

Yonkers City School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2017

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Yonkers City School District, New York ("School District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District, as of June 30, 2017, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Special Aid funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit for the year ended June 30, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* for the year ended June 30, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2017 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2017.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the School District as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated January 4, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November __, 2017 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP
Harrison, New York
November __, 2017

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Yonkers City School District, New York

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

INTRODUCTION

The following is a discussion and analysis of the Yonkers City School District, New York ("School District") financial performance as of and for the fiscal year ended June 30, 2017. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements and related notes, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The School District's 2016-2017 actual revenue per the District-wide financial statements increased by \$18.1 million from the prior year of \$609.2 million to \$627.3 million. Additional unrestricted state and federal aid of \$13 million along with the \$7.5 million increase in the city contribution and a \$1 million decrease in miscellaneous revenue are the major contributing factors for the increase in revenue. Federal and state aid, along with the contribution from the City of Yonkers accounted for \$622 million or 99%, of all revenue in 2017. Total expenses for functions/programs in the District-wide financial statements totaled \$699.7 million and \$639.1 million in 2017 and 2016, respectively.
- At June 30, 2017, the School District reported in its Statement of Net Position a liability of \$38.1 million for its proportionate share of the net pension liability. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to financial statements.
- At June 30, 2017, liabilities and deferred inflows of resources, per the District-wide financial statements exceeded total assets and deferred outflows of resources by \$528 million. The decrease in net position was primarily caused by the School District's reporting of postemployment benefits other than pensions, which increased expenditures and liabilities by \$105.2 million.
- As of the close of the fiscal year, the School District's governmental funds reported combined fund balances surplus of \$67.1 million at June 30, 2017, an increase of \$7.4 million during 2017. These numbers will be explained in more detail throughout the MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District-wide Financial Statements

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

Fund Financial Statements

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

- **Governmental Funds**

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

- **Fiduciary Funds**

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

Notes to Basic Financial Statements

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

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

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

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

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

District-Wide Statements

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

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

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

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

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

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.

- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets
 - Restricted net positions are those with constraints placed on use by external sources or imposed by law.
 - Unrestricted net positions are categories that do not meet any of the above restrictions.

Fund Financial Statements

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

The School District has two types of funds:

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

Table I – Statement Net Position

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

In Table I, total assets decreased by \$147.3 million, or 23.6%. As a requirement of GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date, the School District reported a net pension asset, liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems in the Statement of Net Position. This asset and the net deferrals are not in custody of, nor are they accessible by the School District, rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note 3E of the financial statements for more information on these pension items. Total liabilities increased by \$78 million, or 7.16%. As discussed earlier the increase in liabilities was predominantly the result of the School District's accounting and financial reporting for postemployment benefits other than pensions, which required the recording of an additional liability of \$105.2 million.

Table II - Change in Net Position

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

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

Table III Revenue Sources for 2017:

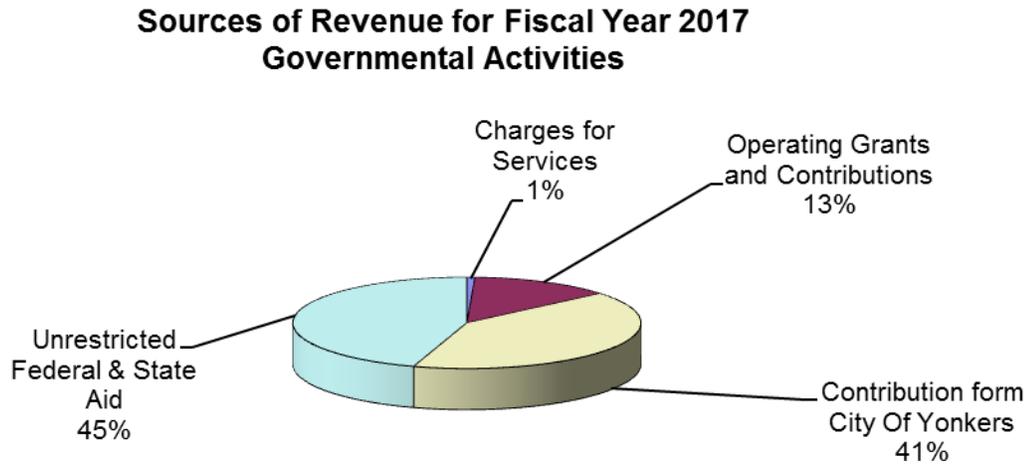
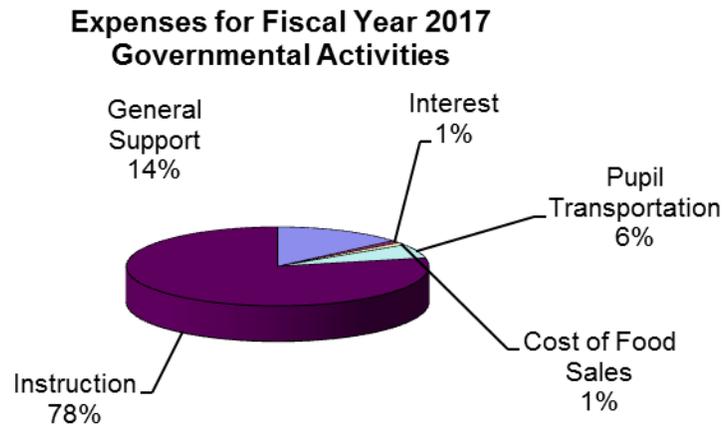


