
| State and Federal aid | \$ 17,241,937 | \$ 17,052,283 |
| Due from City of Yonkers | - | 56,669,668 |
| Due from other funds | <u>387,488</u> | <u>9,328,131</u> |
| Total Assets | <u>\$ 17,629,425</u> | <u>\$ 83,050,082</u> |
| LIABILITIES | | |
| Accounts payable | \$ 975,422 | \$ 1,039,726 |
| Accrued liabilities | 1,680,721 | 1,372,462 |
| Due to other governments | 290,085 | 337,380 |
| Due to other funds | <u>14,683,197</u> | <u>80,300,514</u> |
| Total Liabilities | <u>\$ 17,629,425</u> | <u>\$ 83,050,082</u> |

See independent auditors' report.

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,

| | 2017 | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|-------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| State aid | \$ 20,142,048 | \$ 19,999,939 | \$ 19,633,685 | \$ (366,254) |
| Federal aid | 36,429,876 | 38,170,756 | 33,151,585 | (5,019,171) |
| Miscellaneous | 155,552 | 129,582 | 126,522 | (3,060) |
| Total Revenues | <u>56,727,476</u> | <u>58,300,277</u> | <u>52,911,792</u> | <u>(5,388,485)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General support | 1,298,457 | 568,733 | 505,788 | 62,945 |
| Instruction | 53,213,145 | 55,816,513 | 50,639,901 | 5,176,612 |
| Pupil transportation | 1,116,159 | 1,138,819 | 1,014,926 | 123,893 |
| Community services | 499,134 | 502,131 | 401,212 | 100,919 |
| Employee benefits | 1,850,581 | 1,850,581 | 1,573,809 | 276,772 |
| Total Expenditures | <u>57,977,476</u> | <u>59,876,777</u> | <u>54,135,636</u> | <u>5,741,141</u> |
| Deficiency of Revenues Over Expenditures | (1,250,000) | (1,576,500) | (1,223,844) | 352,656 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>1,250,000</u> | <u>1,576,500</u> | <u>1,223,844</u> | <u>(352,656)</u> |
| Net Change in Fund Balance | - | - | - | - |
| FUND BALANCE | | | | |
| Beginning of Year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See independent auditors' report.

2016

| 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> |
| (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

Capital Projects Fund
Comparative Balance Sheet
June 30,

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Receivables | | |
| Accounts | \$ 261,606 | \$ - |
| Due from City of Yonkers | 25,767,398 | 31,367,092 |
| Due from other funds | <u>42,883</u> | <u>51,881</u> |
| Total Assets | <u>\$ 26,071,887</u> | <u>\$ 31,418,973</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ 1,255,783 | \$ 1,070,291 |
| Bond anticipation note payable | 2,700,000 | - |
| Due to other funds | <u>1,054,568</u> | <u>1,013,694</u> |
| Total Liabilities | 5,010,351 | 2,083,985 |
| Fund balance | | |
| Restricted | <u>21,061,536</u> | <u>29,334,988</u> |
| Total Liabilities and Fund Balance | <u>\$ 26,071,887</u> | <u>\$ 31,418,973</u> |

See independent auditors' report.

Yonkers City School District, New York

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

| | <u>2017</u> | <u>2016</u> |
|--|----------------------|----------------------|
| REVENUES | \$ - | \$ - |
| EXPENDITURES | | |
| Capital outlay | <u>25,241,799</u> | <u>19,925,708</u> |
| Deficiency of Revenues Over Expenditures | <u>(25,241,799)</u> | <u>(19,925,708)</u> |
| OTHER FINANCING SOURCES | | |
| Insurance recoveries | 598,362 | - |
| Bonds issued | 15,525,000 | 18,370,000 |
| Issuance premium | <u>844,985</u> | <u>1,513,325</u> |
| Total Other Financing Sources | <u>16,968,347</u> | <u>19,883,325</u> |
| Net Change in Fund Balance | (8,273,452) | (42,383) |
| FUND BALANCE | | |
| Beginning of Year | <u>29,334,988</u> | <u>29,377,371</u> |
| End of Year | <u>\$ 21,061,536</u> | <u>\$ 29,334,988</u> |

See independent auditors' report.

