

City School District of New Rochelle, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2016

City School District of New Rochelle, New York

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Independent Auditors' Report

**The Board of Education of the
City School District of New Rochelle, 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 City School District of New Rochelle, New York ("School District") as of and for the year ended June 30, 2016, 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 School District'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 School District'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, 2016, and the respective changes in financial position and, where applicable, cash flows 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 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* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2016 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 17, 2016

City School District of New Rochelle, New York

Management's Discussion and Analysis (MD&A)

June 30, 2016

Introduction

Our discussion and analysis of the City School District of New Rochelle, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2015. To enhance your understanding of the School District's financial performance, it should be read in conjunction with the basic financial statements that immediately follow this section.

Financial Highlights

Key financial highlights for fiscal year 2015-2016 are as follows:

- The financial turnaround for the School District, which began in 2014-15, continued in fiscal year 2015-16.
- In 2014, Moody's Investor Services changed its credit outlook for the School District from stable to negative. That indicated a strong likelihood that the credit rating was going to be downgraded. This action was precipitated by years of unbalanced operating budgets and significantly diminished reserves. In June 2016, Moody's not only did not downgrade the School District's credit rating, but also removed the negative outlook. This is a substantial improvement. In fact, the School District's fiscal advisor estimates a savings of approximately \$500,000 in interest expenditures over the life of the capital bond as a result of the averted credit downgrade.
- In 2015-16, for the second year in a row, a budget was prepared for the subsequent year that is structurally balanced. This budget also stays within the New York State Tax Cap legislation (1.11% tax levy increase), a 1.42% spending increase and increases the investment in capital projects to \$2.1 million (an increase of \$1 million). This budget was passed in May 2016 by 71.56% of the voters.
- In May 2016, by a vote of 71.60%, the voters also overwhelmingly approved a bond referendum authorizing the School District to issue \$106.5 million in serial bonds to finance District-Wide Improvements on all eleven district-owned buildings.
- The School District's General Fund reported unassigned fund balance at June 30, 2016 of \$10,126,466, an increase of \$2,602,287 from the amount reported at June 30, 2015. This was primarily the result of eliminating the use of appropriated fund balance as a means of balancing the budget. The 2015-16 budget was balanced without relying upon any fund balance. This compares to the 2014-15 budget which was constructed with a reliance on the use of \$3,750,000 of fund balance to support the spending plan. By eliminating its reliance on the use of fund balance, every dollar of budgetary savings increases the School District's fund balance. As noted above, the 2016-17 adopted budget continues with this strategy of not relying on the use of fund balance as a budget balancing mechanism.
- New York State law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund noted above was at 3.99% and therefore within the

statutory limit. As a point of reference, as recently as the fiscal year ended June 30, 2013, unassigned fund balance had declined to 1.57% of the subsequent year's budget.

