

**Yonkers City School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2014



## Yonkers City School District, New York

### Table of Contents

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	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
District-Wide Financial Statements	11
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	13
Balance Sheet - Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Special Aid Funds	19
Statement of Assets and Liabilities - Fiduciary Fund	21
Notes to Financial Statements	22
Required Supplementary Information	
Other Postemployment Benefits	48
Schedule of Funding Progress - Last Three Fiscal Years	
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	49
Comparative Balance Sheet	50
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	52
Schedule of Revenues and Other Financing Sources Compared to Budget	54
Schedule of Expenditures and Other Financing Uses Compared to Budget	54
Special Aid Fund	58
Comparative Balance Sheet	59
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	59
Capital Projects Fund	61
Comparative Balance Sheet	62
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	63
Project-Length Schedule	63
Non-Major Governmental Funds	65
Combining Balance Sheet	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	

## Yonkers City School District, New York

### Table of Contents (Concluded)

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	<u>Page No.</u>
School Lunch Fund	
Comparative Balance Sheet	69
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	70
Special Purpose Fund	
Comparative Balance Sheet	72
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	73
Debt Service Fund	
Comparative Balance Sheet	74
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	75
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	77
Schedule of Net Investment in Capital Assets	78
Federal Programs	
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	79
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	81
Schedule of Expenditures of Federal Awards	83
Notes to Schedule of Expenditures of Federal Awards	84
Summary Schedule of Prior Audit Findings	85
Schedule of Findings and Questioned Costs	86

**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, 2014, 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, 2014, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter***

As discussed in Note 1, the financial statements present only the education funds and do not purport to, and do not, present fairly the financial position of the City of Yonkers, New York as of June 30, 2014, and the changes

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in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2014 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*O'Connor Davies, LLP*

O'Connor Davies, LLP  
Harrison, New York  
December 22, 2014

**YONKERS PUBLIC SCHOOLS**  
(A Component Unit of the City of Yonkers, New York)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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The following is a discussion and analysis of the Yonkers City School District, New York ("School District") financial performance as of and for the fiscal year ended June 30, 2014. 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 2013-2014 actual revenue per the District-wide financial statements increased by \$5.6 million from the prior year of \$517.4 to \$523 million. The increase in the City Contribution and additional State and Federal Aid revenue are the major contributing factor of the increase in revenue. Federal and State aid, along with the contribution from the City accounted for \$518.9 million or 99%, of all revenue in 2014. Total expenses for functions/programs in the District-wide financial statements totaled \$646.8 million and \$606.2 million in 2014 and 2013, respectively.
- At June 30, 2014, total liabilities per the District-wide financial statements exceeded total assets by \$431.9 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 \$73.8 million.
- As of the close of the fiscal year, the School District's governmental funds reported combined fund balances deficit of \$6.6 million at June 30, 2014, a decrease of \$66 million during 2014. These numbers will be explained in more detail throughout the management discussion and analysis.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**District-wide Financial Statements**

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

**Fund Financial Statements**

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

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- **Governmental Funds**

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

- **Fiduciary Funds**

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

### Notes to Basic Financial Statements

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

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

<b>Figure A-1</b> Major Features of the District-wide and Fund Financial Statements			
	District-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School district (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary assets and liabilities</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets 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	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All 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.



## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### 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 and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two 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 and liabilities - 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. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

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

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
  - Investment in capital assets, net of related debt.
  - Restricted net position are those with constraints placed on use by external sources or imposed by law.
  - Unrestricted net position 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.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

### Fund Financial Statements (Continued)

The School District has two types of funds:

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

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

**Table 1 - Net Position**

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>	<u>Amount Change</u>	<u>Percent Change</u>
Current and Other Assets	\$ 208,869,778	\$ 160,811,617	\$ 48,058,161	29.88%
Capital Assets	252,771,001	248,401,355	4,369,646	1.76%
Total Assets	461,640,779	409,212,972	52,427,807	12.81%
Deferred Outflows of Resources	252,428	315,535	(63,107)	-20.00%
Current Liabilities	216,147,657	102,039,764	114,107,893	111.83%
Long-term Liabilities	677,626,336	615,652,941	61,973,395	10.07%
Total Liabilities	893,773,993	717,692,705	176,081,288	24.53%
Net Position				
Investment in capital assets, net of related debt	123,631,994	117,416,255	6,215,739	5.29%
Restricted	1,156,274	1,064,274	92,000	8.64%
Unrestricted	(556,669,054)	(426,644,727)	(130,024,327)	30.48%
Total Net Position	\$ (431,880,786)	\$ (308,164,198)	\$ (123,716,588)	40.15%

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

In Table 1, total assets increased by \$52.4 million, a significant portion of this increase was caused by an increase in the amount due from the City of Yonkers. However, this increase was offset on the liability side by an increase in the amount due to the City of Yonkers. 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 \$73.8 million.

**Table II - Change in Net Assets**

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>	<u>Amount Change</u>	<u>Percent Change</u>
Revenue:				
Charges for Service	\$ 2,666,651	\$ 2,918,507	(251,856)	-8.63%
Operating grants and contributions	67,293,258	67,923,534	(630,276)	-0.93%
Capital grants and contributions	(14,685)	10,101	(24,786)	-245.38%
General Revenue:				
Contribution from City of Yonkers	231,475,454	227,299,649	4,175,805	1.84%
Unrestricted State and Federal aid	220,186,554	213,594,805	6,591,749	3.09%
Miscellaneous	1,439,524	5,733,432	(4,293,908)	-74.89%
Total Revenue	<u>523,046,756</u>	<u>517,480,028</u>	<u>5,566,728</u>	<u>1.08%</u>
Expenses:				
General Support	96,313,719	90,230,329	6,083,390	6.74%
Instruction	493,552,295	459,949,945	33,602,350	7.31%
Transportation	42,564,374	41,804,154	760,220	1.82%
Interest on Long-Term Debt	5,776,487	6,200,349	(423,862)	-6.84%
Community Services	554,319	642,336	(88,017)	-13.70%
Cost of Sales - Food	7,900,023	7,220,851	679,172	9.41%
Other	102,127	118,700	(16,573)	-13.96%
Total Expenses	<u>646,763,344</u>	<u>606,166,664</u>	<u>40,596,680</u>	<u>6.70%</u>
Decrease in Net Position	<u>\$ (123,716,588)</u>	<u>\$ (88,686,636)</u>	<u>\$ (35,029,952)</u>	<u>39.50%</u>

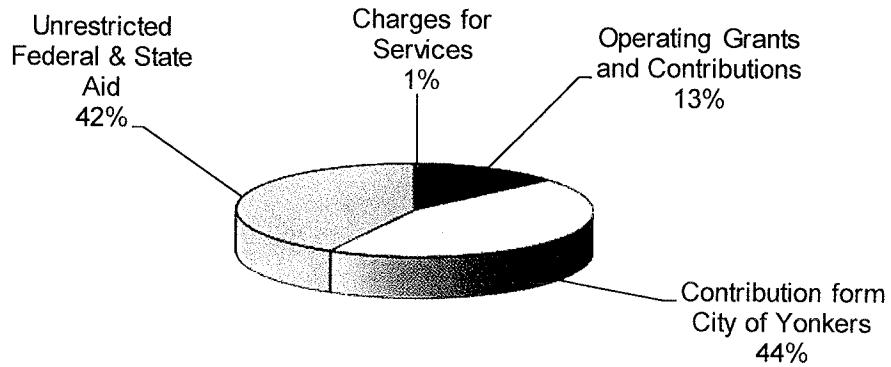
In Table 2, the School District's total revenues were \$523 million, an increase of \$5.6 million or 1.1%. The total cost of all programs and services was \$646.7 million a increase of \$40.6 million or 6.7%. Some of the major variances are described below:

- In 2012 -2013 the district had accrued state aid revenue and reversed it in 2013-2014. However, the 2013-2014 accruals were less than the prior year resulting in a budgetary revenue shortfall of \$26.0 million.

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

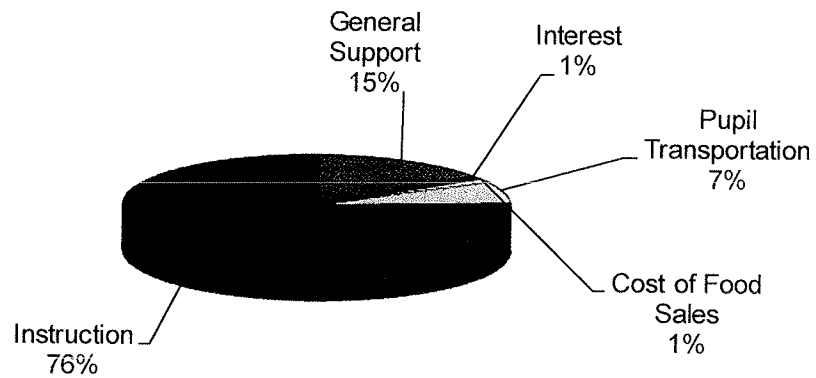
**Table III Revenue Sources for 2014:**

**Sources of Revenue for Fiscal Year 2014  
Governmental Activities**



**Table IV Sources of Expenses for 2014:**

**Expenses for Fiscal Year 2014  
Governmental Activities**



## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' capital projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt.

The School District's governmental fund financial statements show a current year deficit of \$17.1 million. The deficit was primarily driven by the general fund increase in expense and over estimate of state Aid revenue by Finance-Budget.

### General Fund Budgetary Highlights

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

**Table V - Results vs. Budget**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Variance</u>
Revenue:					
Local Sources	\$ 230,880,439	\$ 230,880,439	\$ 230,391,235	\$ -	\$ (489,204)
State Sources	266,690,585	266,690,585	240,591,730	-	(26,098,855)
Federal Sources	520,000	520,000	467,996	-	(52,004)
Interfunds Revenue	1,105,915	1,105,915	860,523	-	(245,392)
Total	<u>499,196,939</u>	<u>499,196,939</u>	<u>472,311,484</u>	<u>-</u>	<u>(26,885,455)</u>
Expenses:					
General Support	51,013,986	49,519,430	47,363,442	1,730,453	425,535
Instruction	288,274,775	286,876,725	285,079,776	554,195	1,242,754
Transportation	37,756,822	37,600,144	37,584,513	-	15,631
Employee Benefits	132,493,797	130,805,402	129,552,869	-	1,252,533
Debt Service	2,601,865	1,661,423	1,661,423	-	-
Transfers Out	17,462,675	23,140,796	23,140,786	-	10
Total Expenses	<u>529,603,920</u>	<u>529,603,920</u>	<u>524,382,809</u>	<u>2,284,648</u>	<u>2,936,463</u>
Revenue Over (under) Expense	<u>\$ (30,406,981)</u>	<u>\$ (30,406,981)</u>	<u>\$ (52,071,325)</u>	<u>\$ (2,284,648)</u>	<u>(23,948,992)</u>

The School District considers budget variances of 10% and \$1 million to be significant. The following variances occurred during 2014:

- The overestimate of state Aid revenue by Finance-Budget is the major contributing factor of the decrease in revenue.

## CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2014, the School District had \$252.8 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 \$11.1 million in construction costs.

**Table VI - Capital Assets**

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>	<u>Percent Change</u>
Category:			
Land	\$ 6,597,219	\$ 6,597,219	\$ -
Construction in Progress	26,847,899	46,357,869	-42.09%
Building and Improvements	216,452,794	192,798,013	12.27%
Machinery and Equipment	2,873,089	2,648,254	8.49%
Total	<u>\$ 252,771,001</u>	<u>\$ 248,401,355</u>	<u>1.76%</u>

**Long-Term Debt**

As of June 30, 2014, the School District had \$205.0 million in general obligation bonds and other long-term debt outstanding. In addition, the other postemployment benefits obligation of \$472.6 million is shown in the exhibit. More detailed information about the School District's long-term debt is included in the notes to the financial statements.

**Table VII - Outstanding Long-Term Debt (In Thousands of Dollars)**

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>	<u>Percent Change</u>
Category:			
General Obligation Bonds	\$ 144,929,535	\$ 160,178,159	-9.52%
State Loan Payable	3,200,000	3,400,000	-5.88%
Note Payable - ESCO	14,154,436	15,192,875	-6.84%
Due to Retirement Systems	22,676,159	16,692,647	35.85%
Other Long-Term Liabilities	2,491,525	5,027,039	-50.44%
Compensated Absences	17,573,567	16,388,389	7.23%
Other Post Employment Benefits	472,601,114	398,773,832	18.51%
	<u>\$ 677,626,336</u>	<u>\$ 615,652,941</u>	<u>10.07%</u>

**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. Desmond Barnett, Accountant III  
Yonkers Public Schools  
One Larkin Center, Yonkers, New York 10701-7044.

**Yonkers City School District, New York**

Statement of Net Position  
June 30, 2014

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**ASSETS**

Receivables	
Accounts	\$ 6,969,967
State and Federal aid	92,774,050
Due from City of Yonkers	108,982,256
Inventories	143,505
Capital assets	
Not being depreciated	33,445,118
Being depreciated, net	<u>219,325,883</u>
Total Assets	<u>461,640,779</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amounts on refunding bonds	<u>252,428</u>
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**LIABILITIES**

Accounts payable	27,601,039
Accrued liabilities	21,603,822
Retainages payable	313,923
Bond anticipation notes payable	5,205,900
Due to other governments	3,862,472
Due to retirement systems	37,614,852
Due to City of Yonkers	117,615,071
Overpayments	105,378
Accrued interest payable	2,225,200
Non-current liabilities	
Due within one year	26,971,923
Due in more than one year	<u>650,654,413</u>
Total Liabilities	<u>893,773,993</u>

**NET POSITION**

Net investment in capital assets	123,631,994
Restricted for	
Debt service	674,636
School lunch	143,505
Special purposes	338,133
Unrestricted	<u>(556,669,054)</u>
Total Net Position	<u>\$ (431,880,786)</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, 2014

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	\$ 96,313,719	\$ 453,994	\$ 853,848	\$ -	\$ (95,005,877)
Instruction	493,552,295	500,521	57,789,049	(14,685)	(435,277,410)
Pupil transportation	42,564,374	-	899,258	-	(41,665,116)
Community services	554,319	-	554,319	-	-
Cost of food sales	7,900,023	1,712,136	7,085,931	-	898,044
Other	102,127	-	110,853	-	8,726
Interest	5,776,487	-	-	-	(5,776,487)
Total Governmental Activities	646,763,344	2,666,651	67,293,258	(14,685)	(576,818,120)
General revenues					
Contribution from City of Yonkers					231,475,454
Forfeitures					975
Sale of property and compensation for loss					92,280
Unrestricted State aid					220,186,554
Miscellaneous					1,346,269
Total General Revenues					453,101,532
Change in Net Position					(123,716,588)
Net Position - Beginning					(308,164,198)
Net Position - Ending					\$ (431,880,786)

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, 2014

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Receivables			
Accounts	\$ 6,958,702	\$ -	\$ -
State and Federal aid	71,263,445	20,067,044	-
Due from City of Yonkers	36,920,173	27,419,541	37,883,884
Due from other funds	3,254,061	3,936,643	2,036,821
Advances to other funds	1,020,487	-	-
Inventories	-	-	-
Total Assets	<u>\$ 119,416,868</u>	<u>\$ 51,423,228</u>	<u>\$ 39,920,705</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 19,803,287	\$ 4,126,761	\$ 1,886,062
Accrued liabilities	20,529,431	814,991	24,262
Unearned revenues	1,547,827	-	-
Retainages payable	-	-	313,923
Bond anticipation notes payable	-	-	5,205,900
Due to other governments	1,959,101	1,903,371	-
Due to retirement systems	37,447,701	-	-
Due to City of Yonkers	69,086,421	43,557,618	-
Due to other funds	6,387,038	-	2,798,022
Advances from other funds	-	1,020,487	-
Overpayments	105,378	-	-
Total Liabilities	<u>156,866,184</u>	<u>51,423,228</u>	<u>10,228,169</u>
Fund balances (deficits)			
Nonspendable	1,020,487	1,020,487	-
Restricted	-	-	29,692,536
Assigned	-	-	-
Unassigned	(38,469,803)	(1,020,487)	-
Total Fund Balances (Deficits)	<u>(37,449,316)</u>	<u>-</u>	<u>29,692,536</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 119,416,868</u>	<u>\$ 51,423,228</u>	<u>\$ 39,920,705</u>

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

<u>Total Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 11,265	\$ 6,969,967
1,443,561	92,774,050
6,758,658	108,982,256
1,261,386	10,488,911
-	1,020,487
143,505	143,505
<u>\$ 9,618,375</u>	<u>\$ 220,379,176</u>
\$ 1,784,929	\$ 27,601,039
235,138	21,603,822
-	1,547,827
-	313,923
-	5,205,900
-	3,862,472
167,151	37,614,852
4,971,032	117,615,071
1,303,851	10,488,911
-	1,020,487
-	105,378
<u>8,462,101</u>	<u>226,979,682</u>
143,505	2,184,479
1,012,769	30,705,305
-	-
-	(39,490,290)
<u>1,156,274</u>	<u>(6,600,506)</u>
<u>\$ 9,618,375</u>	<u>\$ 220,379,176</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, 2014

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Fund Balance - Total Governmental Funds	\$ (6,600,506)
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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	252,771,001
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Other long-term assets are not available to pay for current-period expenditures are reported as unearned in the funds. State aid	1,547,827
--	-----------

Governmental funds report the effect of a loss on refunding bonds but is amortized in the statement of activities. Deferred amounts on refunding bonds	252,428
--	---------

Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(2,225,200)
Bonds payable	(144,929,535)
Notes payable	(14,154,436)
State loan payable	(3,200,000)
Retirement incentives and other pension obligations	(22,676,159)
Claims payable	(2,491,525)
Compensated absences	(17,573,567)
Other post employment benefit obligations payable	(472,601,114)
	(679,851,536)

Net Position of Governmental Activities	\$ (431,880,786)
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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, 2014**

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Charges for services	\$ 500,521	\$ -	\$ -
Use of money and property	453,994	-	34,074
Forfeitures	975	-	-
Interfund revenues	860,523	-	-
State aid	240,591,730	10,069,148	(48,759)
Federal aid	467,996	28,863,420	-
Food sales	-	-	-
Sale of property and compensation for loss	92,280	-	-
Miscellaneous	1,346,621	290,382	-
Total Revenues	244,314,640	39,222,950	(14,685)
<b>EXPENDITURES</b>			
Current			
General support	47,363,442	853,848	-
Instruction	285,079,776	39,645,893	-
Pupil transportation	37,584,513	899,258	-
Community services	-	554,319	-
Employee benefits	129,552,869	1,399,207	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	1,038,439	-	-
Interest	622,984	-	-
Capital outlay	-	-	14,053,843
Total Expenditures	501,242,023	43,352,525	14,053,843
Deficiency of Revenues Over Expenditures	(256,927,383)	(4,129,575)	(14,068,528)
<b>OTHER FINANCING SOURCES (USES)</b>			
Contribution from City of Yonkers	227,996,844	-	-
Transfers in	-	4,129,575	-
Transfers out	(23,140,786)	-	-
Total Other Financing Sources	204,856,058	4,129,575	-
Net Change in Fund Balances	(52,071,325)	-	(14,068,528)
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	14,622,009	-	43,761,064
End of Year	\$ (37,449,316)	\$ -	\$ 29,692,536

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

Other Governmental	Total Governmental Funds
\$ -	\$ 500,521
500	488,568
-	975
-	860,523
205,151	250,817,270
6,880,780	36,212,196
1,712,136	1,712,136
-	92,280
110,353	1,747,356
8,908,920	292,431,825
-	48,217,290
-	324,725,669
-	38,483,771
-	554,319
2,040,137	132,992,213
7,326,434	7,326,434
102,127	102,127
15,782,122	16,820,561
5,966,986	6,589,970
-	14,053,843
31,217,806	589,866,197
(22,308,886)	(297,434,372)
3,478,610	231,475,454
19,027,316	23,156,891
(16,105)	(23,156,891)
22,489,821	231,475,454
180,935	(65,958,918)
975,339	59,358,412
\$ 1,156,274	\$ (6,600,506)

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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, 2014

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

Net Change in Fund Balances - Total Governmental Funds	\$ (65,958,918)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than total capital outlay since capital outlay includes amounts under the capitalization threshold. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital outlay expenditures	12,247,914
Depreciation expense	(7,878,268)
	<u>4,369,646</u>

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.

