

**Yonkers City School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2015



# Yonkers City School District, New York

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## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Yonkers City School District, New York ("School District") as of and for the year ended June 30, 2015, 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, 2015, 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.

O'CONNOR DAVIES, LLP

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### ***Emphasis of a Matter***

We draw attention to Note 2B and Note 3E in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of GASB Statement Nos. 68 "*Accounting and Financial Reporting for Pensions*" and 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date*". 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 schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by 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 3, 2015 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 3, 2015

## Yonkers City School District, New York

### Management's Discussion and Analysis June 30, 2015

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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, 2015. 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 2014-2015 actual revenue per the District-wide financial statements increased by \$54.3 million from the prior year of \$523 to \$577.3 million. Additional state aid of \$45.4 million along with the increase in the city contribution and federal aid revenue are the major contributing factors for the increase in revenue. Federal and state aid, along with the contribution from the City of Yonkers accounted for \$573 million or 99%, of all revenue in 2015. Total expenses for functions/programs in the District-wide financial statements totaled \$607.6 million and \$646.8 million in 2015 and 2014, respectively.
- For the year ended June 30, 2015, the School District implemented the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions". The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. This pronouncement established new accounting and financial reporting requirements associated with the School District's participation in cost sharing multiple employer pension plans administered by both the New York State's Local Employees' Retirement System ("ERS") and Teachers' Retirement System ("TRS"). Under the new standards, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources. This is based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At June 30, 2015, the School District reported in its Statement of Net Position a liability of \$8,667,334 for its proportionate share of the ERS net pension liability, while also reporting a pension asset of \$164,733,013 for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to financial statements.
- At June 30, 2015, liabilities and deferred inflows of resources, per the District-wide financial statements exceeded total assets and deferred outflows of resources by \$426 million. The decrease in net position exclusive of the cumulative effect of change in accounting principle was primarily caused by the School District's reporting of postemployment benefits other than pensions, which increased expenditures and liabilities by \$78.6 million.
- As of the close of the fiscal year, the School District's governmental funds reported combined fund balances surplus of \$41.5 million at June 30, 2015, an increase of \$48.1 million during 2015. These numbers will be explained in more detail throughout the management discussion and analysis.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### District-wide Financial Statements

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

### Fund Financial Statements

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

- **Governmental Funds**

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

- **Fiduciary Funds**

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

### Notes to Basic Financial Statements

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

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

	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

<b>Figure A-1 Major Features of the District-wide and Fund Financial Statements</b>			
	District-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Type of assets/deferred outflows/liability/deferred inflow information	All assets/deferred outflows/liability/deferred inflow, both financial and capital, short-term and long-term	Generally, assets/deferred outflows/deferred inflows expected to be used up and liabilities that come due during the subsequent year or soon thereafter; no capital assets or long-term liabilities included	Assets/liability/deferred inflow, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

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

### **District-Wide Statements**

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

The two district-wide statements report the School District's *net positions* and how it has changed. Net position - the difference between the School District's assets, deferred outflows, liabilities and deferred inflows - are one way to measure the School District's financial health or position.

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

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

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

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

### **Fund Financial Statements**

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

The School District has two types of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Trust, Debt Service, and the Capital 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 I – Statement Net Position**

	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>	<u>Amount Change</u>	<u>Percent Change</u>
Current and Other Assets	\$ 325,005,305	\$ 208,869,778	\$ 116,135,527	55.60%
Capital Assets	267,675,862	252,771,001	14,904,861	5.90%
Total Assets	<u>592,681,167</u>	<u>461,640,779</u>	<u>131,040,388</u>	<u>28.39%</u>
Deferred Outflows of Resources	<u>36,729,669</u>	<u>252,428</u>	<u>36,477,241</u>	<u>14450.55%</u>
Current Liabilities	119,964,283	216,147,657	(96,183,374)	-44.50%
Long-term Liabilities	822,159,676	677,626,336	144,533,340	21.33%
Total Liabilities	<u>942,123,959</u>	<u>893,773,993</u>	<u>48,349,966</u>	<u>5.41%</u>
Deferred Inflows of Resources	<u>113,273,627</u>	<u>-</u>	<u>113,273,627</u>	<u>100.00%</u>
Net Position:				
Investment in capital assets, net of related debt	129,601,614	123,631,994	5,969,620	4.83%
Restricted	2,281,828	1,156,274	1,125,554	97.34%
Unrestricted	(557,870,192)	(556,669,054)	(1,201,138)	0.22%
Total Net Position	<u>\$ (425,986,750)</u>	<u>\$ (431,880,786)</u>	<u>\$ 5,894,036</u>	<u>-1.36%</u>

In Table 1, total assets increased by \$131 million, a significant portion of this increase was caused by an increase in New Pension Assets as a result of the implementation of GASB 68. However, this increase was offset on the liability side by an increase in the Non-Current Liabilities due in more than one year. 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 \$78.6 million.

**Table II - Change in Net Position**

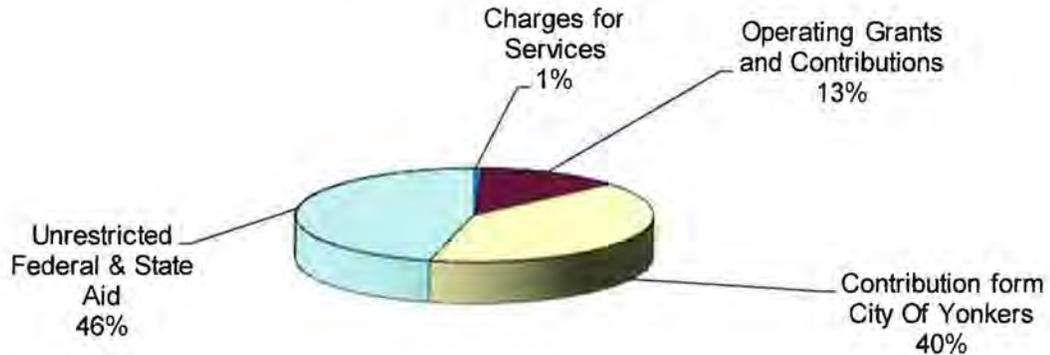
	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>	<u>Amount Change</u>	<u>Percent Change</u>
<b>Revenue:</b>				
Charges for Service	\$ 2,669,696	\$ 2,666,651	3,045	0.11%
Operating grants and contributions	73,437,722	67,293,258	6,144,464	9.13%
Capital grants and contributions	25,000	(14,685)	39,685	-270.24%
<b>General Revenue:</b>				
Contribution from City of Yonkers	234,173,588	231,475,454	2,698,134	1.17%
Unrestricted State and Federal aid	265,558,936	220,186,554	45,372,382	20.61%
Miscellaneous	1,485,204	1,439,524	45,680	3.17%
<b>Total Revenue</b>	<b>577,350,146</b>	<b>523,046,756</b>	<b>54,303,390</b>	<b>10.38%</b>
<b>Expenses:</b>				
General Support	83,186,988	96,313,719	(13,126,731)	-13.63%
Instruction	468,199,471	493,552,295	(25,352,824)	-5.14%
Transportation	42,958,891	42,564,374	394,517	0.93%
Interest on Long-Term Debt	5,463,365	5,776,487	(313,122)	-5.42%
Community Services	343,098	554,319	(211,221)	-38.10%
Cost of Sales - Food	7,313,418	7,900,023	(586,605)	-7.43%
Other	159,950	102,127	57,823	56.62%
<b>Total Expenses</b>	<b>607,625,181</b>	<b>646,763,344</b>	<b>(39,138,163)</b>	<b>-6.05%</b>
<b>Decrease in Net Position</b>	<b>(30,275,035)</b>	<b>(123,716,588)</b>	<b>93,441,553</b>	<b>-75.53%</b>
<b>Net Position - Beginning, as reported</b>	<b>(431,880,785)</b>	<b>(308,164,198)</b>	<b>(123,716,587)</b>	<b>-40.15%</b>
<b>Cumulative Effect of Change in Accounting Principle</b>	<b>36,169,071</b>	<b>-</b>	<b>36,169,071</b>	<b>0.00%</b>
<b>Net Position - Beginning, as restated</b>	<b>(395,711,714)</b>	<b>(308,164,198)</b>	<b>(87,547,516)</b>	<b>-28.41%</b>
<b>Net Position - Ending</b>	<b>\$ (425,986,749)</b>	<b>\$ (431,880,786)</b>	<b>\$ 5,894,037</b>	<b>1.36%</b>

In Table 2, the School District's total revenues were \$577.3 million, an increase of \$54.3 million or 10.4%. The total cost of all programs and services was \$607.6 million a decrease of \$39.1 million or 6.0%. Some of the major variances are described below:

- In 2013-2014 the School District had an unassigned General Fund deficit balance of \$40.7 million. The School District was required to have the deficit resolved the following year. Upon the certification of deficit by The Office of State Comptroller, the District bonded the deficit in fiscal school year 2014-2015.

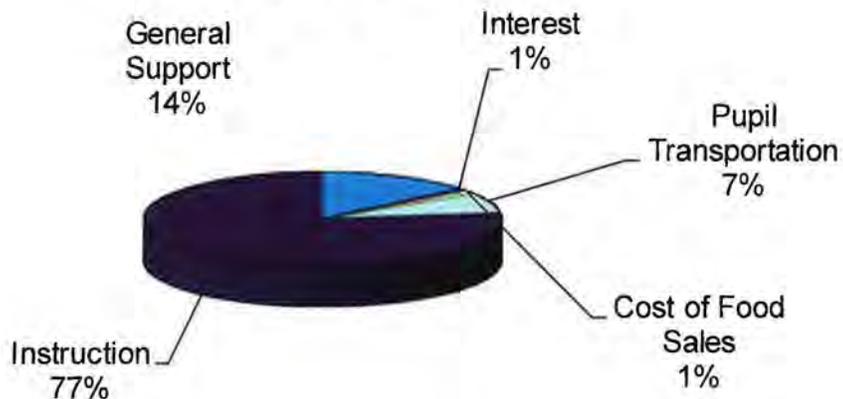
**Table III Revenue Sources for 2015:**

**Sources of Revenue for Fiscal Year 2015  
Governmental Activities**



**Table IV Sources of Expenses for 2015:**

**Expenses for Fiscal Year 2015  
Governmental Activities**



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

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

## Table VI - Capital Assets

Category:	Fiscal Year 2015	Fiscal Year 2014	Percent Change
Land	\$ 6,597,219	\$ 6,597,219	\$ -
Construction in Progress	46,726,815	26,847,899	74.04%
Building and Improvements	211,436,471	216,452,794	-2.32%
Machinery and Equipment	2,915,357	2,873,089	1.47%
Total	<u>\$ 267,675,862</u>	<u>\$ 252,771,001</u>	<u>5.90%</u>

## Long-Term Debt

As of June 30, 2015, the School District had \$197.7 million in general obligation bonds and \$64.5 in other long-term debt outstanding. In addition, the pension liability of \$8.7 million and other postemployment benefits obligation of \$551.2 million are shown in the exhibit. More detailed information about the School District's long-term debt is included in the notes to the financial statements.