- In addition to maximizing the amount allotted for unassigned fund balance, the School District also added \$2.1 million to its restricted fund balance for tax certiorari obligations. This restricted portion of the School District's fund balance began the fiscal year with a balance of \$5 million, generated from the issuance of serial bonds in the prior fiscal year. Approximately \$658,000 of this fund balance was appropriated in the current year to pay tax certiorari obligations. Therefore, the School District closed the current fiscal year with a balance in its tax certiorari restriction of approximately \$6.45 million, for a net increase of \$1.45 million.
- The School District, on behalf of the public library, renewed \$815,000 in bond anticipation notes previously issued for the Public Library Improvements project and issued \$500,000 to provide additional funding for said project. The School District retired \$7,015,000 of outstanding bonded indebtedness and \$552,349 of outstanding energy performance contract indebtedness during the fiscal year.
- At the close of the current fiscal year, the School District's governmental funds financial statement shows a combined ending fund balance of \$20,726,227, a decrease of \$1,865,918 from the prior year. The net decrease results primarily from capital expenditures aggregating \$7,413,389 related to the School District's Energy Performance Contract, Webster Emergency Ceiling Repair and Public Library Improvement projects.
- On the district-wide financial statements, the assets and deferred outflows of resources of the School District exceeded liabilities and deferred inflows of resources at the close of its most recent fiscal year by \$72,060,088. The district-wide financial statements must report certain items in accordance with the pronouncements of the Governmental Accounting Standards Board ("GASB"). The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. One of the most significant of these standards requires the School District to recognize the financial impact associated with other postemployment benefit ("OPEB") obligations under the provisions of GASB Statement No. 45. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. GASB Statement No. 45 established standards for accrual based measurement and recognition of OPEB expenses over periods that approximate employees' years of active service, as well as the required note disclosures. For the year ending June 30, 2016, the School District's OPEB obligations of \$57,171,804 are reflected as a liability on the district-wide Statement of Net Position and impacts the total net position calculation. More detailed information about the School District's OPEB obligations reported in accordance with the provisions of GASB Statement No. 45 is presented in note 3, H in the notes to financial statements.
- The district-wide financial statements for the year ended June 30, 2016 are also significantly impacted by the provisions of GASB Statement No. 68. This pronouncement established accounting and financial reporting requirements associated with the School District's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS"). Under these standards, cost-sharing employers are required to report in their district-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At June 30, 2016, the School District reported in its Statement of Net Position a liability of \$12,665,693 for its proportionate share of the ERS net pension liability, while also reporting a pension asset of \$73,467,286 for its proportionate share of the TRS net pension asset. More detailed information about the School District's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension

expense and deferred inflows/outflows of resources, is presented in note 3, H in the notes to financial statements.

- The School District's total net position, as reflected in the district-wide financial statements, increased by \$11,928,901. While the increase of \$14,416,156 in the liability recorded for other post-employment benefit obligations recorded in accordance with GASB Statement No. 45 reduced net position, this amount was more than offset by pension adjustments (pension assets, net pension liabilities and deferred inflows/outflows of resources) in the net positive amount of \$18,378,656 recorded in accordance with GASB Statement No. 68 and positive operating results.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements, which are comprised of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains combining and individual fund statements and schedules in addition to the basic financial statements.

District-Wide Financial Statements

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.
 - The *statement of net position* presents information on all of the School District's assets, liabilities, and deferred inflows/outflows of resources, with the difference between these amounts reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
 - The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
 - The *governmental* activities of the School District include instruction, pupil transportation, culture and recreation, community services, cost of food sales, interest and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section, as the first two pages of the basic financial statements.

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the

fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the School District's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains seven individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Public Library Fund, Special Purpose Fund, Debt Service Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid and the Capital Projects funds, which are considered to be major funds. Data for the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.
- The School District adopts an annual budget for its General, Special Aid and Public Library funds. A budgetary comparison statement has been provided for the General and Special Aid (major) funds within the basic financial statements to demonstrate compliance with the respective budgets.
- The School District maintains a *proprietary* fund, which is an *internal service fund*, to account for its self-insured workers' compensation program. *Internal service funds* are used to accumulate and allocate costs internally among the School District's various functions. These benefits have been included within governmental activities in the district-wide financial statements.
- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statements because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit obligations, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. In the case of the City School District of New Rochelle, New York at the close of the current fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$72,060,088.

Net Position

	June 30,	
	2016	2015
Current Assets	\$ 160,097,611	\$ 166,593,290
Capital Assets, net	107,973,397	105,880,443
Total Assets	268,071,008	272,473,733
Deferred Outflows of Resources	29,478,879	23,427,379
Current Liabilities	59,886,872	58,718,349
Long-term Liabilities	138,774,698	122,833,674
Total Liabilities	198,661,570	181,552,023
Deferred Inflows of Resources	26,828,229	54,217,902
Net Position		
Net Investment in Capital Assets	54,320,399	51,033,591
Restricted for		
Capital Projects	465,842	329,841
Tax Certiorari	6,446,882	5,000,000
Unemployment Benefits	166,448	166,282
Debt Service	772,567	765,085
Workers' Compensation Benefits	995,497	540,628
School Lunch	89,244	467,580
Public Library Purposes	-	67,610
Special Purposes	466,140	509,181
Unrestricted	8,337,069	1,251,389
Total Net Position	\$ 72,060,088	\$ 60,131,187

By far, the largest component of the School District's net position (\$54,320,399) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions listed above constitute \$9,402,620 of net position and are comprised of amounts set aside for specific purposes, i.e., payments of tax certioraris, debt service, workers' compensation, etc. The remaining balance represents an unrestricted net position of \$8,337,069. Overall, the unrestricted net position increased by \$7,085,680 from the prior year, primarily from the recording of the School District's proportionate share of the net pension asset of TRS.