Principal paid on bonds	14,639,314
Principal paid on notes	1,038,439
Principal paid on State loan	200,000
Principal paid on retirement incentives and other pension obligations	942,808
Issuance of retirement incentives and other pension obligations	(6,926,320)
Amortization of loss on refunding bonds and issuance premium	188,109
	<u>10,082,350</u>

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

Accrued interest	267,280
Claims	2,535,514
Compensated absences	(1,185,178)
Other post employment benefit obligations	(73,827,282)
	<u>(72,209,666)</u>

Change in Net Position of Governmental Activities	<u>\$ (123,716,588)</u>
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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, 2014

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Charges for services	\$ 387,120	\$ 387,120	\$ 500,521	\$ 113,401
Use of money and property	300,000	300,000	453,994	153,994
Forfeitures	5,000	5,000	975	(4,025)
Sale of property and compensation for loss	-	-	92,280	92,280
Interfund revenues	1,105,915	1,105,915	860,523	(245,392)
State aid	266,690,585	266,690,585	240,591,730	(26,098,855)
Federal aid	520,000	520,000	467,996	(52,004)
Miscellaneous	2,191,475	2,191,475	1,346,621	(844,854)
Total Revenues	271,200,095	271,200,095	244,314,640	(26,885,455)
<b>EXPENDITURES</b>				
Current				
General support	51,013,986	49,519,430	47,363,442	2,155,988
Instruction	288,274,775	286,876,725	285,079,776	1,796,949
Pupil transportation	37,756,822	37,600,144	37,584,513	15,631
Community services	-	-	-	-
Employee benefits	132,493,797	130,805,402	129,552,869	1,252,533
Debt service				
Principal	1,643,439	1,038,439	1,038,439	-
Interest	958,426	622,984	622,984	-
Total Expenditures	512,141,245	506,463,124	501,242,023	5,221,101
Deficiency of Revenues Over Expenditures	(240,941,150)	(235,263,029)	(256,927,383)	(21,664,354)
<b>OTHER FINANCING SOURCES (USES)</b>				
Contribution from City of Yonkers	227,996,844	227,996,844	227,996,844	-
Transfers in	-	-	-	-
Transfers out	(17,462,675)	(23,140,796)	(23,140,786)	10
Total Other Financing Sources	210,534,169	204,856,048	204,856,058	10
Net Change in Fund Balances	(30,406,981)	(30,406,981)	(52,071,325)	(21,664,344)
<b>FUND BALANCES (DEFICITS)</b>				
Beginning of Year	30,406,981	30,406,981	14,622,009	(15,784,972)
End of Year	\$ -	\$ -	\$ (37,449,316)	\$ (37,449,316)

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
15,559,176	15,599,224	10,069,148	(5,530,076)
32,189,534	36,115,423	28,863,420	(7,252,003)
452,531	452,531	290,382	(162,149)
48,201,241	52,167,178	39,222,950	(12,944,228)
1,105,391	1,086,312	853,848	232,464
45,146,730	52,060,250	39,645,893	12,414,357
1,140,800	1,140,800	899,258	241,542
561,134	606,191	554,319	51,872
1,353,200	1,403,200	1,399,207	3,993
-	-	-	-
-	-	-	-
49,307,255	56,296,753	43,352,525	12,944,228
(1,106,014)	(4,129,575)	(4,129,575)	-
-	-	-	-
1,106,014	4,129,575	4,129,575	-
-	-	-	-
1,106,014	4,129,575	4,129,575	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**Yonkers City School District, New York**

**Statement of Assets and Liabilities**

Fiduciary Fund

June 30, 2014

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 277,527
Accounts receivable	1,178,189
Due from City of Yonkers	<u>5,634,645</u>
 Total Assets	 <u><u>\$ 7,090,361</u></u>
 <b>LIABILITIES</b>	
Accounts payable	\$ 5,662,019
Employee payroll deductions	924
Student activity funds	<u>258,759</u>
 Total Liabilities	 <u><u>\$ 5,921,702</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. The members of the Board are appointed by the Mayor. The Board is, pursuant to Section 2551 of Education Law, a legally separate entity. However, inasmuch as the Board has no taxing power, relies solely upon the City for appropriations, and, while it may be sued in its own name, recourse exists to the City and therefore the Board may not be defined as a separate legal entity for financial reporting purposes pursuant to the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 14. The Superintendent serves as the chief executive officer and is appointed by the Board. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

**A. Financial Reporting Entity**

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

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

The accompanying financial statements present only the activities of the School District and do not purport to, and do not, present fairly the financial position of the City of Yonkers, New York as of June 30, 2014 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

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

provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

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

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purposes other than debt service or capital projects. The major special revenue fund of the School District is as follows:

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

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 outlays, including the acquisition or construction of major capital facilities and other capital assets.

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

Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

**Deposits and Risk Disclosure**

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

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

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

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2014.



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

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

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

**Due From/To City of Yonkers** - During the course of its operations, the School District has numerous transactions with the City to finance operations, provide services and construct assets. To the extent that certain transactions between the School District and the City had not been paid or received as of June 30, 2014, 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, 2014, balances of interfund amounts receivable or payable have been recorded.

**Advances To/From Other Funds** - Advances to/from other funds represent loans to other funds which are not expected to be repaid within the subsequent annual operating cycle. The advances are offset by a nonspendable fund balance, in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not "available spendable resources" even though they are a component of current assets.

**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 a reservation of fund balance which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

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

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

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

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.

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

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

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

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

The School District reported deferred outflows of resources of \$252,428 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.

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs,

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

whether or not withheld from the actual debt proceeds received, are reported as 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 Position** - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for debt service, school lunch and special purposes. The balance is classified as unrestricted.

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

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

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

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

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

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

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

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

**F. Encumbrances**

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

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 22, 2014.

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

**A. Budgetary Data**

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

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

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

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

**B. Application of Accounting Standards**

For the year ended June 30, 2014, the School District implemented GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities"*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows/inflows of resources, certain items that were previously reported as assets and liabilities. The statement also recognizes as outflows of resources (expenses or expenditure) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

**C. Excess of Actual Expenditures Over Budget**

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

General Fund	
General Government Support	
Auditing	\$ 88,707
Maintenance of plant	60,022
Pupil Transportation	
District transportation services	726
School Lunch Fund	
Employee Benefits	260,657

In addition, the Debt Service Fund exceeded its budgetary provision in total by \$19,592.

**D. Fund Deficits**

The General Fund reflects an unassigned deficit of \$38,469,803 as of June 30, 2014. The District will address this deficit in the ensuing year.

**E. Capital Projects Fund Deficit**

The deficit in the Bond Anticipation Note – August 2013 capital project of \$2,874,304 arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as "other financing sources". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. This deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

# Yonkers City School District, New York

## Notes to Financial Statements (Continued)

June 30, 2014

### 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, 2014 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Advances (From)/To</u>
General	\$ 3,254,061	\$ 6,387,038	\$ 1,020,487
Special Aid	3,936,643	-	(1,020,487)
Capital Projects	2,036,821	2,798,022	-
Non-Major Governmental	1,261,386	1,303,851	-
	<u>\$ 10,488,911</u>	<u>\$ 10,488,911</u>	<u>\$ -</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:

<u>Class</u>	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital Assets, not being depreciated				
Land	\$ 6,597,219	\$ -	\$ -	\$ 6,597,219
Construction in progress	46,357,869	11,107,179	30,617,149	26,847,899
Total Capital Assets, not being depreciated	<u>\$ 52,955,088</u>	<u>\$ 11,107,179</u>	<u>\$ 30,617,149</u>	<u>\$ 33,445,118</u>
Capital assets, being depreciated				
Buildings and Improvements	\$ 323,446,004	\$ 30,668,381	\$ -	\$ 354,114,385
Machinery and Equipment	9,779,450	1,089,503	253,690	10,615,263
Total Capital Assets, being depreciated	<u>333,225,454</u>	<u>31,757,884</u>	<u>253,690</u>	<u>364,729,648</u>
Less Accumulated Depreciation for				
Buildings and Improvements	130,647,991	7,013,600	-	137,661,591
Machinery and Equipment	7,131,196	864,668	253,690	7,742,174
Total Accumulated Depreciation	<u>137,779,187</u>	<u>7,878,268</u>	<u>253,690</u>	<u>145,403,765</u>
Total Capital Assets, being depreciated, net	<u>195,446,267</u>	<u>23,879,616</u>	<u>-</u>	<u>219,325,883</u>
Capital Assets, net	<u>\$ 248,401,355</u>	<u>\$ 34,986,795</u>	<u>\$ 30,617,149</u>	<u>\$ 252,771,001</u>

**Yonkers City School District, New York**

## Notes to Financial Statements (Continued)

June 30, 2014

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

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

General Support	\$ 3,805,913
Instruction	4,013,729
Pupil Transportation	42,533
Cost of Food Sales	<u>16,093</u>
Total Depreciation Expense	<u>\$ 7,878,268</u>

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2014 were as follows:

	Fund				
	General	Special Aid	Capital Projects	Non-Major Governmental	Total
Payroll and Employee Benefits	\$ 13,240,115	\$ 540,805	\$ -	\$ 235,138	\$ 14,016,058
Tuition	5,348,239	-	-	-	5,348,239
Other	<u>1,941,077</u>	<u>274,186</u>	<u>24,262</u>	<u>-</u>	<u>2,239,525</u>
	<u>\$ 20,529,431</u>	<u>\$ 814,991</u>	<u>\$ 24,262</u>	<u>\$ 235,138</u>	<u>\$ 21,603,822</u>

**D. Pension Plans**

The School District participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by Education Law and the New York State Retirement and Social Security Law. The Systems issue publicly available financial reports that include financial statements and required supplementary information for the Systems. These reports may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12224 and the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary for ERS and TRS, employees in tier 5 who contribute 3% of their salary for ERS and 3.5% for TRS without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service.. Contributions to ERS are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions to ERS consist of a life insurance portion and regular pension contributions. Pursuant to Article 11 of Education Law, actuarial contributions are established annually for TRS by the New York State Teachers' Retirement Board. Contribution rates for the plans' year's ending in 2014 are as follows:



**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2014

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

ERS		TRS	
Tier/Plan	Rate	Tiers	Rate
1 75I	28.8 %	1-4	16.25%
2 75I	26.3		
3 A14	21.1		
4 A15	21.1		
5 A15	17.0		
6 A15	11.5		

Contributions made to the Systems for the current and two preceding years were as follows:

	ERS	TRS
2014	\$ 7,949,929	\$ 30,808,280
2013	4,618,475	26,245,482
2012	7,599,492	22,700,099

The ERS and TRS contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

The current year ERS and TRS contributions were charged to the funds identified below:

Fund	Amount	
	ERS	TRS
General	\$ 7,205,964	\$ 28,221,018
Special Aid	100,301	2,587,262
School Lunch	643,664	-
	<u>\$ 7,949,929</u>	<u>\$ 30,808,280</u>

**E. Short-Term Capital Borrowings**

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

Purpose	Year of Original Issue	Interest Rate	Maturity Date	Balance July 1, 2013	New Issues	Balance June 30, 2014
Bond Anticipation Notes:						
Various Capital Projects	2013	1.53 %	8/1/2014	\$ -	\$ 5,205,900	\$ 5,205,900

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 improvement projects may be renewed for periods equivalent to the

# Yonkers City School District, New York

## Notes to Financial Statements (Continued)

June 30, 2014

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

maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenses of \$72,648 were recorded in the district-wide financial statements.