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

Category:	Fiscal Year 2015	Fiscal Year 2014	Percent Change
General Obligation Bonds & Premium	\$ 197,715,962	\$ 144,929,535	36.42%
State Loan Payable	3,000,000	3,200,000	-6.25%
Note Payable - ESCO	13,053,265	14,154,436	-7.78%
Due to Retirement Systems	31,792,614	22,676,159	40.20%
Other Long-Term Liabilities	-	2,491,525	-100.00%
Compensated Absences	16,683,246	17,573,567	-5.07%
Net Pension Liability	8,667,334	11,593,733	-25.24%
Other Post Employment Benefits	551,247,255	472,601,114	16.64%
	<u>\$ 822,159,676</u>	<u>\$ 689,220,069</u>	<u>19.29%</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. John A Liszewski, Commissioner of Finance  
City of Yonkers  
Department of Finance and Management Services  
One Larkin Center, Yonkers, New York 10701-7044

## 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>
<b>Revenue:</b>					
Local and Miscellaneous Sources	\$ 230,763,494	\$ 230,763,494	\$ 231,877,868	\$ -	\$ 1,114,374
State Sources	280,437,370	283,829,301	286,122,402	-	2,293,101
Federal Sources	375,000	375,000	580,478	-	185,478
Deficit Financing	-	-	42,047,191	-	42,047,191
Interfunds Revenue	792,881	792,881	961,887	-	169,006
Total	<u>512,368,745</u>	<u>515,780,676</u>	<u>561,569,826</u>	<u>-</u>	<u>45,809,150</u>
<b>Expenses:</b>					
General Support	43,677,087	42,003,294	39,597,912	1,653,955	751,427
Instruction	282,455,821	283,008,285	282,227,251	331,807	449,217
Transportation	38,462,388	37,812,634	37,547,079	229,937	35,618
Employee Benefits	128,197,926	134,799,050	133,530,997	-	1,268,053
Debt Service	1,880,851	2,116,297	2,116,296	-	1
Transfers Out	20,179,340	18,305,764	18,242,820	-	62,944
Total Expenses	<u>514,653,393</u>	<u>518,045,324</u>	<u>513,262,365</u>	<u>2,215,699</u>	<u>2,567,260</u>
Revenue Over (under) Expense	<u>\$ (2,284,648)</u>	<u>\$ (2,284,648)</u>	<u>\$ 48,307,461</u>	<u>\$ (2,215,699)</u>	<u>48,376,410</u>

The School District considers budget variances of 10% and \$1 million to be significant. The following variances occurred during 2015:

- The certification and bonding of the deficit is the major contributing factor for increase in revenue. Additional State Aid, local and miscellaneous sources also contributed to the increase in revenue.
- The contributing factors for the reduction in Employee Benefits include but are not limited to the reduction in ERS benefit cost, additional employee contribution and reallocation of benefit cost to Grant funded programs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2015, the School District had \$267.7 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 \$22.3 million in construction costs.

**Yonkers City School District, New York**

Statement of Net Position  
June 30, 2015

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**ASSETS**

Receivables	
Accounts	\$ 9,681,674
State and Federal aid	92,039,590
Due from City of Yonkers	57,674,238
Prepaid expenses	828,977
Inventories	47,813
Net pension asset	164,733,013
Capital assets	
Not being depreciated	53,324,034
Being depreciated, net	214,351,828
Total Assets	<u>592,681,167</u>

**DEFERRED OUTFLOWS OF RESOURCES**

36,729,669

**LIABILITIES**

Accounts payable	18,882,519
Accrued liabilities	21,604,667
Due to other governments	2,719,247
Due to retirement systems	36,508,748
Due to City of Yonkers	37,035,984
Overpayments	420,256
Accrued interest payable	2,792,862
Non-current liabilities	
Due within one year	24,868,328
Due in more than one year	797,291,348
Total Liabilities	<u>942,123,959</u>

**DEFERRED INFLOWS OF RESOURCES**

113,273,627

**NET POSITION**

Net investment in capital assets	129,601,614
Restricted for	
Debt service	1,684,392
School lunch	297,103
Special purposes	300,333
Unrestricted	(557,870,192)
Total Net Position	<u>\$ (425,986,750)</u>

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

Yonkers City School District, New York

Statement of Activities  
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
General support	\$ 83,186,988	\$ 361,534	\$ 957,461	\$ -
Instruction	468,199,471	426,107	64,081,883	25,000
Pupil transportation	42,958,891	-	828,505	-
Community services	343,098	-	264,031	-
Cost of food sales	7,313,418	1,882,055	7,183,692	-
Other	159,950	-	122,150	-
Interest	5,463,365	-	-	-
<b>Total Governmental Activities</b>	<b>607,625,181</b>	<b>2,669,696</b>	<b>73,437,722</b>	<b>25,000</b>
General revenues				
Contribution from City of Yonkers				234,173,588
Sale of property and compensation for loss				5,781
Unrestricted State aid				265,558,936
Miscellaneous				1,479,423
<b>Total General Revenues</b>				<b>501,217,728</b>
Change in Net Position				<b>(30,275,035)</b>
Net Position - Beginning, as reported				(431,880,786)
Cumulative Effect of Change in Accounting Principle				36,169,071
Net Position - Beginning, as restated				<b>(395,711,715)</b>
Net Position - Ending				<b>\$ (425,986,750)</b>

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

**Yonkers City School District, New York**

Balance Sheet  
 Governmental Funds  
 June 30, 2015

	<u>General</u>	<u>Special Aid</u>	<u>Capital Projects</u>
<b>ASSETS</b>			
Receivables			
Accounts	\$ 9,484,159	\$ -	\$ -
State and Federal aid	75,411,735	15,295,683	-
Due from City of Yonkers	-	17,524,410	33,336,446
Due from other funds	79,684,784	6,566,593	2,070,054
Advances to other funds	500,000	-	-
Prepaid expenditures	828,977	-	-
Inventories	-	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 165,909,655</u>	<u>\$ 39,386,686</u>	<u>\$ 35,406,500</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 12,101,827	\$ 2,330,475	\$ 2,998,924
Accrued liabilities	20,288,294	1,023,487	24,262
Unearned revenues	1,547,827	-	-
Due to other governments	2,251,593	467,654	-
Due to retirement systems	36,445,327	-	-
Due to City of Yonkers	31,900,758	-	-
Due to other funds	50,095,628	35,065,070	3,005,943
Advances from other funds	-	500,000	-
Overpayments	420,256	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>155,051,510</u>	<u>39,386,686</u>	<u>6,029,129</u>
Fund balances (deficits)			
Nonspendable	1,328,977	500,000	-
Restricted	964,300	-	29,377,371
Assigned	2,215,699	-	-
Unassigned	6,349,169	(500,000)	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Fund Balances	<u>10,858,145</u>	<u>-</u>	<u>29,377,371</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances	<u>\$ 165,909,655</u>	<u>\$ 39,386,686</u>	<u>\$ 35,406,500</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>
\$ 197,515	\$ 9,681,674
1,332,172	92,039,590
6,813,382	57,674,238
8,906,387	97,227,818
-	500,000
-	828,977
47,813	47,813
<u>\$ 17,297,269</u>	<u>\$ 258,000,110</u>
\$ 1,451,293	\$ 18,882,519
268,624	21,604,667
-	1,547,827
-	2,719,247
63,421	36,508,748
5,135,226	37,035,984
9,061,177	97,227,818
-	500,000
-	420,256
<u>15,979,741</u>	<u>216,447,066</u>
47,813	1,876,790
1,020,425	31,362,096
249,290	2,464,989
-	5,849,169
<u>1,317,528</u>	<u>41,553,044</u>
<u>\$ 17,297,269</u>	<u>\$ 258,000,110</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, 2015

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Fund Balance - Total Governmental Funds	<u>\$ 41,553,044</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources are not reported in the funds	<u>267,675,862</u>
Other long-term assets that are not available to pay for current-period expenditures are reported as unearned in the funds.	
Pension assets	164,733,013
State aid	<u>1,547,827</u>
	<u>166,280,840</u>
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	1,390,097
Deferred amounts on net pension assets (liabilities)	<u>(77,934,055)</u>
	<u>(76,543,958)</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(2,792,862)
Bonds payable	(197,715,962)
Notes payable	(13,053,265)
State loan payable	(3,000,000)
Retirement incentives and other pension obligations	(31,792,614)
Claims payable	-
Compensated absences	(16,683,246)
Net pension liability	(8,667,334)
Other post employment benefit obligations payable	<u>(551,247,255)</u>
	<u>(824,952,538)</u>
Net Position of Governmental Activities	<u>\$ (425,986,750)</u>

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

**Yonkers City School District, New York**

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2015

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Charges for services	\$ 426,107	\$ -	\$ -
Use of money and property	361,534	-	-
Interfund revenues	961,887	-	-
State aid	286,122,402	16,890,352	-
Federal aid	560,478	27,081,839	-
Food sales	-	-	-
Sale of property and compensation for loss	5,781	-	-
Miscellaneous	2,087,600	427,568	25,000
Total Revenues	<u>290,525,789</u>	<u>44,399,759</u>	<u>25,000</u>
<b>EXPENDITURES</b>			
Current			
General support	39,597,912	957,461	-
Instruction	282,227,261	41,777,384	-
Pupil transportation	37,547,079	1,000,976	-
Community services	-	242,958	-
Employee benefits	133,530,997	1,386,123	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	1,101,171	-	-
Interest	686,685	-	-
Issuance costs	328,440	-	-
Capital outlay	-	-	27,324,967
Total Expenditures	<u>495,019,545</u>	<u>45,364,902</u>	<u>27,324,967</u>
Deficiency of Revenues Over Expenditures	<u>(204,493,756)</u>	<u>(965,143)</u>	<u>(27,299,967)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Bonds issued	37,260,000	-	26,365,000
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Issuance premium	4,787,191	-	619,802
Contribution from City of Yonkers	228,996,846	-	-
Transfers in	-	965,143	-
Transfers out	(18,242,820)	-	-
Total Other Financing Sources	<u>252,801,217</u>	<u>965,143</u>	<u>26,984,802</u>
Net Change in Fund Balances	48,307,461	-	(315,165)
<b>FUND BALANCES (DEFICITS)</b>			
Beginning of Year	(37,449,316)	-	29,692,536
End of Year	<u>\$ 10,858,145</u>	<u>\$ -</u>	<u>\$ 29,377,371</u>

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

Other Governmental	Total Governmental Funds
\$ -	\$ 426,107
500	362,034
-	961,887
192,421	303,205,175
6,991,271	34,633,588
1,882,055	1,882,055
-	5,781
121,650	2,661,818
<u>9,187,897</u>	<u>344,138,445</u>
-	40,555,373
-	324,004,645
-	38,548,055
-	242,958
1,935,152	136,852,272
7,210,892	7,210,892
159,950	159,950
17,349,620	18,450,791
4,825,448	5,512,133
452,225	780,665
-	27,324,967
<u>31,933,287</u>	<u>599,642,701</u>
<u>(22,745,390)</u>	<u>(255,504,256)</u>
-	63,625,000
14,430,000	14,430,000
(15,011,409)	(15,011,409)
1,033,634	6,440,627
5,176,742	234,173,588
17,293,782	18,258,925
(16,105)	(18,258,925)
<u>22,906,644</u>	<u>303,657,806</u>
161,254	48,153,550
1,156,274	(6,600,506)
<u>\$ 1,317,528</u>	<u>\$ 41,553,044</u>

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**Yonkers City School District, New York**

Reconciliation of the Statement of Revenues,  
Expenditures and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended June 30, 2015

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

Net Change in Fund Balances - Total Governmental Funds \$ 48,153,550

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	23,189,380
Depreciation expense	<u>(8,284,519)</u>
	<u>14,904,861</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.