Yonkers City School District, New York

Capital Projects Fund
 Project-Length Schedule
 Inception Of Project Through June 30, 2017

| PROJECT | Authorization | | Expenditures and Transfers to Date | | |
|---|-----------------------|-----------------------|------------------------------------|----------------------|-----------------------|
| | Original | Revised | Prior Years | Current Year | Total |
| Bond Sale - April 2004 | \$ 12,000,000 | \$ 12,000,000 | \$ 11,999,988 | \$ - | \$ 11,999,988 |
| Bond Sale - December 2004 | 11,850,000 | 11,850,000 | 11,849,985 | - | 11,849,985 |
| Bond Sale - March 2006 | 2,800,000 | 2,800,000 | 2,799,344 | 460 | 2,799,804 |
| Equipment and Technology Improvements | 3,038,000 | 3,038,000 | 3,015,264 | - | 3,015,264 |
| Improvements to School Buildings | 12,461,168 | 12,461,168 | 12,449,283 | - | 12,449,283 |
| Bond Sale - February 2008 | 18,000,000 | 18,000,000 | 17,997,172 | 1,968 | 17,999,140 |
| Bond to Bond Anticipation Note - December 2011 | 2,800,000 | 2,800,000 | 2,720,387 | 1,362 | 2,721,749 |
| Bond Sale - December 2011 | 10,000,000 | 10,000,000 | 7,545,337 | 701,446 | 8,246,783 |
| Bond Sale - December 2012 | 27,847,502 | 27,847,502 | 24,077,946 | 2,365,845 | 26,443,791 |
| Bond Anticipation Note - August 2013 | 5,205,900 | 5,205,900 | 5,069,630 | 97,786 | 5,167,416 |
| Bond Sale - October 2014 | 21,729,385 | 21,778,902 | 15,955,042 | 4,638,242 | 20,593,284 |
| Bond Sale - September 2015 | 19,883,325 | 19,883,325 | 2,808,385 | 13,961,717 | 16,770,102 |
| Bond Sale - December 2016 | 16,369,985 | 16,369,985 | - | 3,330,974 | 3,330,974 |
| Bond to Bond Anticipation Note - April 2017 | 2,700,000 | 2,700,000 | - | 141,999 | 141,999 |
| Insurance Recoveries - 2016 | 598,362 | 598,362 | - | - | - |
| Total | \$ 167,283,627 | \$ 167,333,144 | \$ 118,287,763 | \$ 25,241,799 | \$ 143,529,562 |

See independent auditors' report.

| Unexpended Balance | Methods of Financing | | | Fund Balance at (Deficit) June 30, 2017 | Bond Anticipation Notes Outstanding at June 30, 2017 |
|-----------------------|----------------------------|-------------------|-----------------------|--|---|
| | Proceeds of Obligations | Other | Total | | |
| \$ 12 | \$ 12,000,000 | \$ - | \$ 12,000,000 | \$ 12 | \$ - |
| 15 | 11,850,000 | - | 11,850,000 | 15 | - |
| 196 | 2,800,000 | - | 2,800,000 | 196 | - |
| 22,736 | 3,038,000 | - | 3,038,000 | 22,736 | - |
| 11,885 | 12,461,168 | - | 12,461,168 | 11,885 | - |
| 860 | 18,000,000 | - | 18,000,000 | 860 | - |
| 78,251 | 2,800,000 | - | 2,800,000 | 78,251 | - |
| 1,753,217 | 9,957,954 | - | 9,957,954 | 1,711,171 | - |
| 1,403,711 | 27,847,502 | - | 27,847,502 | 1,403,711 | - |
| 38,484 | 5,205,900 | - | 5,205,900 | 38,484 | - |
| 1,185,618 | 21,778,902 | - | 21,778,902 | 1,185,618 | - |
| 3,113,223 | 19,883,325 | - | 19,883,325 | 3,113,223 | - |
| 13,039,011 | 16,369,985 | - | 16,369,985 | 13,039,011 | - |
| 2,558,001 | - | - | - | (141,999) | 2,700,000 |
| 598,362 | - | 598,362 | 598,362 | 598,362 | - |
| <u>\$ 23,803,582</u> | <u>\$ 163,992,736</u> | <u>\$ 598,362</u> | <u>\$ 164,591,098</u> | <u>\$ 21,061,536</u> | <u>\$ 2,700,000</u> |

