

**Yonkers City School District, New York**

Financial Statements and  
Supplementary Information

Year Ended June 30, 2018



# 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, 2018, 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, 2018, and the respective changes in financial position and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

We draw attention to Notes 2B and 3E in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". 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 for the year ended June 30, 2018 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* for the year ended June 30, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2018 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2018.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the School District as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated December 5, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2017 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

November 28, 2018

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# Yonkers City School District, New York

Management's Discussion and Analysis (MD&A)  
June 30, 2018

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## INTRODUCTION

The following is a discussion and analysis of the Yonkers City School District, New York ("School District") financial performance as of and for the fiscal year ended June 30, 2018. 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 2017-2018 actual revenue per the District-wide financial statements increased by \$6.1 million from the prior year of \$627.3 million to \$633.4 million. The increase in the contribution from City of Yonkers of \$3.9 million, the \$3.9 million increase in Capital Grants and Contributions, along with the decrease in Unrestricted State aid of \$2.6 million are the major contributing factors for increase in revenue. Operating grants, State aid, along with the contribution from the City of Yonkers accounted for \$623 million or 98%, of all revenue in 2018. Total expenses for functions/programs in the District-wide financial statements totaled \$674 million and \$699.7 million in 2018 and 2017, respectively.
- At June 30, 2018, the School District reported in its Statement of Net Position a liability of \$7.3 million for its proportionate share of the net pension liability. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to financial statements.
- For the year ended June 30, 2018, the School District implemented the provision of the Governmental Accounting Standards Board ("GASB") Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB"). This statement addresses accounting and outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. This statement supersedes the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". The primary distinction between the two standards is that since no mechanism exists under current New York State law for New York municipalities and school districts to pre-fund these obligations in an irrevocable trust, entities must now report their total OPEB liability as opposed to the net OPEB liability that has been reported under the prior standard. As a result, the net position on the district-wide financial statements reflects a change in accounting principle adjustment of \$(879,926,193) to the opening net position originally reported as of July 1, 2017 of \$(528,418,926), thereby restating the opening net position to \$(1,408,345,119).

- At June 30, 2018, liabilities and deferred inflows of resources, per the District-wide financial statements exceeded total assets and deferred outflows of resources by \$1.4 billion. The decrease in net position was primarily caused by the School District's reporting of postemployment benefits other than pensions, which increased liabilities by \$922.1 million.
- As of the close of the fiscal year, the School District's governmental funds reported combined fund balances surplus of \$63.3 million at June 30, 2018, a decrease of \$3.8 million during 2018. These numbers will be explained in more detail throughout the MD&A.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

### ***District-wide Financial Statements***

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

### ***Fund Financial Statements***

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

- **Governmental Funds**

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

- **Fiduciary Funds**

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

### ***Notes to Basic Financial Statements***

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

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

<b>Figure A-1 Major Features of the District-wide and Fund Financial Statements</b>			
	District-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire School district (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary assets and liabilities</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of assets/deferred outflows/liability/deferred inflow information	All assets/deferred outflows/liability/deferred inflow, both financial and capital, short-term and long-term	Generally, assets/deferred outflows/deferred inflows expected to be used up and liabilities that come due during the subsequent year or soon thereafter; no capital assets or long-term liabilities included	Assets/liability/deferred inflow, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

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

## ***District-Wide Statements***

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

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

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

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

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

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

## ***Fund Financial Statements***

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

The School District has two types of funds:

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

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

**Table I – Statement Net Position**

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>	<u>Amount Change</u>	<u>Percent Change</u>
Current and Other Assets	\$ 217,651,408	\$ 195,033,717	\$ 22,617,691	11.60%
Capital Assets	283,627,817	281,908,972	1,718,845	0.61%
Total Assets	<u>501,279,225</u>	<u>476,942,689</u>	<u>24,336,536</u>	<u>5.10%</u>
Deferred Outflows of Resources	<u>176,966,893</u>	<u>171,257,666</u>	<u>5,709,227</u>	<u>3.33%</u>
Current Liabilities	143,802,668	127,645,741	16,156,927	12.66%
Long-term Liabilities	<u>1,925,398,700</u>	<u>1,039,456,723</u>	<u>885,941,977</u>	<u>85.23%</u>
Total Liabilities	<u>2,069,201,368</u>	<u>1,167,102,464</u>	<u>902,098,904</u>	<u>77.29%</u>
Deferred Inflows of Resources	<u>58,038,371</u>	<u>9,516,817</u>	<u>48,521,554</u>	<u>100.00%</u>
Net Position:				
Net Investment in Capital Assets	149,429,012	138,374,206	11,054,806	7.99%
Restricted	2,013,907	2,272,499	(258,592)	-11.38%
Unrestricted	<u>(1,600,436,540)</u>	<u>(669,065,631)</u>	<u>(931,370,909)</u>	<u>139.20%</u>
Total Net Position	<u>\$ (1,448,993,621)</u>	<u>\$ (528,418,926)</u>	<u>\$ (920,574,695)</u>	<u>174.21%</u>

In Table I, total assets increased by \$24.3 million, or 5.1%. As a requirement of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date, the School District reported a net pension asset, liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems in the Statement of Net Position. This asset and

the net deferrals are not in custody of, nor are they accessible by the School District, rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note 3E of the financial statements for more information on these pension items. Total liabilities increased by \$902.1 million, or 77.3%. 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 \$922.1 million.

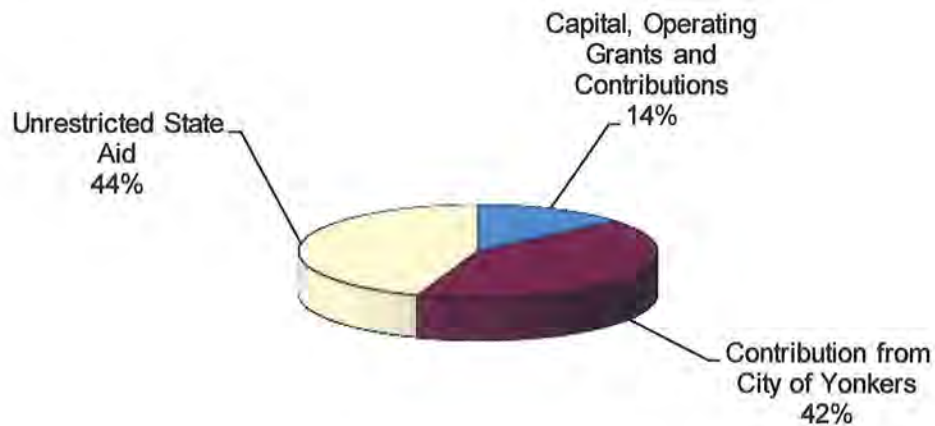
**Table II - Change in Net Position**

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>	<u>Amount Change</u>	<u>Percent Change</u>
Revenue:				
Charges for Service	\$ 2,090,096	\$ 3,286,209	\$ (1,196,113)	-36.40%
Operating grants and contributions	81,771,619	82,301,486	(529,867)	-0.64%
Capital grants and contributions	4,537,460	618,700	3,918,760	633.39%
General Revenue:				
Contribution from City of Yonkers	261,245,942	257,324,088	3,921,854	1.52%
Unrestricted State aid	279,918,275	282,424,918	(2,506,643)	-0.89%
Miscellaneous	3,822,363	1,332,404	2,489,959	186.88%
<b>Total Revenue</b>	<b>633,385,755</b>	<b>627,287,805</b>	<b>6,097,950</b>	<b>0.97%</b>
Expenses:				
General Support	84,116,261	95,681,632	(11,565,371)	-12.09%
Instruction	533,848,274	548,948,870	(15,100,596)	-2.75%
Transportation	40,684,106	39,968,682	715,424	1.79%
Interest on Long-Term Debt	4,186,698	7,054,828	(2,868,130)	-40.65%
Community Services	340,235	401,212	(60,977)	-15.20%
Cost of Sales - Food	10,836,733	7,573,861	3,262,872	43.08%
Other	21,950	121,828	(99,878)	-81.98%
<b>Total Expenses</b>	<b>674,034,257</b>	<b>699,750,913</b>	<b>(25,716,656)</b>	<b>-3.68%</b>
<b>Decrease in Net Position</b>	<b>(40,648,502)</b>	<b>(72,463,108)</b>	<b>31,814,606</b>	<b>-43.90%</b>
Net Position - Beginning	(528,418,926)	(455,955,818)	(72,463,108)	-15.89%
Cumulative Effect of Change in Accounting Principle	(879,926,193)	-	-	0.00%
Net Position - Beginning, as restated	(1,408,345,119)	-	-	
<b>Net Position - Ending</b>	<b>\$ (1,448,993,621)</b>	<b>\$ (528,418,926)</b>	<b>\$ (40,648,502)</b>	<b>-174.21%</b>

In Table II, the School District's total revenues were \$633.4 million, an increase of \$6.1 million or 1%. The total cost of all programs and services was \$674 million a decrease of \$25.7 million or 3.7%.

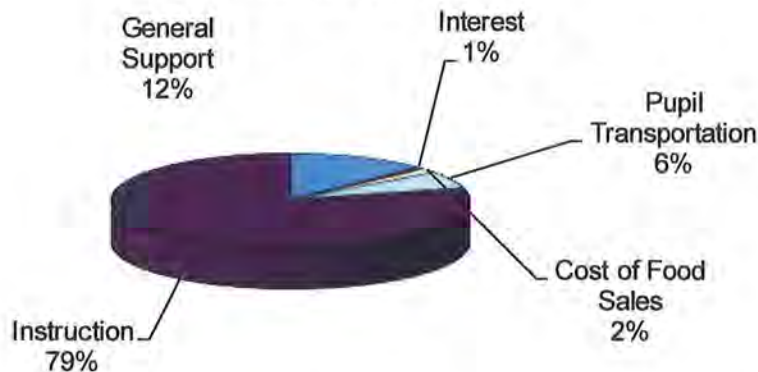
**Table III Revenue Sources for 2018:**

**Sources of Revenue for Fiscal Year 2018  
Governmental Activities**



**Table IV Sources of Expenses for 2018:**

**Expenses for Fiscal Year 2018  
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.

## General Fund Budgetary Highlights

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

**Table V - Results vs. Budget**

	Original Budget	Final Budget	Actual	Encumbrance	Variance
<b>Revenue:</b>					
Local and Miscellaneous Sources	\$ 247,821,790	\$ 247,821,790	\$ 251,052,346	\$ -	\$ 3,230,556
State Sources	303,812,539	305,312,539	300,326,079	-	(4,986,460)
Federal Sources	614,900	614,900	1,133,856	-	518,956
Interfunds Revenue	621,373	621,373	374,565	-	(246,808)
<b>Total</b>	<b>552,870,602</b>	<b>554,370,602</b>	<b>552,886,846</b>	<b>-</b>	<b>(1,483,756)</b>
<b>Expenses:</b>					
General Support	41,253,174	41,307,657	39,327,078	11,068	1,969,511
Instruction	326,888,609	325,640,120	318,988,408	71,240	6,580,472
Transportation	35,127,380	37,355,783	37,065,038	566	290,179
Employee Benefits	148,041,597	148,225,044	147,884,888	-	340,156
Debt Service	1,581,620	1,581,620	1,581,620	-	-
Transfers Out	18,609,306	18,891,462	18,781,751	-	109,711
<b>Total Expenses</b>	<b>571,501,686</b>	<b>573,001,686</b>	<b>563,628,783</b>	<b>82,874</b>	<b>9,290,029</b>
Revenue Over (under) Expense	\$ (18,631,084)	\$ (18,631,084)	\$ (10,741,937)	\$ (82,874)	\$ 7,806,273

The School District considers budget variances of 10% and \$1 million to be significant. The following variances occurred during 2018:

### Revenue

- State Aid shortfall was mostly comprised of lower than budget reimbursable revenues, such as, Transportation Aid, Building Aid, and Career Education Aid caused by prior year expense actuals being less than estimates.
- Federal Aid surplus due to increased Medicaid receipts above budget.
- Miscellaneous Aid surplus due to cancellation and refunds for previously accrued and paid expenses above budget.