Refunding bonds issued	(14,430,000)
Bonds issued	(63,625,000)
Issuance premium	(6,440,627)
Payment to refunded bond escrow agent	15,011,409
Principal paid on bonds	17,149,620
Principal paid on notes	1,101,171
Principal paid on State loan	200,000
Principal paid on retirement incentives and other pension obligations	4,364,607
Issuance of retirement incentives and other pension obligations	(13,481,062)
Amortization of loss on refunding bonds and issuance premium	<u>685,839</u>
	<u>(59,464,043)</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	(567,662)
Claims	2,491,525
Compensated absences	890,321
Pension assets	41,962,553
Other post employment benefit obligations	<u>(78,646,140)</u>
	<u>(33,869,403)</u>

Change in Net Position of Governmental Activities \$ (30,275,035)

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, 2015

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Charges for services	\$ 450,850	\$ 450,850	\$ 426,107	\$ (24,743)
Use of money and property	429,000	429,000	361,534	(67,466)
Forfeitures	5,000	5,000	-	(5,000)
Sale of property and compensation for loss	-	-	5,781	5,781
Interfund revenues	792,881	792,881	961,887	169,006
State aid	280,437,370	283,829,301	286,122,402	2,293,101
Federal aid	375,000	375,000	560,478	185,478
Miscellaneous	881,800	881,800	2,087,600	1,205,800
<b>Total Revenues</b>	<b>283,371,901</b>	<b>286,763,832</b>	<b>290,525,789</b>	<b>3,761,957</b>
<b>EXPENDITURES</b>				
Current				
General support	43,677,067	42,003,294	39,597,912	2,405,382
Instruction	282,455,821	283,008,285	282,227,261	781,024
Pupil transportation	38,462,388	37,812,634	37,547,079	265,555
Community services	-	-	-	-
Employee benefits	128,197,926	134,799,050	133,530,997	1,268,053
Debt service				
Principal	1,101,171	1,101,171	1,101,171	-
Interest	579,680	686,685	686,685	-
Issuance costs	-	328,441	328,440	-
<b>Total Expenditures</b>	<b>494,474,053</b>	<b>499,739,560</b>	<b>495,019,545</b>	<b>4,720,015</b>
Deficiency of Revenues Over Expenditures	(211,102,152)	(212,975,728)	(204,493,756)	8,481,972
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds issued	-	-	37,260,000	37,260,000
Issuance premium	-	-	4,787,191	4,787,191
Contribution from City of Yonkers	228,996,844	228,996,844	228,996,846	2
Transfers in	-	-	-	-
Transfers out	(20,179,340)	(18,305,764)	(18,242,820)	62,944
<b>Total Other Financing Sources</b>	<b>208,817,504</b>	<b>210,691,080</b>	<b>252,801,217</b>	<b>42,110,137</b>
<b>Net Change in Fund Balances</b>	<b>(2,284,648)</b>	<b>(2,284,648)</b>	<b>48,307,461</b>	<b>50,592,109</b>
<b>FUND BALANCES (DEFICITS)</b>				
Beginning of Year	2,284,648	2,284,648	(37,449,316)	(39,733,964)
End of Year	\$ -	\$ -	\$ 10,858,145	\$ 10,858,145

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

**Yonkers City School District, New York**

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2015

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 323,436
Due from City of Yonkers	18,915,283
Due from other funds	<u>1,169,049</u>
 Total Assets	 <u><u>\$ 20,407,768</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,588,487
Employee payroll deductions	2,073,029
Due to City of Yonkers	12,353,959
Due to other funds	4,090,099
Student activity funds	<u>302,194</u>
 Total Liabilities	 <u><u>\$ 20,407,768</u></u>

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

## Yonkers City School District, New York

Notes to Financial Statements  
June 30, 2015

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

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

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

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

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

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

The accompanying financial statements present only the activities of the School District and do not purport to, and do not, present fairly the financial position of the City of Yonkers, New York as of June 30, 2015 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

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

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

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

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

**C. Fund Financial Statements**

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

**Fund Categories**

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

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

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

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

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

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

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

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

Special Revenue Funds:

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

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A ninety day availability period is generally used for revenue recognition for most governmental fund revenues. Charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability, retirement incentives and other pension obligations, 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, 2015.

**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, 2015, 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, 2015, 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.

**Prepaid Expenses/Expenditures** - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consist of certain costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "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.

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

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

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

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

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

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

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

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

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

The School District reported deferred outflows of resources of \$1,390,097 for a deferred loss on refunding bonds in the district-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

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

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

**Compensated Absences** - The various collective bargaining agreements provide for the payment of accumulated vacation, sick and terminal leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

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

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

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

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

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally

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

enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

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

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

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

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

**F. Encumbrances**

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

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

**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 3, 2015.

**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.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

- 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.

**B. Cumulative Effect of Change in Accounting Principle**

For the year ended June 30, 2015, the School District implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in accounting principle of \$36,169,071.

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

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

The balances reflected as due from to other funds at June 30, 2015 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Advances (From)/To</u>
General	\$ 79,684,784	\$ 50,095,628	\$ 500,000
Special Aid	6,566,593	35,065,070	(500,000)
Capital Projects	2,070,054	3,005,943	-
Non-Major Governmental	8,906,387	9,061,177	-
	<u>\$ 97,227,818</u>	<u>\$ 97,227,818</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.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)

June 30, 2015

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

**B. Capital Assets**

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

Class	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital Assets, not being depreciated				
Land	\$ 6,597,219	\$ -	\$ -	\$ 6,597,219
Construction in progress	<u>26,847,899</u>	<u>22,302,853</u>	<u>2,423,937</u>	<u>46,726,815</u>
Total Capital Assets, not being depreciated	<u>\$ 33,445,118</u>	<u>\$ 22,302,853</u>	<u>\$ 2,423,937</u>	<u>\$ 53,324,034</u>
Capital assets, being depreciated				
Buildings and Improvements	\$ 354,114,385	\$ 2,565,708	\$ -	\$ 356,680,093
Machinery and Equipment	<u>10,615,263</u>	<u>744,756</u>	<u>348,934</u>	<u>11,011,085</u>
Total Capital Assets, being depreciated	<u>364,729,648</u>	<u>3,310,464</u>	<u>348,934</u>	<u>367,691,178</u>
Less Accumulated Depreciation for				
Buildings and Improvements	137,661,591	7,582,031	-	145,243,622
Machinery and Equipment	<u>7,742,174</u>	<u>702,488</u>	<u>348,934</u>	<u>8,095,728</u>
Total Accumulated Depreciation	<u>145,403,765</u>	<u>8,284,519</u>	<u>348,934</u>	<u>153,339,350</u>
Total Capital Assets, being depreciated, net	<u>219,325,883</u>	<u>(4,974,055)</u>	<u>-</u>	<u>214,351,828</u>
Capital Assets, net	<u>\$ 252,771,001</u>	<u>\$ 17,328,798</u>	<u>\$ 2,423,937</u>	<u>\$ 267,675,862</u>

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

General Support	\$ 4,169,008
Instruction	4,045,582
Pupil Transportation	23,365
Cost of Food Sales	<u>46,564</u>
Total Depreciation Expense	<u>\$ 8,284,519</u>

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2015 were as follows:

	Fund				Total
	General	Special Aid	Capital Projects	Non-Major Governmental	
Payroll and Employee Benefits	\$ 13,774,000	\$ 676,278	\$ -	\$ 268,624	\$ 14,718,902
Tuition	4,930,537	-	-	-	4,930,537
Other	1,583,757	347,209	24,262	-	1,955,228
	<u>\$ 20,288,294</u>	<u>\$ 1,023,487</u>	<u>\$ 24,262</u>	<u>\$ 268,624</u>	<u>\$ 21,604,667</u>

**D. 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, 2014	Redemptions	Balance June 30, 2015
Bond Anticipation Notes: Various Capital Projects	2014	0.7%	5/15	<u>\$ 5,205,900</u>	<u>\$ 5,205,900</u>	<u>\$ -</u>

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

Interest expenditures of \$107,006 were recorded in the fund financial statements in the General Fund. Interest expense of \$34,358 was recorded in the district-wide financial statements.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

**E. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2015:

	Balance July 1, July 1, 2014	Cumulative Effect of Change in Accounting Principle	Balance, as Restated July 1, 2014	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2015	Due Within One-Year
Governmental Activities							
Bonds Payable							
Capital Construction	\$ 140,820,686	\$ -	\$ 140,820,686	\$ 40,795,000	\$ 30,889,620	\$ 150,726,066	\$ 17,272,520
Deficit Financing	-	-	-	37,260,000	-	37,260,000	-
Unamortized Premium on Bonds	4,108,849	-	4,108,849	6,440,627	819,580	9,729,896	-
	<u>144,929,535</u>	<u>-</u>	<u>144,929,535</u>	<u>84,495,627</u>	<u>31,709,200</u>	<u>197,715,962</u>	<u>17,272,520</u>
Notes Payable	14,154,436	-	14,154,436	-	1,101,171	13,053,265	1,165,601
State Loan Payable	3,200,000	-	3,200,000	-	200,000	3,000,000	200,000
Other Non-current Liabilities:							
Retirement Incentives and Other Pension Obligations	22,676,159	-	22,676,159	13,481,062	4,364,607	31,792,614	4,562,207
Claims Payable	2,491,525	-	2,491,525	-	2,491,525	-	-
Compensated Absences	17,573,567	-	17,573,567	869,679	1,760,000	16,683,246	1,668,000
Net Pension Liability	-	11,593,733	11,593,733	-	2,926,399	8,667,334	-
Other Post Employment Benefit Obligations	472,601,114	-	472,601,114	107,439,444	28,793,303	551,247,255	-
Total Other Non-current Liabilities	<u>515,342,365</u>	<u>11,593,733</u>	<u>526,936,098</u>	<u>121,790,185</u>	<u>40,335,834</u>	<u>608,390,449</u>	<u>6,230,207</u>
Governmental Activities Total Long-Term Liabilities	<u>\$ 677,626,336</u>	<u>\$ 11,593,733</u>	<u>\$ 689,220,069</u>	<u>\$ 206,285,812</u>	<u>\$ 73,346,205</u>	<u>\$ 822,159,676</u>	<u>\$ 24,868,328</u>

The liabilities for notes payable, retirement incentives and other pension obligations, claims payable, compensated absences, net pension liability and other post employment benefit obligations are liquidated by the respective fund, primarily the General Fund. The School District's indebtedness for bonds and State loans payable is satisfied by the Debt Service Fund, which is funded primarily by the General Fund.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

**Bonds Payable**

Bonds payable at June 30, 2015 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2015
Refunding	2005	\$ 40,015,000	August, 2019	3.0 - 5.0 %	\$ 21,435,000
District-wide Construction	2006	7,790,000	September, 2023	4.25	920,000
District-wide Construction	2007	15,190,000	May, 2028	4.0 - 4.25	1,355,000
District-wide Construction	2008	17,985,000	November, 2030	3.00 - 5.0	14,405,000
District-wide Construction	2008	14,164,000	December, 2018	-	6,500,000
District-wide Construction	2009	13,836,000	December, 2019	.35	6,970,000
District-wide Construction	2011	12,555,000	October, 2027	3.0 - 5.0	10,745,000
District-wide Construction	2011	15,000,000	December, 2026	5.75	12,000,000
District-wide Construction	2012	26,590,000	August, 2025	3.0	24,720,000
Refunding	2012	12,110,000	July, 2018	2.0 - 3.0	10,976,066
Refunding	2015	14,430,000	September, 2027	2.0 - 5.0	14,335,000
Deficit financing	2015	37,260,000	March, 2025	4.0 - 5.0	37,260,000
District-wide Construction	2015	21,355,000	October, 2029	2.5 - 3.0	21,355,000
District-wide Construction	2015	5,010,000	August, 2018	2.0-4.0	5,010,000
					<u>\$ 187,986,066</u>

Interest expenditures of \$4,825,448 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$4,874,591 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, 2015 was \$6,950,000.