Change in Net Position

	June 30,	
	2016	2015
REVENUES		
Program Revenues		
Charges for Services	\$ 6,254,735	\$ 4,631,218
Operating Grants and Contributions	14,007,510	14,670,698
Capital Grants and Contributions	9,013	4,599
Total Program Revenues	<u>20,271,258</u>	<u>19,306,515</u>
General Revenues		
Real Property Taxes	179,118,852	177,948,595
Other Tax Items	24,597,109	23,808,475
Non-Property Taxes	3,382,159	3,335,025
Unrestricted Use of Money and Property	71,808	565,975
Sale of Property and Compensation for Loss	51,069	56,399
Unrestricted State Aid	36,840,923	32,705,955
Miscellaneous	1,621,525	1,679,063
Total General Revenues	<u>245,683,445</u>	<u>240,099,487</u>
Total Revenues	<u>265,954,703</u>	<u>259,406,002</u>
PROGRAM EXPENSES		
General Support	38,390,729	35,179,830
Instruction	192,112,426	184,449,802
Pupil Transportation	12,435,767	12,441,625
Culture and Recreation	5,505,760	4,831,249
Community Services	823	-
Cost of Food Sales	3,445,709	2,999,026
Interest	2,134,588	2,179,528
Total Expenses	<u>254,025,802</u>	<u>242,081,060</u>
Change in Net Position	<u>11,928,901</u>	<u>17,324,942</u>
NET POSITION		
Beginning, as reported	60,131,187	23,347,195
Cumulative Effect of Change in Accounting Principle	-	19,459,050
Beginning, as restated	<u>60,131,187</u>	<u>42,806,245</u>
Ending	<u>\$ 72,060,088</u>	<u>\$ 60,131,187</u>

The major changes were as follows:

Revenues:

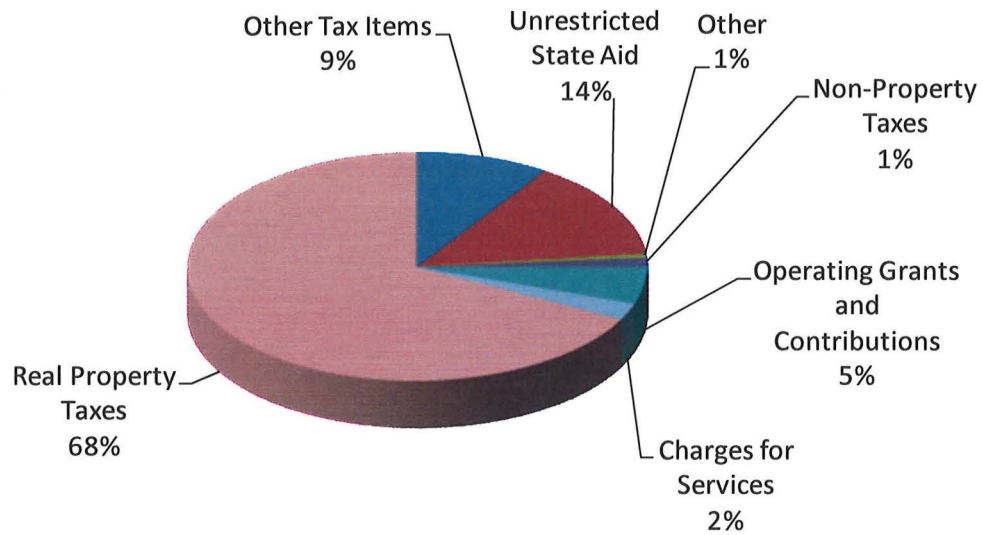
- Charges for services increased by \$1,623,517. This was the result of a decrease in the allowance for uncollectible amounts, given the collection in the current year of certain balances receivable from sending school districts for health and other services along with additional revenues derived from health services provided to students attending from other districts.
- Operating grants and contributions decreased by \$663,188 primarily from fewer grants received.
- Real property taxes increased by \$1,170,257, or .66%. This was the result of a higher tax levy of 1.99% offset by adjustments in the calculation for unpaid taxes yet to be remitted by the City of New Rochelle. The School District relies upon real property taxes as its primary revenue source.
- Other tax items increased by \$788,634 primarily from an increase in the share of the real property tax levy borne by New York State through the STAR program.
- Unrestricted use of money and property increased by \$494,167. This was the result of the premium received on the bond sale in the prior year.
- Unrestricted State aid increased by \$4,134,968 from the prior year, primarily due to the increase in the allocation of the foundation formula aid from the State and a reduction in the Gap Elimination Adjustment.