### Expenditures

- The primary variance in Instruction expenditures is a result of salary savings (staff turnover, vacancies) and lower than budgeted Special Education out of district expense.
- General Support expense lower than budget primarily driven by unspent FY17 encumbrances whose fund balance was assigned to FY18.

## CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2018, the School District had \$283.6 million invested in a broad range of capital assets including land, buildings, vehicles, athletic facilities, computers, and other educational equipment. The School District continued its major renovation projects at a number of different schools during the school year, expending \$11.1 million in construction costs.



**Table VI - Capital Assets**

Category:	Fiscal Year 2018	Fiscal Year 2017	Amount Change	Percent Change
Land	\$ 6,597,219	\$ 6,597,219	\$ -	0%
Construction in Progress	38,781,646	43,172,116	(4,390,470)	-10.17%
Building and Improvements	236,117,543	230,107,801	6,009,742	2.61%
Machinery and Equipment	2,131,409	2,031,836	99,573	4.90%
Total	\$ 283,627,817	\$ 281,908,972	\$ 1,718,845	0.61%

**Long-Term Debt**

As of June 30, 2018, the School District had \$189.7 million in general obligation bonds and \$52.5 million in other long-term debt outstanding. In addition, the pension liability of \$7.3 million and other postemployment benefits obligation of \$1.67 billion are shown in the exhibit. More detailed information about the School District's long-term debt is included in the notes to the financial statements.

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

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

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

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

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

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Yonkers City School District, New York

Statement of Net Position  
June 30, 2018

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**ASSETS**

Receivables	
Accounts	\$ 9,133,252
State and Federal aid	91,156,995
Due from City of Yonkers	105,538,976
Inventories	293,391
Net pension asset	11,528,794
Capital assets	
Not being depreciated	45,378,865
Being depreciated, net	238,248,952
Total Assets	<u>501,279,225</u>

**DEFERRED OUTFLOWS OF RESOURCES**

176,966,893

**LIABILITIES**

Accounts payable	31,481,102
Accrued liabilities	25,407,136
Due to other governments	2,137,116
Due to retirement systems	30,794,519
Due to City of Yonkers	51,336,203
Overpayments	154,065
Accrued interest payable	2,492,527
Non-current liabilities	
Due within one year	31,802,001
Due in more than one year	1,893,596,699
Total Liabilities	<u>2,069,201,368</u>

**DEFERRED INFLOWS OF RESOURCES**

58,038,371

**NET POSITION**

Net investment in capital assets	149,429,012
Restricted for	
Capital projects	581,128
Debt service	1,134,894
Special purpose	297,885
Unrestricted	(1,600,436,540)
Total Net Position	<u>\$ (1,448,993,621)</u>

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

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Yonkers City School District, New York

Statement of Activities  
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
General support	\$ 84,116,261	\$ 300,267	\$ 374,565	\$ -
Instruction	533,848,274	391,995	71,771,570	4,391,918
Pupil transportation	40,684,106	-	1,184,814	-
Community services	340,235	-	340,235	-
Cost of food sales	10,836,733	1,397,834	7,991,036	-
Other	21,950	-	109,399	-
Interest	4,186,698	-	-	145,542
<b>Total Governmental Activities</b>	<b>\$ 674,034,257</b>	<b>\$ 2,090,096</b>	<b>\$ 81,771,619</b>	<b>\$ 4,537,460</b>
General revenues				
Contribution from City of Yonkers				261,245,942
Sale of property and compensation for loss				308,435
Unrestricted State aid				279,918,275
Miscellaneous				3,513,928
<b>Total General Revenues</b>				<b>544,986,580</b>
<b>Change in Net Position</b>				<b>(40,648,502)</b>
Net Position - Beginning, as reported				(528,418,926)
Cumulative Effect of Change in Accounting Principle				(879,926,193)
Net Position - Beginning, as restated				(1,408,345,119)
Net Position - Ending				<b>\$ (1,448,993,621)</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, 2018

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Receivables			
Accounts	\$ 8,815,959	\$ -	\$ 251,319
State and Federal aid	74,244,536	15,447,793	-
Due from City of Yonkers	71,867,619	-	31,344,480
Due from other funds	4,729,293	686,479	42,963
Inventories	-	-	-
Total Assets	<u>\$ 159,657,407</u>	<u>\$ 16,134,272</u>	<u>\$ 31,638,762</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 25,697,043	\$ 3,166,420	\$ 1,121,765
Accrued liabilities	23,572,781	1,259,881	386,191
Due to other governments	1,382,114	755,002	-
Due to retirement systems	30,794,519	-	-
Due to City of Yonkers	-	10,145,110	-
Due to other funds	43,561,968	807,859	1,351,085
Overpayments	154,065	-	-
Total Liabilities	125,162,490	16,134,272	2,859,041
Deferred inflows of resources			
Unavailable revenues	1,547,827	-	-
Total Liabilities and Deferred Inflows of Resources	<u>126,710,317</u>	<u>16,134,272</u>	<u>2,859,041</u>
Fund balances			
Nonspendable	-	-	-
Restricted	964,300	-	28,779,721
Assigned	24,176,517	-	-
Unassigned	7,806,273	-	-
Total Fund Balances	<u>32,947,090</u>	<u>-</u>	<u>28,779,721</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 159,657,407</u>	<u>\$ 16,134,272</u>	<u>\$ 31,638,762</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 65,974	\$ 9,133,252
1,464,666	91,156,995
2,326,877	105,538,976
41,563,212	47,021,947
293,391	293,391
<u>\$ 45,714,120</u>	<u>\$ 253,144,561</u>
\$ 1,495,874	\$ 31,481,102
188,283	25,407,136
-	2,137,116
-	30,794,519
41,191,093	51,336,203
1,301,035	47,021,947
-	154,065
<u>44,176,285</u>	<u>188,332,088</u>
-	1,547,827
<u>44,176,285</u>	<u>189,879,915</u>
293,391	293,391
468,479	30,212,500
775,965	24,952,482
-	7,806,273
<u>1,537,835</u>	<u>63,264,646</u>
<u>\$ 45,714,120</u>	<u>\$ 253,144,561</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, 2018

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Fund Balance - Total Governmental Funds	\$ 63,264,646
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>283,627,817</u>
Other long-term assets that are not available to pay for current-period expenditures are reported as unearned or deferred in the funds.	
Pension assets	11,528,794
State aid	<u>1,547,827</u>
	<u>13,076,621</u>
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension liabilities whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	4,324,789
Deferred amounts on net pension assets (liabilities)	<u>114,603,733</u>
	<u>118,928,522</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(2,492,527)
Bonds payable	(189,659,661)
Notes payable	(9,473,797)
State loan payable	(2,400,000)
Retirement incentives and other pension obligations	(22,331,503)
Compensated absences	(18,323,132)
Net pension liability	(7,261,697)
Other post employment benefit obligations payable	<u>(1,675,948,910)</u>
	<u>(1,927,891,227)</u>
Net Position of Governmental Activities	<u>\$ (1,448,993,621)</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, 2018

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Charges for services	\$ 391,995	\$ -	\$ -
Use of money and property	300,267	-	-
Sale of property and compensation for loss	308,435	-	-
Interfund revenues	374,565	-	-
State aid	300,326,079	21,480,017	3,675,661
Federal aid	1,133,856	31,570,599	-
Food sales	-	-	-
Miscellaneous	3,514,637	155,554	-
Total Revenues	<u>306,349,834</u>	<u>53,206,170</u>	<u>3,675,661</u>
<b>EXPENDITURES</b>			
Current			
General support	39,327,078	374,565	-
Instruction	318,988,408	51,698,303	-
Pupil transportation	37,065,038	1,184,814	-
Community services	-	340,235	-
Employee benefits	147,884,888	993,742	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	1,265,241	-	-
Interest	316,379	-	-
Refunding bond issuance costs	-	-	-
Capital outlay	-	-	18,841,096
Total Expenditures	<u>544,847,032</u>	<u>54,591,659</u>	<u>18,841,096</u>
Deficiency of Revenues Over Expenditures	<u>(238,497,198)</u>	<u>(1,385,489)</u>	<u>(15,165,435)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Insurance recoveries	-	-	716,257
Bonds issued	-	-	20,405,000
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Issuance premium	-	-	1,762,363
Contribution from City of Yonkers	246,537,012	-	-
Transfers in	-	1,385,489	-
Transfers out	(18,781,751)	-	-
Total Other Financing Sources	<u>227,755,261</u>	<u>1,385,489</u>	<u>22,883,620</u>
Net Change in Fund Balances	<u>(10,741,937)</u>	<u>-</u>	<u>7,718,185</u>
<b>FUND BALANCES</b>			
Beginning of Year	<u>43,689,027</u>	<u>-</u>	<u>21,061,536</u>
End of Year	<u>\$ 32,947,090</u>	<u>\$ -</u>	<u>\$ 28,779,721</u>

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

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 391,995
145,735	446,002
-	308,435
-	374,565
183,099	325,664,856
7,759,169	40,463,624
1,397,834	1,397,834
157,974	3,828,165
<u>9,643,811</u>	<u>372,875,476</u>
-	39,701,643
-	370,686,711
-	38,249,852
-	340,235
2,934,053	151,812,683
7,795,242	7,795,242
21,950	21,950
25,832,354	27,097,595
5,994,550	6,310,929
292,896	292,896
-	18,841,096
<u>42,871,045</u>	<u>661,150,832</u>
<u>(33,227,234)</u>	<u>(288,275,356)</u>
-	716,257
-	20,405,000
39,387,000	39,387,000
(44,812,950)	(44,812,950)
5,718,846	7,481,209
14,708,930	261,245,942
17,396,262	18,781,751
-	(18,781,751)
<u>32,398,088</u>	<u>284,422,458</u>
(829,146)	(3,852,898)
<u>2,366,981</u>	<u>67,117,544</u>
<u>\$ 1,537,835</u>	<u>\$ 63,264,646</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, 2018

---

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (3,852,898)</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay expenditures	11,676,061
Depreciation expense	<u>(9,957,216)</u>
	<u>1,718,845</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Unavailable revenues	<u>(1,077,355)</u>
<p>Bond, note and loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities.</p>	
Bonds issued	(20,405,000)
Refunding bonds issued	(39,387,000)
Payment to refunded bond escrow agent	44,812,950
Issuance premium	(7,481,209)
Principal paid on bonds	25,632,354
Principal paid on notes	1,265,241
Principal paid on State loan	200,000
Principal paid on retirement incentives and other pension obligations	3,314,818
Issuance of retirement incentives and other pension obligations	(867,826)
Amortization of loss on refunding bonds and issuance premium	<u>2,262,008</u>
	<u>9,346,336</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest	(137,777)
Compensated absences	(853,865)
Pension obligations	(3,634,884)
Other post employment benefit obligations	<u>(42,156,904)</u>
	<u>(46,783,430)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (40,648,502)</u></u>

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

**Yonkers City School District, New York**

Statement of Revenues, Expenditures and Changes  
in Fund Balances - Budget and Actual  
General and Special Aid Funds  
Year Ended June 30, 2018