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, 2015 was \$6,103,265.

Interest expenditures of \$579,679 were recorded in the fund financial statement in the General Fund. Interest expense of \$554,416 was recorded in the district-wide financial statements.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

**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, 2015, the School District has recorded a liability of \$3,000,000.

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

**Payments to Maturity**

The annual requirements to amortize all outstanding bond, notes and State loan debt as of June 30, 2015, including interest payments of \$44,377,089 are as follows:

Year Ending June 30,	Bonds		Notes Payable		State Loan
	Principal	Interest	Principal	Interest	Principal
2016	\$ 17,272,520	\$ 7,012,846	\$ 1,165,601	\$ 533,792	\$ 200,000
2017	22,557,835	6,213,706	1,226,808	485,258	200,000
2018	23,252,715	5,432,850	1,294,873	434,233	200,000
2019	22,732,996	4,629,249	1,359,882	380,422	200,000
2020	13,505,000	3,972,832	1,482,888	296,404	200,000
2021-2025	62,560,000	12,137,591	6,523,213	701,673	1,000,000
2026-2030	24,875,000	2,118,566	-	-	1,000,000
2031	1,230,000	27,667	-	-	-
	<u>\$ 187,986,066</u>	<u>\$ 41,545,307</u>	<u>\$ 13,053,265</u>	<u>\$ 2,831,782</u>	<u>\$ 3,000,000</u>

Year Ending June 30,	Total	
	Principal	Interest
2016	\$ 18,638,121	\$ 7,546,638
2017	23,984,643	6,698,964
2018	24,747,588	5,867,083
2019	24,292,878	5,009,671
2020	15,187,888	4,269,236
2021-2025	70,083,213	12,839,264
2026-2030	25,875,000	2,118,566
2031	1,230,000	27,667
	<u>\$ 204,039,331</u>	<u>\$ 44,377,089</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.

**Advance Refunding**

During the current fiscal year, the School District issued \$14,430,000 in serial bonds with interest rates ranging from 2.0% to 5.0%, depending on maturity. The proceeds were used to refund \$3,880,000 of the 2006 series B educational facilities improvements serial bonds bearing interest at rates ranging from 4.0% to 4.50% and \$9,860,000 of the 2007 Series B educational facilities improvement serial bonds bearing interest at rates ranging from 4.125% to 4.25%. The net proceeds of \$15,011,409 (net of a \$1,033,634 re-offering premium and after payment of \$452,225 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006 and 2007 Series B serial bonds. As a result, the 2006 and 2007 Series B serial bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,271,408 and the premium received was \$1,033,634.

The School District advance refunded the 2006 and 2007 Series B serial bonds to reduce its total debt service payments over 13 years by \$628,513 and to obtain a net present value economic gain of \$389,066.

As of June 30, 2015, the defeased bonds outstanding were \$13,740,000.

**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 2014-15 fiscal year was \$299,268, including interest of \$12,508 and was charged to the General Fund. There was no balance due at June 30, 2015.

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 2014-15 fiscal year was \$48,129, including interest of \$4,208 and was charged to the General Fund. The balance due at June 30, 2015 was \$46,117.

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

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rates as compared to the System's overall graded rate. The amortized amounts are to be paid in equal installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The School District has elected to amortize the maximum allowable ERS contribution in each of the fiscal years since this option was first offered excluding the June 30, 2011 year end. The amount required to be amortized under this option during the 2014-15 fiscal year was \$1,394,056, including interest of \$399,498 and was charged to the General Fund. The balance due at June 30, 2015 was \$16,216,419.

Chapter 57 of the laws of 2013, Part BB, authorized local governments at their option, to amortize a portion of their respective TRS contributions beginning in 2014. Stabilization rates will continue through 2020. The deferred contribution for years one through five will be amortized over a five-year period, with payments beginning in year six. Interest on deferred amounts will be based on the monthly average yield on 10-year U.S. Treasury securities for the 12-month period that precedes August 1 of the applicable deferred year, plus 1%. The School District has elected to amortize the maximum allowable TRS contribution for years ended June 30, 2014 and June 30, 2015 which aggregated \$4,631,076 and \$7,535,726 respectively. The balance due at June 30, 2015 was \$12,250,576.

In June 2010, the Board of Education approved a workforce reduction plan. An integral part of the plan was the adoption of Parts A and B of the 2010 Retirement Incentive Program offered by ERS and TRS. Part A of the program provided eligible employees one month of additional service credit for each year of service up to 36 months. Part B of the program provided for no age reduction if the employees were at least age 55 with 25 or more years of service credit. Participating employers were not required to eliminate vacated positions provided they could demonstrate, over a two-year period, savings of at least one-half of the base salary of the retiring employee. The estimated cost of the program was to be approximately 60% of the employee's final average salary. Payments are being made over a five year period with interest at 7.5%. The School District had opted into the plan for the year ended June 30, 2011 for both ERS and TRS for \$3,031,237 and \$11,071,749. The current year cost of the program was \$696,944 and \$2,823,462 for ERS and TRS, respectively, including interest of \$481,038 and was charged to retirement expenditures in the General Fund. The balance due at June 30, 2015 was \$648,320 and \$2,631,182 for ERS and TRS, respectively.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

	Original Amount Amortized	Interest Accrued	Current Year Payments	Principle Balance Due	Due Within One Year
2005-2006 ERS	\$ 2,325,015	\$ -	\$ 299,268	\$ -	\$ -
2006-2007 ERS	373,904	-	48,129	46,117	46,117
2009-2010 ERS	829,817	-	106,811	545,458	80,192
2011-2012 ERS	2,236,786	-	271,104	1,649,894	210,483
2012-2013 ERS	4,122,338	-	481,481	3,392,363	381,492
2013-2014 ERS	5,112,072	-	534,660	4,767,142	357,900
2014-2015 ERS	5,861,562	-	-	5,861,562	401,423
2013-2014 TRS	4,631,076	83,774	-	4,714,850	-
2014-2015 TRS	7,535,726	-	-	7,535,726	-
2010-2011 ERS Incentive	3,031,237	-	696,944	648,320	648,320
2010-2011 TRS Incentive	11,071,749	-	2,823,462	2,631,182	2,436,280
	<u>\$ 47,131,282</u>	<u>\$ 83,774</u>	<u>\$ 5,261,859</u>	<u>\$ 31,792,614</u>	<u>\$ 4,562,207</u>
	<u>TRS</u>	<u>ERS</u>	<u>Total</u>		
	<u>\$ 2,823,472</u>	<u>\$ 2,438,387</u>	<u>\$ 5,261,859</u>		

**Compensated Absences**

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

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

**Pension Plans**

***Employees' Retirement System***

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

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2015 are as follows:

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

At June 30, 2015, the School District reported a liability of \$8,667,336 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At June 30, 2015, the School District's proportion was .26%. For this first year of implementation, the ERS reported no change in the allocation percentage measured as of March 31, 2014.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

For the year ended June 30, 2015, the School District recognized pension expense in the district-wide financial statements of \$8,139,549. Pension expenditures of \$8,818,896 were recorded in the fund financial statements (\$7,971,357 in the General Fund, \$319,205 in the Special Aid Fund and \$529,334 in the School Lunch Fund). At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 277,451
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	1,505,406
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,182,109
School District contributions subsequent to the measurement date	<u>1,057,018</u>
	<u>\$ 4,021,984</u>

\$1,057,018 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

	<u>Year Ended March 31,</u>
2016	\$ 741,241
2017	741,241
2018	741,241
2019	741,243
Thereafter	-

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

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary scale	4.9%, indexed by service
Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.4% annually

Annuitant mortality rates are based on the April 1, 2005 – March 31, 2010 ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 and 2014 are summarized below.

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

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 57,771,530</u>	<u>\$ 8,667,334</u>	<u>\$ (32,788,783)</u>

The components of the collective net pension liability of ERS as of the March 31, 2015 measurement date were as follows:

Total pension liability	\$ 164,591,504,000
ERS fiduciary net position	<u>161,213,259,000</u>
Employers' net pension liability	<u>\$ 3,378,245,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>97.9%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2015 were \$1,057,018.

**Teachers' Retirement System**

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

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rate for the plan's year ending in 2015 was 17.53%.

At June 30, 2015, the School District reported an asset of \$164,733,013 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School District's proportion of the net pension asset was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2014, the School District's proportion was 1.447884%, which was an increase of .038764% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense/expenditure of \$(6,425,636) and \$34,197,860, respectively. Of this amount \$31,399,453 was charged to the General Fund and \$2,798,407 was charged to the Special Aid Fund. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,408,919
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	110,636,121
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	228,587
School District contributions subsequent to the measurement date	<u>31,317,588</u>	<u>-</u>
	<u>\$ 31,317,588</u>	<u>\$ 113,273,627</u>

\$31,317,588 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

Year Ended June 30,	
2015	\$ 27,965,717
2016	27,965,717
2017	27,965,717
2018	27,965,717
2019	306,687
Thereafter	1,104,072

The total pension liability for the June 30, 2014 measurement date was determined by using an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by using an actuarial valuation as of June 30, 2012, with update procedures used to roll forward the total pension liability to June 30, 2013. These actuarial valuations used the following actuarial assumptions:

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

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

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

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

The actuarial assumptions used in the June 30, 2013 and 2012 valuations were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation dates of June 30, 2013 and 2012 are summarized in the following table:

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

Asset Class:	Target Allocation		Long-Term Expected Real Rate of Return*	
	2013	2012	2013	2012
Equities:				
Domestic equities	37 %	37 %	7.3 %	7.0 %
International equities	18	18	8.5	9.1
Real estate	10	10	5.0	4.9
Alternative investments	7	7	11.0	10.2
Total Equities	72	72		
Fixed Income:				
Domestic fixed income securities	18	18	1.5	2.0
Global fixed income securities	2	2	1.4	1.7
Mortgages	8	8	3.4	4.0
Short-term	-	-	0.8	1.2
Total Fixed Income	28	28		
Total	100 %	100 %		

\*Real rates of return are net of the long-term inflation assumption of 2.3% for 2013 and 2012.

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

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

	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
School District's proportionate share of the net pension asset	\$ 3,553,522	\$ 164,733,013	\$ 302,080,323

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

The components of the collective net pension asset of TRS as of the June 30, 2014 measurement date were as follows:

Total pension liability	\$ 97,015,706,548
TRS fiduciary net position	<u>108,155,083,127</u>
Employers' net pension asset	<u>\$ 11,139,376,579</u>
TRS fiduciary net position as a percentage of total pension liability	<u>111.48%</u>

Employer and employee contributions for the year ended June 30, 2015 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2015 represent employee and employer contributions for the fiscal year ended June 30, 2015 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of June 30, 2015 were \$35,451,730.