Yonkers City School District, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2017
 (With Comparative Totals for 2016)

| | School Lunch | Special Purpose | Debt Service |
|--------------------------------------|----------------------|--------------------|----------------------|
| ASSETS | | | |
| Receivables | | | |
| Accounts | \$ 20,659 | \$ - | \$ - |
| State and Federal aid | 557,773 | - | - |
| Due from City of Yonkers | 18,185,116 | 833,195 | - |
| Due from other funds | 756,054 | - | 41,548,786 |
| | <u>19,519,602</u> | <u>833,195</u> | <u>41,548,786</u> |
| Inventories | <u>311,033</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>\$ 19,830,635</u> | <u>\$ 833,195</u> | <u>\$ 41,548,786</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities | | | |
| Accounts payable | \$ 1,426,099 | \$ - | \$ - |
| Accrued liabilities | 371,259 | 39,700 | - |
| Due to the City of Yonkers | - | - | 41,168,341 |
| Due to other funds | 16,255,652 | 583,059 | 1,525 |
| Total Liabilities | <u>18,053,010</u> | <u>622,759</u> | <u>41,169,866</u> |
| Fund balances | | | |
| Nonspendable | 311,033 | - | - |
| Restricted | - | 210,436 | 4,233 |
| Assigned | 1,466,592 | - | 374,687 |
| Total Fund Balances | <u>1,777,625</u> | <u>210,436</u> | <u>378,920</u> |
| Total Liabilities and Fund Balances | <u>\$ 19,830,635</u> | <u>\$ 833,195</u> | <u>\$ 41,548,786</u> |

See independent auditors' report.

Total Non-Major
Governmental Funds

| 2017 | 2016 |
|----------------------|----------------------|
| \$ 20,659 | \$ 166,112 |
| 557,773 | 1,426,174 |
| 19,018,311 | 12,554,928 |
| 42,304,840 | 16,633,360 |
| 61,901,583 | 30,780,574 |
| 311,033 | 88,579 |
| <u>\$ 62,212,616</u> | <u>\$ 30,869,153</u> |

| | |
|--------------|--------------|
| \$ 1,426,099 | \$ 1,241,212 |
| 410,959 | 305,315 |
| 41,168,341 | 12,014,702 |
| 16,840,236 | 15,394,923 |
| 59,845,635 | 28,956,152 |

| | |
|----------------------|----------------------|
| 311,033 | 88,579 |
| 214,669 | 675,813 |
| 1,841,279 | 1,148,609 |
| 2,366,981 | 1,913,001 |
| <u>\$ 62,212,616</u> | <u>\$ 30,869,153</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, 2017
(With Comparative Totals for 2016)

| | School Lunch | Special Purpose | Debt Service |
|---|---------------------|--------------------|---------------------|
| REVENUES | | | |
| Use of money and property | \$ - | \$ 188 | \$ 20,338 |
| State aid | 190,230 | - | - |
| Federal aid | 7,459,304 | - | - |
| Food sales | 1,520,255 | - | - |
| Miscellaneous | - | 30,950 | - |
| | <u>9,169,789</u> | <u>31,138</u> | <u>20,338</u> |
| EXPENDITURES | | | |
| Current | | | |
| Employee benefits | 2,116,750 | - | - |
| Cost of food sales | 7,317,294 | - | - |
| Other | - | 121,828 | - |
| Debt service | | | |
| Principal | - | - | 22,164,800 |
| Interest | - | - | 7,209,177 |
| Refunding bond issuance costs | - | - | - |
| | <u>9,434,044</u> | <u>121,828</u> | <u>29,373,977</u> |
| Total Expenditures | | | |
| Deficiency of Revenues Over Expenditures | <u>(264,255)</u> | <u>(90,690)</u> | <u>(29,353,639)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Contribution from City of Yonkers | - | - | 11,873,690 |
| Refunding bonds issued | - | - | - |
| Payment to refunded bond escrow agent | - | - | - |
| Issuance premium | - | - | - |
| Transfers in | 1,524,784 | - | 16,764,090 |
| | <u>1,524,784</u> | <u>-</u> | <u>28,637,780</u> |
| Total Other Financing Sources | | | |
| Net Change in Fund Balances | 1,260,529 | (90,690) | (715,859) |
| FUND BALANCES | | | |
| Beginning of Year | <u>517,096</u> | <u>301,126</u> | <u>1,094,779</u> |
| End of Year | <u>\$ 1,777,625</u> | <u>\$ 210,436</u> | <u>\$ 378,920</u> |

See independent auditors' report.