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Charges for services	\$ 434,500	\$ 434,500	\$ 391,995	\$ (42,505)
Use of money and property	268,000	268,000	300,267	32,267
Sale of property and compensation for loss	-	-	308,435	308,435
Interfund revenues	621,373	621,373	374,565	(246,808)
State aid	303,812,539	305,312,539	300,326,079	(4,986,460)
Federal aid	614,900	614,900	1,133,856	518,956
Miscellaneous	686,300	686,300	3,514,637	2,828,337
<b>Total Revenues</b>	<b>306,437,612</b>	<b>307,937,612</b>	<b>306,349,834</b>	<b>(1,587,778)</b>
<b>EXPENDITURES</b>				
Current				
General support	41,253,174	41,307,657	39,327,078	1,980,579
Instruction	326,888,609	325,640,120	318,988,408	6,651,712
Pupil transportation	35,127,380	37,355,783	37,065,038	290,745
Community services	-	-	-	-
Employee benefits	148,041,597	148,225,044	147,884,888	340,156
Debt service				
Principal	1,265,241	1,265,241	1,265,241	-
Interest	316,379	316,379	316,379	-
<b>Total Expenditures</b>	<b>552,892,380</b>	<b>554,110,224</b>	<b>544,847,032</b>	<b>9,263,192</b>
Deficiency of Revenues Over Expenditures	(246,454,768)	(246,172,612)	(238,497,198)	7,675,414
<b>OTHER FINANCING SOURCES (USES)</b>				
Contribution from City of Yonkers	246,432,990	246,432,990	246,537,012	104,022
Transfers in	-	-	-	-
Transfers out	(18,609,306)	(18,891,462)	(18,781,751)	109,711
<b>Total Other Financing Sources</b>	<b>227,823,684</b>	<b>227,541,528</b>	<b>227,755,261</b>	<b>213,733</b>
<b>Net Change in Fund Balances</b>	<b>(18,631,084)</b>	<b>(18,631,084)</b>	<b>(10,741,937)</b>	<b>7,889,147</b>
<b>FUND BALANCES</b>				
Beginning of Year	18,631,084	18,631,084	43,689,027	25,057,943
End of Year	\$ -	\$ -	\$ 32,947,090	\$ 32,947,090

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
26,298,407	26,136,618	21,480,017	(4,656,601)
33,026,956	35,435,060	31,570,599	(3,864,461)
343,335	155,555	155,554	(1)
<u>59,668,698</u>	<u>61,727,233</u>	<u>53,206,170</u>	<u>(8,521,063)</u>
437,024	436,516	374,565	61,951
57,650,092	60,001,240	51,698,303	8,302,937
1,512,220	1,220,142	1,184,814	35,328
529,049	529,022	340,235	188,787
1,035,513	1,035,513	993,742	41,771
-	-	-	-
<u>61,163,898</u>	<u>63,222,433</u>	<u>54,591,659</u>	<u>8,630,774</u>
<u>(1,495,200)</u>	<u>(1,495,200)</u>	<u>(1,385,489)</u>	<u>109,711</u>
-	-	-	-
1,495,200	1,495,200	1,385,489	(109,711)
-	-	-	-
<u>1,495,200</u>	<u>1,495,200</u>	<u>1,385,489</u>	<u>(109,711)</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Yonkers City School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2018

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and equivalents	\$ 348,331
Accounts receivable	3,167,415
Due from City of Yonkers	<u>6,672,036</u>
 Total Assets	 <u><u>\$ 10,187,782</u></u>
 <b>LIABILITIES</b>	
Employee payroll deductions	\$ 2,106,688
Accounts payable	7,735,968
Student activity funds	<u>345,126</u>
 Total Liabilities	 <u><u>\$ 10,187,782</u></u>

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



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

The Yonkers City School District, New York ("School District") as presently constituted, operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education ("Board") is the legislative body responsible for providing education services to the residents of the City of Yonkers, New York ("City"). The members of the Board are appointed by the Mayor.

The Board is, pursuant to Section 2551 of Education Law, a legally separate entity. However, the Board has no taxing power, cannot issue debt in its own name and relies solely upon the City for appropriations. In addition, effective June 30, 2014, the City and School District entered into an inter-municipal agreement (the "IMA"). The IMA continues in perpetuity from the date of execution. The IMA requires that the City assume all School District finance and budget functions in consultation with the Superintendent of Schools and the Board. Additionally, the IMA gives the City the authority to consult on all labor contracts. The IMA also gives the City, in consultation with the Superintendent of Schools and the Board, the authority to supervise non-academic operational functions of the School District, as described in the IMA. Pursuant to the IMA, in connection with the adoption of its 2014-2015 budget, the City immediately absorbed the operations and expenses of various School District administrative functions. In addition, the IMA grants the authority to create, abolish, maintain and consolidate all positions in the non-academic operational functions described in the IMA. The School District retains the authority to create, abolish, maintain or consolidate positions which have a nexus to the academic activities of the School District, which do not fall within the scope of the finance and the budget functions and non-academic operational functions discussed in the IMA. Lastly, the IMA authorizes the City to implement a schedule of public hearings on the School District's budget, which must be held at least quarterly and must be held in consultation with the Superintendent of Schools and the Board. As such, the School District has determined that it is not a separate legal entity for financial reporting purposes pursuant to the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 14, as amended by GASB Statement No. 61. The School District is reported as governmental funds, as appropriate, within the City's financial statements.

The Superintendent services as the chief executive officer and is appointed by the Board. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and 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.

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

The accompanying financial statements present only the activities of the School District and do not purport to, and do not, present fairly the financial position of the City of Yonkers, New York as of June 30, 2018 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.

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. Copies of BOCES' financial statements can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

**B. District-Wide Financial Statements**

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

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

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

**C. Fund Financial Statements**

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single

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

column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

**Fund Categories**

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

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

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

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.

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

- 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.

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

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

**Cash and Equivalents, Investments and Risk Disclosure**

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

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

**Cash and Equivalents** - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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

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

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

**Risk Disclosure**

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

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2018.

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not

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

have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

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

**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, 2018, 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, 2018, balances of interfund amounts receivable or payable have been recorded.

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

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

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

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

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

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

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

**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 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.

Deferred outflows and inflows of resources have been reported on the district-wide Statement of Net Position for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
New York State Teachers' Retirement System	\$ 151,124,897	\$ 34,245,841
New York State and Local Employees' Retirement System	21,517,207	23,792,530
Deferred loss on refunding bonds	<u>4,324,789</u>	<u>-</u>
	<u>\$ 176,966,893</u>	<u>\$ 58,038,371</u>

The School District also reports deferred inflows of resources of \$1,547,827 for State aid that did not meet the availability criteria in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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

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

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

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

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 capital projects, debt service and special purpose. The balance is classified as unrestricted.

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

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

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

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year,



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

commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the School District removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

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

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

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

**F. Encumbrances**

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

**G. Use of Estimates**

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

**H. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 28, 2018.

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

**A. Budgetary Data**

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

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

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

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2018

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

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

For the year ended June 30, 2018, the School District implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB)". This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the 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 \$(879,926,193).

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

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

The balances reflected as due from to other funds at June 30, 2018 were as follows:

Fund	Due From	Due To
General	\$ 4,729,293	\$ 43,561,968
Special Aid	686,479	807,859
Capital Projects	42,963	1,351,085
Non-Major Governmental	41,563,212	1,301,035
	\$ 47,021,947	\$ 47,021,947

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

**B. Capital Assets**

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

Class	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital Assets, not being depreciated:				
Land	\$ 6,597,219	\$ -	\$ -	\$ 6,597,219
Construction in progress	43,172,116	11,129,076	15,519,546	38,781,646
Total Capital Assets, not being depreciated	\$ 49,769,335	\$ 11,129,076	\$ 15,519,546	\$ 45,378,865

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2018

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

Class	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, being depreciated:				
Buildings and Improvements	\$ 391,973,245	\$ 15,519,546	\$ 36,934	\$ 407,455,857
Machinery and Equipment	6,415,830	546,985	3,155,756	3,807,059
Total Capital Assets, being depreciated	398,389,075	16,066,531	3,192,690	411,262,916
Less Accumulated Depreciation for:				
Buildings and Improvements	161,865,444	9,509,804	36,934	171,338,314
Machinery and Equipment	4,383,994	447,412	3,155,756	1,675,650
Total Accumulated Depreciation	166,249,438	9,957,216	3,192,690	173,013,964
Total Capital Assets, being depreciated, net	\$ 232,139,637	\$ 6,109,315	\$ -	\$ 238,248,952
Capital Assets, net	\$ 281,908,972	\$ 17,238,391	\$ 15,519,546	\$ 283,627,817

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

General Support	\$ 5,724,013
Instruction	4,212,046
Pupil Transportation	10,272
Cost of Food Sales	10,885
Total Depreciation Expense	\$ 9,957,216

**C. Accrued Liabilities**

Accrued liabilities at June 30, 2018 were as follows:

	Fund				Total
	General	Special Aid	Capital Projects	Non-Major Governmental	
Payroll and Employee Benefits	\$ 15,025,987	\$ 786,249	\$ -	\$ 175,884	\$ 15,988,120
Tuition	7,560,518	473,632	-	-	8,034,150
Health	9,440	-	-	-	9,440
Other	976,836	-	386,191	12,399	1,375,426
	\$ 23,572,781	\$ 1,259,881	\$ 386,191	\$ 188,283	\$ 25,407,136

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2018

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

**D. Short-Term Capital Borrowings**

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

Purpose	Year of Original Issue	Rate of Interest	Balance July 1, 2017	Maturities and/or Payments	Balance June 30, 2018
Textbooks and equipment	2017	2.25 %	\$ 2,700,000	\$ 2,700,000	\$ -

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

Interest expense/expenditures was recorded in the City's financial statements.

**E. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2018:

	Balance July 1, 2017	Cumulative Effect of Change in Accounting Principle *	Balance as Restated July 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2018	Due Within One-Year
<b>Governmental Activities</b>							
Bonds Payable							
Capital Construction	\$ 148,369,512	\$ -	\$ 148,369,512	\$ 37,660,000	\$ 40,312,354	\$ 145,717,158	\$ 21,068,504
Deficit Financing	33,800,000	-	33,800,000	22,132,000	26,335,000	29,597,000	3,300,000
	182,169,512	-	182,169,512	59,792,000	66,647,354	175,314,158	24,368,504
Unamortized Premium on Bonds	9,744,990	-	9,744,990	7,481,209	2,880,696	14,345,503	-
	191,914,502	-	191,914,502	67,273,209	69,528,050	189,659,661	24,368,504
Notes Payable	10,739,038	-	10,739,038	-	1,265,241	9,473,797	1,320,595
State Loan Payable	2,600,000	-	2,600,000	-	200,000	2,400,000	200,000
<b>Other Non-current Liabilities:</b>							
Retirement Incentives and							
Other Pension Obligations	24,778,495	-	24,778,495	867,826	3,314,818	22,331,503	4,080,902
Compensated Absences	17,469,267	-	17,469,267	2,600,865	1,747,000	18,323,132	1,832,000
Net Pension Liability	38,089,608	-	38,089,608	-	30,827,911	7,261,697	-
Other Post Employment Benefit Obligations	753,865,813	879,926,193	1,633,792,006	77,617,819	35,460,915	1,675,948,910	-
<b>Total Other Non-current Liabilities</b>	<b>834,203,183</b>	<b>879,926,193</b>	<b>1,714,129,376</b>	<b>81,086,510</b>	<b>71,350,644</b>	<b>1,723,865,242</b>	<b>5,912,902</b>
<b>Governmental Activities</b>							
<b>Total Long-Term Liabilities</b>	<b>\$ 1,039,456,723</b>	<b>\$ 879,926,193</b>	<b>\$ 1,919,382,916</b>	<b>\$ 148,359,719</b>	<b>\$ 142,343,935</b>	<b>\$ 1,925,398,700</b>	<b>\$ 31,802,001</b>

\*See note 2B

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2018

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

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

**Bonds Payable**

Bonds payable at June 30, 2018 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2018
District-wide Construction	2008	\$ 14,164,000	December, 2018	- %	\$ 1,700,000
District-wide Construction	2009	13,836,000	December, 2019	.350	2,800,000
District-wide Construction	2011	12,555,000	October, 2027	5.000	2,345,000
District-wide Construction	2011	15,000,000	December, 2026	5.750	9,000,000
District-wide Construction	2012	26,590,000	August, 2025	3.000	18,765,000
Refunding	2012	12,110,000	July, 2018	3.000	1,562,996
Refunding	2015	14,430,000	September, 2027	2.5 - 5.000	13,050,000
Deficit financing	2015	37,260,000	March, 2025	5.000	7,975,000
District-wide Construction	2015	21,355,000	October, 2029	2.5 - 3.000	18,740,000
District-wide Construction	2015	5,010,000	August, 2018	4.000	1,260,000
District-wide Construction	2016	18,370,000	September, 2027	3.0 - 4.264	16,995,000
Refunding	2016	14,700,766	August, 2019	4.0 - 5.000	6,714,162
District-wide Construction	2016	15,525,000	November, 2036	3.0 - 5.000	15,525,000
District-wide Construction	2017	20,405,000	June, 2038	2.0 - 5.000	20,405,000
Refunding-Deficit Financing	2017	22,132,000	October, 2025	2.0 - 5.000	21,622,000
Refunding	2017	17,255,000	June, 2031	2.0 - 5.000	16,855,000
					<u>\$ 175,314,158</u>

Interest expenditures of \$5,994,550 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$3,888,787 was recorded in the district-wide financial statements.