**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.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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**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:

<u>Year Ended June 30,</u>	<u>Health Care Cost Trend Assumption</u>
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 24 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, 2015 was as follows:

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

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2014	\$ 1,046,095,017
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 1,046,095,017</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 251,823,044</u>
UAAL as a Percentage of Covered Payroll	<u>415.41%</u>
Annual Required Contribution	\$ 94,728,191
Interest on Net OPEB Obligation	18,904,045
Adjustment to Annual Required Contribution	<u>(6,192,792)</u>
Annual OPEB Cost	107,439,444
Contributions Made	<u>(28,793,303)</u>
Increase in Net OPEB Obligation	78,646,141
Net OPEB Obligation - Beginning of Year	<u>472,601,114</u>
Net OPEB Obligation - End of Year	<u>\$ 551,247,255</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
2015	\$ 107,439,444	26.80 %	\$ 551,247,255
2014	100,656,565	26.65	472,601,114
2013	94,720,049	27.53	398,773,832

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

**F. Revenues and Expenditures**

**Contribution from City of Yonkers**

The School District is funded by State aid, charges for services and other miscellaneous revenues. The balance of the funding is provided by a contribution from the City. For the year ended June 30, 2015, the City has dedicated \$234,173,588 of ad valorem taxes to fund the educational programs of the School District.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2015

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**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>School Lunch</u>	<u>Debt Service</u>	
General	\$ 965,143	\$ 250,000	\$ 17,027,677	\$ 18,242,820
School Lunch	-	-	16,105	16,105
	<u>\$ 965,143</u>	<u>\$ 250,000</u>	<u>\$ 17,043,782</u>	<u>\$ 18,258,925</u>

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

**G. Net Position**

The components of net position are detailed below:

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

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

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

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

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)  
June 30, 2015

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

**H. Fund Balances**

	2015					2014				
	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
<b>Nonspendable</b>										
Inventories	\$ -	\$ -	\$ -	\$ 47,813	\$ 47,813	\$ -	\$ -	\$ -	\$ 143,505	\$ 143,505
Advances	500,000	-	-	-	500,000	1,020,487	-	-	-	1,020,487
Prepaid expenditures	828,977	-	-	-	828,977	-	-	-	-	-
Long-term receivables	-	500,000	-	-	500,000	-	1,020,487	-	-	1,020,487
<b>Total Nonspendable</b>	<b>1,328,977</b>	<b>500,000</b>	<b>-</b>	<b>47,813</b>	<b>1,876,790</b>	<b>1,020,487</b>	<b>1,020,487</b>	<b>-</b>	<b>143,505</b>	<b>2,184,479</b>
<b>Restricted</b>										
Debt service	964,300	-	-	720,092	1,684,392	-	-	-	674,636	674,636
Capital projects	-	-	29,377,371	-	29,377,371	-	-	29,692,536	-	29,692,536
Special purposes	-	-	-	300,333	300,333	-	-	-	338,133	338,133
<b>Total Restricted</b>	<b>964,300</b>	<b>-</b>	<b>29,377,371</b>	<b>1,020,425</b>	<b>31,362,096</b>	<b>-</b>	<b>-</b>	<b>29,692,536</b>	<b>1,012,769</b>	<b>30,705,305</b>
<b>Assigned</b>										
<b>Purchases on order</b>										
General government support	1,653,955	-	-	-	1,653,955	-	-	-	-	-
Instruction	331,807	-	-	-	331,807	-	-	-	-	-
Transportation	229,937	-	-	-	229,937	-	-	-	-	-
	2,215,699	-	-	-	2,215,699	-	-	-	-	-
School Lunch Fund	-	-	-	249,290	249,290	-	-	-	-	-
<b>Total Assigned</b>	<b>2,215,699</b>	<b>-</b>	<b>-</b>	<b>249,290</b>	<b>2,464,989</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unassigned</b>										
<b>Purchases on order</b>										
General government support	-	-	-	-	-	1,730,453	-	-	-	1,730,453
Instruction	-	-	-	-	-	554,195	-	-	-	554,195
Special Aid Fund	-	(500,000)	-	-	(500,000)	-	(1,020,487)	-	-	(1,020,487)
General Fund	6,349,169	-	-	-	6,349,169	(40,754,451)	-	-	-	(40,754,451)
<b>Total Unassigned</b>	<b>6,349,169</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>	<b>5,849,169</b>	<b>(38,469,803)</b>	<b>(1,020,487)</b>	<b>-</b>	<b>-</b>	<b>(39,490,290)</b>
<b>Total Fund Balances</b>	<b>\$ 10,858,145</b>	<b>\$ -</b>	<b>\$ 29,377,371</b>	<b>\$ 1,317,528</b>	<b>\$ 41,553,044</b>	<b>\$ (37,449,316)</b>	<b>\$ -</b>	<b>\$ 29,692,536</b>	<b>\$ 1,156,274</b>	<b>\$ (6,600,506)</b>

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

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

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

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.

Prepaid Expenditures has been provided to account for certain payments made in advance. 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.

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.

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

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

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

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

**A. Litigation**

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

**B. Contingencies**

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

## City of Yonkers, New York

Notes to Financial Statements (Concluded)  
June 30, 2015

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

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.

#### **C. Risk Management**

##### *Property, Automobile and Errors and Omissions*

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

##### *Workers' Compensation and Liability Claims*

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

##### *Health Benefits*

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

### **Note 5 - Subsequent Event**

In September 2015, the School District, through the City, issued serial bonds for capital improvements in the amount of \$18,370,000. The serial bond's mature annually through 2027 with interest rates ranging from 2.0% to 5.0%.

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**Yonkers City School District, New York**

Required Supplementary Information - Schedule of Funding Progress  
 Other Postemployment Benefits  
 Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2014	\$ -	\$ 1,046,095,017	\$ 1,046,095,017	- %	\$ 251,823,044	415.41 %
July 1, 2013	-	1,002,761,409	1,002,761,409	-	256,104,233	391.54
July 1, 2012	-	961,488,234	961,488,234	-	257,642,458	373.19

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**Yonkers City School District, New York**

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

---

	<u>2015</u>
School District's proportion of the net pension liability (asset)	<u>1.447884%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (164,733,013)</u>
School District's covered-employee payroll	<u>\$ 221,638,990</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>(74.30)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>111.48%</u>

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

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

**Yonkers City School District, New York**

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

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	<u>2015</u>
Contractually required contribution	\$ 35,497,633
Contributions in relation to the contractually required contribution	<u>(35,497,633)</u>
Contribution deficiency (excess)	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 221,638,990</u>
Contributions as a percentage of covered-employee payroll	<u>17.53%</u>

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

**Yonkers City School District, New York**

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

---

	<u>2015</u>
School District's proportion of the net pension liability (asset)	<u>0.2600000%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 8,667,336</u>
School District's covered-employee payroll	<u>\$ 61,016,513</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>11.20%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.90%</u>

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

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

**Yonkers City School District, New York**

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

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	<u>2015</u>
Contractually required contribution	\$ 14,030,914
Contributions in relation to the contractually required contribution	<u>(14,030,914)</u>
Contribution deficiency (excess)	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 61,016,513</u>
Contributions as a percentage of covered-employee payroll	<u>17.46%</u>

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

**Yonkers City School District, New York**

General Fund  
 Comparative Balance Sheet  
 June 30,

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Receivables		
Accounts	\$ 9,484,159	\$ 6,958,702
State and Federal aid	75,411,735	71,263,445
Due from City of Yonkers	-	36,920,173
Due from other funds	79,684,784	3,254,061
Advances to other funds	<u>500,000</u>	<u>1,020,487</u>
	165,080,678	119,416,868
Prepaid expenditures	<u>828,977</u>	-
Total Assets	<u>\$ 165,909,655</u>	<u>\$ 119,416,868</u>
<b>LIABILITIES AND FUND BALANCE (DEFICIT)</b>		
Liabilities		
Accounts payable	\$ 12,101,827	\$ 19,803,287
Accrued liabilities	20,288,294	20,529,431
Unearned revenues	1,547,827	1,547,827
Due to other governments	2,251,593	1,959,101
Due to retirement systems	36,445,327	37,447,701
Due to City of Yonkers	31,900,758	69,086,421
Due to other funds	50,095,628	6,387,038
Overpayments	<u>420,256</u>	<u>105,378</u>
Total Liabilities	<u>155,051,510</u>	<u>156,866,184</u>
Fund balance (deficit)		
Nonspendable	1,328,977	1,020,487
Restricted	964,300	-
Assigned	2,215,699	-
Unassigned	<u>6,349,169</u>	<u>(38,469,803)</u>
Total Fund Balance (Deficit)	<u>10,858,145</u>	<u>(37,449,316)</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 165,909,655</u>	<u>\$ 119,416,868</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,

	2015				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
<b>REVENUES</b>					
Charges for services	\$ 450,850	\$ 450,850	\$ 426,107	\$	\$ (24,743)
Use of money and property	429,000	429,000	361,534		(67,466)
Forfeitures	5,000	5,000	-		(5,000)
Sale of property and compensation for loss	-	-	5,781		5,781
Interfund revenues	792,881	792,881	961,887		169,006
State aid	280,437,370	283,829,301	286,122,402		2,293,101
Federal aid	375,000	375,000	560,478		185,478
Miscellaneous	881,800	881,800	2,087,600		1,205,800
<b>Total Revenues</b>	<b>283,371,901</b>	<b>286,763,832</b>	<b>290,525,789</b>		<b>3,761,957</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
<b>General support</b>					
Board of education	296,846	315,719	313,243	557	1,919
Central administration	863,164	1,319,404	1,318,718	686	-
Finance	236,942	235,767	32,600	137,909	65,258
Staff	7,240	7,240	-	-	7,240
Central services	41,464,181	39,332,111	37,140,298	1,514,803	677,010
Special items	808,694	793,053	793,053	-	-
<b>Total General Support</b>	<b>43,677,067</b>	<b>42,003,294</b>	<b>39,597,912</b>	<b>1,653,955</b>	<b>751,427</b>
<b>Instruction</b>					
Instruction, administration and improvement	27,191,595	26,772,243	26,635,001	1,974	135,268
Teaching - Regular school	165,021,602	161,798,072	161,440,387	204,074	153,611
Programs for students with handicapping conditions	65,993,947	70,190,527	70,073,246	16,164	101,117
Occupational education	7,031,533	6,856,514	6,812,090	22,006	22,418
Instructional media	1,456,589	1,571,455	1,571,193	-	262
Pupil services	15,760,555	15,819,474	15,695,344	87,589	36,541
<b>Total Instruction</b>	<b>282,455,821</b>	<b>283,008,285</b>	<b>282,227,261</b>	<b>331,807</b>	<b>449,217</b>
Pupil transportation	38,462,388	37,812,634	37,547,079	229,937	35,618
Employee benefits	128,197,926	134,799,050	133,530,997	-	1,268,053
<b>Debt service</b>					
Principal	1,101,171	1,101,171	1,101,171	-	-
Interest	579,680	686,685	686,685	-	-
Issuance costs	-	328,441	328,440	-	1
<b>Total Debt Service</b>	<b>1,680,851</b>	<b>2,116,297</b>	<b>2,116,296</b>	<b>-</b>	<b>1</b>
<b>Total Expenditures</b>	<b>494,474,053</b>	<b>499,739,560</b>	<b>495,019,545</b>	<b>2,215,699</b>	<b>2,504,316</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(211,102,152)</b>	<b>(212,975,728)</b>	<b>(204,493,756)</b>	<b>(2,215,699)</b>	<b>6,266,273</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	-	-	37,260,000	-	37,260,000
Issuance premium	-	-	4,787,191	-	4,787,191
Contribution from City of Yonkers	228,996,844	228,996,844	228,996,846	-	2
Transfers out	(20,179,340)	(18,305,764)	(18,242,820)	-	62,944
<b>Total Other Financing Sources</b>	<b>208,817,504</b>	<b>210,691,080</b>	<b>252,801,217</b>	<b>-</b>	<b>42,110,137</b>
<b>Net Change in Fund Balance</b>	<b>(2,284,648)</b>	<b>(2,284,648)</b>	<b>48,307,461</b>	<b>\$ (2,215,699)</b>	<b>\$ 48,376,410</b>
<b>FUND BALANCE (DEFICIT)</b>					
Beginning of Year	2,284,648	2,284,648	(37,449,316)		
End of Year	\$ -	\$ -	\$ 10,858,145		