Total Non-Major
Governmental Funds

| 2017 | 2016 |
|--------------|--------------|
| \$ 20,526 | \$ 11,710 |
| 190,230 | 210,116 |
| 7,459,304 | 7,553,683 |
| 1,520,255 | 1,607,425 |
| 30,950 | 119,350 |
| 9,221,265 | 9,502,284 |
| 2,116,750 | 2,115,407 |
| 7,317,294 | 7,285,824 |
| 121,828 | 118,850 |
| 22,164,800 | 17,472,520 |
| 7,209,177 | 6,633,471 |
| - | 114,096 |
| 38,929,849 | 33,740,168 |
| (29,708,584) | (24,237,884) |
| 11,873,690 | 7,459,628 |
| - | 14,700,766 |
| - | (15,330,913) |
| - | 744,243 |
| 18,288,874 | 17,259,633 |
| 30,162,564 | 24,833,357 |
| 453,980 | 595,473 |
| 1,913,001 | 1,317,528 |
| \$ 2,366,981 | \$ 1,913,001 |

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Yonkers City School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Receivables | | |
| Accounts | \$ 20,659 | \$ 53,612 |
| State and Federal aid | 557,773 | 1,426,174 |
| Due from City of Yonkers | 18,185,116 | 11,765,643 |
| Due from other funds | <u>756,054</u> | <u>1,199,651</u> |
| | 19,519,602 | 14,445,080 |
| Inventories | <u>311,033</u> | <u>88,579</u> |
| Total Assets | <u>\$ 19,830,635</u> | <u>\$ 14,533,659</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accounts payable | \$ 1,426,099 | \$ 1,241,212 |
| Accrued liabilities | 371,259 | 178,665 |
| Due to other funds | <u>16,255,652</u> | <u>12,596,686</u> |
| Total Liabilities | <u>18,053,010</u> | <u>14,016,563</u> |
| Fund balance | | |
| Nonspendable | 311,033 | 88,579 |
| Assigned | <u>1,466,592</u> | <u>428,517</u> |
| Total Fund Balance | <u>1,777,625</u> | <u>517,096</u> |
| Total Liabilities and Fund Balance | <u>\$ 19,830,635</u> | <u>\$ 14,533,659</u> |

See independent auditors' report.

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,

| | 2017 | | | Variance with Final Budget Positive (Negative) |
|---|--------------------|------------------|------------------|---|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| State aid | \$ 202,000 | \$ 202,000 | \$ 190,230 | \$ (11,770) |
| Federal aid | 7,777,200 | 7,777,200 | 7,459,304 | (317,896) |
| Food sales | 1,492,500 | 1,492,500 | 1,520,255 | 27,755 |
| Total Revenues | 9,471,700 | 9,471,700 | 9,169,789 | (301,911) |
| EXPENDITURES | | | | |
| Current | | | | |
| Employee benefits | 2,198,844 | 2,189,444 | 2,116,750 | 72,694 |
| Cost of food sales | 7,606,751 | 7,616,151 | 7,317,294 | 298,857 |
| Total Expenditures | 9,805,595 | 9,805,595 | 9,434,044 | 371,551 |
| Deficiency of Revenues Over Expenditures | (333,895) | (333,895) | (264,255) | 69,640 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 350,000 | 350,000 | 1,524,784 | 1,174,784 |
| Transfers out | (16,105) | (16,105) | - | 16,105 |
| Total Other Financing Sources | 333,895 | 333,895 | 1,524,784 | 1,190,889 |
| Net Change in Fund Balance | - | - | 1,260,529 | 1,260,529 |
| FUND BALANCE | | | | |
| Beginning of Year | - | - | 517,096 | 517,096 |
| End of Year | \$ - | \$ - | \$ 1,777,625 | \$ 1,777,625 |

See independent auditors' report.