Table IV Sources of Expenses for 2017:



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT’S FUNDS

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

General Fund Budgetary Highlights

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

Table V - Results vs. Budget

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

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

- Two primary areas of the Instructional variance are salary savings (staff turnover, vacancies) and lower than budgeted Special Education Out of District expense.
- Consolidation of routes and scheduling revisions generated Transportation savings.
- Contributing factors for the reduction in Employee Benefits are that the increase in health insurance was lower than anticipated, payroll benefits correlate to salary savings, additional employee contributions and reallocation of benefit costs to Grant funded programs.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2017, the School District had \$281.9 million invested in a broad range of capital assets including land, buildings, vehicles, athletic facilities, computers, and other educational equipment. The School District continued its major renovation projects at a number of different schools during the school year, expending \$21.3 million in construction costs.

Table VI - Capital Assets

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

Long-Term Debt

As of June 30, 2017, the School District had \$191.9 million in general obligation bonds and \$55.6 in other long-term debt outstanding. In addition, the pension liability of \$38.1 million and other postemployment benefits obligation of \$753.8 million are shown in the exhibit. More detailed information about the School District's long-term debt is included in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

The School District receives approximately 44% of its revenue from the City of Yonkers. Recent State legislation changes to real property laws could impact the City's ability to increase funding to the School District which will be needed to meet its projected increased costs in future periods. Such increases in the School District's costs include contractual obligations for salary, health insurance premiums, retirement system contributions and other postemployment benefits.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

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

Yonkers City School District, New York

Statement of Net Position
June 30, 2017

ASSETS

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

DEFERRED OUTFLOWS OF RESOURCES

171,257,666

LIABILITIES

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

DEFERRED INFLOWS OF RESOURCES

9,516,817

NET POSITION

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

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

Yonkers City School District, New York

Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
General support	\$ 95,681,632	\$ 321,462	\$ 505,788	\$ -
Instruction	548,948,870	1,444,492	72,698,888	598,362
Pupil transportation	39,968,682	-	1,014,926	-
Community services	401,212	-	401,212	-
Cost of food sales	7,573,861	1,520,255	7,649,534	-
Other	121,828	-	31,138	-
Interest	7,054,828	-	-	20,338
Total Governmental Activities	\$ 699,750,913	\$ 3,286,209	\$ 82,301,486	\$ 618,700
General revenues				
Contribution from City of Yonkers				257,324,088
Sale of property and compensation for loss				6,281
Unrestricted State aid				282,424,918
Miscellaneous				1,326,123
Total General Revenues				541,081,410
Change in Net Position				(72,463,108)
Net Position - Beginning				(455,955,818)
Net Position - Ending				\$ (528,418,926)

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

Yonkers City School District, New York

Balance Sheet
 Governmental Funds
 June 30, 2017

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

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

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

Yonkers City School District, New York

Reconciliation of the Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
June 30, 2017

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

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

Yonkers City School District, New York

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

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

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

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

Yonkers City School District, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2017