## 2014

Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 387,120	\$ 387,120	\$ 500,521	\$	\$ 113,401
300,000	300,000	453,994		153,994
5,000	5,000	975		(4,025)
-	-	92,280		92,280
1,105,915	1,105,915	860,523		(245,392)
266,690,585	266,690,585	240,591,730		(26,098,855)
520,000	520,000	467,996		(52,004)
2,191,475	2,191,475	1,346,621		(844,854)
<u>271,200,095</u>	<u>271,200,095</u>	<u>244,314,640</u>		<u>(26,885,455)</u>
239,012	241,322	239,220	-	2,102
626,499	826,065	825,738	-	327
5,525,518	4,605,014	4,321,983	236,941	46,090
2,845,434	2,967,131	2,921,403	7,240	38,488
41,101,523	40,753,898	38,933,009	1,486,272	334,617
676,000	126,000	122,089	-	3,911
<u>51,013,986</u>	<u>49,519,430</u>	<u>47,363,442</u>	<u>1,730,453</u>	<u>425,535</u>
27,185,787	27,382,060	27,217,394	4,935	159,731
167,980,289	166,933,924	166,329,720	272,313	331,891
66,176,055	66,268,897	65,800,077	128,563	340,257
7,914,483	7,455,000	7,360,420	29,831	64,749
1,818,813	2,879,722	2,633,134	248	246,340
17,199,348	15,957,122	15,739,031	118,305	99,786
<u>288,274,775</u>	<u>286,876,725</u>	<u>285,079,776</u>	<u>554,195</u>	<u>1,242,754</u>
37,756,822	37,600,144	37,584,513	-	15,631
<u>132,493,797</u>	<u>130,805,402</u>	<u>129,552,869</u>	<u>-</u>	<u>1,252,533</u>
1,643,439	1,038,439	1,038,439	-	-
958,426	622,984	622,984	-	-
-	-	-	-	-
<u>2,601,865</u>	<u>1,661,423</u>	<u>1,661,423</u>	<u>-</u>	<u>-</u>
512,141,245	506,463,124	501,242,023	2,284,648	2,936,453
<u>(240,941,150)</u>	<u>(235,263,029)</u>	<u>(256,927,383)</u>	<u>(2,284,648)</u>	<u>(23,949,002)</u>
-	-	-	-	-
-	-	-	-	-
227,996,844	227,996,844	227,996,844	-	-
(17,462,675)	(23,140,796)	(23,140,786)	-	10
<u>210,534,169</u>	<u>204,856,048</u>	<u>204,856,058</u>	<u>-</u>	<u>10</u>
<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>
30,406,981	30,406,981	14,622,009		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,449,316)</u>		

**Yonkers City School District, New York**

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CHARGES FOR SERVICES</b>				
Day school tuition	\$ 307,500	\$ 307,500	\$ 278,247	\$ (29,253)
Summer school tuition - Individuals	2,500	2,500	4,689	2,189
Student fees and charges	250	250	21,589	21,339
Other charges for services - Individuals	-	-	962	962
Health services for other districts	110,000	110,000	112,510	2,510
Other	30,600	30,600	8,110	(22,490)
	<u>450,850</u>	<u>450,850</u>	<u>426,107</u>	<u>(24,743)</u>
<b>USE OF MONEY AND PROPERTY</b>				
Rental of real property - Individuals	219,000	219,000	253,938	34,938
Rental - Other governments	210,000	210,000	107,596	(102,404)
	<u>429,000</u>	<u>429,000</u>	<u>361,534</u>	<u>(67,466)</u>
<b>FORFEITURES</b>				
Forfeiture of deposits	5,000	5,000	-	(5,000)
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Other	-	-	5,781	5,781
<b>INTERFUND REVENUES</b>				
	<u>792,881</u>	<u>792,881</u>	<u>961,887</u>	<u>169,006</u>

**STATE AID**

Basic formula	219,853,885	223,011,158	211,273,758	(11,737,400)
Lottery	40,266,729	40,464,400	54,285,178	13,820,778
Tuition and transportation aid for students with disabilities	-	-	67,752	67,752
Contract for excellence	17,500,000	17,500,000	17,500,000	-
Textbooks	1,806,857	1,840,789	1,851,477	10,688
Computer software	826,387	829,442	832,919	3,477
Library materials	183,512	183,512	184,962	1,450
Homeless aid	-	-	126,356	126,356

	<u>280,437,370</u>	<u>283,829,301</u>	<u>286,122,402</u>	<u>2,293,101</u>
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**FEDERAL AID**

Medical assistance	355,000	355,000	554,825	199,825
Impact aid	20,000	20,000	5,653	(14,347)

	<u>375,000</u>	<u>375,000</u>	<u>560,478</u>	<u>185,478</u>
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**MISCELLANEOUS**

Refund of prior year's expenditures	824,300	824,300	1,388,333	564,033
Saunders Trust Fund	1,000	1,000	-	(1,000)
School technology voucher program	-	-	608,177	608,177
Other	56,500	56,500	91,090	34,590

	<u>881,800</u>	<u>881,800</u>	<u>2,087,600</u>	<u>1,205,800</u>
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**TOTAL REVENUES**

	<u>283,371,901</u>	<u>286,763,832</u>	<u>290,525,789</u>	<u>3,761,957</u>
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**OTHER FINANCING SOURCES**

Bonds issued	-	-	37,260,000	37,260,000
Issuance premium	-	-	4,787,191	4,787,191
Contribution from City of Yonkers	228,996,844	228,996,844	228,996,846	2

**TOTAL OTHER FINANCING SOURCES**

	<u>228,996,844</u>	<u>228,996,844</u>	<u>271,044,037</u>	<u>42,047,193</u>
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**TOTAL REVENUES AND  
OTHER FINANCING SOURCES**

	<u>\$ 512,368,745</u>	<u>\$ 515,760,676</u>	<u>\$ 561,569,826</u>	<u>\$ 45,809,150</u>
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**Yonkers City School District, New York**

General Fund  
 Schedule of Expenditures and Other Financing Uses Compared to Budget  
 Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 296,846	\$ 315,719	\$ 313,243	\$ 557	\$ 1,919
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	863,164	1,319,404	1,318,718	686	-
<b>FINANCE</b>					
Business administration	235,607	235,607	32,600	137,909	65,098
Purchasing	1,335	160	-	-	160
Total Finance	236,942	235,767	32,600	137,909	65,258
<b>STAFF</b>					
Legal	744	744	-	-	744
Personnel	5,877	5,877	-	-	5,877
Records management	262	262	-	-	262
Public information and services	357	357	-	-	357
Total Staff	7,240	7,240	-	-	7,240
<b>CENTRAL SERVICES</b>					
Operation of plant	31,758,536	30,140,269	28,764,004	1,034,207	342,058
Maintenance of plant	5,062,602	4,884,970	4,147,788	450,153	287,029
Central printing and mailing	450,056	414,498	406,399	7,616	483
Data processing	4,192,987	3,892,374	3,822,107	22,827	47,440
Total Central Services	41,464,181	39,332,111	37,140,298	1,514,803	677,010

**SPECIAL ITEMS**

Unallocated insurance	808,694	793,053	793,053	-	-
Total General Support	<u>43,677,067</u>	<u>42,003,294</u>	<u>39,597,912</u>	<u>1,653,955</u>	<u>751,427</u>

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

Curriculum development and supervision	2,567,577	2,576,140	2,565,525	-	10,615
Supervision - Regular school	23,532,683	23,257,889	23,138,703	-	119,186
Research, training and evaluation	1,036,790	912,892	905,504	1,974	5,414
In-service training - Instruction	54,545	25,322	25,269	-	53
Total Instruction, Administration and Improvement	<u>27,191,595</u>	<u>26,772,243</u>	<u>26,635,001</u>	<u>1,974</u>	<u>135,268</u>

**TEACHING - REGULAR SCHOOL**

<u>165,021,602</u>	<u>161,798,072</u>	<u>161,440,387</u>	<u>204,074</u>	<u>153,611</u>
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**PROGRAMS FOR STUDENTS WITH HANDICAPPING CONDITIONS**

Programs for handicapped children and services for pupils with learning disabilities	65,993,947	70,190,527	70,073,246	16,164	101,117
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**OCCUPATIONAL EDUCATION**

<u>7,031,533</u>	<u>6,856,514</u>	<u>6,812,090</u>	<u>22,006</u>	<u>22,418</u>
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**INSTRUCTIONAL MEDIA**

School library and audiovisual	934,730	963,526	963,265	-	261
Computer assisted instruction	521,859	607,929	607,928	-	1
Total Instructional Media	<u>1,456,589</u>	<u>1,571,455</u>	<u>1,571,193</u>	<u>-</u>	<u>262</u>

(Continued)

**Yonkers City School District, New York**

General Fund

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

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>PUPIL SERVICES</b>					
Attendance - Regular school	\$ 343,220	\$ 373,404	\$ 372,521	\$ -	\$ 883
Guidance - Regular school	4,317,941	4,286,095	4,286,050	45	-
Health services - Regular school	4,862,464	5,004,672	4,977,744	18,161	8,767
Psychological services - Regular school	2,177,427	2,333,855	2,333,834	-	21
Social work services - Regular school	1,344,809	1,385,459	1,385,441	-	18
Interscholastic athletics - Regular school	2,714,694	2,435,989	2,339,754	69,383	26,852
Total Pupil Services	15,760,555	15,819,474	15,695,344	87,589	36,541
67 Total Instruction	282,455,821	283,008,285	282,227,261	331,807	449,217
<b>PUPIL TRANSPORTATION</b>					
District transportation services	5,364,191	5,624,113	5,622,850	1,122	141
Contract transportation	32,221,097	31,276,545	31,026,604	228,815	21,126
Public transportation	875,000	897,400	883,050	-	14,350
BOCES transportation	2,100	14,576	14,575	-	1
Total Pupil Transportation	38,462,388	37,812,634	37,547,079	229,937	35,618
<b>EMPLOYEE BENEFITS</b>					
State retirement	6,686,792	8,029,802	7,971,357	-	58,445
Teachers' retirement	29,100,312	32,294,258	31,399,453	-	894,805
Social security	18,835,454	18,704,470	18,699,903	-	4,567
Hospital, medical and dental benefits	69,653,452	71,975,112	71,760,116	-	214,996
Life insurance	55,037	53,161	52,695	-	466
Unemployment benefits	200,000	83,906	73,906	-	10,000
Union welfare benefits	3,666,879	3,658,341	3,573,567	-	84,774
Total Employee Benefits	128,197,926	134,799,050	133,530,997	-	1,268,053

**DEBT SERVICE**

## Principal

Notes payable

1,101,171	1,101,171	1,101,171	-	-
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## Interest

Notes payable

579,680	579,679	579,679	-	-
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Bond anticipation notes

-	107,006	107,006	-	-
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<u>579,680</u>	<u>686,685</u>	<u>686,685</u>	<u>-</u>	<u>-</u>
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## Issuance costs

-	328,441	328,440	-	1
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Total Debt Service

<u>1,680,851</u>	<u>2,116,297</u>	<u>2,116,296</u>	<u>-</u>	<u>1</u>
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**TOTAL EXPENDITURES**

<u>494,474,053</u>	<u>499,739,560</u>	<u>495,019,545</u>	<u>2,215,699</u>	<u>2,504,316</u>
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**OTHER FINANCING USES**

## Transfers out

Special Aid Fund

1,106,014	1,028,087	965,143	-	62,944
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School Lunch Fund

250,000	250,000	250,000	-	-
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Debt Service Fund