2016

| Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------|------------------|-------------------|---|
| \$ 212,287 | \$ 212,287 | \$ 210,116 | \$ (2,171) |
| 7,185,741 | 7,185,741 | 7,553,683 | 367,942 |
| 1,914,307 | 1,914,307 | 1,607,425 | (306,882) |
| <u>9,312,335</u> | <u>9,312,335</u> | <u>9,371,224</u> | <u>58,889</u> |
| 2,183,440 | 2,183,440 | 2,115,407 | 68,033 |
| 7,362,790 | 7,362,790 | 7,285,824 | 76,966 |
| <u>9,546,230</u> | <u>9,546,230</u> | <u>9,401,231</u> | <u>144,999</u> |
| <u>(233,895)</u> | <u>(233,895)</u> | <u>(30,007)</u> | <u>203,888</u> |
| 250,000 | 250,000 | 250,000 | - |
| (16,105) | (16,105) | - | 16,105 |
| <u>233,895</u> | <u>233,895</u> | <u>250,000</u> | <u>16,105</u> |
| - | - | 219,993 | 219,993 |
| - | - | 297,103 | 297,103 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 517,096</u> | <u>\$ 517,096</u> |

Yonkers City School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|-----------------------------|-----------------------------|
| ASSETS | | |
| Receivables | | |
| Accounts | \$ - | \$ 112,500 |
| Due from City of Yonkers | 833,195 | 789,285 |
| Due from other funds | - | 9,316 |
| | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 833,195</u> | <u>\$ 911,101</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Accrued liabilities | \$ 39,700 | \$ 126,650 |
| Due to other funds | 583,059 | 483,325 |
| | <u> </u> | <u> </u> |
| Total Liabilities | 622,759 | 609,975 |
| Fund balance | | |
| Restricted | <u>210,436</u> | <u>301,126</u> |
| | <u> </u> | <u> </u> |
| Total Liabilities and Fund Balance | <u>\$ 833,195</u> | <u>\$ 911,101</u> |

See independent auditors' report.

Yonkers City School District, New York

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

| | <u>2017</u> | <u>2016</u> |
|--|--------------------------|--------------------------|
| REVENUES | | |
| Use of money and property | \$ 188 | \$ 293 |
| Miscellaneous | <u>30,950</u> | <u>119,350</u> |
| Total Revenues | 31,138 | 119,643 |
| EXPENDITURES | | |
| Current | | |
| Other | <u>121,828</u> | <u>118,850</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (90,690) | 793 |
| FUND BALANCE | | |
| Beginning of Year | <u>301,126</u> | <u>300,333</u> |
| End of Year | <u><u>\$ 210,436</u></u> | <u><u>\$ 301,126</u></u> |

See independent auditors' report.

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Yonkers City School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

| | <u>2017</u> | <u>2016</u> |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| Due from other funds | <u>\$ 41,548,786</u> | <u>\$ 15,424,393</u> |
| | | |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities | | |
| Due to City of Yonkers | \$ 41,168,341 | \$ 12,014,702 |
| Due to other funds | <u>1,525</u> | <u>2,314,912</u> |
| | | |
| Total Liabilities | <u>41,169,866</u> | <u>14,329,614</u> |
| | | |
| Fund balance | | |
| Restricted | 4,233 | 374,687 |
| Assigned | <u>374,687</u> | <u>720,092</u> |
| | | |
| Total Fund Balance | <u>378,920</u> | <u>1,094,779</u> |
| | | |
| Total Liabilities and Fund Balance | <u>\$ 41,548,786</u> | <u>\$ 15,424,393</u> |

See independent auditors' report.

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,

| | 2017 | | | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original Budget | Final Budget | Actual | |
| REVENUES | | | | |
| Use of money and property | \$ - | \$ - | \$ 20,338 | \$ 20,338 |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal | | | | |
| Bonds | 21,964,800 | 21,964,800 | 21,964,800 | - |
| State loan | 200,000 | 200,000 | 200,000 | - |
| | <u>22,164,800</u> | <u>22,164,800</u> | <u>22,164,800</u> | <u>-</u> |
| Interest | | | | |
| Bonds | 7,209,177 | 7,209,177 | 7,209,177 | - |
| Refunding bond issuance costs | - | - | - | - |
| Total Expenditures | <u>29,373,977</u> | <u>29,373,977</u> | <u>29,373,977</u> | <u>-</u> |
| Deficiency of Revenues Over Expenditures | <u>(29,373,977)</u> | <u>(29,373,977)</u> | <u>(29,353,639)</u> | <u>20,338</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contribution from City of Yonkers | 11,873,690 | 11,873,690 | 11,873,690 | - |
| Refunding bonds issued | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Issuance premium | - | - | - | - |
| Transfers in | 16,780,195 | 16,780,195 | 16,764,090 | (16,105) |
| Total Other Financing Sources | <u>28,653,885</u> | <u>28,653,885</u> | <u>28,637,780</u> | <u>(16,105)</u> |
| Net Change in Fund Balance | <u>(720,092)</u> | <u>(720,092)</u> | <u>(715,859)</u> | <u>4,233</u> |
| FUND BALANCE | | | | |
| Beginning of Year | <u>720,092</u> | <u>720,092</u> | <u>1,094,779</u> | <u>374,687</u> |
| End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 378,920</u> | <u>\$ 378,920</u> |