#### F. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2014:

	Balance July 1, 2013	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2014	Due Within One-Year
Governmental Activities					
Bonds Payable					
Capital Construction	\$ 155,460,000	\$ -	\$ 14,639,314	\$ 140,820,686	\$ 17,054,620
Unamortized Premium on Bonds	4,718,159	-	609,310	4,108,849	-
	160,178,159	-	15,248,624	144,929,535	17,054,620
Notes Payable	15,192,875	-	1,038,439	14,154,436	1,101,171
State Loan Payable	3,400,000	-	200,000	3,200,000	200,000
Other Non-current Liabilities:					
Retirement Incentives and					
Other Pension Obligations	16,692,647	9,743,148	3,759,636	22,676,159	4,364,607
Claims Payable	5,027,039	-	2,535,514	2,491,525	2,491,525
Compensated Absences	16,388,389	2,824,178	1,639,000	17,573,567	1,760,000
Other Post Employment Benefit Obligations	398,773,832	100,656,565	26,829,283	472,601,114	-
Total Other Non-current Liabilities	436,881,907	113,223,891	34,763,433	515,342,365	8,616,132
Governmental Activities					
Total Long-Term Liabilities	\$ 615,652,941	\$ 113,223,891	\$ 51,250,496	\$ 677,626,336	\$ 26,971,923

The liabilities for notes payable, a portion of the retirement incentives and other pension obligations, claims payable, compensated absences and other post employment benefit obligations are liquidated by the respective fund, primarily the General Fund. The School District's indebtedness for bonds, a portion of the retirement incentives and other pension obligations 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, 2014

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

Bonds payable at June 30, 2014 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2014
District-wide Construction	2004	\$ 12,000,000	October, 2014	3.88 %	\$ 915,000
District-wide Construction	2004	11,800,000	December, 2014	3.75	1,500,000
Refunding	2005	40,015,000	August, 2019	3.0 - 5.0	27,400,000
District-wide Construction	2006	7,790,000	September, 2023	4.25	5,230,000
District-wide Construction	2007	15,190,000	May, 2028	4.0 - 4.25	11,850,000
District-wide Construction	2008	17,985,000	November, 2030	3.00 - 5.0	15,050,000
District-wide Construction	2008	14,164,000	December, 2018	-	8,000,000
District-wide Construction	2009	13,836,000	December, 2019	.35	8,355,000
District-wide Construction	2011	12,555,000	October, 2027	3.0 - 5.0	11,355,000
District-wide Construction	2011	15,000,000	December, 2026	5.75	13,000,000
District-wide Construction	2012	26,590,000	August, 2025	3.0	26,590,000
Refunding	2012	12,110,000	July, 2018	2.0 - 3.0	11,575,686
					<u>\$ 140,820,686</u>

Interest expenditures of \$5,703,002 were recorded for bonds in the fund financial statements in the Debt Service Fund. Interest expense of \$4,902,852 was recorded in the district-wide financial statements.

**Notes Payable**

During 2009, the School District entered into a contractual agreement for the acquisition of energy efficient equipment to assist the School District in reducing its ongoing energy costs. The terms of the agreement provide for annual installments in varying amounts from \$156,660 to \$943,580, including interest at 4.44%, through October, 2024. The balance due at June 30, 2014 was \$7,555,000.

During 2011, the School District entered into a second contractual agreement to finance energy savings upgrades. The terms of the agreement provide for semi-annual installments in varying amounts from \$310,515 to \$443,505, including interest at 3.77%, through February, 2024. The balance due at June 30, 2014 was \$6,599,436.

Interest expenditures of \$622,984 were recorded in the fund financial statement in the General Fund. Interest expense of \$599,077 was recorded in the district-wide financial statements.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2014

**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, 2014, the School District has recorded a liability of \$3,200,000.

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 State loan and State loan-retirement debt as of June 30, 2014, including interest payments of \$33,842,046 are as follows:

Year Ending June 30,	Bonds		Notes Payable		State Loan
	Principal	Interest	Principal	Interest	Principal
2015	\$ 17,054,620	\$ 4,966,406	\$ 1,101,171	\$ 579,679	\$ 200,000
2016	15,982,520	4,375,708	1,165,601	533,792	200,000
2017	16,507,835	3,819,799	1,226,808	485,258	200,000
2018	17,097,715	3,268,781	1,294,873	434,233	200,000
2019	16,347,996	2,698,492	1,359,882	380,422	200,000
2020-2024	34,085,000	8,693,732	7,856,101	991,418	1,000,000
2025-2029	21,340,000	2,498,211	150,000	6,660	1,000,000
2030-2031	2,405,000	109,455	-	-	200,000
	<u>\$ 140,820,686</u>	<u>\$ 30,430,584</u>	<u>\$ 14,154,436</u>	<u>\$ 3,411,462</u>	<u>\$ 3,200,000</u>

Year Ending June 30,	Total	
	Principal	Interest
2015	\$ 18,355,791	\$ 5,546,085
2016	17,348,121	4,909,500
2017	17,934,643	4,305,057
2018	18,592,588	3,703,014
2019	17,907,878	3,078,914
2020-2024	42,941,101	9,685,150
2025-2029	22,490,000	2,504,871
2030-2031	2,605,000	109,455
	<u>\$ 158,175,122</u>	<u>\$ 33,842,046</u>

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

The above general obligation bonds State loan and State loan-retirement 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.

**Prior Year Defeasance**

In a prior year, the District defeased serial bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements. At June 30, 2014, all of the defeased bonds outstanding were called for redemptions.

**Retirement Incentives and Other Pension Obligations**

The ERS charges to participating governments increased significantly in 2003. Consequently, the State Legislature enacted Chapter 49 of the Laws of 2003. This Chapter authorized local governments to amortize the portion of their respective 2004 contribution which exceeded 7% of covered payroll, over a ten year period, commencing in the 2005-06 fiscal year. The amortization payment would include interest at 5% per annum. The School District had elected to amortize the maximum allowable ERS contributions which aggregated \$2,325,012. The amount required to be amortized during the 2013-14 fiscal year was \$299,268, including interest of \$26,161 and was charged to the Debt Service Fund. The balance due at June 30, 2014 was \$286,760.

Chapter 260 of the Laws of 2004 authorized local governments to amortize the portion of their respective 2005 contribution which exceeded 9.5% of covered payroll, over a ten year period, commencing in the 2006-07 fiscal year. The amortization payment would include interest at 5% per annum. The School District has elected to amortize the maximum allowable ERS contributions which aggregated \$373,904. The amount required to be amortized during the 2013-14 fiscal year was \$48,128, including interest of \$6,299 and was charged to the Debt Service Fund. The balance due at June 30, 2014 was \$90,037.

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. The amount required to be amortized under this option during the 2013-14 fiscal year was \$859,396, including interest of \$231,524 and was charged to the Debt Service Fund. The balance due at June 30, 2014 was \$11,349,417.

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

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

Interest expenditures of \$263,984 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$201,910 was recorded in the district-wide financial statements.

In June 2010, the Board of Education approved a workforce reduction plan. An integral part of the plan was the adoption of Parts A and B of the 2010 Retirement Incentive Program offered by ERS and TRS. Part A of the program provided eligible employees one month of additional service credit for each year of service up to 36 months. Part B of the program provided for no age reduction if the employees were at least age 55 with 25 or more years of service credit. Participating employers were not required to eliminate vacated positions provided they could demonstrate, over a two-year period, savings of at least one-half of the base salary of the retiring employee. The estimated cost of the program was to be approximately 60% of the employee's final average salary. Payments are being made over a five year period with interest at 7.5%. The current year cost of the program was \$696,944 and \$1,586,408 for ERS and TRS, respectively, including interest of \$481,048 and was charged to retirement expenditures in the General Fund. The balance due at June 30, 2014 was \$1,251,408 and \$5,067,461 for ERS and TRS, respectively.

	Original Amount Amortized	Current Year Payments	Balance Due	Due Within One Year
2005-2006 ERS	\$ 2,325,015	\$ 299,268	\$ 286,760	\$ 286,760
2006-2007 ERS	373,904	48,129	90,036	43,920
2009-2010 ERS	829,817	106,811	621,832	76,373
2011-2012 ERS	2,236,786	271,104	1,852,769	202,875
2012-2013 ERS	4,122,338	481,481	3,762,744	370,381
2013-2014 ERS	5,112,072	-	5,112,072	344,930
2013-2014 TRS	4,631,076	-	4,631,076	-
2010-2011 ERS Incentive	3,031,237	696,944	1,251,408	603,088
2010-2011 TRS Incentive	11,071,749	2,823,472	5,067,462	2,436,280
	<u>\$ 33,733,994</u>	<u>\$ 4,727,209</u>	<u>\$ 22,676,159</u>	<u>\$ 4,364,607</u>
	<u>TRS</u>	<u>ERS</u>	<u>Total</u>	
	<u>\$ 2,823,472</u>	<u>\$ 1,903,737</u>	<u>\$ 4,727,209</u>	

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

**Claims Payable**

Claims payable includes a liability of \$2,491,525 for a settlement reached between the Yonkers Federation of Teachers as a result of a salary arbitration claim against the School District. This amount has been recorded as an expense and liability in the district-wide financial statements.

**Compensated Absences**

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

**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
2014	9.00 %
2015	8.50
2016	8.00
2017	7.50
2018	7.00
2019	6.50
2020	6.00
2021	5.50
2022+	5.00

The amortization basis is the level dollar method with a closed amortization approach with 25 years remaining in the amortization period. The actuarial assumptions included a 4.0% investment 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, 2014 was as follows:

Active Employees	3,242
Retired Employees	2,287
	<u>5,529</u>



# Yonkers City School District, New York

Notes to Financial Statements (Continued)  
June 30, 2014

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

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2013	\$ 1,002,761,409
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 1,002,761,409</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 256,104,233</u>
UAAL as a Percentage of Covered Payroll	<u>391.54%</u>
Annual Required Contribution	\$ 90,898,404
Interest on Net OPEB Obligation	15,950,953
Adjustment to Annual Required Contribution	<u>(6,192,792)</u>
Annual OPEB Cost	100,656,565
Contributions Made	<u>(26,829,283)</u>
Increase in Net OPEB Obligation	73,827,282
Net OPEB Obligation - Beginning of Year	<u>398,773,832</u>
Net OPEB Obligation - End of Year	<u>\$ 472,601,114</u>

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

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 100,656,565	26.65 %	\$ 472,601,114
2013	94,270,049	27.66	398,773,832
2012	92,740,515	29.71	330,581,110

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.

## **G. 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, 2014, the City has dedicated \$231,475,454 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</u>	<u>Debt Service</u>	
General	\$ 4,129,575	\$ 19,011,211	\$ 23,140,786
School Lunch	-	16,105	16,105
	<u>\$ 4,129,575</u>	<u>\$ 19,027,316</u>	<u>\$ 23,156,891</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.