<u>18,823,326</u>	<u>17,027,677</u>	<u>17,027,677</u>	<u>-</u>	<u>-</u>
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**TOTAL OTHER FINANCING USES**

<u>20,179,340</u>	<u>18,305,764</u>	<u>18,242,820</u>	<u>-</u>	<u>62,944</u>
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**TOTAL EXPENDITURES AND OTHER FINANCING USES**

<u>\$ 514,653,393</u>	<u>\$ 518,045,324</u>	<u>\$ 513,262,365</u>	<u>\$ 2,215,699</u>	<u>\$ 2,567,260</u>
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**Yonkers City School District, New York**

Special Aid Fund  
 Comparative Balance Sheet  
 June 30,

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
State and Federal aid receivable	\$ 15,295,683	\$ 20,067,044
Due from City of Yonkers	17,524,410	27,419,541
Due from other funds	<u>6,566,593</u>	<u>3,936,643</u>
<b>Total Assets</b>	<b><u>\$ 39,386,686</u></b>	<b><u>\$ 51,423,228</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts payable	\$ 2,330,475	\$ 4,126,761
Accrued liabilities	1,023,487	814,991
Due to other governments	467,654	1,903,371
Due to City of Yonkers	-	43,557,618
Due to other funds	35,065,070	-
Advances from other funds	<u>500,000</u>	<u>1,020,487</u>
<b>Total Liabilities</b>	<b><u>39,386,686</u></b>	<b><u>51,423,228</u></b>
Fund balance (deficit)		
Nonspendable	500,000	1,020,487
Unassigned	<u>(500,000)</u>	<u>(1,020,487)</u>
<b>Total Fund Balance</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 39,386,686</u></b>	<b><u>\$ 51,423,228</u></b>

**Yonkers City School District, New York**

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

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 26,946,610	\$ 27,123,973	\$ 16,890,352	\$ (10,233,621)
Federal aid	27,566,784	30,656,108	27,081,839	(3,574,269)
Miscellaneous	698,406	708,560	427,568	(280,992)
<b>Total Revenues</b>	<b>55,211,800</b>	<b>58,488,641</b>	<b>44,399,759</b>	<b>(14,088,882)</b>
<b>EXPENDITURES</b>				
Current				
General support	1,039,833	1,039,833	957,461	82,372
Instruction	52,325,872	55,524,786	41,777,384	13,747,402
Pupil transportation	1,185,193	1,185,193	1,000,976	184,217
Community services	377,491	377,491	242,958	134,533
Employee benefits	1,389,425	1,389,425	1,386,123	3,302
<b>Total Expenditures</b>	<b>56,317,814</b>	<b>59,516,728</b>	<b>45,364,902</b>	<b>14,151,826</b>
Deficiency of Revenues Over Expenditures	(1,106,014)	(1,028,087)	(965,143)	62,944
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,106,014	1,028,087	965,143	(62,944)
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

2014

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)
<u>48,201,241</u>	<u>52,167,178</u>	<u>39,222,950</u>	<u>(12,944,228)</u>
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
<u>1,353,200</u>	<u>1,403,200</u>	<u>1,399,207</u>	<u>3,993</u>
<u>49,307,255</u>	<u>56,296,753</u>	<u>43,352,525</u>	<u>12,944,228</u>
(1,106,014)	(4,129,575)	(4,129,575)	-
<u>1,106,014</u>	<u>4,129,575</u>	<u>4,129,575</u>	<u>-</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Yonkers City School District, New York**

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Receivables		
Due from City of Yonkers	\$ 33,336,446	\$ 37,883,884
Due from other funds	<u>2,070,054</u>	<u>2,036,821</u>
Total Assets	<u>\$ 35,406,500</u>	<u>\$ 39,920,705</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 2,998,924	\$ 1,886,062
Accrued liabilities	24,262	24,262
Retainages payable	-	313,923
Bond anticipation notes payable	-	5,205,900
Due to other funds	<u>3,005,943</u>	<u>2,798,022</u>
Total Liabilities	6,029,129	10,228,169
Fund balance		
Restricted	<u>29,377,371</u>	<u>29,692,536</u>
Total Liabilities and Fund Balance	<u>\$ 35,406,500</u>	<u>\$ 39,920,705</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>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Use of money and property	\$ -	\$ 34,074
State aid	-	(48,759)
Miscellaneous	<u>25,000</u>	<u>-</u>
Total Revenues	25,000	(14,685)
<b>EXPENDITURES</b>		
Capital outlay	<u>27,324,967</u>	<u>14,053,843</u>
Deficiency of Revenues Over Expenditures	<u>(27,299,967)</u>	<u>(14,068,528)</u>
<b>OTHER FINANCING SOURCES</b>		
Bonds issued	26,365,000	-
Issuance premium	<u>619,802</u>	<u>-</u>
Total Other Financing Sources	<u>26,984,802</u>	<u>-</u>
Net Change in Fund Balance	(315,165)	(14,068,528)
<b>FUND BALANCE</b>		
Beginning of Year	<u>29,692,536</u>	<u>43,761,064</u>
End of Year	<u>\$ 29,377,371</u>	<u>\$ 29,692,536</u>

Yonkers City School District, New York

Capital Projects Fund  
 Project-Length Schedule  
 Inception Of Project Through June 30, 2015

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	\$ 3,122	\$ 35,899,999
Bond Sale - April 2001	5,000,000	5,000,000	4,999,486	-	4,999,486
Bond Sale - June 2002	7,000,000	7,000,000	6,946,533	48,403	6,994,936
Bond Sale - April 2004	12,000,000	12,000,000	11,997,445	667	11,998,112
Bond Sale - December 2004	11,850,000	11,850,000	11,835,952	7,976	11,843,928
Bond Sale - March 2006	5,000,000	5,000,000	4,999,086	912	4,999,998
Bond Sale - March 2006	2,800,000	2,800,000	2,791,807	7,537	2,799,344
Equipment and Technology Improvements	3,038,000	3,038,000	2,968,968	-	2,968,968
Improvements to School Buildings	12,461,168	12,461,168	12,378,411	25,306	12,403,717
Bond Sale - February 2008	18,000,000	18,000,000	17,487,826	443,888	17,931,714
Bond Sale - December 2011 QSCB	15,000,000	15,000,000	11,785,437	3,214,563	15,000,000
Bond to Bond Anticipation Note - December 2011	2,800,000	2,800,000	2,132,880	400,617	2,533,497
Bond Sale - December 2011	10,000,000	10,000,000	3,337,679	3,521,550	6,859,229
Bond Sale - December 2012	27,847,502	27,847,502	6,504,397	14,739,420	21,243,817
Bond Anticipation Note - August 2013	5,205,900	5,205,900	2,874,304	1,916,513	4,790,817
Bond Sale - October 2014	21,729,385	21,778,902	-	2,994,493	2,994,493
<b>Total</b>	<b>\$ 195,631,955</b>	<b>\$ 195,681,472</b>	<b>\$ 138,937,088</b>	<b>\$ 27,324,967</b>	<b>\$ 166,262,055</b>

Unexpended Balance	Methods of Financing			Fund Balance at June 30, 2015
	Proceeds of Obligations	Other	Total	
\$ 1	\$ 35,900,000	\$ -	\$ 35,900,000	\$ 1
514	5,000,000	-	5,000,000	514
5,064	7,000,000	-	7,000,000	5,064
1,888	12,000,000	-	12,000,000	1,888
6,072	11,850,000	-	11,850,000	6,072
2	5,000,000	-	5,000,000	2
656	2,800,000	-	2,800,000	656
69,032	3,038,000	-	3,038,000	69,032
57,451	12,461,168	-	12,461,168	57,451
68,286	18,000,000	-	18,000,000	68,286
-	14,975,000	25,000	15,000,000	-
266,503	2,800,000	-	2,800,000	266,503
3,140,771	9,957,954	-	9,957,954	3,098,725
6,603,685	27,847,502	-	27,847,502	6,603,685
415,083	5,205,900	-	5,205,900	415,083
18,784,409	21,778,902	-	21,778,902	18,784,409
<u>\$ 29,419,417</u>	<u>\$ 195,614,426</u>	<u>\$ 25,000</u>	<u>\$ 195,639,426</u>	<u>\$ 29,377,371</u>

**Yonkers City School District, New York**

Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2015  
 (With Comparative Totals for 2014)

	School Lunch	Special Purpose	Debt Service
<b>ASSETS</b>			
Receivables			
Accounts	\$ 85,015	\$ 112,500	\$ -
State and Federal aid	1,332,172	-	-
Due from City of Yonkers	6,143,740	669,642	-
Due from other funds	932,306	9,316	7,964,765
	<u>8,493,233</u>	<u>791,458</u>	<u>7,964,765</u>
Inventories	<u>47,813</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 8,541,046</u>	<u>\$ 791,458</u>	<u>\$ 7,964,765</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,406,593	\$ 44,700	\$ -
Accrued liabilities	186,224	82,400	-
Due to retirement systems	63,421	-	-
Due to the City of Yonkers	3,940	-	5,131,286
Due to other funds	6,583,765	364,025	2,113,387
Total Liabilities	<u>8,243,943</u>	<u>491,125</u>	<u>7,244,673</u>
Fund balances			
Nonspendable	47,813	-	-
Restricted	-	300,333	720,092
Assigned	249,290	-	-
Total Fund Balances	<u>297,103</u>	<u>300,333</u>	<u>720,092</u>
Total Liabilities and Fund Balances	<u>\$ 8,541,046</u>	<u>\$ 791,458</u>	<u>\$ 7,964,765</u>

Total Non-Major  
Governmental Funds

2,015	2014
\$ 197,515	\$ 11,265
1,332,172	1,443,561
6,813,382	6,758,658
<u>8,906,387</u>	<u>1,261,386</u>
17,249,456	9,474,870
<u>47,813</u>	<u>143,505</u>
<u>\$ 17,297,269</u>	<u>\$ 9,618,375</u>
\$ 1,451,293	\$ 1,784,929
268,624	235,138
63,421	167,151
5,135,226	4,971,032
<u>9,061,177</u>	<u>1,303,851</u>
<u>15,979,741</u>	<u>8,462,101</u>
47,813	143,505
1,020,425	1,012,769
<u>249,290</u>	<u>-</u>
<u>1,317,528</u>	<u>1,156,274</u>
<u>\$ 17,297,269</u>	<u>\$ 9,618,375</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, 2015  
(With Comparative Totals for 2014)

	<u>School Lunch</u>	<u>Special Purpose</u>	<u>Debt Service</u>
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 500	\$ -
State aid	192,421	-	-
Federal aid	6,991,271	-	-
Food sales	1,882,055	-	-
Miscellaneous	-	121,650	-
	<u>9,065,747</u>	<u>122,150</u>	<u>-</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current			
Employee benefits	1,935,152	-	-
Cost of food sales	7,210,892	-	-
Other	-	159,950	-
Debt service			
Principal	-	-	17,349,620
Interest	-	-	4,825,448
Refunding bond issuance costs	-	-	452,225
	<u>9,146,044</u>	<u>159,950</u>	<u>22,627,293</u>
Total Expenditures			
Deficiency of Revenues Over Expenditures	<u>(80,297)</u>	<u>(37,800)</u>	<u>(22,627,293)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Contribution from City of Yonkers	-	-	5,176,742
Refunding bonds issued	-	-	14,430,000
Payment to refunded bond escrow agent	-	-	(15,011,409)
Issuance premium	-	-	1,033,634
Transfers in	250,000	-	17,043,782
Transfers out	(16,105)	-	-
	<u>233,895</u>	<u>-</u>	<u>22,672,749</u>
Total Other Financing Sources			
Net Change in Fund Balances	153,598	(37,800)	45,456
<b>FUND BALANCES</b>			
Beginning of Year	<u>143,505</u>	<u>338,133</u>	<u>674,636</u>
End of Year	<u>\$ 297,103</u>	<u>\$ 300,333</u>	<u>\$ 720,092</u>