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 7,397,298</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay expenditures	23,267,923
Depreciation expense	<u>(9,674,969)</u>
	<u>13,592,954</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred revenues	<u>1,077,355</u>
<p>Bond, note and loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized on the statement of activities.</p>	
Bonds issued	(15,525,000)
Issuance premium	(844,985)
Principal paid on bonds	21,964,800
Principal paid on notes	1,148,626
Principal paid on State loan	200,000
Principal paid on retirement incentives and other pension obligations	5,840,716
Issuance of retirement incentives and other pension obligations	(1,213,378)
Amortization of loss on refunding bonds and issuance premium	<u>1,364,703</u>
	<u>12,935,482</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest	(793,704)
Compensated absences	(251,767)
Pension obligations	(1,226,764)
Other post employment benefit obligations	<u>(105,193,962)</u>
	<u>(107,466,197)</u>
Change in Net Position of Governmental Activities	<u>\$ (72,463,108)</u>

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

Yonkers City School District, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General and Special Aid Funds
Year Ended June 30, 2017

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

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

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

Yonkers City School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2017

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

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

Note 1 - Summary of Significant Accounting Policies

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

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

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

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

A. Financial Reporting Entity

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

The accompanying financial statements present only the activities of the School District and do not purport to, and do not, present fairly the financial position of the City of Yonkers, New York as of June 30, 2017 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

B. District-Wide Financial Statements

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

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

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

C. Fund Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Categories

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

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

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

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

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

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

Special Revenue Funds:

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Cash and Equivalents, Investments and Risk Disclosure

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Risk Disclosure

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2017.

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Due From/To City of Yonkers - During the course of its operations, the School District has numerous transactions with the City to finance operations, provide services and construct assets. To the extent that certain transactions between the School District and the City had not been paid or received as of June 30, 2017, balances of amounts receivable or payable have been recorded.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2017, balances of interfund amounts receivable or payable have been recorded.

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

The School District reported deferred outflows of resources of \$1,145,527 for a deferred loss on refunding bonds in the district-wide Statement of Net Position. This amount results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds

Note 1 - Summary of Significant Accounting Policies (Continued)

other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

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

F. Encumbrances

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

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

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

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) The School District administration prepares a proposed budget for approval by the Board of Education. The School District must submit the budget to the Mayor and City Council's Budget Committee by March 1st. The budget is included in the City's budget and must be approved by the City Council.

Note 2 - Stewardship, Compliance and Accountability (Continued)

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

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The balances reflected as due from to other funds at June 30, 2017 were as follows:

Fund	Due From	Due To
General	\$ 31,391,576	\$ 41,548,786
Special Aid	387,488	14,683,197
Capital Projects	42,883	1,054,568
Non-Major Governmental	42,304,840	16,840,236
	\$ 74,126,787	\$ 74,126,787

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

B. Capital Assets

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

Class	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets, not being depreciated:				
Land	\$ 6,597,219	\$ -	\$ -	\$ 6,597,219
Construction in progress	30,341,572	21,312,627	8,482,083	43,172,116
Total Capital Assets, not being depreciated	\$ 36,938,791	\$ 21,312,627	\$ 8,482,083	\$ 49,769,335
Capital assets, being depreciated:				
Buildings and Improvements	\$ 382,849,499	\$ 9,123,746	\$ -	\$ 391,973,245
Machinery and Equipment	6,211,551	1,313,633	1,109,354	6,415,830
Total Capital Assets, being depreciated	389,061,050	10,437,379	1,109,354	398,389,075
Less Accumulated Depreciation for:				
Buildings and Improvements	152,737,024	9,128,420	-	161,865,444
Machinery and Equipment	4,946,799	546,549	1,109,354	4,383,994
Total Accumulated Depreciation	157,683,823	9,674,969	1,109,354	166,249,438
Total Capital Assets, being depreciated, net	\$ 231,377,227	\$ 762,410	\$ -	\$ 232,139,637
Capital Assets, net	\$ 268,316,018	\$ 22,075,037	\$ 8,482,083	\$ 281,908,972

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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

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

C. Short-Term Capital Borrowings

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

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

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

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

D. Accrued Liabilities

Accrued liabilities at June 30, 2017 were as follows:

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

E. Long-Term Liabilities

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

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

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

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

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

Interest expenditures of \$7,209,177 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$6,736,064 was recorded in the district-wide financial statements.