**H. Net Position**

The components of net position are detailed below:

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

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

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

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

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

# Yonkers City School District, New York

## Notes to Financial Statements (Continued) June 30, 2014

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

#### I. Fund Balances

	2014					2013			
	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable									
Inventories	\$ -	\$ -	\$ -	\$ 143,505	\$ 143,505	\$ -	\$ -	\$ 129,633	\$ 129,633
Advances	1,020,487	-	-	-	1,020,487	-	-	-	-
Long-term receivables	-	1,020,487	-	-	1,020,487	-	-	-	-
Total Nonspendable	1,020,487	1,020,487	-	143,505	2,184,479	-	-	129,633	129,633
Restricted									
Debt service	-	-	-	674,636	674,636	-	-	686,108	686,108
Capital projects	-	-	29,692,536	-	29,692,536	-	43,761,064	-	43,761,064
Special purposes	-	-	-	338,133	338,133	-	-	329,407	329,407
Total Restricted	-	-	29,692,536	1,012,769	30,705,305	-	43,761,064	1,015,515	44,776,579
Assigned									
Purchases on order	-	-	-	-	-	3,272,607	-	-	3,272,607
General government support	-	-	-	-	-	5,164,603	-	-	5,164,603
Instruction	-	-	-	-	-	11	-	-	11
Transportation	-	-	-	-	-	-	-	-	-
Subsequent year's expenditures	-	-	-	-	-	8,437,221	-	-	8,437,221
Major Funds	-	-	-	-	-	21,969,760	-	-	21,969,760
	-	-	-	-	-	(15,784,972)	-	-	(15,784,972)
Total Assigned	-	-	-	-	-	14,622,009	-	-	14,622,009
Unassigned									
Purchases on order	1,730,453	-	-	-	1,730,453	-	-	-	-
General government support	554,195	-	-	-	554,195	-	-	-	-
Instruction	-	-	-	-	(1,020,487)	-	-	-	-
Special Aid Fund	-	(1,020,487)	-	-	-	-	-	-	-
School Lunch Fund	-	-	-	-	-	-	-	(169,809)	(169,809)
General Fund	(40,754,451)	-	-	-	(40,754,451)	-	-	-	-
Total Unassigned	(38,469,803)	(1,020,487)	-	-	(39,490,290)	-	-	(169,809)	(169,809)
Total Fund Balances	\$ (37,449,316)	\$ -	\$ 29,692,536	\$ 1,156,274	\$ (6,600,506)	\$ 14,622,009	\$ 43,761,064	\$ 975,339	\$ 59,358,412

**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.

Advances have been established to indicate the long-term nature of funds advanced to the Special Aid Fund. The amount is classified as nonspendable to indicate that these funds do not represent "available" spendable resources even though they are a component of current assets.

Long-Term Receivables represents funds set aside to indicate the long-term nature of certain state aid payments owed to the School District in the Special Aid Fund. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

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

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

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

**A. Litigation**

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

**B. Contingencies**

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

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

**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 - Other Matters**

The overestimation of State aid in the aggregate amount of \$55,000,000 in the 2012-13 and 2013-14 budgets depleted the School District's fund balance. The City requested assistance from the State to help mitigate the deficit for 2013-14 and the projected budgetary deficit for 2014-15. In response, the State enacted special legislation in connection with adoption of the State budget on or about April 1, 2014, entitled Chapter 55 of the Laws of 2014, known as the "Yonkers City School District Deficit Financing Act" ("Deficit Financing Act"). The Deficit Financing Act contains two sub-parts and two subdivisions within each sub-part each containing separate "severability" clauses. Sub-part A of the Deficit Financing Act authorizes the City to issue bonds in the principal amount of not to exceed \$45,000,000 for the purpose of liquidating the deficit in the General Fund of the School District for 2013-14. Sub-part B of the Deficit Financing Act, authorizes and additional provision of \$28,000,000 in grant funds from the State to the City. This one-time grant by the State is intended to (a) reduce the operating deficit of the School District and (b) enable the City to minimize the impact of the School District's budget shortfall on the educational function of the School District. In order to receive the funding from the State, the City and the School District were required to enter into an inter-municipal agreement, which provides for the City to impose specific financial, operational and/or supervisory controls over the School District. The execution of the inter-municipal agreement (the "IMA") was approved by the Board of Trustees of the School District and the City Council at separate meetings duly held on June 10, 2014. The IMA became effective on June 30, 2014. The IMA continues in perpetuity from the date of execution. The IMA requires that the City assume all School Districts finance and budget functions in consultation with the Superintendent of Schools and the Board of Trustees. 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 of Trustees the authority to supervise non-academic operational functions of the School District, as described in the Deficit Financing Act and the IMA. Pursuant to the IMA, in connection with the adoption of its 2014-2015 budget, the City

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

Notes to Financial Statements (Concluded)  
June 30, 2014

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### **Note 5 - Other Matters (Continued)**

immediately absorbed the operations and expenses of various School District administrative functions. In addition, in accordance with the Deficit Financing Act, 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 Deficit Financing Act and the IMA authorize 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 of Trustees.

### **Note 6 - Subsequent Event**

The School District, in October 2014, issued refunding bonds in the amount of \$14,430,000 and Serial bonds in the amount of \$21,355,000. The refunding bonds and serial bonds final maturity is in 2027 and 2029, and have an interest rates between 2.0% to 3.0% and 2.50% to 3.0% respectively.

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**Yonkers City School District, New York**

Required Supplementary Information - Schedule of Funding Progress

Other Postemployment Benefits

Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2013	\$ -	\$ 1,002,761,409	\$ 1,002,761,409	- %	\$ 256,104,233	391.54 %
July 1, 2012	-	961,488,234	961,488,234	-	257,642,458	373.19
July 1, 2011	-	941,931,180	941,931,180	-	260,000,000	362.28

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**Yonkers City School District, New York**

General Fund  
Comparative Balance Sheet  
June 30,

	2014	2013
<b>ASSETS</b>		
Receivables		
Accounts	\$ 6,958,702	\$ 4,602,297
State and Federal aid	71,263,445	69,440,863
Due from City of Yonkers	36,920,173	14,732,975
Due from other funds	3,254,061	1,682,260
Advances to other funds	1,020,487	-
Total Assets	<u>\$ 119,416,868</u>	<u>\$ 90,458,395</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ 19,803,287	\$ 20,658,374
Accrued liabilities	20,529,431	16,490,940
Unearned revenues	1,547,827	1,547,827
Due to other governments	1,959,101	3,986,207
Due to retirement systems	37,447,701	30,698,028
Due to City of Yonkers	69,086,421	-
Due to other funds	6,387,038	2,202,992
Overpayments	105,378	252,018
Total Liabilities	<u>156,866,184</u>	<u>75,836,386</u>
Fund balance (deficit)		
Nonspendable	1,020,487	-
Assigned	-	14,622,009
Unassigned	(38,469,803)	-
Total Fund Balance (Deficit)	<u>(37,449,316)</u>	<u>14,622,009</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 119,416,868</u>	<u>\$ 90,458,395</u>

## Yonkers City School District, New York

## General Fund

## Comparative Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

Years Ended June 30,

	2014				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
<b>REVENUES</b>					
Charges for services	\$ 387,120	\$ 387,120	\$ 500,521	\$	\$ 113,401
Use of money and property	300,000	300,000	453,994		153,994
Forfeitures	5,000	5,000	975		(4,025)
Sale of property and compensation for loss	-	-	92,280		92,280
Interfund revenues	1,105,915	1,105,915	860,523		(245,392)
State aid	266,690,585	266,690,585	240,591,730		(26,098,855)
Federal aid	520,000	520,000	467,996		(52,004)
Miscellaneous	2,191,475	2,191,475	1,346,621		(844,854)
Total Revenues	271,200,095	271,200,095	244,314,640		(26,885,455)
<b>EXPENDITURES</b>					
Current					
General support					
Board of education	239,012	241,322	239,220	-	2,102
Central administration	626,499	826,065	825,738	-	327
Finance	5,525,518	4,605,014	4,321,983	236,941	46,090
Staff	2,845,434	2,967,131	2,921,403	7,240	38,488
Central services	41,101,523	40,753,898	38,933,009	1,486,272	334,617
Special items	676,000	126,000	122,089	-	3,911
Total General Support	51,013,986	49,519,430	47,363,442	1,730,453	425,535
Instruction					
Instruction, administration and improvement	27,185,787	27,382,060	27,217,394	4,935	159,731
Teaching - Regular school	167,980,289	166,933,924	166,329,720	272,313	331,891
Programs for students with handicapping conditions	66,176,055	66,268,897	65,800,077	128,563	340,257
Occupational education	7,914,483	7,455,000	7,360,420	29,831	64,749
Instructional media	1,818,813	2,879,722	2,633,134	248	246,340
Pupil services	17,199,348	15,957,122	15,739,031	118,305	99,786
Total Instruction	288,274,775	286,876,725	285,079,776	554,195	1,242,754
Pupil transportation	37,756,822	37,600,144	37,584,513	-	15,631
Employee benefits	132,493,797	130,805,402	129,552,869	-	1,252,533
Debt service					
Principal	1,643,439	1,038,439	1,038,439	-	-
Interest	958,426	622,984	622,984	-	-
Total Debt Service	2,601,865	1,661,423	1,661,423	-	-
Total Expenditures	512,141,245	506,463,124	501,242,023	2,284,648	2,936,453
Deficiency of Revenues Over Expenditures	(240,941,150)	(235,263,029)	(256,927,383)	(2,284,648)	(23,949,002)
<b>OTHER FINANCING SOURCES (USES)</b>					
Contribution from City of Yonkers	227,996,844	227,996,844	227,996,844	-	-
Transfers out	(17,462,675)	(23,140,796)	(23,140,786)	-	10
Total Other Financing Sources	210,534,169	204,856,048	204,856,058	-	10
Net Change in Fund Balance	(30,406,981)	(30,406,981)	(52,071,325)	\$ (2,284,648)	\$ (23,948,992)
<b>FUND BALANCE (DEFICIT)</b>					
Beginning of Year	30,406,981	30,406,981	14,622,009		
End of Year	\$ -	\$ -	\$ (37,449,316)		

2013				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 392,119	\$ 392,119	\$ 493,951	\$	\$ 101,832
135,446	135,446	434,821		299,375
5,000	5,000	6,750		1,750
33,981	33,981	-		(33,981)
1,126,446	1,126,446	802,375		(324,071)
260,841,329	260,841,329	233,929,722		(26,911,607)
20,000	20,000	281,903		261,903
3,200,391	3,200,391	5,736,003		2,535,612
265,754,712	265,754,712	241,685,525		(24,069,187)
230,544	230,544	227,212	553	2,779
568,365	568,365	569,620	157	(1,412)
4,515,353	6,150,353	4,417,525	549,323	1,183,505
3,353,322	3,412,522	2,844,476	62,833	505,213
42,700,168	41,709,256	37,085,933	2,659,741	1,963,582
676,000	676,000	670,931	-	5,069
52,043,752	52,747,040	45,815,697	3,272,607	3,658,736
23,500,552	23,605,440	24,350,332	1,302	(746,194)
156,598,866	160,274,132	158,932,800	3,980,231	(2,638,899)
66,609,043	66,296,188	63,158,780	551,369	2,586,039
8,960,397	8,787,277	8,182,049	68,544	536,684
2,185,717	2,447,774	2,202,467	457,463	(212,156)
12,257,524	12,328,747	13,322,097	105,694	(1,099,044)
270,112,099	273,739,558	270,148,525	5,164,603	(1,573,570)
41,635,659	37,935,659	37,078,229	11	857,419
125,798,726	125,167,979	119,663,633	-	5,504,346
987,331	987,331	987,331	-	-
664,213	664,213	664,213	-	-
1,651,544	1,651,544	1,651,544	-	-
491,241,780	491,241,780	474,357,628	8,437,221	8,446,931
(225,487,068)	(225,487,068)	(232,672,103)	(8,437,221)	(15,622,256)
224,749,240	224,749,240	224,749,240	-	-
(19,918,175)	(19,818,175)	(19,980,891)	-	(162,716)
204,831,065	204,931,065	204,768,349	-	(162,716)
(20,656,003)	(20,556,003)	(27,903,754)	\$ (8,437,221)	\$ (15,784,972)
20,556,003	20,556,003	42,525,763		
\$ -	\$ -	\$ 14,622,009		