**Notes Payable**

During 2009, the School District entered into a contractual agreement for the acquisition of energy efficient equipment to assist the School District in reducing its ongoing energy costs. The terms of the agreement provide for annual installments of \$793,596, including interest at 2.32%, through October, 2024. The balance due at June 30, 2018 was \$5,072,814.

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, 2018 was \$4,400,983.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2018

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

Interest expenditures of \$316,379 were recorded in the fund financial statement in the General Fund. Interest expense of \$297,911 was recorded in the district-wide financial statements.

**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, 2018, the School District has recorded a liability of \$2,400,000.

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, 2018, including interest payments of \$42,021,822 are as follows:

Year Ending June 30,	Bonds		Notes Payable		State Loan
	Principal	Interest	Principal	Interest	Principal
2019	\$ 24,368,504	\$ 6,834,244	\$ 1,320,595	\$ 277,858	\$ 200,000
2020	16,354,654	5,864,959	1,378,340	237,454	200,000
2021	14,676,000	5,244,847	1,438,571	195,079	200,000
2022	15,210,000	4,506,400	1,501,399	150,647	200,000
2023	15,500,000	3,855,575	1,566,931	104,061	200,000
2024-2028	61,485,000	10,493,481	2,267,961	73,248	1,000,000
2029-2033	16,795,000	3,257,169	-	-	400,000
2034-2038	10,925,000	926,800	-	-	-
	<u>\$ 175,314,158</u>	<u>\$ 40,983,475</u>	<u>\$ 9,473,797</u>	<u>\$ 1,038,347</u>	<u>\$ 2,400,000</u>

Year Ending June 30,	Total	
	Principal	Interest
2019	\$ 25,889,099	\$ 7,112,102
2020	17,932,994	6,102,413
2021	16,314,571	5,439,926
2022	16,911,399	4,657,047
2023	17,266,931	3,959,636
2024-2028	64,752,961	10,566,729
2029-2033	17,195,000	3,257,169
2034-2038	10,925,000	926,800
	<u>\$ 187,187,955</u>	<u>\$ 42,021,822</u>

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

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

**Advance Refunding**

During the current fiscal year, the School District issued \$39,387,000 in serial bonds with interest rates ranging from 2.0%-5.0% depending on maturity. The proceeds were used to refund \$12,350,000 of the 2008 series B education bonds bearing interest at rates of 3.25% to 5.0%, \$6,435,000 of the 2011 series B education bonds bearing interest rates of 4.0% to 5.0%, and \$22,230,000 of 2015 series A education deficit bonds bearing interest rates of 4.0% to 5.0%. The net proceeds of \$44,812,950 (net of a \$5,718,846 re-offering premium and after payment of \$292,896 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 2008 series B education bonds, 2011 series B education bonds, and 2015 series A education deficit bonds. As a result the 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 \$3,797,949 and the premium received was \$5,718,846.

The School District advance refunded the 2008 series B education bonds, 2011 series B education bonds, and 2015 series A education deficit bond to reduce its total debt service payments over 13 years by \$2,567,132 and to obtain a net present value economic gain of \$2,210,368.

As of June 30, 2018, the defeased bonds outstanding were \$28,665,000.

**Retirement Incentives and Other Pension Obligations**

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rates as compared to the System's overall graded rate. The amortized amounts are to be paid in equal installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The School District has elected to amortize the maximum allowable ERS contribution in each of the fiscal years since this option was first offered excluding the June 30, 2011 year end. The amount required to be amortized under this option during the 2017-18 fiscal year was \$1,769,651, including interest of \$567,131 and was charged to the General Fund. The balance due at June 30, 2018 was \$15,531,138.

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



**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2018

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

aggregated \$4,631,076 and \$7,535,726 respectively. The balance due at June 30, 2018 was \$6,800,365.

	Original Amount Amortized	Current Year Payments	Principal Balance Due	Due Within One Year
2009-2010 ERS	\$ 829,817	\$ 107,465	\$ 292,652	\$ 92,832
2011-2012 ERS	2,236,786	272,354	994,470	235,061
2012-2013 ERS	4,122,338	483,263	2,213,209	416,867
2013-2014 ERS	5,112,072	537,144	3,652,565	399,808
2014-2015 ERS	5,861,562	606,577	4,614,652	445,065
2015-2016 ERS	2,059,587	210,757	1,769,696	152,181
2016-2017 ERS	1,213,378	119,222	1,126,068	89,606
2017-2018 ERS	867,826	-	867,826	60,080
2013-2014 TRS	4,631,076	632,719	1,829,621	592,466
2014-2015 TRS	7,535,726	1,735,968	4,970,744	1,596,936
	<u>\$ 34,470,168</u>	<u>\$ 4,705,469</u>	<u>\$ 22,331,503</u>	<u>\$ 4,080,902</u>

The current year payments are as follows:

ERS	TRS	Total
<u>\$ 2,336,782</u>	<u>\$ 2,368,687</u>	<u>\$ 4,705,469</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 day's additional pay for each year over twenty years of service. Commencing with the 2005-06 fiscal year, employees who have ten years or more of consecutive service shall be entitled to payment for their accumulated unused sick days upon retirement as follows: day's 1-49 \$10/day, day's 50-99 \$20/day, day's 100-149 \$30/day and day's 150-200 \$40/day. Additionally, teachers and building administrators with at least 20 years of service to the School District are also entitled to payment for accumulated unused sick days upon retirement. The amount paid to teachers for each accumulated day is based on the number of days accumulated. The amount to be paid to building administrators is \$200 per day. The value of the compensated absences has been reflected in the district-wide financial statements.

**Pension Plans**

*New York State and Local Retirement System and Teachers' 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

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

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 School District also 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.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 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. 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 rates for the plans’ year ending in 2018 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I	21.8 %
	2 75I	19.9
	3 A15	16.1
	4 A15	16.1
	5 A15	13.2
	6 A15	9.4
TRS	1-6	9.8 %

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2018

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

At June 30, 2018, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Net pension liability (asset)	\$ 7,261,697	\$ (11,528,794)
School Districts' proportion of the net pension liability (asset)	0.2249983 %	1.516748 %
Change in proportion since the prior measurement date	(0.0115547) %	0.035708 %

The net pension liability (asset) was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS 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. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2018, the School District recognized pension expense in the district-wide financial statements of \$37,520,418 (\$8,914,750 for ERS and \$28,605,668 for TRS). Pension expenditures (including incentive payments) were recorded in the fund financial statements as follows:

Fund	ERS	TRS
General	\$ 10,021,107	\$ 24,273,984
Special Aid	433,409	2,363,654
School Lunch	627,990	-
<b>Total</b>	<b>\$ 11,082,506</b>	<b>\$ 26,637,638</b>

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,590,012	\$ 2,140,289	\$ 9,485,364	\$ 4,494,943
Changes of assumptions	4,815,105	-	117,307,718	-
Net difference between projected and actual earnings on pension plan investments	10,547,040	20,818,799	-	27,153,643
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,112,701	833,442	79,545	2,597,255
School District contributions subsequent to the measurement date	2,452,349	-	24,252,270	-
	<b>\$ 21,517,207</b>	<b>\$ 23,792,530</b>	<b>\$ 151,124,897</b>	<b>\$ 34,245,841</b>

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2018

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

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,075,376	\$ 6,635,232
Changes of assumptions	122,122,823	-
Net difference between projected and actual earnings on pension plan investments	10,547,040	47,972,442
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,192,246	3,430,697
School District contributions subsequent to the measurement date	26,704,619	-
	<u>\$ 172,642,104</u>	<u>\$ 58,038,371</u>

\$2,452,349 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 plan's year ended March 31, 2019. The \$24,252,270 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31, ERS	June 30, TRS
2018	\$ -	\$ 2,304,978
2019	1,798,147	30,673,110
2020	1,111,741	21,846,958
2021	(5,171,678)	5,150,674
2022	(2,465,882)	21,782,341
Thereafter	-	10,868,725

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Investment rate of return	7.0% *	7.25% *
Salary scale	3.8%	1.90%-4.72%
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.5%

\*Compounded annually, net of pension plan investment expenses, including inflation.

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

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

For TRS, 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 the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2018		TRS June 30, 2017	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55 %	35 %	5.90 %
International Equity	14	6.35	18	7.40
Private Equity	10	7.50	8	9.00
Real Estate	10	5.55	11	4.30
Domestic Fixed Income Securities	-	-	16	1.60
Global Fixed Income Securities	-	-	2	1.30
High Yield Fixed Income Securities	-	-	1	3.90
Short-Term	-	-	1	0.60
Absolute Return Strategies	2	3.75	-	-
Opportunistic Portfolio	3	5.68	-	-
Real Assets	3	5.29	-	-
Bonds and Mortgages	17	1.31	8	2.80
Cash	1	(0.25)	-	-
Inflation Indexed Bonds	4	1.25	-	-
	<u>100 %</u>		<u>100 %</u>	

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
June 30, 2018

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

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.2% for TRS.

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS and 6.25% for TRS) or 1 percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 54,943,957</u>	<u>\$ 7,261,697</u>	<u>\$ (33,075,589)</u>
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 198,606,965</u>	<u>\$ (11,528,794)</u>	<u>\$ (187,507,061)</u>

The components of the collective net pension liability as of the March 31, 2018 ERS measurement date and the June 30, 2017 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 183,400,590,000	\$ 114,708,261,032
Fiduciary net position	<u>180,173,145,000</u>	<u>115,468,360,316</u>
Employers' net pension liability (asset)	<u>\$ 3,227,445,000</u>	<u>\$ (760,099,284)</u>
Fiduciary net position as a percentage of total pension liability	<u>98.24%</u>	<u>100.66%</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, 2018 represent the projected employer contribution for the period April 1, 2018 through June 30, 2018 based on

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

paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2018 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, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 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 as of June 30, 2018 were \$2,452,349 to ERS and \$28,342,170 to TRS, including employee contributions of \$1,691,607 and incentive payments of \$2,368,687.

*Voluntary Defined Contribution Plan*

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 365 days of service. No current employees participated in this program.

**Other Post Employment Benefit Obligations**

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB 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 as noted below. 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	2,444
Active employees	3,417
	<hr/>
	5,861
	<hr/>

The School District's total OPEB liability of \$1,675,948,910 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

**Yonkers City School District, New York**

Notes to Financial Statements (Continued)

June 30, 2018

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

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.0%, average, including inflation
Discount rate	3.5%
Healthcare cost trend rates	9.0% for 2019, decreasing 0.5% per year to an ultimate rate of 5.0% for 2027 and later years
Retirees' share of benefit-related costs	Varies from 8.0% to 15.0%, depending on applicable retirement year and bargaining unit

The discount rate was based on an average of three 20-year bond indices (e.g., Bond Buyer – 20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of June 30, 2018.

Mortality rates were based on the RP-2014 Healthy Male and Female Tables for both pre and post retirement, projected with mortality improvements using Projection Scale AA for 3.50 years, plus ten years additional mortality improvement.