Notes Payable

During 2009, the School District entered into a contractual agreement for the acquisition of energy efficient equipment to assist the School District in reducing its ongoing energy costs. The terms of the agreement provide for annual installments of \$793,596, including interest at 2.32%, through October, 2024. The balance due at June 30, 2017 was \$5,733,182.

During 2011, the School District entered into a second contractual agreement to finance energy savings upgrades. The terms of the agreement provide for semi-annual installments in varying amounts from \$310,515 to \$443,505, including interest at 3.77%, through February, 2024. The balance due at June 30, 2017 was \$5,005,856.

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

State Loan Payable

The State of New York, pursuant to Chapter 88 of the Laws of 2000, accelerated \$6 million of State aid during the 1999-2000 fiscal year. In each of the subsequent 30 years, the aid formula enumerated in the statutes will reduce the accelerated portion by \$200,000 per year. This loan is interest free. Accordingly, at June 30, 2017, the School District has recorded a liability of \$2,600,000.

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

Payments to Maturity

The annual requirements to amortize all outstanding bond, notes and State loan debt as of June 30, 2017, including interest payments of \$41,136,187 are as follows:

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

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

Note 3 - Detailed Notes on All Funds (Continued)

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

Retirement Incentives and Other Pension Obligations

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rates as compared to the System's overall graded rate. The amortized amounts are to be paid in equal installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The School District has elected to amortize the maximum allowable ERS contribution in each of the fiscal years since this option was first offered excluding the June 30, 2011 year end. The amount required to be amortized under this option during the 2015-16 fiscal year was \$1,431,490, including interest of \$575,315 and was charged to the General Fund. The balance due at June 30, 2017 was \$16,432,963.

Chapter 57 of the laws of 2013, Part BB, authorized local governments at their option, to amortize a portion of their respective TRS contributions beginning in 2014. Stabilization rates will continue through 2020. The deferred contribution for years one through five will be amortized over a five-year period, with payments beginning in year six. Interest on deferred amounts will be based on the monthly average yield on 10-year U.S. Treasury securities for the 12-month period that precedes August 1 of the applicable deferred year, plus 1%. The School District has elected to amortize the maximum allowable TRS contribution for years ended June 30, 2014 and June 30, 2015 which aggregated \$4,631,076 and \$7,535,726 respectively. The balance due at June 30, 2017 was \$8,345,532.

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

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

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

Pension Plans

Employees' Retirement System

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

The ERS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2017 are as follows:

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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

At June 30, 2017, the School District reported a liability of \$22,227,049 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At March 31, 2017, the School District's proportion was .2365530%, which was an increase of .0060486% from its proportion measured as of March 31, 2016.

For the year ended June 30, 2017, the School District recognized pension expense in the district-wide financial statements of \$12,966,818. Pension expenditures of \$10,740,282, inclusive of retirement incentives and other pension obligations, were recorded in the fund financial statements (\$9,670,930 in the General Fund, \$509,463 in the Special Aid Fund and \$559,889 in the School Lunch Fund). At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 556,989	\$ 3,375,303
Changes of assumptions	7,593,574	-
Net difference between projected and actual earnings on pension plan investments	4,439,643	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,122,540	487,453
School District contributions subsequent to the measurement date	<u>2,138,206</u>	<u>-</u>
	<u>\$ 15,850,952</u>	<u>\$ 3,862,756</u>

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Year Ended March 31,	
2018	\$ 4,469,348
2019	4,469,348
2020	3,762,870
2021	(2,851,576)

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

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

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

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

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

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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

The TRS is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% depending on salary levels for their entire length of service. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rate for the plan's year ending in 2017 was 11.72%.

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

For the year ended June 30, 2017, the School District recognized pension expense in the district-wide financial statements of \$26,108,846. Pension expenditures of \$30,482,318, inclusive of retirement incentives and other pension obligations, were recorded in the fund financial statements (\$26,852,411 in the General Fund and \$3,629,907 in the Special Aid Fund). At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to TRS from the following sources:

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

\$28,138,603 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to TRS will be recognized in pension expense as follows:

Yonkers City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

Projected COLAs	1.5% compounded annually
Investment rate of return	7.5% compounded annually, net of pension plan investment expense, including inflation

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

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

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

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

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Employer and employee contributions for the year ended June 30, 2017 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS. Accrued retirement contributions to TRS as of June 30, 2017 were \$31,995,598.