See independent auditors' report.

2016

| Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--------------------|-----------------|--------------|---|
| \$ - | \$ - | \$ 11,417 | \$ 11,417 |
| 17,272,520 | 17,272,520 | 17,272,520 | - |
| 200,000 | 200,000 | 200,000 | - |
| 17,472,520 | 17,472,520 | 17,472,520 | - |
| 7,012,846 | 7,012,846 | 6,633,471 | 379,375 |
| - | 114,096 | 114,096 | - |
| 24,485,366 | 24,599,462 | 24,220,087 | 379,375 |
| (24,485,366) | (24,599,462) | (24,208,670) | 390,792 |
| 7,459,628 | 7,459,628 | 7,459,628 | - |
| - | 14,700,766 | 14,700,766 | - |
| - | (15,330,913) | (15,330,913) | - |
| - | 744,243 | 744,243 | - |
| 17,025,738 | 17,025,738 | 17,009,633 | (16,105) |
| 24,485,366 | 24,599,462 | 24,583,357 | (16,105) |
| - | - | 374,687 | 374,687 |
| - | - | 720,092 | 720,092 |
| \$ - | \$ - | \$ 1,094,779 | \$ 1,094,779 |

Yonkers City School District, New York

General Fund
Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2017

| | |
|-----------------------|-----------------------|
| Adopted Budget | \$ 552,349,948 |
| Additions | |
| Encumbrances | <u>1,611,724</u> |
| Original/Final Budget | <u>\$ 553,961,672</u> |

See independent auditors' report.

Yonkers City School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2017

| | | |
|--|--------------------|------------------------------|
| Capital Assets, net | | \$ 281,908,972 |
| Less | | |
| Bonds payable | (148,369,512) | |
| Notes payable | (10,739,038) | |
| Bond anticipation note payable | (2,700,000) | |
| Unamortized portion of premium on bonds | <u>(6,034,917)</u> | (167,843,467) |
| Plus | | |
| Unexpended bond proceeds | 23,163,174 | |
| Unamortized portion of loss on refunding bonds | <u>1,145,527</u> | <u>24,308,701</u> |
| Net Investment in Capital Assets | | <u><u>\$ 138,374,206</u></u> |

See independent auditors' report.

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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, 2017, 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 December 5, 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*.

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

December 5, 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, 2017. 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 the 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, 2017.

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

December 5, 2017

Yonkers City School District, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