The actuarial assumptions used in the July 1, 2017 valuation were based on the most recent decrement tables for turnover, disability and retirement for ERS and TRS. ERS and TRS tables were based on a version released in 2015.

The School District's change in the total OPEB liability for the year ended June 30, 2018 is as follows:

Total OPEB Liability - Beginning of Year	\$ 1,633,792,006
Service cost	21,055,665
Interest	56,562,154
Benefit payments	<u>(35,460,915)</u>
Total OPEB Liability - End of Year	<u>\$ 1,675,948,910</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.5%) or 1 percentage point higher (4.5%) than the current discount rate:

	1% Decrease (2.5%)	Current Assumption (3.5%)	1% Increase (4.5%)
Total OPEB Liability	<u>\$ 2,118,329,754</u>	<u>\$ 1,675,948,910</u>	<u>\$ 1,362,121,591</u>



**Yonkers City School District, New York**

Notes to Financial Statements (Continued)  
 June 30, 2018

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (8% decreasing to 4%) or 1 percentage point higher (10% decreasing to 5%) than the current healthcare cost trend rates:

	1% Decrease (8% decreasing to 4%)	Healthcare Cost Trend Rates (9% decreasing to 5%)	1% Increase (10% decreasing to 6%)
Total OPEB Liability	\$ 1,324,789,081	\$ 1,675,948,910	\$ 2,199,368,078

For the year ended June 30, 2018, the School District recognized OPEB expense of \$77,617,819 in the district-wide financial statements. At June 30, 2018, no amounts were reported in deferred outflows/inflows of resources.

**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, 2018, the City has dedicated \$261,245,942 of ad valorem taxes to fund the educational programs of the School District.

**Interfund Transfers**

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

	Transfers In		Total
	Special Aid Fund	Non-Major Governmental Funds	
<u>Transfers Out</u>			
General Fund	\$ 1,385,489	\$ 17,396,262	\$ 18,781,751

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

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

debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

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

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

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

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)  
June 30, 2018

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

**H. Fund Balances**

	2018				2017			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable -								
Inventories	\$ -	\$ -	\$ 293,391	\$ 293,391	\$ -	\$ -	\$ 311,033	\$ 311,033
Restricted:								
Debt service	-	-	166,361	166,361	964,300	-	4,233	968,533
Debt service - for subsequent years expenditures	964,300	-	4,233	968,533	-	-	374,687	374,687
Capital projects	-	28,779,721	-	28,779,721	-	21,061,536	-	21,061,536
Special purpose	-	-	297,885	297,885	-	-	210,436	210,436
<b>Total Restricted</b>	<b>964,300</b>	<b>28,779,721</b>	<b>468,479</b>	<b>30,212,500</b>	<b>964,300</b>	<b>21,061,536</b>	<b>589,356</b>	<b>22,615,192</b>
Assigned -								
Purchases on order:								
General government support	11,068	-	-	11,068	1,137,263	-	-	1,137,263
Instruction	71,240	-	-	71,240	77,497	-	-	77,497
Pupil transportation	566	-	-	566	4,890	-	-	4,890
Cost of food sales	-	-	-	-	-	-	45,288	45,288
	82,874	-	-	82,874	1,219,650	-	45,288	1,264,938
Subsequent year's expenditures	24,093,643	-	1,087,018	25,180,661	17,411,434	-	428,500	17,839,934
School Lunch Fund	-	-	(311,053)	(311,053)	-	-	992,804	992,804
<b>Total Assigned</b>	<b>24,176,517</b>	<b>-</b>	<b>775,965</b>	<b>24,952,482</b>	<b>18,631,084</b>	<b>-</b>	<b>1,466,592</b>	<b>20,097,676</b>
Unassigned	7,806,273	-	-	7,806,273	24,093,643	-	-	24,093,643
<b>Total Fund Balances</b>	<b>\$ 32,947,090</b>	<b>\$ 28,779,721</b>	<b>\$ 1,537,835</b>	<b>\$ 63,264,646</b>	<b>\$ 43,689,027</b>	<b>\$ 21,061,536</b>	<b>\$ 2,366,981</b>	<b>\$ 67,117,544</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.

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

Subsequent year's expenditures represent that at June 30, 2018, the City has utilized the above amount to be appropriated for the ensuing year's budget.

Assigned for School Lunch Fund represents the component of fund balance that reports the difference between assets and liabilities of the School Lunch Fund.

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

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

**A. Litigation**

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

**B. Contingencies**

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

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

**Yonkers City School District, New York**

Notes to Financial Statements (Concluded)  
June 30, 2018

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

**C. Risk Management**

*Property, Automobile and Errors and Omissions*

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

*Workers' Compensation and Liability Claims*

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

*Health Benefits*

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

**Note 5 - Subsequent Event**

In August 2018, the School District, through the City, issued bond anticipation notes in the amount of \$2,700,000, maturing in May 2019 with interest rates ranging from 3.0-3.5%.

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**Yonkers City School District, New York**

Required Supplementary Information - Schedule of Changes in the  
 School District's Total OPEB Liability and Related Ratios  
 Last Ten Fiscal Years (1) (3)

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$ 21,055,665
Interest	56,562,154
Benefit payments	<u>(35,460,915)</u>
Net Change in Total OPEB Liability	42,156,904
Total OPEB Liability – Beginning of Year	<u>1,633,792,006</u> (2)
Total OPEB Liability – End of Year	<u>\$ 1,675,948,910</u>
School District's covered-employee payroll	<u>\$ 279,031,345</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>600.63%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) Restated for the implementation of the provisions of GASB Statement No. 75.

(3) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

**Yonkers City School District, New York**

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

	<u>2018 (3)</u>	<u>2017 (2)</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability (asset)	<u>1.516748%</u>	<u>1.481040%</u>	<u>1.475492%</u>	<u>1.447884%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (11,528,794)</u>	<u>\$ 15,862,559</u>	<u>\$ (153,256,641)</u>	<u>\$ (164,733,013)</u>
School District's covered-employee payroll	<u>\$ 240,090,469</u>	<u>\$ 228,539,404</u>	<u>\$ 221,638,990</u>	<u>\$ 207,758,212</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>4.80%</u>	<u>6.94%</u>	<u>69.15%</u>	<u>79.29%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

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

- (1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- (2) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.
- (3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.



**Yonkers City School District, New York**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 24,383,232	\$ 28,138,603	\$ 30,304,325	\$ 38,853,314
Contributions in relation to the contractually required contribution	<u>(24,383,232)</u>	<u>(28,138,603)</u>	<u>(30,304,325)</u>	<u>(38,853,314)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 248,808,490</u>	<u>\$ 240,090,469</u>	<u>\$ 228,539,404</u>	<u>\$ 221,638,990</u>
Contributions as a percentage of covered payroll	<u>9.80%</u>	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

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

**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>2018</u>	<u>2017</u>	<u>2016 (2)</u>	<u>2015</u>
School District's proportion of the net pension liability	<u>0.2249983%</u>	<u>0.2365530%</u>	<u>0.2305044%</u>	<u>0.2600000%</u>
School District's proportionate share of the net pension liability	<u>\$ 7,261,697</u>	<u>\$ 22,227,049</u>	<u>\$ 36,996,600</u>	<u>\$ 8,667,336</u>
School District's covered payroll	<u>\$ 69,455,634</u>	<u>\$ 63,494,500</u>	<u>\$ 64,732,543</u>	<u>\$ 62,258,485</u>
School District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>10.46%</u>	<u>35.01%</u>	<u>57.15%</u>	<u>13.92%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

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

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

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

**Yonkers City School District, New York**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 9,413,104	\$ 9,761,360	\$ 9,908,281	\$ 13,039,579
Contributions in relation to the contractually required contribution	<u>(9,413,104)</u>	<u>(9,761,360)</u>	<u>(9,908,281)</u>	<u>(13,039,579)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 70,709,569</u>	<u>\$ 63,816,965</u>	<u>\$ 62,967,109</u>	<u>\$ 60,571,468</u>
Contributions as a percentage of covered payroll	<u>13.31%</u>	<u>15.30%</u>	<u>15.74%</u>	<u>21.53%</u>

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

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**Yonkers City School District, New York**

General Fund  
Comparative Balance Sheet  
June 30,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Receivables		
Accounts	\$ 8,815,959	\$ 11,416,566
State and Federal aid	74,244,536	73,279,079
Due from City of Yonkers	71,867,619	47,159,355
Due from other funds	<u>4,729,293</u>	<u>31,391,576</u>
Total Assets	<u>\$ 159,657,407</u>	<u>\$ 163,246,576</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 25,697,043	\$ 6,491,596
Accrued liabilities	23,572,781	33,284,966
Due to other governments	1,382,114	1,325,243
Due to retirement systems	30,794,519	34,133,804
Due to other funds	43,561,968	41,548,786
Overpayments	<u>154,065</u>	<u>147,972</u>
Total Liabilities	125,162,490	116,932,367
Deferred inflows of resources		
Unavailable revenues	<u>1,547,827</u>	<u>2,625,182</u>
Total Liabilities and Deferred inflows of Resources	<u>126,710,317</u>	<u>119,557,549</u>
Fund balance		
Restricted	964,300	964,300
Assigned	24,176,517	18,631,084
Unassigned	<u>7,806,273</u>	<u>24,093,643</u>
Total Fund Balance	<u>32,947,090</u>	<u>43,689,027</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 159,657,407</u>	<u>\$ 163,246,576</u>

See independent auditors' report.

**Yonkers City School District, New York**

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

	2018				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
<b>REVENUES</b>					
Charges for services	\$ 434,500	\$ 434,500	\$ 391,995	\$	\$ (42,505)
Use of money and property	268,000	268,000	300,267		32,267
Sale of property and compensation for loss	-	-	308,435		308,435
Interfund revenues	621,373	621,373	374,565		(246,808)
State aid	303,812,539	305,312,539	300,326,079		(4,986,460)
Federal aid	614,900	614,900	1,133,856		518,956
Miscellaneous	686,300	686,300	3,514,637		2,828,337
<b>Total Revenues</b>	<b>306,437,612</b>	<b>307,937,612</b>	<b>306,349,834</b>		<b>(1,587,778)</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
<b>General support</b>					
Board of education	290,050	310,831	247,658	-	63,173
Central administration	1,224,000	1,193,142	1,103,717	-	89,425
Finance	217,870	217,870	143,490	-	74,380
Staff	-	-	-	-	-
Central services	38,535,154	38,605,714	36,875,476	11,068	1,719,170
Special items	986,100	980,100	956,737	-	23,363
<b>Total General Support</b>	<b>41,253,174</b>	<b>41,307,657</b>	<b>39,327,078</b>	<b>11,068</b>	<b>1,969,511</b>
<b>Instruction</b>					
Instruction, administration and improvement	31,166,359	30,889,859	30,267,519	13,248	609,092
Teaching - Regular school	178,870,390	178,551,029	176,562,972	2,673	1,985,384
Programs for students with disabilities	87,382,485	87,703,807	84,907,644	319	2,795,844
Occupational education	6,685,691	6,459,897	6,358,225	2,385	99,287
Instructional media	2,016,437	2,097,636	1,748,106	-	349,530
Pupil services	20,767,247	19,937,892	19,143,942	52,615	741,335
<b>Total Instruction</b>	<b>326,888,609</b>	<b>325,640,120</b>	<b>318,988,408</b>	<b>71,240</b>	<b>6,580,472</b>
Pupil transportation	35,127,380	37,355,783	37,065,038	566	290,179
Employee benefits	148,041,597	148,225,044	147,884,888	-	340,156
<b>Debt service</b>					
Principal	1,265,241	1,265,241	1,265,241	-	-
Interest	316,379	316,379	316,379	-	-
<b>Total Debt Service</b>	<b>1,581,620</b>	<b>1,581,620</b>	<b>1,581,620</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>552,892,380</b>	<b>554,110,224</b>	<b>544,847,032</b>	<b>82,874</b>	<b>9,180,318</b>
Deficiency of Revenues Over Expenditures	(246,454,768)	(246,172,612)	(238,497,198)	(82,874)	7,592,540
<b>OTHER FINANCING SOURCES (USES)</b>					
Contribution from City of Yonkers	246,432,990	246,432,990	246,537,012	-	104,022
Transfers out	(18,609,306)	(18,891,462)	(18,781,751)	-	109,711
<b>Total Other Financing Sources</b>	<b>227,823,684</b>	<b>227,541,528</b>	<b>227,755,261</b>	<b>-</b>	<b>213,733</b>
<b>Net Change in Fund Balance</b>	<b>(18,631,084)</b>	<b>(18,631,084)</b>	<b>(10,741,937)</b>	<b>\$ (82,874)</b>	<b>\$ 7,806,273</b>
<b>FUND BALANCE</b>					
Beginning of Year	18,631,084	18,631,084	43,689,027		
End of Year	\$ -	\$ -	\$ 32,947,090		

See independent auditors' report.