**Yonkers City School District, New York**

**General Fund**

**Schedule of Revenues and Other Financing Sources Compared to Budget  
Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CHARGES FOR SERVICES</b>				
Day school tuition	\$ 225,900	\$ 225,900	\$ 357,095	\$ 131,195
Summer school tuition - Individuals	1,390	1,390	5,809	4,419
Student fees and charges	1,300	1,300	565	(735)
Other charges for services - Individuals	-	-	884	884
Health services for other districts	127,930	127,930	120,825	(7,105)
Other	30,600	30,600	15,343	(15,257)
	<u>387,120</u>	<u>387,120</u>	<u>500,521</u>	<u>113,401</u>
<b>USE OF MONEY AND PROPERTY</b>				
Rental of real property - Individuals	130,000	130,000	226,445	96,445
Rental - Other governments	170,000	170,000	227,549	57,549
	<u>300,000</u>	<u>300,000</u>	<u>453,994</u>	<u>153,994</u>
<b>FORFEITURES</b>				
Forfeiture of deposits	5,000	5,000	975	(4,025)
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Other	-	-	92,280	92,280
<b>INTERFUND REVENUES</b>				
	<u>1,105,915</u>	<u>1,105,915</u>	<u>860,523</u>	<u>(245,392)</u>

<b>STATE AID</b>				
Basic formula	200,819,897	200,819,897	168,955,081	(31,864,816)
Lottery	45,466,766	45,466,766	51,131,473	5,664,707
Tuition and transportation aid for students with disabilities	23,500	23,500	27,038	3,538
Contract for excellence	17,500,000	17,500,000	17,500,000	-
Textbooks	1,798,620	1,798,620	1,791,654	(6,966)
Computer software	778,789	778,789	774,445	(4,344)
Library materials	181,843	181,843	160,257	(21,586)
Special legislative grant	100,000	100,000	100,000	-
Homeless aid	21,170	21,170	151,782	130,612
	<u>266,690,585</u>	<u>266,690,585</u>	<u>240,591,730</u>	<u>(26,098,855)</u>
<b>FEDERAL AID</b>				
Medical assistance	500,000	500,000	452,741	(47,259)
Impact aid	20,000	20,000	15,255	(4,745)
	<u>520,000</u>	<u>520,000</u>	<u>467,996</u>	<u>(52,004)</u>
<b>MISCELLANEOUS</b>				
Refund of prior year's expenditures	854,109	854,109	624,488	(229,621)
Saunders Trust Fund	1,000	1,000	352	(648)
Medicare part D reimbursement	1,170,000	1,170,000	-	(1,170,000)
Other	166,366	166,366	721,781	555,415
	<u>2,191,475</u>	<u>2,191,475</u>	<u>1,346,621</u>	<u>(844,854)</u>
<b>TOTAL REVENUES</b>	271,200,095	271,200,095	244,314,640	(26,885,455)
<b>OTHER FINANCING SOURCES</b>				
Contribution from City of Yonkers	227,996,844	227,996,844	227,996,844	-
	<u>\$ 499,196,939</u>	<u>\$ 499,196,939</u>	<u>\$ 472,311,484</u>	<u>\$ (26,885,455)</u>

Yonkers City School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 239,012	\$ 241,322	\$ 239,220	\$ -	\$ 2,102
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	626,499	826,065	825,738	-	327
<b>FINANCE</b>					
Business administration	4,774,343	3,808,611	3,441,602	235,606	131,403
Auditing	236,525	226,091	314,798	-	(88,707)
Purchasing	514,650	570,312	565,583	1,335	3,394
Total Finance	5,525,518	4,605,014	4,321,983	236,941	46,090
<b>STAFF</b>					
Legal	303,190	790,861	770,288	744	19,829
Personnel	1,705,403	1,535,847	1,527,660	5,877	2,310
Records management	168,572	167,300	165,026	262	2,012
Public information and services	668,269	473,123	458,429	357	14,337
Total Staff	2,845,434	2,967,131	2,921,403	7,240	38,488

**CENTRAL SERVICES**

Operation of plant	31,552,083	31,972,257	30,829,028	859,011	284,218
Maintenance of plant	5,359,956	4,717,415	4,180,927	596,510	(60,022)
Central storeroom	199,000	195,654	167,452	-	28,202
Central printing and mailing	672,926	574,645	506,010	482	68,153
Data processing	3,317,558	3,293,927	3,249,592	30,269	14,066
Total Central Services	41,101,523	40,753,898	38,933,009	1,486,272	334,617

**SPECIAL ITEMS**

Unallocated insurance	676,000	126,000	122,089	-	3,911
Total General Support	51,013,986	49,519,430	47,363,442	1,730,453	425,535

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

Curriculum development and supervision	2,723,645	2,747,761	2,706,285	281	41,195
Supervision - Regular school	22,846,538	23,515,654	23,428,764	-	86,890
Research, training and evaluation	1,369,801	1,052,470	1,030,906	2,509	19,055
In-service training - Instruction	245,803	66,175	51,439	2,145	12,591

Total Instruction, Administration  
and Improvement

	27,185,787	27,382,060	27,217,394	4,935	159,731
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**TEACHING - REGULAR SCHOOL**

	167,980,289	166,933,924	166,329,720	272,313	331,891
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**PROGRAMS FOR STUDENTS WITH HANDICAPPING CONDITIONS**

Programs for handicapped children and  
services for pupils with learning disabilities

	66,176,055	66,268,897	65,800,077	128,563	340,257
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**OCCUPATIONAL EDUCATION**

	7,914,483	7,455,000	7,360,420	29,831	64,749
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(Continued)

**Yonkers City School District, New York**

**General Fund**

**Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)**  
**Year Ended June 30, 2014**

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>INSTRUCTION (Continued)</b>					
<b>INSTRUCTIONAL MEDIA</b>					
School library and audiovisual	\$ 1,043,994	\$ 1,051,529	\$ 997,086	\$ 248	\$ 54,195
Computer assisted instruction	774,819	1,828,193	1,636,048	-	192,145
Total Instructional Media	1,818,813	2,879,722	2,633,134	248	246,340
<b>PUPIL SERVICES</b>					
Attendance - Regular school	382,502	354,561	353,636	-	925
Guidance - Regular school	4,394,895	4,273,103	4,265,794	45	7,264
Health services - Regular school	4,986,953	4,894,230	4,885,373	14	8,843
Psychological services - Regular school	2,447,513	2,321,801	2,314,327	-	7,474
Social work services - Regular school	1,125,975	1,379,488	1,379,474	-	14
Interscholastic athletics - Regular school	3,861,510	2,733,939	2,540,427	118,246	75,266
Total Pupil Services	17,199,348	15,957,122	15,739,031	118,305	99,786
Total Instruction	288,274,775	286,876,725	285,079,776	554,195	1,242,754
<b>PUPIL TRANSPORTATION</b>					
District transportation services	5,093,331	5,862,222	5,862,948	-	(726)
Contract transportation	31,408,491	30,799,018	30,782,922	-	16,096
Public transportation	1,250,000	933,904	933,903	-	1
BOCES transportation	5,000	5,000	4,740	-	260
Total Pupil Transportation	37,756,822	37,600,144	37,584,513	-	15,631



<b>EMPLOYEE BENEFITS</b>					
State retirement	6,567,685	7,920,514	7,902,908	-	17,606
Teachers' retirement	28,436,451	32,217,161	31,044,490	-	1,172,671
Social security	19,046,075	18,648,684	18,635,780	-	12,904
Hospital, medical and dental benefits	73,987,940	68,211,534	68,186,123	-	25,411
Life insurance	65,301	5,301	(4,878)	-	10,179
Unemployment benefits	863,865	113,865	108,131	-	5,734
Union welfare benefits	3,526,480	3,688,343	3,680,315	-	8,028
Total Employee Benefits	132,493,797	130,805,402	129,552,869	-	1,252,533
<b>DEBT SERVICE</b>					
Notes payable					
Principal	1,643,439	1,038,439	1,038,439	-	-
Interest	958,426	622,984	622,984	-	-
Total Debt Service	2,601,865	1,661,423	1,661,423	-	-
<b>TOTAL EXPENDITURES</b>	512,141,245	506,463,124	501,242,023	2,284,648	2,936,453
<b>OTHER FINANCING USES</b>					
Transfers out					
Special Aid Fund	1,106,014	4,129,575	4,129,575	-	-
School Lunch Fund	250,000	768,290	768,290	-	-
Debt Service Fund	16,106,661	18,242,931	18,242,921	-	10
<b>TOTAL OTHER FINANCING USES</b>	17,462,675	23,140,796	23,140,786	-	10
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 529,603,920</b>	<b>\$ 529,603,920</b>	<b>\$ 524,382,809</b>	<b>\$ 2,284,648</b>	<b>\$ 2,936,463</b>

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**Yonkers City School District, New York**

Special Aid Fund  
Comparative Balance Sheet  
June 30,

	2014	2013
<b>ASSETS</b>		
State and Federal aid receivable	\$ 20,067,044	\$ 22,282,740
Due from City of Yonkers	27,419,541	-
Due from other funds	3,936,643	-
Total Assets	<u>\$ 51,423,228</u>	<u>\$ 22,282,740</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 4,126,761	\$ 3,124,556
Accrued liabilities	814,991	104,807
Due to other governments	1,903,371	1,192,472
Due to City of Yonkers	43,557,618	17,844,334
Due to other funds	-	16,571
Advances from other funds	1,020,487	-
Total Liabilities	<u>51,423,228</u>	<u>22,282,740</u>
Fund balance (deficit)		
Nonspendable	1,020,487	-
Unassigned	(1,020,487)	-
Total Fund Balance	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 51,423,228</u>	<u>\$ 22,282,740</u>