Expenses:

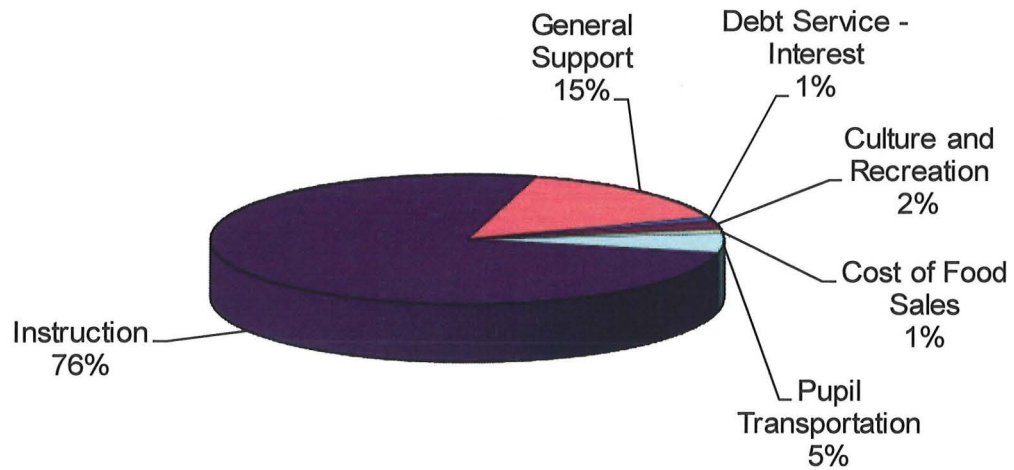
- General government support expenses at \$38,390,729 increased from \$35,179,830 in 2014-15. The increase was driven primarily by an increase in the calculation of the ERS expense in accordance with GASB Statement No. 68. The current year's discount rate was reduced from 7.5% to 7.0% thus increasing the net pension obligation and the current year's expense.
- Instruction expenses at \$192,112,426 increased from \$184,449,802 in 2014-15. The increase is primarily attributable to several factors. Contractual salary increases and increased special education costs are one factor. Increases in the OPEB liability due to a drop in the discount rate from 5% to 4% resulted in an increase in these costs by \$7.5 million from the prior year. These increases were partially offset by a decrease in the contributions required for the TRS.

Below are graphs that depict where the School District revenues were derived and how monies were spent. As you can see, the School District relies upon real property taxes (68%) as its primary revenue source, while the School District's largest expense, instruction costs, account for 76% of total expenses.

Sources of Revenue for Fiscal Year 2016 Governmental Activities



Expenses for Fiscal Year 2016 Governmental Activities



Financial Analysis of the School District's Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Fund Balance Reporting

GASB issued Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" in February 2009. The requirements of Statement No. 54 became effective for financial statements for periods ending June 30, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below:

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. According to GASB, this pronouncement should result in an improvement in the usefulness of fund balance information.