2017				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 376,310	\$ 376,310	\$ 367,137	\$	\$ (9,173)
363,833	363,833	321,462		(42,371)
1,000	1,000	6,281		5,281
792,881	792,881	505,788		(287,093)
304,068,377	304,068,377	303,052,043		(1,016,334)
580,600	580,600	756,806		176,206
716,549	716,549	1,651,214		934,665
<u>306,899,550</u>	<u>306,899,550</u>	<u>306,660,731</u>		<u>(238,819)</u>
291,428	295,482	235,450	198	59,834
1,124,409	1,248,784	1,075,442	30,112	143,230
176,505	176,505	104,180	63,870	8,455
20,000	-	-	-	-
38,675,123	38,377,696	35,553,876	1,043,083	1,780,737
851,803	851,803	844,065	-	7,738
<u>41,139,268</u>	<u>40,950,270</u>	<u>37,813,013</u>	<u>1,137,263</u>	<u>1,999,994</u>
29,775,594	30,394,863	29,643,839	2,068	748,956
172,600,949	171,755,328	169,922,583	17,962	1,814,783
77,788,923	80,210,920	77,833,791	-	2,377,129
6,547,973	6,592,850	6,504,629	608	87,613
1,766,212	1,751,729	1,698,336	-	53,393
18,943,801	19,540,294	18,856,037	56,859	627,398
<u>307,423,452</u>	<u>310,245,984</u>	<u>304,459,215</u>	<u>77,497</u>	<u>5,709,272</u>
38,504,318	36,381,043	33,743,575	4,890	2,632,578
146,965,014	144,953,471	139,800,562	-	5,152,909
1,211,213	1,148,626	1,148,626	-	-
354,317	416,904	416,650	-	254
<u>1,565,530</u>	<u>1,565,530</u>	<u>1,565,276</u>	<u>-</u>	<u>254</u>
535,597,582	534,096,298	517,381,641	1,219,650	15,495,007
<u>(228,698,032)</u>	<u>(227,196,748)</u>	<u>(210,720,910)</u>	<u>(1,219,650)</u>	<u>15,256,188</u>
245,450,398	245,450,398	245,450,398	-	-
(18,364,090)	(19,865,374)	(19,512,718)	-	352,656
<u>227,086,308</u>	<u>225,585,024</u>	<u>225,937,680</u>	<u>-</u>	<u>352,656</u>
(1,611,724)	(1,611,724)	15,216,770	\$ (1,219,650)	\$ 15,608,844
<u>1,611,724</u>	<u>1,611,724</u>	<u>28,472,257</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,689,027</u>		

Yonkers City School District, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>CHARGES FOR SERVICES</b>				
Day school tuition	\$ 243,300	\$ 243,300	\$ 232,001	\$ (11,299)
Summer school tuition - Individuals	3,200	3,200	1,392	(1,808)
Student fees and charges	9,000	9,000	8,854	(146)
Health services for other districts	178,000	178,000	148,234	(29,766)
Other	1,000	1,000	1,514	514
	<u>434,500</u>	<u>434,500</u>	<u>391,995</u>	<u>(42,505)</u>
<b>USE OF MONEY AND PROPERTY</b>				
Rental of real property - Individuals	218,000	218,000	214,944	(3,056)
Rental - Other governments	50,000	50,000	85,323	35,323
	<u>268,000</u>	<u>268,000</u>	<u>300,267</u>	<u>32,267</u>
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>				
Sale of property	-	-	306,850	306,850
Other	-	-	1,585	1,585
	<u>-</u>	<u>-</u>	<u>308,435</u>	<u>308,435</u>
<b>INTERFUND REVENUES</b>	<u>621,373</u>	<u>621,373</u>	<u>374,565</u>	<u>(246,808)</u>



**STATE AID**

Basic formula	239,482,531	240,982,531	221,943,262	(19,039,269)
Lottery	43,880,716	43,880,716	57,975,013	14,094,297
Educational improvement plan	17,500,000	17,500,000	17,500,000	-
Textbooks	1,887,009	1,887,009	1,859,806	(27,203)
Computer software	874,020	874,020	865,635	(8,385)
Library materials	188,263	188,263	182,363	(5,900)

	<u>303,812,539</u>	<u>305,312,539</u>	<u>300,326,079</u>	<u>(4,986,460)</u>
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**FEDERAL AID**

Medical assistance	600,000	600,000	1,115,360	515,360
Impact aid	14,900	14,900	18,496	3,596

	<u>614,900</u>	<u>614,900</u>	<u>1,133,856</u>	<u>518,956</u>
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**MISCELLANEOUS**

Refund of prior year's expenditures	665,000	665,000	3,249,943	2,584,943
Saunders Trust Fund	300	300	709	409
Other	21,000	21,000	263,985	242,985

	<u>686,300</u>	<u>686,300</u>	<u>3,514,637</u>	<u>2,828,337</u>
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**TOTAL REVENUES**

	<u>306,437,612</u>	<u>307,937,612</u>	<u>306,349,834</u>	<u>(1,587,778)</u>
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**OTHER FINANCING SOURCES**

Contribution from City of Yonkers	246,432,990	246,432,990	246,537,012	104,022
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	<u>246,432,990</u>	<u>246,432,990</u>	<u>246,537,012</u>	<u>104,022</u>
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**TOTAL REVENUES AND  
OTHER FINANCING SOURCES**

	<u>\$ 552,870,602</u>	<u>\$ 554,370,602</u>	<u>\$ 552,886,846</u>	<u>\$ (1,483,756)</u>
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See independent auditors' report.

Yonkers City School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 290,050	\$ 310,831	\$ 247,658	\$ -	\$ 63,173
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	1,224,000	1,193,142	1,103,717	-	89,425
<b>FINANCE</b>					
Auditing	217,870	217,870	143,490	-	74,380
<b>CENTRAL SERVICES</b>					
Operation of plant	29,620,588	29,887,557	28,911,733	7,432	968,392
Maintenance of plant	4,943,544	4,784,759	4,215,167	3,636	565,956
Central printing and mailing	406,548	407,301	359,694	-	47,607
Data processing	3,563,299	3,526,097	3,388,882	-	137,215
Total Central Services	38,535,154	38,605,714	36,875,476	11,068	1,719,170
<b>SPECIAL ITEMS</b>					
Unallocated insurance	986,100	980,100	956,737	-	23,363
Total General Support	41,253,174	41,307,657	39,327,078	11,068	1,969,511

**INSTRUCTION**

***INSTRUCTION, ADMINISTRATION AND IMPROVEMENT***

Curriculum development and supervision	2,457,884	2,542,383	2,499,095	198	43,090
Supervision - Regular school	27,183,675	26,925,986	26,564,760	13,050	348,176
Research, training and evaluation	1,357,259	1,263,037	1,102,190	-	160,847
In-service training - Instruction	167,541	158,453	101,474	-	56,979

Total Instruction, Administration and Improvement

31,166,359	30,889,859	30,267,519	13,248	609,092
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***TEACHING - REGULAR SCHOOL***

178,870,390	178,551,029	176,562,972	2,673	1,985,384
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***PROGRAMS FOR STUDENTS WITH DISABILITIES***

87,382,485	87,703,807	84,907,644	319	2,795,844
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***OCCUPATIONAL EDUCATION***

6,685,691	6,459,897	6,358,225	2,385	99,287
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***INSTRUCTIONAL MEDIA***

School library and audiovisual	1,112,230	1,171,290	1,163,565	-	7,725
Computer assisted instruction	904,207	926,346	584,541	-	341,805

Total Instructional Media

2,016,437	2,097,636	1,748,106	-	349,530
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***PUPIL SERVICES***

Attendance - Regular school	998,409	956,615	904,935	-	51,680
Guidance - Regular school	5,324,838	5,371,499	5,285,458	1,350	84,691
Health services - Regular school	5,496,704	5,434,861	5,166,814	-	268,047
Psychological services - Regular school	3,246,642	3,278,460	3,155,727	-	122,733
Social work services - Regular school	1,694,430	1,674,254	1,633,057	-	41,197
Interscholastic athletics - Regular school	4,006,224	3,222,203	2,997,951	51,265	172,987

Total Pupil Services

20,767,247	19,937,892	19,143,942	52,615	741,335
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Total Instruction

326,888,609	325,640,120	318,988,408	71,240	6,580,472
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(Continued)

Yonkers City School District, New York

General Fund

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

Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
<b>PUPIL TRANSPORTATION</b>					
District transportation services	\$ 4,844,172	\$ 4,870,932	\$ 4,826,786	\$ 566	\$ 43,580
Contract transportation	29,273,208	31,463,670	31,364,927	-	98,743
Public transportation	996,000	996,000	848,145	-	147,855
BOCES transportation	14,000	25,181	25,180	-	1
Total Pupil Transportation	35,127,380	37,355,783	37,065,038	566	290,179
<b>EMPLOYEE BENEFITS</b>					
State retirement	10,334,761	10,205,573	10,021,107	-	184,466
Teachers' retirement	25,063,881	24,312,831	24,273,984	-	38,847
Social security	21,799,353	21,343,244	21,291,138	-	52,106
Hospital, medical and dental benefits	86,596,625	88,237,625	88,186,786	-	50,839
Life insurance	69,119	69,119	57,547	-	11,572
Unemployment benefits	50,000	50,000	49,412	-	588
Union welfare benefits	4,127,858	4,006,652	4,004,914	-	1,738
Total Employee Benefits	148,041,597	148,225,044	147,884,888	-	340,156
<b>DEBT SERVICE</b>					
Notes payable					
Principal	1,265,241	1,265,241	1,265,241	-	-
Interest	316,379	316,379	316,379	-	-
Total Debt Service	1,581,620	1,581,620	1,581,620	-	-
<b>TOTAL EXPENDITURES</b>	<b>552,892,380</b>	<b>554,110,224</b>	<b>544,847,032</b>	<b>82,874</b>	<b>9,180,318</b>

**OTHER FINANCING USES**

Transfers out

Special Aid Fund	1,495,200	1,495,200	1,385,489	-	109,711
School Lunch Fund	350,000	632,156	632,156	-	-
Debt Service Fund	<u>16,764,106</u>	<u>16,764,106</u>	<u>16,764,106</u>	<u>-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING USES</b>	<u>18,609,306</u>	<u>18,891,462</u>	<u>18,781,751</u>	<u>-</u>	<u>109,711</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 571,501,686</u>	<u>\$ 573,001,686</u>	<u>\$ 563,628,783</u>	<u>\$ 82,874</u>	<u>\$ 9,290,029</u>

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Yonkers City School District, New York

Special Aid Fund  
Comparative Balance Sheet  
June 30,

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	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Receivables		
State and Federal aid	\$ 15,447,793	\$ 17,241,937
Due from other funds	<u>686,479</u>	<u>387,488</u>
Total Assets	<u>\$ 16,134,272</u>	<u>\$ 17,629,425</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 3,166,420	\$ 975,422
Accrued liabilities	1,259,881	1,680,721
Due to other governments	755,002	290,085
Due to City of Yonkers	10,145,110	-
Due to other funds	<u>807,859</u>	<u>14,683,197</u>
Total Liabilities	<u>\$ 16,134,272</u>	<u>\$ 17,629,425</u>

See independent auditors' report.