Voluntary Defined Contribution Plan

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

Other Post Employment Benefit Obligations

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

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

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

The number of participants as of June 30, 2017 was as follows:

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)
June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

F. Revenues and Expenditures

Contribution from City of Yonkers

The School District is funded by State aid, charges for services and other miscellaneous revenues. The balance of the funding is provided by a contribution from the City. For the year ended June 30, 2017, the City has dedicated \$257,324,088 of ad valorem taxes to fund the educational programs of the School District.

Note 3 - Detailed Notes on All Funds (Continued)

Interfund Transfers

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

<u>Transfers Out</u>	<u>Transfers In</u>		<u>Total</u>
	<u>Special Aid Fund</u>	<u>Non-Major Governmental Funds</u>	
General Fund	<u>\$ 1,223,844</u>	<u>\$ 18,288,874</u>	<u>\$ 19,512,718</u>

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

G. Net Position

The components of net position are detailed below:

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

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

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

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

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

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

Yonkers City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2017

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

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

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

B. Contingencies

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

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

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

Yonkers City School District, New York

Notes to Financial Statements (Concluded)
June 30, 2017

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

coverage up to \$4 million. The School District maintains a policy for school leaders errors and omissions with coverage up to \$5 million in the aggregate and a policy for student professional liability with coverage up to \$3 million in the aggregate. Additionally, the School District maintains a student accident policy. Settled claims resulting from those risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Workers' Compensation and Liability Claims

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

Health Benefits

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

Note 5 - Subsequent Event

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

Yonkers City School District, New York

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

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2016	\$ -	\$ 1,251,121,663	\$ 1,251,121,663	- %	\$ 261,223,639	478.95 %
July 1, 2015	-	1,197,431,984	1,197,431,984	-	258,636,440	462.98
July 1, 2014	-	1,046,095,017	1,046,095,017	-	251,823,044	415.41

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Yonkers City School District, New York

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

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

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

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

Yonkers City School District, New York

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

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

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

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Yonkers City School District, New York

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

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

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

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

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

Yonkers City School District, New York

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

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

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

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Yonkers City School District, New York

General Fund
 Comparative Balance Sheet
 June 30,

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

See independent auditors' report.

Yonkers City School District, New York

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

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

See independent auditors' report.

2016

Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 439,000	\$ 439,000	\$ 471,839	\$	\$ 32,839
453,333	453,333	318,656		(134,677)
1,000	1,000	-		(1,000)
-	-	2,000		2,000
792,881	792,881	1,276,647		483,766
292,501,962	292,501,962	289,925,696		(2,576,266)
467,995	467,995	712,905		244,910
726,680	726,680	2,372,976		1,646,296
<u>295,382,851</u>	<u>295,382,851</u>	<u>295,080,719</u>		<u>(302,132)</u>
287,895	291,050	231,173	198	59,679
937,375	1,074,462	909,130	13,000	152,332
306,009	306,009	1,400	-	304,609
-	30,000	-	-	30,000
39,762,516	38,667,221	32,928,474	1,227,151	4,511,596
831,510	833,636	832,954	-	682
<u>42,125,305</u>	<u>41,202,378</u>	<u>34,903,131</u>	<u>1,240,349</u>	<u>5,058,898</u>
29,194,249	29,041,575	27,641,869	5,111	1,394,595
164,930,950	166,975,441	165,730,455	265,047	979,939
77,473,660	76,049,341	71,696,839	6,959	4,345,543
7,022,650	6,952,902	6,763,767	4,629	184,506
2,062,496	2,119,589	2,010,063	27,800	81,726
17,122,336	18,455,194	17,372,808	40,816	1,041,570
<u>297,806,341</u>	<u>299,594,042</u>	<u>291,215,801</u>	<u>350,362</u>	<u>8,027,879</u>
<u>38,707,537</u>	<u>38,017,775</u>	<u>34,536,456</u>	<u>21,013</u>	<u>3,460,306</u>
<u>140,112,398</u>	<u>140,472,955</u>	<u>138,499,819</u>	<u>-</u>	<u>1,973,136</u>
1,165,601	1,165,601	1,165,601	-	-
533,792	533,792	533,792	-	-
<u>1,699,393</u>	<u>1,699,393</u>	<u>1,699,393</u>	<u>-</u>	<u>-</u>
<u>520,450,974</u>	<u>520,986,543</u>	<u>500,854,600</u>	<u>1,611,724</u>	<u>18,520,219</u>
<u>(225,068,123)</u>	<u>(225,603,692)</u>	<u>(205,773,881)</u>	<u>(1,611,724)</u>	<u>18,218,087</u>
242,348,940	242,348,940	242,348,940	-	-
(19,496,516)	(18,960,947)	(18,960,947)	-	-
<u>222,852,424</u>	<u>223,387,993</u>	<u>223,387,993</u>	<u>-</u>	<u>-</u>
<u>(2,215,699)</u>	<u>(2,215,699)</u>	<u>17,614,112</u>	<u>\$ (1,611,724)</u>	<u>\$ 18,218,087</u>
<u>2,215,699</u>	<u>2,215,699</u>	<u>10,858,145</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,472,257</u>		