Governmental Funds

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds reported combined fund balances of \$20,726,227, a decrease of \$1,865,918 from the prior year. Exclusive of the Capital Projects Fund, total fund balance aggregates \$21,108,246. Of this amount, \$119,390 is in nonspendable form (\$108,280 for prepaid expenditures and \$11,110 for inventories) while \$7,577,037 is restricted for various purposes (\$6,446,882 for tax certiorari obligations, \$497,567 for debt service purposes, \$166,448 for unemployment benefit purposes and \$466,140 for special purposes). Another \$3,285,353 of the total fund balance is assigned to fund purchases on order (\$2,109,075), to be used for the subsequent year's budget (\$50,000 from the Public Library Fund and \$275,000 from the Debt Service Fund), to be set aside for School Lunch Fund purposes (\$78,134) and Public Library Fund purposes (\$773,144). The remainder

of the total fund balance of \$10,126,466 represents unassigned fund balance in the General Fund, which is available for use at the School District's discretion.

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$18,848,871. This represents an increase of \$3,784,178 from the prior year, most of it derived from savings on the expenditure side of the budget, in particular employee benefits and central services. As noted earlier, the amount of the unassigned fund balance is within the State's maximum limit of 4% of the ensuing year's budget.

More detailed information about the School District's governmental fund balances is presented in note 3, K in the notes to financial statements.

General Fund Budgetary Highlights – 2015-2016

The original, voter approved adopted budget of \$250,121,473 was increased by \$374,232 as a result of the rollover of prior year encumbrances for a total original budget of \$250,495,705. The budget was further revised during the 2015-16 fiscal year by a total of \$3,184,206 (from the appropriation of fund balance from the tax certiorari restriction to fund claims in the amount of \$658,118 and from the assigned and unassigned fund balance \$2,526,088 to fund a transfer to the Capital Projects Fund for the Webster Elementary School Emergency Repairs project). As a result, the final budget totaled \$253,679,911.

Revenues and other financing sources fell short of budgetary expectations by \$2,913,332. Real property taxes were \$1,741,798 less than anticipated due to lesser collections of prior year taxes. Interest and penalties were also less than anticipated by \$521,479. State aid came in less than budgeted by \$600,113, primarily in the area of non-resident homeless aid. The School District also elected not to transfer from the Debt Service Fund the \$262,375 that had been budgeted to offset debt service obligations. These shortages were partially mitigated by better than anticipated revenues realized from day school tuition and health service charges to other districts in the aggregate amount of \$1,157,328.

Expenditures and other financing uses reflect a positive variance of \$8,146,873, or 3.21%, of the final budget with savings primarily generated in the areas of employee benefits and central services. The final budget anticipated utilizing \$3,558,438 of fund balance. Actual results of operations did not utilize any of these funds but actually added \$3,784,178. Consequently, the total budget surplus was \$5,233,541.

Capital Assets

As of June 30, 2016, the School District had \$107,973,397 net of accumulated depreciation invested in a broad range of capital assets, including land, construction-in-progress, buildings and improvements, as well as machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below.

Class	June 30,	
	2016	2015
Land	\$ 176,500	\$ 176,500
Construction-in-Progress	428,883	-
Buildings and Improvements	107,166,115	105,551,767
Machinery and Equipment	201,899	152,176
Total Capital Assets, net of accumulated depreciation	<u>\$ 107,973,397</u>	<u>\$ 105,880,443</u>

The increase in capital assets during the current fiscal year results from capital outlay for the Energy Performance Contract, the Webster Emergency Ceiling repairs and Public Library Improvements projects exceeding depreciation expense in the current year.

More detailed information about the School District's capital assets is presented in note 3,D in the notes to financial statements.

Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

	June 30,	
	2016	2015
Bonds Payable	\$ 48,469,996	\$ 55,963,811
Energy Performance Contract		
Debt Payable	13,477,961	14,030,310
Claims Payable	2,257,282	2,712,150
Compensated Absences	4,731,962	4,680,056
Net Pension Liability	12,665,693	2,691,699
Other Post Employment		
Benefit Obligations Payable	57,171,804	42,755,648
Total	\$ 138,774,698	\$ 122,833,674

The claims payable amount includes workers' compensation claims that will become payable over the next few years. The School District retired \$7,015,000 in outstanding long-term bonded indebtedness and \$552,349 of energy performance contract obligations during the year. The School District's net pension liability to ERS recorded in accordance with the provisions of GASB Statement No. 68 increased primarily due to a drop in the discount rate assumption utilized by the system from 7.5% to 7.0%. The liability for other postemployment benefit obligations increased sharply due to a drop in the discount rate assumption from 5% to 4%. This obligation will continue to grow as the School District is permitted at this time by New York State only to fund its pay-as-you-go obligations.

More detailed information about the School District's long-term liabilities is presented in note 3,H in the notes to financial statements.

Requests for Information

This financial report is designed to provide a general overview of the finances of the City School District of New Rochelle for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City School District of New Rochelle
Mr. Jeffrey T. White, CPA
Assistant Superintendent for Business and Administration
City Hall, 515 North Avenue
New Rochelle, New York 10801

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City School District of New Rochelle, New York

Statement of Net Position
June 30, 2016

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 35,887,442
Restricted investments	475,871
Receivables	
Taxes	4,050,108
Accounts	25,709,712
State and Federal aid	10,424,559
Due from other governments, net	9,963,243
Inventories	11,110
Net pension asset	73,467,286
Prepaid expenses	108,280
Capital assets	
Not being depreciated	605,383
Being depreciated, net	107,368,014
Total Assets	<u>268,071,008</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>29,478,879</u>
LIABILITIES	
Accounts payable	23,167,755
Accrued liabilities	16,748,887
Retainage payable	28,425
Bond anticipation notes payable	1,315,000
Due to other governments	1,854,677
Due to retirement systems	16,262,465
Unearned revenues	252,074
Accrued interest payable	257,589
Non-current liabilities	
Due within one year	9,245,084
Due in more than one year	129,529,614
Total Liabilities	<u>198,661,570</u>
DEFERRED INFLOWS OF RESOURCES	<u>26,828,229</u>
NET POSITION	
Net investment in capital assets	54,320,399
Restricted	
Capital projects	465,842
Tax certiorari	6,446,882
Unemployment benefits	166,448
Debt service	772,567
Workers' compensation benefits	995,497
School lunch	89,244
Special purposes	466,140
Unrestricted	8,337,069
Total Net Position	<u>\$ 72,060,088</u>

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

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City School District of New Rochelle, New York

Statement of Activities
Year Ended June 30, 2016

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 38,390,729	\$ 177,627	\$ 5,166	\$ -	\$ (38,207,936)
Instruction	192,112,426	5,367,455	11,366,524	-	(175,378,447)
Pupil transportation	12,435,767	-	-	-	(12,435,767)
Culture and recreation	5,505,760	62,969	244,889	-	(5,197,902)
Community services	823	-	-	-	(823)
Cost of food sales	3,445,709	646,684	2,390,931	-	(408,094)
Interest	2,134,588	-	-	9,013	(2,125,575)
Total Governmental Activities	\$ 254,025,802	\$ 6,254,735	\$ 14,007,510	\$ 9,013	(233,754,544)
General revenues					
Real property taxes					179,118,852
Other tax items					
School tax relief reimbursement					21,790,749
Payments in lieu of taxes					2,527,839
Interest and penalties on real property taxes					278,521
Non-property taxes					
Utility gross receipts tax					3,382,159
Unrestricted use of money and property					71,808
Sale of property and compensation for loss					51,069
Unrestricted State aid					36,840,923
Miscellaneous					1,621,525
Total General Revenues					245,683,445
Change in Net Position					11,928,901
Net Position - Beginning					60,131,187
Net Position - Ending					\$ 72,060,088