**Yonkers City School District, New York**

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

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 26,298,407	\$ 26,136,618	\$ 21,480,017	\$ (4,656,601)
Federal aid	33,026,956	35,435,060	31,570,599	(3,864,461)
Miscellaneous	343,335	155,555	155,554	(1)
Total Revenues	<u>59,668,698</u>	<u>61,727,233</u>	<u>53,206,170</u>	<u>(8,521,063)</u>
<b>EXPENDITURES</b>				
Current				
General support	437,024	436,516	374,565	61,951
Instruction	57,650,092	60,001,240	51,698,303	8,302,937
Pupil transportation	1,512,220	1,220,142	1,184,814	35,328
Community services	529,049	529,022	340,235	188,787
Employee benefits	1,035,513	1,035,513	993,742	41,771
Total Expenditures	<u>61,163,898</u>	<u>63,222,433</u>	<u>54,591,659</u>	<u>8,630,774</u>
Deficiency of Revenues Over Expenditures	(1,495,200)	(1,495,200)	(1,385,489)	109,711
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>1,495,200</u>	<u>1,495,200</u>	<u>1,385,489</u>	<u>(109,711)</u>
Net Change in Fund Balance	-	-	-	-
<b>FUND BALANCE</b>				
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.



2017

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

Yonkers City School District, New York

Capital Projects Fund  
Comparative Balance Sheet  
June 30,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Receivables		
Accounts	\$ 251,319	\$ 261,606
Due from City of Yonkers	31,344,480	25,767,398
Due from other funds	<u>42,963</u>	<u>42,883</u>
Total Assets	<u>\$ 31,638,762</u>	<u>\$ 26,071,887</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,121,765	\$ 1,255,783
Accrued liabilities	386,191	-
Bond anticipation note payable	-	2,700,000
Due to other funds	<u>1,351,085</u>	<u>1,054,568</u>
Total Liabilities	2,859,041	5,010,351
Fund balance		
Restricted	<u>28,779,721</u>	<u>21,061,536</u>
Total Liabilities and Fund Balance	<u>\$ 31,638,762</u>	<u>\$ 26,071,887</u>

See independent auditors' report.

**Yonkers City School District, New York**

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

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	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
State aid	\$ 3,675,661	\$ -
<b>EXPENDITURES</b>		
Capital outlay	<u>18,841,096</u>	<u>25,241,799</u>
Deficiency of Revenues Over Expenditures	<u>(15,165,435)</u>	<u>(25,241,799)</u>
<b>OTHER FINANCING SOURCES</b>		
Insurance recoveries	716,257	598,362
Bonds issued	20,405,000	15,525,000
Issuance premium	<u>1,762,363</u>	<u>844,985</u>
Total Other Financing Sources	<u>22,883,620</u>	<u>16,968,347</u>
Net Change in Fund Balance	7,718,185	(8,273,452)
<b>FUND BALANCE</b>		
Beginning of Year	<u>21,061,536</u>	<u>29,334,988</u>
End of Year	<u>\$ 28,779,721</u>	<u>\$ 21,061,536</u>

See independent auditors' report.

Yonkers City School District, New York

Capital Projects Fund  
 Project-Length Schedule  
 Inception Of Project Through June 30, 2018

PROJECT	Authorization		Expenditures and Transfers to Date		
	Original	Revised	Prior Years	Current Year	Total
Bond Sale - March 2006	\$ 7,800,000	\$ 7,800,000	\$ 7,799,810	\$ -	\$ 7,799,810
Equipment and Technology Improvements	3,038,000	3,038,000	3,015,275	-	3,015,275
Improvements to School Buildings	12,461,168	12,461,168	12,449,283	11,885	12,461,168
Bond Sale - February 2008	18,000,000	18,000,000	17,999,146	-	17,999,146
Bond to Bond Anticipation Note - December 2011	2,800,000	2,800,000	2,721,748	1,998	2,723,746
Bond Sale - December 2011	10,000,000	10,000,000	8,246,783	1,582,029	9,828,812
Bond Sale - December 2012	27,846,460	27,846,460	26,443,791	535,560	26,979,351
Bond Anticipation Note - August 2013	5,205,900	5,205,900	5,182,217	20,049	5,202,266
Bond Sale - October 2014	21,729,385	21,778,902	20,623,123	925,579	21,548,702
Bond Sale - September 2015	19,883,325	19,883,325	16,770,107	1,900,625	18,670,732
Bond Sale - December 2016	16,369,985	16,369,985	3,330,974	6,458,642	9,789,616
Saunders Insurance Recovery	598,362	737,182	-	737,182	737,182
Bond Sale October 2017	19,467,362	22,167,362	141,999	2,991,886	3,133,885
Cash Capital - Travelers	581,128	581,128	-	-	-
Smart School Bond Act - Non-CIP	3,838,075	3,838,075	-	3,675,661	3,675,661
<b>Total</b>	<b>\$ 169,619,150</b>	<b>\$ 172,507,487</b>	<b>\$ 124,724,256</b>	<b>\$ 18,841,096</b>	<b>\$ 143,565,352</b>

See independent auditors' report.

Unexpended Balance	Methods of Financing				Fund Balance at June 30, 2018
	Proceeds of Obligations	State Aid	Other	Total	
\$ 190	\$ 7,800,000	\$ -	\$ -	\$ 7,800,000	\$ 190
22,725	3,038,000	-	-	3,038,000	22,725
-	12,461,168	-	-	12,461,168	-
854	18,000,000	-	-	18,000,000	854
76,254	2,800,000	-	-	2,800,000	76,254
171,188	10,000,000	-	-	10,000,000	171,188
867,109	27,846,460	-	-	27,846,460	867,109
3,634	5,205,900	-	-	5,205,900	3,634
230,200	21,778,902	-	-	21,778,902	230,200
1,212,593	19,883,325	-	-	19,883,325	1,212,593
6,580,369	16,369,985	-	-	16,369,985	6,580,369
-	-	-	737,182	737,182	-
19,033,477	22,167,362	-	-	22,167,362	19,033,477
581,128	-	-	581,128	581,128	581,128
162,414	-	3,675,661	-	3,675,661	-
<u>\$ 28,942,135</u>	<u>\$ 167,351,102</u>	<u>\$ 3,675,661</u>	<u>\$ 1,318,310</u>	<u>\$ 172,345,073</u>	<u>\$ 28,779,721</u>

**Yonkers City School District, New York**

Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2018  
 (With Comparative Totals for 2017)

	School Lunch	Special Purpose	Debt Service
<b>ASSETS</b>			
Receivables			
Accounts	\$ 65,822	\$ 152	\$ -
State and Federal aid	1,464,666	-	-
Due from City of Yonkers	1,381,875	945,002	-
Due from other funds	-	-	41,563,212
	<u>2,912,363</u>	<u>945,154</u>	<u>41,563,212</u>
Inventories	<u>293,391</u>	<u>-</u>	<u>-</u>
Total Assets	<u><u>\$ 3,205,754</u></u>	<u><u>\$ 945,154</u></u>	<u><u>\$ 41,563,212</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,470,924	\$ 24,950	\$ -
Accrued liabilities	183,683	4,600	-
Due to City of Yonkers	-	-	41,191,093
Due to other funds	481,791	617,719	201,525
Total Liabilities	<u>2,136,398</u>	<u>647,269</u>	<u>41,392,618</u>
Fund balances			
Nonspendable	293,391	-	-
Restricted	-	297,885	170,594
Assigned	775,965	-	-
Total Fund Balances	<u>1,069,356</u>	<u>297,885</u>	<u>170,594</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,205,754</u></u>	<u><u>\$ 945,154</u></u>	<u><u>\$ 41,563,212</u></u>

See independent auditors' report.

Total Non-Major  
Governmental Funds

2018	2017
\$ 65,974	\$ 20,659
1,464,666	557,773
2,326,877	19,018,311
41,563,212	42,304,840
45,420,729	61,901,583
293,391	311,033
<u>\$ 45,714,120</u>	<u>\$ 62,212,616</u>
\$ 1,495,874	\$ 1,426,099
188,283	410,959
41,191,093	41,168,341
1,301,035	16,840,236
44,176,285	59,845,635
293,391	311,033
468,479	589,356
775,965	1,466,592
1,537,835	2,366,981
<u>\$ 45,714,120</u>	<u>\$ 62,212,616</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, 2018  
(With Comparative Totals for 2017)

	School Lunch	Special Purpose	Debt Service
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 193	\$ 145,542
State aid	183,099	-	-
Federal aid	7,759,169	-	-
Food sales	1,397,834	-	-
Miscellaneous	48,768	109,206	-
	<u>9,388,870</u>	<u>109,399</u>	<u>145,542</u>
Total Revenues			
<b>EXPENDITURES</b>			
Current			
Employee benefits	2,934,053	-	-
Cost of food sales	7,795,242	-	-
Other	-	21,950	-
Debt service			
Principal	-	-	25,832,354
Interest	-	-	5,994,550
Refunding bond issuance costs	-	-	292,896
	<u>10,729,295</u>	<u>21,950</u>	<u>32,119,800</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,340,425)</u>	<u>87,449</u>	<u>(31,974,258)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bonds issued	-	-	39,387,000
Payment to refunded bond escrow agent	-	-	(44,812,950)
Issuance premium	-	-	5,718,846
Contribution from City of Yonkers	-	-	14,708,930
Transfers in	632,156	-	16,764,106
	<u>632,156</u>	<u>-</u>	<u>31,765,932</u>
Total Other Financing Sources			
Net Change in Fund Balances	(708,269)	87,449	(208,326)
<b>FUND BALANCES</b>			
Beginning of Year	<u>1,777,625</u>	<u>210,436</u>	<u>378,920</u>
End of Year	<u>\$ 1,069,356</u>	<u>\$ 297,885</u>	<u>\$ 170,594</u>

See independent auditors' report.



Total Non-Major  
Governmental Funds

2018	2017
\$ 145,735	\$ 20,526
183,099	190,230
7,759,169	7,459,304
1,397,834	1,520,255
157,974	30,950
9,643,811	9,221,265
2,934,053	2,116,750
7,795,242	7,317,294
21,950	121,828
25,832,354	22,164,800
5,994,550	7,209,177
292,896	-
42,871,045	38,929,849
(33,227,234)	(29,708,584)
39,387,000	-
(44,812,950)	-
5,718,846	-
14,708,930	11,873,690
17,396,262	18,288,874
32,398,088	30,162,564
(829,146)	453,980
2,366,981	1,913,001
\$ 1,537,835	\$ 2,366,981

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Yonkers City School District, New York

School Lunch Fund  
Comparative Balance Sheet  
June 30,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Receivables		
Accounts	\$ 65,822	\$ 20,659
State and Federal aid	1,464,666	557,773
Due from City of Yonkers	1,381,875	18,185,116
Due from other funds	-	756,054
	<u>2,912,363</u>	<u>19,519,602</u>
Inventories	<u>293,391</u>	<u>311,033</u>
Total Assets	<u>\$ 3,205,754</u>	<u>\$ 19,830,635</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 1,470,924	\$ 1,426,099
Accrued liabilities	183,683	371,259
Due to other funds	481,791	16,255,652
Total Liabilities	<u>2,136,398</u>	<u>18,053,010</u>
Fund balance		
Nonspendable	293,391	311,033
Assigned	775,965	1,466,592
Total Fund Balance	<u>1,069,356</u>	<u>1,777,625</u>
Total Liabilities and Fund Balance	<u>\$ 3,205,754</u>	<u>\$ 19,830,635</u>

See independent auditors' report.