| <u>Federal Grantor/Pass-Through Grantor/ Program or Cluster 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 | \$ - | \$ 1,010,393 |
| National School Lunch Program - Commodities | 10.555 | N/A | - | 581,577 |
| National School Lunch Program - Cash | 10.555 | N/A | - | 5,668,750 |
| Summer Food Service Program for Children | 10.559 | N/A | - | 198,584 |
| Total U.S. Department of Agriculture | | | - | 7,459,304 |
| <u>U.S. Department of Education</u> | | | | |
| Direct Program | | | | |
| Impact Aid | 84.041 | N/A | - | 20,377 |
| 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 | 0032-17-1107 | - | 6,428,220 |
| Special Education - Grants to States (IDEA, Part B) | 84.027 | C012183 | - | 603,183 |
| Special Education - Preschool Grants (IDEA, Preschool) | 84.173 | 0033-17-1107 | - | 216,343 |
| Subtotal Special Education Cluster | | | - | 7,247,746 |
| Adult Education - Basic Grants to States | 84.002 | 2338-17-2025 | - | 442,053 |
| Title I Grants to Local Educational Agencies | 84.010 | 0011-16-2008 | - | 253,853 |
| Title I Grants to Local Educational Agencies | 84.010 | 0011-17-2008 | - | 499,626 |
| Title I Grants to Local Educational Agencies | 84.010 | 0011-16-7040 | - | 92,387 |
| Title I Grants to Local Educational Agencies | 84.010 | 0011-17-7040 | - | 234,462 |
| Title I Grants to Local Educational Agencies | 84.010 | 0011-16-7041 | - | 131,870 |
| Title I Grants to Local Educational Agencies | 84.010 | 0011-17-7041 | - | 165,316 |
| Title I Grants to Local Educational Agencies | 84.010 | 0011-17-6116 | - | 247,213 |
| Title I Grants to Local Educational Agencies | 84.010 | 0011-17-6117 | - | 247,044 |
| Title I Grants to Local Educational Agencies | 84.010 | 0021-16-3820 | - | 312,151 |
| Title I Grants to Local Educational Agencies | 84.010 | 0021-17-3820 | - | 8,678,006 |
| | | | - | 10,861,928 |
| Career and Technical Education - Basic Grants to States | 84.048 | 8000-17-9037 | - | 269,650 |
| Career and Technical Education - Basic Grants to States | 84.048 | 8000-17-0001 | - | 251,008 |
| | | | - | 520,658 |

(Continued)

Yonkers City School District, New York

Schedule of Expenditures of Federal Awards (Continued)
 Year Ended June 30, 2017

| <u>Federal Grantor/Pass-Through Grantor/ Program or Cluster 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> |
|---|--|--|--|---|
| English Language Acquisition State Grants | 84.365 | 0293-16-3820 | \$ - | \$ 194,837 |
| English Language Acquisition State Grants | 84.365 | 0149-16-3820 | - | 78,732 |
| English Language Acquisition State Grants | 84.365 | 0293-17-3820 | - | 364,707 |
| English Language Acquisition State Grants | 84.365 | 0149-17-3820 | - | 155,872 |
| English Language Acquisition State Grants | 84.365 | 0153-17-3820 | - | 4,498 |
| | | | - | 798,646 |
| Mathematics and Science Partnerships | 84.366 | 0294-17-0201 | - | 989,487 |
| Supporting Effective Instruction State Grants | 84.367 | 0147-16-3820 | - | 390,079 |
| Supporting Effective Instruction State Grants | 84.367 | 0147-17-3820 | - | 1,313,108 |
| | | | - | 1,703,187 |
| School Improvement Grants | 84.377 | 0123-16-4208 | - | 107,692 |
| School Improvement Grants | 84.377 | 0123-17-4208 | - | 457,006 |
| School Improvement Grants | 84.377 | 0123-16-4206 | - | 132,252 |
| School Improvement Grants | 84.377 | 0123-17-4206 | - | 409,111 |
| School Improvement Grants | 84.377 | 0123-17-7023 | - | 690,342 |
| School Improvement Grants | 84.377 | 0123-17-7024 | - | 711,849 |
| School Improvement Grants | 84.377 | 0123-17-7629 | - | 493,786 |
| | | | - | 3,002,038 |
| Preschool Development Grants | 84.419 | 8120-17-1005 | - | 7,585,842 |
| Total U.S. Department of Education | | | - | 33,171,962 |
| Total Expenditures of Federal Awards | | | \$ - | \$ 40,631,266 |

(1) Catalog of Federal Domestic Assistance number.

N/A - Information not available.

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, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Yonkers City School District, New York ("School District") under programs of the federal government for the year ended June 30, 2017. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

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

Yonkers City School District, New York

Summary Schedule of Prior Audit Findings
Year ended June 30, 2017

None

Yonkers City School District, New York

Schedule of Findings and Questioned Costs
Year ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Yes No
 Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

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

Yes No
 Yes 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 No

Identification of major federal programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 84.027 | Special Education Cluster (IDEA): |
| 84.173 | Special Education – Grants to States (IDEA, Part B) |
| 84.010 | Special Education – Preschool Grants (IDEA Preschool) |
| 84.048 | Title I Grants to Local Educational Agencies |
| | Career and Technical Education – Basic Grants to State (Perkins IV) |

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

\$1,218,938
 Yes No

Yonkers City School District, New York

Schedule of Findings and Questioned Costs
Year ended June 30, 2017

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None