Total Non-Major  
Governmental Funds

2015	2014
\$ 500	\$ 500
192,421	205,151
6,991,271	6,880,780
1,882,055	1,712,136
121,650	110,353
<u>9,187,897</u>	<u>8,908,920</u>
1,935,152	2,040,137
7,210,892	7,326,434
159,950	102,127
17,349,620	15,782,122
4,825,448	5,966,986
452,225	-
<u>31,933,287</u>	<u>31,217,806</u>
<u>(22,745,390)</u>	<u>(22,308,886)</u>
5,176,742	3,478,610
14,430,000	-
(15,011,409)	-
1,033,634	-
17,293,782	19,027,316
(16,105)	(16,105)
<u>22,906,644</u>	<u>22,489,821</u>
161,254	180,935
<u>1,156,274</u>	<u>975,339</u>
<u>\$ 1,317,528</u>	<u>\$ 1,156,274</u>

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**Yonkers City School District, New York**

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Receivables		
Accounts	\$ 85,015	\$ 11,265
State and Federal aid	1,332,172	1,443,561
Due from City of Yonkers	6,143,740	6,098,666
Due from other funds	<u>932,306</u>	<u>536,424</u>
	8,493,233	8,089,916
Inventories	<u>47,813</u>	<u>143,505</u>
Total Assets	<u>\$ 8,541,046</u>	<u>\$ 8,233,421</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,406,593	\$ 1,731,128
Accrued liabilities	186,224	212,239
Due to retirement systems	63,421	167,151
Due to City of Yonkers	3,940	4,971,032
Due to other funds	<u>6,583,765</u>	<u>1,008,366</u>
Total Liabilities	<u>8,243,943</u>	<u>8,089,916</u>
Fund balance		
Nonspendable	47,813	143,505
Assigned	<u>249,290</u>	<u>-</u>
Total Fund Balance	<u>297,103</u>	<u>143,505</u>
Total Liabilities and Fund Balance	<u>\$ 8,541,046</u>	<u>\$ 8,233,421</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,

	2015			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 215,889	\$ 215,889	\$ 192,421	\$ (23,468)
Federal aid	6,963,568	6,963,568	6,991,271	27,703
Food sales	2,083,689	2,083,689	1,882,055	(201,634)
<b>Total Revenues</b>	<b>9,263,146</b>	<b>9,263,146</b>	<b>9,065,747</b>	<b>(197,399)</b>
<b>EXPENDITURES</b>				
Current				
Employee benefits	2,147,751	2,147,751	1,935,152	212,599
Cost of food sales	7,349,290	7,349,290	7,210,892	138,398
<b>Total Expenditures</b>	<b>9,497,041</b>	<b>9,497,041</b>	<b>9,146,044</b>	<b>350,997</b>
Deficiency of Revenues Over Expenditures	(233,895)	(233,895)	(80,297)	153,598
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	250,000	250,000	250,000	-
Transfers out	(16,105)	(16,105)	(16,105)	-
<b>Total Other Financing Sources</b>	<b>233,895</b>	<b>233,895</b>	<b>233,895</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>-</b>	<b>153,598</b>	<b>153,598</b>
<b>FUND BALANCE (DEFICIT)</b>				
Beginning of Year	-	-	143,505	143,505
End of Year	\$ -	\$ -	\$ 297,103	\$ 297,103

2014

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 201,880	\$ 201,880	\$ 205,151	\$ 3,271
6,598,182	6,598,182	6,880,780	282,598
2,058,000	2,058,000	1,712,136	(345,864)
<u>8,858,062</u>	<u>8,858,062</u>	<u>8,798,067</u>	<u>(59,995)</u>
1,779,480	1,779,480	2,040,137	(260,657)
7,312,477	7,830,767	7,326,434	504,333
<u>9,091,957</u>	<u>9,610,247</u>	<u>9,366,571</u>	<u>243,676</u>
<u>(233,895)</u>	<u>(752,185)</u>	<u>(568,504)</u>	<u>183,681</u>
250,000	768,290	768,290	-
(16,105)	(16,105)	(16,105)	-
<u>233,895</u>	<u>752,185</u>	<u>752,185</u>	<u>-</u>
-	-	183,681	183,681
-	-	(40,176)	(40,176)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,505</u>	<u>\$ 143,505</u>

**Yonkers City School District, New York**

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Receivables		
Accounts	\$ 112,500	\$ -
Due from City of Yonkers	669,642	659,992
Due from other funds	<u>9,316</u>	<u>9,316</u>
Total Assets	<u>\$ 791,458</u>	<u>\$ 669,308</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 44,700	\$ 53,801
Accrued liabilities	82,400	22,899
Due to other funds	<u>364,025</u>	<u>254,475</u>
Total Liabilities	491,125	331,175
Fund balance		
Restricted	<u>300,333</u>	<u>338,133</u>
Total Liabilities and Fund Balance	<u>\$ 791,458</u>	<u>\$ 669,308</u>

**Yonkers City School District, New York**

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

---

	<u>2015</u>	<u>2014</u>
<b>REVENUES</b>		
Use of money and property	\$ 500	\$ 500
Miscellaneous	<u>121,650</u>	<u>110,353</u>
Total Revenues	122,150	110,853
<b>EXPENDITURES</b>		
Current		
Other	<u>159,950</u>	<u>102,127</u>
Excess (Deficiency) of Revenues Over Expenditures	(37,800)	8,726
<b>FUND BALANCE</b>		
Beginning of Year	<u>338,133</u>	<u>329,407</u>
End of Year	<u>\$ 300,333</u>	<u>\$ 338,133</u>

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**Yonkers City School District, New York**

Debt Service Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Due from other funds	<u>\$ 7,964,765</u>	<u>\$ 715,646</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Due to City of Yonkers	\$ 5,131,286	\$ -
Due to other funds	<u>2,113,387</u>	<u>41,010</u>
Total Liabilities	7,244,673	41,010
Fund balance		
Restricted	<u>720,092</u>	<u>674,636</u>
Total Liabilities and Fund Balance	<u>\$ 7,964,765</u>	<u>\$ 715,646</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,

	2015			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	17,054,620	17,149,635	17,149,620	15
State loan	200,000	200,000	200,000	-
Retirement incentives and other pension obligations	1,365,108	-	-	-
	18,619,728	17,349,635	17,349,620	15
Interest				
Bonds	4,966,406	4,871,391	4,825,448	45,943
Retirement incentives and other pension obligations	430,541	-	-	-
	5,396,947	4,871,391	4,825,448	45,943
Refunding bond issuance costs	-	452,225	452,225	-
Total Expenditures	24,016,675	22,673,251	22,627,293	45,958
Deficiency of Revenues Over Expenditures	(24,016,175)	(22,672,751)	(22,627,293)	45,458
<b>OTHER FINANCING SOURCES (USES)</b>				
Contribution from City of Yonkers	5,176,744	5,176,744	5,176,742	(2)
Refunding bonds issued	-	14,430,000	14,430,000	-
Payment to refunded bond escrow agent	-	(15,011,409)	(15,011,409)	-
Issuance premium	-	1,033,634	1,033,634	-
Transfers in	18,839,431	17,043,782	17,043,782	-
Total Other Financing Sources	24,016,175	22,672,751	22,672,749	(2)
Net Change in Fund Balance	-	-	45,456	45,456
<b>FUND BALANCE</b>				
Beginning of Year	-	-	674,636	674,636
End of Year	\$ -	\$ -	\$ 720,092	\$ 720,092

2014			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 500	\$ 500	\$ -	\$ (500)
13,198,000	14,679,409	14,639,314	40,095
200,000	200,000	200,000	-
387,672	942,808	942,808	-
13,785,672	15,822,217	15,782,122	40,095
5,738,259	5,738,259	5,703,002	35,257
69,315	169,040	263,984	(94,944)
5,807,574	5,907,299	5,966,986	(59,687)
-	-	-	-
19,593,246	21,729,516	21,749,108	(19,592)
(19,592,746)	(21,729,016)	(21,749,108)	(20,092)
3,469,980	3,469,980	3,478,610	8,630
-	-	-	-
-	-	-	-
-	-	-	-
16,122,766	18,259,036	18,259,026	(10)
19,592,746	21,729,016	21,737,636	8,620
-	-	(11,472)	(11,472)
-	-	686,108	686,108
\$ -	\$ -	\$ 674,636	\$ 674,636

**Yonkers City School District, New York**

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2015

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Adopted Budget	\$ 512,368,745
Additions	
Encumbrances	<u>2,284,648</u>
Original Budget	514,653,393
Budget Amendments	<u>3,391,931</u>
Final Budget	<u><u>\$ 518,045,324</u></u>

**Yonkers City School District, New York**

**Schedule of Net Investment in Capital Assets**  
**Year Ended June 30, 2015**

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Capital Assets, net		\$ 267,675,862
Less		
Bonds payable	(150,726,066)	
Notes payable	(13,053,265)	
Unamortized portion of premium on bonds	<u>(5,062,385)</u>	(168,841,716)
Plus		
Unexpended bond proceeds	29,377,371	
Unamortized portion of loss on refunding bonds	<u>1,390,097</u>	<u>30,767,468</u>
Net Investment in Capital Assets		<u>\$ 129,601,614</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, 2015, 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 3, 2015.

**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.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**

Harrison, New York

December 3, 2015

**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, 2015. 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, 2015.

### **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 3, 2015

**Yonkers City School District, New York**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Indirect Programs - Passed through New York State Department of Education		
<i>Child Nutrition Cluster</i>		
School Breakfast Program	10.553	\$ 1,040,640
National School Lunch Program - Commodities	10.555	485,813
National School Lunch Program - Cash	10.555	5,247,431
Summer Food Service Program for Children	10.559	217,387
Total U.S. Department of Agriculture		6,991,271
<u>U.S. Department of Education</u>		
Direct Programs		
Impact Aid	84.041	5,653
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	6,968,389
Special Education - Preschool Grants (IDEA, Preschool)	84.173	137,312
Subtotal Special Education Cluster		7,105,701
Adult Education - Basic Grants to States	84.002	449,486
Title I Grants to Local Educational Agencies	84.010	9,503,534
NY Gear Up	84.334	6,186
Career and Technical Education - Basic Grants to State	84.048	384,483
Education for Homeless Children and Youth	84.196	50,750
English Language Acquisition State Grants	84.365	825,467
Mathematics and Science Partnerships	84.366	657,834
Improving Teacher Quality State Grants	84.367	1,595,719
School Improvement Grants (ARRA) (2)	84.388	3,458,246
Race to the Top Incentive Grants (ARRA) (2)	84.395	3,044,433
Total U.S. Department of Education		27,081,839
Total Expenditures of Federal Awards		\$ 34,078,763

(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, 2015

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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, 2015. 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, 2015

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None

**Yonkers City School District, New York**

Schedule of Findings and Questioned Costs  
Year ended June 30, 2015

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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>
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
10.559	National School Lunch Program
	Summer Food Service Program
84.002	Adult Education
84.367	Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$1,022,363  
Auditee qualified as low-risk auditee?  yes  no

**Yonkers City School District, New York**

Schedule of Findings and Questioned Costs  
Year ended June 30, 2015

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**Section II - Financial Statement Findings**

None

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

None