**Yonkers City School District, New York**

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

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
State aid	\$ 207,480	\$ 207,480	\$ 183,099	\$ (24,381)
Federal aid	8,150,346	8,150,346	7,759,169	(391,177)
Food sales	1,684,574	1,684,574	1,397,834	(286,740)
Miscellaneous	-	-	48,768	48,768
<b>Total Revenues</b>	<u>10,042,400</u>	<u>10,042,400</u>	<u>9,388,870</u>	<u>(653,530)</u>
<b>EXPENDITURES</b>				
Current				
Employee benefits	2,954,270	2,954,270	2,934,053	20,217
Cost of food sales	7,911,918	7,911,918	7,795,242	116,676
<b>Total Expenditures</b>	<u>10,866,188</u>	<u>10,866,188</u>	<u>10,729,295</u>	<u>136,893</u>
Deficiency of Revenues Over Expenditures	<u>(823,788)</u>	<u>(823,788)</u>	<u>(1,340,425)</u>	<u>(516,637)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	350,000	350,000	632,156	282,156
Transfers out	-	-	-	-
<b>Total Other Financing Sources</b>	<u>350,000</u>	<u>350,000</u>	<u>632,156</u>	<u>282,156</u>
<b>Net Change in Fund Balance</b>	<u>(473,788)</u>	<u>(473,788)</u>	<u>(708,269)</u>	<u>(234,481)</u>
<b>FUND BALANCE</b>				
Beginning of Year	<u>473,788</u>	<u>473,788</u>	<u>1,777,625</u>	<u>1,303,837</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,069,356</u>	<u>\$ 1,069,356</u>

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 202,000	\$ 202,000	\$ 190,230	\$ (11,770)
7,777,200	7,777,200	7,459,304	(317,896)
1,492,500	1,492,500	1,520,255	27,755
-	-	-	-
<u>9,471,700</u>	<u>9,471,700</u>	<u>9,169,789</u>	<u>(301,911)</u>
2,198,844	2,189,444	2,116,750	72,694
7,606,751	7,616,151	7,317,294	298,857
<u>9,805,595</u>	<u>9,805,595</u>	<u>9,434,044</u>	<u>371,551</u>
<u>(333,895)</u>	<u>(333,895)</u>	<u>(264,255)</u>	<u>69,640</u>
350,000	350,000	1,524,784	1,174,784
(16,105)	(16,105)	-	16,105
<u>333,895</u>	<u>333,895</u>	<u>1,524,784</u>	<u>1,190,889</u>
-	-	1,260,529	1,260,529
-	-	517,096	517,096
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,777,625</u>	<u>\$ 1,777,625</u>

Yonkers City School District, New York

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Receivables		
Accounts	\$ 152	\$ -
Due from City of Yonkers	<u>945,002</u>	<u>833,195</u>
Total Assets	<u>\$ 945,154</u>	<u>\$ 833,195</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 24,950	\$ -
Accrued liabilities	4,600	39,700
Due to other funds	<u>617,719</u>	<u>583,059</u>
Total Liabilities	647,269	622,759
Fund balance		
Restricted	<u>297,885</u>	<u>210,436</u>
Total Liabilities and Fund Balance	<u>\$ 945,154</u>	<u>\$ 833,195</u>

See independent auditors' report.

**Yonkers City School District, New York**

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

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	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Use of money and property	\$ 193	\$ 188
Miscellaneous	<u>109,206</u>	<u>30,950</u>
Total Revenues	109,399	31,138
<b>EXPENDITURES</b>		
Current		
Other	<u>21,950</u>	<u>121,828</u>
Excess (Deficiency) of Revenues Over Expenditures	87,449	(90,690)
<b>FUND BALANCE</b>		
Beginning of Year	<u>210,436</u>	<u>301,126</u>
End of Year	<u><u>\$ 297,885</u></u>	<u><u>\$ 210,436</u></u>

See independent auditors' report.

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Yonkers City School District, New York

Debt Service Fund  
Comparative Balance Sheet  
June 30,

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	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Due from other funds	<u>\$ 41,563,212</u>	<u>\$ 41,548,786</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Due to City of Yonkers	\$ 41,191,093	\$ 41,168,341
Due to other funds	<u>201,525</u>	<u>1,525</u>
Total Liabilities	41,392,618	41,169,866
Fund balance		
Restricted	<u>170,594</u>	<u>378,920</u>
Total Liabilities and Fund Balance	<u>\$ 41,563,212</u>	<u>\$ 41,548,786</u>

See independent auditors' report.

**Yonkers City School District, New York**

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

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 145,542	\$ 145,542
<b>EXPENDITURES</b>				
Debt service				
Principal				
Bonds	25,632,354	25,632,354	25,632,354	-
State loan	200,000	200,000	200,000	-
	25,832,354	25,832,354	25,832,354	-
Interest				
Bonds	5,994,550	5,994,550	5,994,550	-
Refunding bond issuance costs	-	292,896	292,896	-
Total Expenditures	31,826,904	32,119,800	32,119,800	-
Deficiency of Revenues Over Expenditures	(31,826,904)	(32,119,800)	(31,974,258)	145,542
<b>OTHER FINANCING SOURCES (USES)</b>				
Refunding bonds issued	-	39,387,000	39,387,000	-
Payment to refunded bond escrow agent	-	(44,812,950)	(44,812,950)	-
Issuance premium	-	5,718,846	5,718,846	-
Contribution from City of Yonkers	14,708,930	14,708,930	14,708,930	-
Transfers in	16,743,287	16,743,287	16,764,106	20,819
Total Other Financing Sources	31,452,217	31,745,113	31,765,932	20,819
Net Change in Fund Balance	(374,687)	(374,687)	(208,326)	166,361
<b>FUND BALANCE</b>				
Beginning of Year	374,687	374,687	378,920	4,233
End of Year	\$ -	\$ -	\$ 170,594	\$ 170,594

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 20,338	\$ 20,338
21,964,800	21,964,800	21,964,800	-
200,000	200,000	200,000	-
22,164,800	22,164,800	22,164,800	-
7,209,177	7,209,177	7,209,177	-
-	-	-	-
29,373,977	29,373,977	29,373,977	-
(29,373,977)	(29,373,977)	(29,353,639)	20,338
-	-	-	-
-	-	-	-
-	-	-	-
11,873,690	11,873,690	11,873,690	-
16,780,195	16,780,195	16,764,090	(16,105)
28,653,885	28,653,885	28,637,780	(16,105)
(720,092)	(720,092)	(715,859)	4,233
720,092	720,092	1,094,779	374,687
\$ -	\$ -	\$ 378,920	\$ 378,920

**Yonkers City School District, New York**

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2018

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Adopted Budget	\$ 570,282,036
Additions	
Encumbrances	<u>1,219,650</u>
Original Budget	571,501,686
Amendments	<u>1,500,000</u>
Final Budget	<u><u>\$ 573,001,686</u></u>

See independent auditors' report.

**Yonkers City School District, New York**

Schedule of Net Investment in Capital Assets  
Year Ended June 30, 2018

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Capital Assets, net		\$ 283,627,817
Less		
Bonds payable	(145,717,158)	
Notes payable	(9,473,797)	
Unamortized portion of premium on bonds	<u>(9,077,937)</u>	(164,268,892)
Plus		
Unexpended bond proceeds	28,198,593	
Unamortized portion of loss on refunding bonds	<u>1,871,494</u>	<u>30,070,087</u>
Net Investment in Capital Assets		<u>\$ 149,429,012</u>

See independent auditors' report.

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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Yonkers City School District, New York ("School District") as of and for the year ended June 30, 2018, 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 November 28, 2018.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

November 28, 2018





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

**Independent Auditors' Report**

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

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

We have audited the Yonkers City School District, New York's ("School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2018. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

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

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

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

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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

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

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

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

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

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

November 28, 2018

Yonkers City School District, New York

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 1,086,685
National School Lunch Program - Commodities	10.555	N/A	-	572,135
National School Lunch Program - Cash	10.555	N/A	-	5,886,359
Summer Food Service Program for Children	10.559	N/A	-	213,990
			<u>-</u>	<u>7,759,169</u>
Total U.S. Department of Agriculture				
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid	84.041	N/A	-	18,496
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster - IDEA</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-18-1107	-	6,900,439
Special Education - Grants to States (IDEA, Part B)	84.027	C012183	-	592,748
Special Education - Preschool Grants (IDEA, Presch	84.173	0033-18-1107	-	216,680
			<u>-</u>	<u>7,709,867</u>
Subtotal Special Education Cluster				
Adult Education - Basic Grants to States	84.002	2338-18-2025	-	448,596
Title I Grants to Local Educational Agencies	84.010	0011-17-2008	-	100,374
Title I Grants to Local Educational Agencies	84.010	0011-17-7040	-	577,955
Title I Grants to Local Educational Agencies	84.010	0011-17-7041	-	489,267
Title I Grants to Local Educational Agencies	84.010	0011-18-2008	-	250,353
Title I Grants to Local Educational Agencies	84.010	0011-18-7150	-	165
Title I Grants to Local Educational Agencies	84.010	0021-17-3820	-	459,504
Title I Grants to Local Educational Agencies	84.010	0021-18-3820	-	9,267,462
			<u>-</u>	<u>11,145,080</u>
Career and Technical Education - Basic Grants to State	84.048	8000-18-9037	-	261,798
Career and Technical Education - Basic Grants to State	84.048	8000-18-0001	-	243,360
			<u>-</u>	<u>505,158</u>

(Continued)

Yonkers City School District, New York

Schedule of Expenditures of Federal Awards (Continued)  
 Year Ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
English Language Acquisition State Grants	84.365	0149-17-3820	\$ -	\$ 46,048
English Language Acquisition State Grants	84.365	0149-18-3820	-	110,256
English Language Acquisition State Grants	84.365	0153-17-3820	-	18,203
English Language Acquisition State Grants	84.365	0154-18-3820	-	1,668
English Language Acquisition State Grants	84.365	0293-17-3820	-	49,439
English Language Acquisition State Grants	84.365	0293-18-3820	-	412,933
			-	638,547
Supporting Effective Instruction State Grants	84.367	0147-17-3820	-	641,424
Supporting Effective Instruction State Grants	84.367	0147-18-3820	-	1,152,410
			-	1,793,834
School Improvement Grants	84.377	0123-17-4206	-	82,622
School Improvement Grants	84.377	0123-17-4208	-	35,800
School Improvement Grants	84.377	0123-18-4206	-	216,960
School Improvement Grants	84.377	0123-18-4208	-	139,224
School Improvement Grants	84.377	0123-18-7023	-	500,000
School Improvement Grants	84.377	0123-18-7024	-	497,287
School Improvement Grants	84.377	0123-18-7629	-	500,000
			-	1,971,893
Preschool Development Grants	84.419	8120-18-1005	-	7,357,624
Total U.S. Department of Education			-	31,589,095
Total Expenditures of Federal Awards			\$ -	\$ 39,348,264

(1) Catalog of Federal Domestic Assistance number.

N/A - Information not available.

The accompanying notes are an integral part of this schedule.

## Yonkers City School District, New York

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

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

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Yonkers City School District, New York ("School District") under programs of the federal government for the year ended June 30, 2018. Federal awards received directly from the federal agencies as well as federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("*Uniform Guidance*"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

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

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

**Yonkers City School District, New York**

Summary Schedule of Prior Audit Findings  
Year ended June 30, 2018

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None

**Yonkers City School District, New York**

Schedule of Findings and Questioned Costs (Concluded)  
Year ended June 30, 2018

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

*Financial Statements*

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

Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted?

\_\_\_ Yes     X  No

**Federal Awards**

Internal control over major federal programs:

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

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

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

Unmodified

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

\_\_\_ Yes     X  No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553  
10.555  
10.555  
10.559  
84.365  
84.367

Child Nutrition Cluster:  
School Breakfast Program  
National School Lunch Program – Commodities  
National School Lunch Program – Cash  
Summer Food Service Program for Children  
English Language Acquisition State Grants  
Supporting Effective Instruction State Grants

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

\$1,180,448  
 X  Yes    \_\_\_ No

**Yonkers City School District, New York**

Schedule of Findings and Questioned Costs (Concluded)  
Year ended June 30, 2018

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**Section II - Financial Statement Findings**

None

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

None