**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,

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 15,559,176	\$ 15,599,224	\$ 10,069,148	\$ (5,530,076)
Federal aid	32,189,534	36,115,423	28,863,420	(7,252,003)
Miscellaneous	452,531	452,531	290,382	(162,149)
Total Revenues	48,201,241	52,167,178	39,222,950	(12,944,228)
<b>EXPENDITURES</b>				
Current				
General support	1,105,391	1,086,312	853,848	232,464
Instruction	45,146,730	52,060,250	39,645,893	12,414,357
Pupil transportation	1,140,800	1,140,800	899,258	241,542
Community services	561,134	606,191	554,319	51,872
Employee benefits	1,353,200	1,403,200	1,399,207	3,993
Total Expenditures	49,307,255	56,296,753	43,352,525	12,944,228
Deficiency of Revenues Over Expenditures	(1,106,014)	(4,129,575)	(4,129,575)	-
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,106,014	4,129,575	4,129,575	-
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

2013			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 14,273,769	\$ 14,559,061	\$ 12,052,633	\$ (2,506,428)
35,951,988	39,752,062	28,066,110	(11,685,952)
433,747	433,747	286,332	(147,415)
50,659,504	54,744,870	40,405,075	(14,339,795)
958,510	1,058,926	802,530	256,396
47,678,911	51,388,568	37,451,367	13,937,201
866,000	856,000	821,454	34,546
814,741	814,741	642,336	172,405
1,357,635	1,357,635	1,351,550	6,085
51,675,797	55,475,870	41,069,237	14,406,633
(1,016,293)	(731,000)	(664,162)	66,838
1,016,293	731,000	664,162	(66,838)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**Yonkers City School District, New York**

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

	2014	2013
<b>ASSETS</b>		
Receivables		
State and Federal aid	\$ -	\$ 48,759
Due from City of Yonkers	37,883,884	47,181,278
Due from other funds	2,036,821	17,640
Total Assets	<u>\$ 39,920,705</u>	<u>\$ 47,247,677</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,886,062	\$ 2,126,053
Accrued liabilities	24,262	406,346
Retainages payable	313,923	531,349
Bond anticipation notes payable	5,205,900	-
Due to other funds	2,798,022	422,865
Total Liabilities	10,228,169	3,486,613
Fund balance		
Restricted	29,692,536	43,761,064
Total Liabilities and Fund Balance	<u>\$ 39,920,705</u>	<u>\$ 47,247,677</u>

**Yonkers City School District, New York**

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

	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>		
Use of money and property	\$ 34,074	\$ -
State aid	<u>(48,759)</u>	<u>-</u>
Total Revenues	(14,685)	-
<b>EXPENDITURES</b>		
Capital outlay	<u>14,053,843</u>	<u>17,295,776</u>
Deficiency of Revenues Over Expenditures	<u>(14,068,528)</u>	<u>(17,295,776)</u>
<b>OTHER FINANCING SOURCES</b>		
Bonds issued	-	26,590,000
Issuance premium	<u>-</u>	<u>1,257,502</u>
Total Other Financing Sources	<u>-</u>	<u>27,847,502</u>
Net Change in Fund Balance	(14,068,528)	10,551,726
<b>FUND BALANCE</b>		
Beginning of Year	<u>43,761,064</u>	<u>33,209,338</u>
End of Year	<u>\$ 29,692,536</u>	<u>\$ 43,761,064</u>

**Yonkers City School District, New York**

Capital Projects Fund  
Project-Length Schedule  
Inception Of Projects Through June 30, 2014

PROJECT	Authorization		Expenditures and Transfers to Date		
	Original	Revised	Prior Years	Current Year	Total
Bond Sale - January 1999	\$ 35,900,000	\$ 35,900,000	\$ 35,896,877	\$ -	\$ 35,896,877
Bond Sale - April 2001	5,000,000	5,000,000	4,994,811	4,675	4,999,486
Bond Sale - June 2002	7,000,000	7,000,000	6,946,978	(445)	6,946,533
Bond Sale - April 2004	12,000,000	12,000,000	11,997,445	-	11,997,445
Bond Sale - December 2004	11,850,000	11,850,000	11,815,362	20,590	11,835,952
Bond Sale - March 2006	5,000,000	5,000,000	4,994,303	4,783	4,999,086
Bond Sale - March 2006	2,800,000	2,800,000	2,772,995	18,812	2,791,807
Equipment and Technology Improvements	3,038,000	3,038,000	2,951,397	17,571	2,968,968
Improvements to School Buildings	12,461,168	12,461,168	12,378,241	170	12,378,411
Bond Sale - February 2008	18,000,000	18,000,000	17,409,959	77,867	17,487,826
Bond Sale - December 2008	14,164,000	14,184,586	13,356,160	828,426	14,184,586
Bond Sale - December 2009	13,836,000	13,849,488	12,241,348	1,608,140	13,849,488
Bond Sale - December 2011 QSCB	15,000,000	15,000,000	11,267,071	518,366	11,785,437
Bond to Bond Anticipation Note - December 2011	2,800,000	2,800,000	1,751,329	381,551	2,132,880
Bond Sale - December 2011	10,000,000	10,000,000	788,217	2,549,462	3,337,679
Bond Sale - December 2012	27,847,502	27,847,502	1,354,826	5,149,571	6,504,397
Bond Anticipation Note - August 2013	5,205,900	5,205,900	-	2,874,304	2,874,304
Total	\$ 201,902,570	\$ 201,936,644	\$ 152,917,319	\$ 14,053,843	\$ 166,971,162



Unexpended Balance	Methods of Financing			Fund Balance (Deficit) at June 30, 2014	Bond Anticipation Notes Outstanding at June 30, 2014
	Proceeds of Obligations	Other	Total		
\$ 3,123	\$ 35,900,000	\$ -	\$ 35,900,000	\$ 3,123	\$ -
514	5,000,000	-	5,000,000	514	-
53,467	7,000,000	-	7,000,000	53,467	-
2,555	12,000,000	-	12,000,000	2,555	-
14,048	11,850,000	-	11,850,000	14,048	-
914	5,000,000	-	5,000,000	914	-
8,193	2,800,000	-	2,800,000	8,193	-
69,032	3,038,000	-	3,038,000	69,032	-
82,757	12,461,168	-	12,461,168	82,757	-
512,174	18,000,000	-	18,000,000	512,174	-
-	14,164,000	20,586	14,184,586	-	-
-	13,836,000	13,488	13,849,488	-	-
3,214,563	14,975,000	-	14,975,000	3,189,563	-
667,120	2,800,000	-	2,800,000	667,120	-
6,662,321	9,957,954	-	9,957,954	6,620,275	-
21,343,105	27,847,502	-	27,847,502	21,343,105	-
2,331,596	-	-	-	(2,874,304)	5,205,900
<u>\$ 34,965,482</u>	<u>\$ 196,629,624</u>	<u>\$ 34,074</u>	<u>\$ 196,663,698</u>	<u>\$ 29,692,536</u>	<u>\$ 5,205,900</u>

**Yonkers City School District, New York**

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2014  
(With Comparative Totals for 2013)

	School Lunch	Special Purpose	Debt Service
<b>ASSETS</b>			
Receivables			
Accounts	\$ 11,265	\$ -	\$ -
State and Federal aid	1,443,561	-	-
Due from City of Yonkers	6,098,666	659,992	-
Due from other funds	536,424	9,316	715,646
	8,089,916	669,308	715,646
Inventories	143,505	-	-
Total Assets	<u>\$ 8,233,421</u>	<u>\$ 669,308</u>	<u>\$ 715,646</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,731,128	\$ 53,801	\$ -
Accrued liabilities	212,239	22,899	-
Due to retirement systems	167,151	-	-
Due to the City of Yonkers	4,971,032	-	-
Due to other funds	1,008,366	254,475	41,010
Total Liabilities	8,089,916	331,175	41,010
Fund balances (deficits)			
Nonspendable	143,505	-	-
Restricted	-	338,133	674,636
Unassigned	-	-	-
Total Fund Balances	143,505	338,133	674,636
Total Liabilities and Fund Balances	<u>\$ 8,233,421</u>	<u>\$ 669,308</u>	<u>\$ 715,646</u>

Total Non-Major Governmental Funds	
2014	2013
\$ 11,265	\$ 88,686
1,443,561	538,686
6,758,658	1,407,606
1,261,386	2,102,238
9,474,870	4,137,216
143,505	129,633
<u>\$ 9,618,375</u>	<u>\$ 4,266,849</u>
\$ 1,784,929	\$ 576,712
235,138	62,779
167,151	126,005
4,971,032	1,366,304
1,303,851	1,159,710
8,462,101	3,291,510
143,505	129,633
1,012,769	1,015,515
-	(169,809)
1,156,274	975,339
<u>\$ 9,618,375</u>	<u>\$ 4,266,849</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, 2014  
(With Comparative Totals for 2013)

	School Lunch	Special Purpose	Debt Service
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 500	\$ -
State aid	205,151	-	-
Federal aid	6,880,780	-	-
Food sales	1,712,136	-	-
Miscellaneous	-	110,353	-
Total Revenues	8,798,067	110,853	-
<b>EXPENDITURES</b>			
Current			
Employee benefits	2,040,137	-	-
Cost of food sales	7,326,434	-	-
Other	-	102,127	-
Debt service			
Principal	-	-	15,782,122
Interest	-	-	5,966,986
Refunding bond issuance costs	-	-	-
Total Expenditures	9,366,571	102,127	21,749,108
Excess (Deficiency) of Revenues Over Expenditures	(568,504)	8,726	(21,749,108)
<b>OTHER FINANCING SOURCES (USES)</b>			
Contribution from City of Yonkers	-	-	3,478,610
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Issuance premium	-	-	-
Transfers in	768,290	-	18,259,026
Transfers out	(16,105)	-	-
Total Other Financing Sources	752,185	-	21,737,636
Net Change in Fund Balances	183,681	8,726	(11,472)
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	(40,176)	329,407	686,108
End of Year	\$ 143,505	\$ 338,133	\$ 674,636

Total Non-Major Governmental Funds	
2014	2013
\$ 500	\$ 10,604
205,151	200,489
6,880,780	6,754,322
1,712,136	1,701,778
110,353	234,282
8,908,920	8,901,475
2,040,137	1,884,166
7,326,434	7,088,976
102,127	118,700
15,782,122	15,402,686
5,966,986	5,975,898
-	66,785
31,217,806	30,537,211
(22,308,886)	(21,635,736)
3,478,610	2,550,409
-	12,110,000
-	(12,717,089)
-	673,874
19,027,316	19,332,834
(16,105)	(16,105)
22,489,821	21,933,923
180,935	298,187
975,339	677,152
\$ 1,156,274	\$ 975,339

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**Yonkers City School District, New York**