Yonkers City School District, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2017

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

STATE AID

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

304,068,377 304,068,377 303,052,043 (1,016,334)

FEDERAL AID

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

580,600 580,600 756,806 176,206

MISCELLANEOUS

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

716,549 716,549 1,651,214 934,665

TOTAL REVENUES

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

OTHER FINANCING SOURCES

Contribution from City of Yonkers	245,450,398	245,450,398	245,450,398	-
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**TOTAL REVENUES AND
OTHER FINANCING SOURCES**

\$ 552,349,948 \$ 552,349,948 \$ 552,111,129 \$ (238,819)

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, 2017

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

INSTRUCTION

INSTRUCTION, ADMINISTRATION AND IMPROVEMENT

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

Total Instruction, Administration and Improvement

29,775,594	30,394,863	29,643,839	2,068	748,956
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TEACHING - REGULAR SCHOOL

172,600,949	171,755,328	169,922,583	17,962	1,814,783
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PROGRAMS FOR STUDENTS WITH DISABILITIES

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

6,547,973	6,592,850	6,504,629	608	87,613
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INSTRUCTIONAL MEDIA

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

Total Instructional Media

1,766,212	1,751,729	1,698,336	-	53,393
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PUPIL SERVICES

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

Total Pupil Services

18,943,801	19,540,294	18,856,037	56,859	627,398
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Total Instruction

307,423,452	310,245,984	304,459,215	77,497	5,709,272
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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, 2017

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

OTHER FINANCING USES

Transfers out

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

TOTAL OTHER FINANCING USES

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

	<u>\$ 553,961,672</u>	<u>\$ 553,961,672</u>	<u>\$ 536,894,359</u>	<u>\$ 1,219,650</u>	<u>\$ 15,847,663</u>
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See independent auditors' report.

Yonkers City School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

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

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See independent auditors' report.

Yonkers City School District, New York

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

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

See independent auditors' report.

2016

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

Yonkers City School District, New York

Capital Projects Fund
 Comparative Balance Sheet
 June 30,

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

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See independent auditors' report.

Yonkers City School District, New York

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

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

See independent auditors' report.

Yonkers City School District, New York

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

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

See independent auditors' report.

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

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Yonkers City School District, New York

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

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

See independent auditors' report.

Total Non-Major
Governmental Funds

2017	2016
\$ 20,659	\$ 166,112
557,773	1,426,174
19,018,311	12,554,928
<u>42,304,840</u>	<u>16,633,360</u>
61,901,583	30,780,574
<u>311,033</u>	<u>88,579</u>
<u>\$ 62,212,616</u>	<u>\$ 30,869,153</u>
\$ 1,426,099	\$ 1,241,212
410,959	305,315
41,168,341	12,014,702
<u>16,840,236</u>	<u>15,394,923</u>
<u>59,845,635</u>	<u>28,956,152</u>
311,033	88,579
214,669	675,813
<u>1,841,279</u>	<u>1,148,609</u>
<u>2,366,981</u>	<u>1,913,001</u>
<u>\$ 62,212,616</u>	<u>\$ 30,869,153</u>

Yonkers City School District, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2017
(With Comparative Totals for 2016)

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

See independent auditors' report.

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

Yonkers City School District, New York

School Lunch Fund
 Comparative Balance Sheet
 June 30,

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

See independent auditors' report.

Yonkers City School District, New York

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

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

See independent auditors' report.

2016

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

Yonkers City School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

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

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See independent auditors' report.

Yonkers City School District, New York

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

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

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See independent auditors' report.