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Receivables		
Accounts	\$ 11,265	\$ 88,686
State and Federal aid	1,443,561	538,686
Due from City of Yonkers	6,098,666	857,964
Due from other funds	<u>536,424</u>	<u>-</u>
	8,089,916	1,485,336
Inventories	<u>143,505</u>	<u>129,633</u>
Total Assets	<u><u>\$ 8,233,421</u></u>	<u><u>\$ 1,614,969</u></u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ 1,731,128	\$ 466,361
Accrued liabilities	212,239	62,779
Due to retirement systems	167,151	126,005
Due to City of Yonkers	4,971,032	-
Due to other funds	<u>1,008,366</u>	<u>1,000,000</u>
Total Liabilities	<u>8,089,916</u>	<u>1,655,145</u>
Fund balance (deficit)		
Nonspendable	143,505	129,633
Unassigned	<u>-</u>	<u>(169,809)</u>
Total Fund Balance (Deficit)	<u>143,505</u>	<u>(40,176)</u>
Total Liabilities and Fund Balance (Deficit)	<u><u>\$ 8,233,421</u></u>	<u><u>\$ 1,614,969</u></u>

**Yonkers City School District, New York**

School Lunch Fund

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

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 201,880	\$ 201,880	\$ 205,151	\$ 3,271
Federal aid	6,598,182	6,598,182	6,880,780	282,598
Food sales	2,058,000	2,058,000	1,712,136	(345,864)
Total Revenues	8,858,062	8,858,062	8,798,067	(59,995)
<b>EXPENDITURES</b>				
Current				
Employee benefits	1,779,480	1,779,480	2,040,137	(260,657)
Cost of food sales	7,312,477	7,830,767	7,326,434	504,333
Total Expenditures	9,091,957	9,610,247	9,366,571	243,676
Deficiency of Revenues Over Expenditures	(233,895)	(752,185)	(568,504)	183,681
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	250,000	768,290	768,290	-
Transfers out	(16,105)	(16,105)	(16,105)	-
Total Other Financing Sources	233,895	752,185	752,185	-
Net Change in Fund Balance	-	-	183,681	183,681
<b>FUND BALANCE (DEFICIT)</b>				
Beginning of Year	-	-	(40,176)	(40,176)
End of Year	\$ -	\$ -	\$ 143,505	\$ 143,505



2013			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 207,573	\$ 207,573	\$ 200,489	\$ (7,084)
6,208,296	6,269,588	6,754,322	484,734
2,303,061	2,241,769	1,701,778	(539,991)
8,718,930	8,718,930	8,656,589	(62,341)
1,986,494	1,985,654	1,884,166	101,488
6,980,113	6,980,953	7,088,976	(108,023)
8,966,607	8,966,607	8,973,142	(6,535)
(247,677)	(247,677)	(316,553)	(68,876)
250,000	250,000	250,000	-
(16,105)	(16,105)	(16,105)	-
233,895	233,895	233,895	-
(13,782)	(13,782)	(82,658)	(68,876)
13,782	13,782	42,482	28,700
\$ -	\$ -	\$ (40,176)	\$ (40,176)

**Yonkers City School District, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Due from City of Yonkers	\$ 659,992	\$ 549,642
Due from other funds	<u>9,316</u>	<u>8,816</u>
Total Assets	<u><u>\$ 669,308</u></u>	<u><u>\$ 558,458</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 53,801	\$ 110,351
Accrued liabilities	22,899	-
Due to other funds	<u>254,475</u>	<u>118,700</u>
Total Liabilities	331,175	229,051
Fund balance		
Restricted	<u>338,133</u>	<u>329,407</u>
Total Liabilities and Fund Balance	<u><u>\$ 669,308</u></u>	<u><u>\$ 558,458</u></u>

**Yonkers City School District, New York**

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

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	<u>2014</u>	<u>2013</u>
<b>REVENUES</b>		
Use of money and property	\$ 500	\$ 503
Miscellaneous	<u>110,353</u>	<u>234,282</u>
Total Revenues	110,853	234,785
<b>EXPENDITURES</b>		
Current		
Other	<u>102,127</u>	<u>118,700</u>
Excess of Revenues Over Expenditures	8,726	116,085
<b>FUND BALANCE</b>		
Beginning of Year	<u>329,407</u>	<u>213,322</u>
End of Year	<u><u>\$ 338,133</u></u>	<u><u>\$ 329,407</u></u>

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Yonkers City School District, New York

Debt Service Fund  
Comparative Balance Sheet  
June 30,

	2014	2013
<b>ASSETS</b>		
Due from other funds	<u>\$ 715,646</u>	<u>\$ 2,093,422</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Due to City of Yonkers	\$ -	\$ 1,366,304
Due to other funds	<u>41,010</u>	<u>41,010</u>
Total Liabilities	41,010	1,407,314
Fund balance		
Restricted	<u>674,636</u>	<u>686,108</u>
Total Liabilities and Fund Balance	<u>\$ 715,646</u>	<u>\$ 2,093,422</u>

**Yonkers City School District, New York**

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

	2014			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Use of money and property	\$ 500	\$ 500	\$ -	\$ (500)
<b>EXPENDITURES</b>				
Debt service				
Principal				
Bonds	13,198,000	14,679,409	14,639,314	40,095
State loan	200,000	200,000	200,000	-
Retirement incentives and other pension obligations	387,672	942,808	942,808	-
	13,785,672	15,822,217	15,782,122	40,095
Interest				
Bonds	5,738,259	5,738,259	5,703,002	35,257
Retirement incentives and other pension obligations	69,315	169,040	263,984	(94,944)
	5,807,574	5,907,299	5,966,986	(59,687)
Refunding bond issuance costs	-	-	-	-
Total Expenditures	19,593,246	21,729,516	21,749,108	(19,592)
Deficiency of Revenues Over Expenditures	(19,592,746)	(21,729,016)	(21,749,108)	(20,092)
<b>OTHER FINANCING SOURCES (USES)</b>				
Contribution from City of Yonkers	3,469,980	3,469,980	3,478,610	8,630
Refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Issuance premium	-	-	-	-
Transfers in	16,122,766	18,259,036	18,259,026	(10)
Total Other Financing Sources	19,592,746	21,729,016	21,737,636	8,620
Net Change in Fund Balance	-	-	(11,472)	(11,472)
<b>FUND BALANCE</b>				
Beginning of Year	-	-	686,108	686,108
End of Year	\$ -	\$ -	\$ 674,636	\$ 674,636

2013			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 500	\$ 500	\$ 10,101	\$ 9,601
14,645,000	14,645,000	14,645,000	-
200,000	200,000	200,000	-
369,211	369,211	557,686	(188,475)
15,214,211	15,214,211	15,402,686	(188,475)
6,074,402	6,074,402	5,804,243	270,159
87,776	87,776	171,655	(83,879)
6,162,178	6,162,178	5,975,898	186,280
-	66,785	66,785	-
21,376,389	21,443,174	21,445,369	(2,195)
(21,375,889)	(21,442,674)	(21,435,268)	7,406
2,550,409	2,550,409	2,550,409	-
-	12,110,000	12,110,000	-
-	(12,717,089)	(12,717,089)	-
-	673,874	673,874	-
18,810,480	18,810,480	19,082,834	272,354
21,360,889	21,427,674	21,700,028	272,354
(15,000)	(15,000)	264,760	279,760
15,000	15,000	421,348	406,348
\$ -	\$ -	\$ 686,108	\$ 686,108

Yonkers City School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2014

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Adopted Budget	\$ 521,166,699
Additions	
Encumbrances	<u>8,437,221</u>
Original/Final Budget	<u><u>\$ 529,603,920</u></u>



**Yonkers City School District, New York**

**Schedule of Net Investment in Capital Assets**  
**Year Ended June 30, 2014**

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Capital Assets, net		\$ 252,771,001
Less		
Bonds payable	(140,820,686)	
Notes payable	(14,154,436)	
Unamortized portion of premium on bonds	(4,108,849)	
Bond anticipation notes payable	<u>(5,205,900)</u>	(164,289,871)
Plus		
Unexpended bond proceeds	34,898,436	
Unamortized portion of loss on refunding bonds	<u>252,428</u>	<u>35,150,864</u>
Net Investment in Capital Assets		<u>\$ 123,631,994</u>

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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Yonkers City School District, New York ("School District") as of and for the year ended June 30, 2014, 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 22, 2014.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "O'Connor Davies, LLP". The signature is written in a cursive, flowing style.

**O'Connor Davies, LLP**

Harrison, New York

December 22, 2014

**Report on Compliance for Each Major Federal Program and Report on  
Internal Control Over Compliance**

**Independent Auditor's 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 Circular A-133 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, 2014. 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 requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

## ***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, 2014.

## **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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**

Harrison, New York

December 22, 2014

**Yonkers City School District, New York**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2014

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<b>U.S. Department of Agriculture</b>		
Indirect Programs - Passed through New York State Department of Education		
<i>Child Nutrition Cluster</i>		
School Breakfast Program	10.553	\$ 998,830
National School Lunch Program - Commodities	10.555	394,856
National School Lunch Program - Cash	10.555	5,275,605
Summer Food Service Program for Children	10.559	211,489
Total U.S. Department of Agriculture		<u>6,880,780</u>
<b>U.S. Department of Education</b>		
Direct Programs		
Impact Aid	84.041	15,255
Fund for the Improvement of Education	84.215	<u>209,944</u>
		<u>225,199</u>
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	7,079,637
Special Education - Preschool Grants (IDEA, Preschool)	84.173	<u>196,303</u>
Subtotal Special Education Cluster		7,275,940
Adult Education - Basic Grants to States	84.002	729,929
Title I Grants to Local Educational Agencies	84.010	11,904,369
Career and Technical Education - Basic Grants to State	84.048	442,438
Education for Homeless Children and Youth	84.196	35,178
21st Century Community Learning Centers	84.287	70,757
English Language Acquisition State Grants	84.365	1,009,517
Mathematics and Science Partnerships	84.366	24,767
Improving Teacher Quality State Grants	84.367	1,769,877
School Improvement Grants (ARRA) (2)	84.388	4,007,287
Race to the Top Incentive Grants (ARRA) (2)	84.395	<u>1,382,970</u>
Total U.S. Department of Education		<u>28,878,228</u>
<b>US Department of Health and Human Services</b>		
Indirect Program - Passed through Corporation for National and Community Services		
Learn and Serve America - School and Community Based Programs	94.009	<u>447</u>
Total Expenditures of Federal Awards		<u>\$ 35,759,455</u>

(1) Catalog of Federal Domestic Assistance number.

(2) American Recovery and Reinvestment Act

The accompanying notes are an integral part of this schedule.



## Yonkers City School District, New York

### Notes to Schedule of Expenditures of Federal Awards June 30, 2014

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

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Yonkers City School District ("School District") under programs of the federal government for the year ended June 30, 2014. 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 the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. 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 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 OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, which established principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.



**Yonkers City School District, New York**

**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2014**

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None

**Yonkers City School District, New York**

Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

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

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ yes ☒ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.027 (Cluster)	Special Education- State Grant (Cluster)
84.173 (Cluster)	Special Education- Preschool (Cluster)

Dollar threshold used to distinguish between Type A and Type B programs: \$1,072,784  
Auditee qualified as low-risk auditee? ☒ yes ☐ no

**Yonkers City School District, New York**

Schedule of Findings and Questioned Costs  
Year ended June 30, 2014

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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