Yonkers City School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

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

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See independent auditors' report.

Yonkers City School District, New York

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

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

See independent auditors' report.

2016			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ 11,417	\$ 11,417
17,272,520	17,272,520	17,272,520	-
200,000	200,000	200,000	-
17,472,520	17,472,520	17,472,520	-
7,012,846	7,012,846	6,633,471	379,375
-	114,096	114,096	-
24,485,366	24,599,462	24,220,087	379,375
(24,485,366)	(24,599,462)	(24,208,670)	390,792
7,459,628	7,459,628	7,459,628	-
-	14,700,766	14,700,766	-
-	(15,330,913)	(15,330,913)	-
-	744,243	744,243	-
17,025,738	17,025,738	17,009,633	(16,105)
24,485,366	24,599,462	24,583,357	(16,105)
-	-	374,687	374,687
-	-	720,092	720,092
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094,779</u>	<u>\$ 1,094,779</u>

Yonkers City School District, New York

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

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

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Yonkers City School District, New York

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

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

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See independent auditors' report.

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

Independent Auditors' Report

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

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

PKF O'Connor Davies, LLP
Harrison, New York
November ____, 2017

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited the Yonkers City School District, New York's ("School District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2017. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

PKF O'Connor Davies, LLP

Harrison, New York

November ____, 2017

Yonkers City School District, New York

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

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Passed Through to Sub- recipients</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 1,010,393
National School Lunch Program - Commodities	10.555	N/A	-	581,577
National School Lunch Program - Cash	10.555	N/A	-	5,668,750
Summer Food Service Program for Children	10.559	N/A	-	198,584
			<u>-</u>	<u>7,459,304</u>
Total U.S. Department of Agriculture				
<u>U.S. Department of Education</u>				
Direct Program				
Impact Aid	84.041	N/A	-	20,377
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster - IDEA</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-17-1107	-	6,428,220
Special Education - Grants to States (IDEA, Part B)	84.027	C012183	-	603,183
Special Education - Preschool Grants (IDEA, Preschool)	84.173	0033-17-1107	-	216,343
			<u>-</u>	<u>7,247,746</u>
Subtotal Special Education Cluster				
Adult Education - Basic Grants to States	84.002	2338-17-2025	-	442,053
Title I Grants to Local Educational Agencies	84.010	0011-16-2008	-	253,853
Title I Grants to Local Educational Agencies	84.010	0011-17-2008	-	499,626
Title I Grants to Local Educational Agencies	84.010	0011-16-7040	-	92,387
Title I Grants to Local Educational Agencies	84.010	0011-17-7040	-	234,462
Title I Grants to Local Educational Agencies	84.010	0011-16-7041	-	131,870
Title I Grants to Local Educational Agencies	84.010	0011-17-7041	-	165,316
Title I Grants to Local Educational Agencies	84.010	0011-17-6116	-	247,213
Title I Grants to Local Educational Agencies	84.010	0011-17-6117	-	247,044
Title I Grants to Local Educational Agencies	84.010	0021-16-3820	-	312,151
Title I Grants to Local Educational Agencies	84.010	0021-17-3820	-	8,678,006
			<u>-</u>	<u>10,861,928</u>
Career and Technical Education - Basic Grants to States	84.048	8000-17-9037	-	269,650
Career and Technical Education - Basic Grants to States	84.048	8000-17-0001	-	251,008
			<u>-</u>	<u>520,658</u>

(Continued)

Yonkers City School District, New York

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

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

(1) Catalog of Federal Domestic Assistance number.

N/A - Information not available.

The accompanying notes are an integral part of this schedule.

Yonkers City School District, New York

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

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

DRAFT

None

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Yonkers City School District, New York

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

Section I - Summary of Auditors' Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Yes No
 Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

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

Yes No
 Yes None reported

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

Unmodified

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

Yes No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027
84.173
84.010
84.048

Special Education Cluster (IDEA):
Special Education – Grants to States (IDEA, Part B)
Special Education – Preschool Grants (IDEA Preschool)
Title I Grants to Local Educational Agencies
Career and Technical Education – Basic Grants to State (Perkins IV)

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

\$1,218,938
 Yes No

Yonkers City School District, New York

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

Section II - Financial Statement Findings

None

Section III - Federal Awards Findings and Questioned Costs

None

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