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

City School District of New Rochelle, New York

Balance Sheet
Governmental Funds
June 30, 2016

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 31,193,620	\$ 378,419	\$ 1,404,499
Restricted investments	-	-	475,871
Receivables			
Taxes	4,050,108	-	-
Accounts	25,668,966	-	-
State and Federal aid	4,779,753	5,498,650	-
Due from other governments, net	9,963,243	-	-
Due from other funds	4,073,931	10,367,205	177,640
Inventories	-	-	-
Prepaid expenditures	-	-	-
Total Assets	<u>\$ 79,729,621</u>	<u>\$ 16,244,274</u>	<u>\$ 2,058,010</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 6,469,836	\$ 15,685,087	\$ 369,415
Accrued liabilities	16,267,771	419,191	-
Retainages payable	-	-	28,425
Bond anticipation notes	-	-	1,315,000
Due to other funds	17,089,288	29,808	631,937
Due to other governments	1,854,677	-	-
Due to retirement systems	16,177,142	-	-
Unearned revenues	-	110,188	95,252
Total Liabilities	57,858,714	16,244,274	2,440,029
Deferred inflows of resources			
Deferred tax revenues	<u>3,022,036</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>60,880,750</u>	<u>16,244,274</u>	<u>2,440,029</u>
Fund balances			
Nonspendable	-	-	-
Restricted	6,613,330	-	-
Assigned	2,109,075	-	-
Unassigned	<u>10,126,466</u>	<u>-</u>	<u>(382,019)</u>
Total Fund Balances	<u>18,848,871</u>	<u>-</u>	<u>(382,019)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 79,729,621</u>	<u>\$ 16,244,274</u>	<u>\$ 2,058,010</u>

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 2,454,323	\$ 35,430,861
-	475,871
-	4,050,108
40,746	25,709,712
146,156	10,424,559
-	9,963,243
1,329,154	15,947,930
11,110	11,110
108,280	108,280
<u>\$ 4,089,769</u>	<u>\$ 102,121,674</u>

\$ 643,417	\$ 23,167,755
61,925	16,748,887
-	28,425
-	1,315,000
993,095	18,744,128
-	1,854,677
85,323	16,262,465
46,634	252,074
1,830,394	78,373,411
-	3,022,036

<u>1,830,394</u>	<u>81,395,447</u>
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119,390	119,390
963,707	7,577,037
1,176,278	3,285,353
-	9,744,447
<u>2,259,375</u>	<u>20,726,227</u>

<u>\$ 4,089,769</u>	<u>\$ 102,121,674</u>
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City School District of New Rochelle, New York

Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position June 30, 2016

Fund Balances - Total Governmental Funds	\$ 20,726,227
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	107,973,397
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on refunding bonds	1,694,365
Deferred amounts on net pension assets (liabilities)	956,285
	2,650,650
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Pension assets	73,467,286
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	3,022,036
Internal service funds are used by management to charge the costs of workers' compensation benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	995,497
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(257,589)
Bonds payable	(48,469,996)
Energy performance contract payable	(13,477,961)
Compensated absences	(4,731,962)
Net pension liability	(12,665,693)
Other post employment benefit obligations payable	(57,171,804)
	(136,775,005)
Net Position of Governmental Activities	\$ 72,060,088

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

City School District of New Rochelle, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 174,700,519	\$ -	\$ -
Other tax items	24,538,213	-	-
Non-property taxes	3,382,159	-	-
Charges for services	4,177,165	-	-
Use of money and property	254,401	-	-
Sale of property and compensation for loss	51,069	-	-
State aid	38,312,805	3,015,461	-
Federal aid	170,285	6,037,322	-
Food sales	-	-	-
Miscellaneous	1,621,525	656,911	-
Total Revenues	247,208,141	9,709,694	-
EXPENDITURES			
Current			
General support	29,733,657	-	-
Instruction	133,943,839	10,785,830	-
Pupil transportation	12,299,085	-	-
Culture and recreation	-	-	-
Community services	823	-	-
Employee benefits	53,216,952	-	-
Cost of food sales	-	-	-
Debt service			
Principal	7,497,349	-	-
Interest	2,205,837	-	-
Capital outlay	-	-	8,584,361
Total Expenditures	238,897,542	10,785,830	8,584,361
Excess (Deficiency) of Revenues Over Expenditures	8,310,599	(1,076,136)	(8,584,361)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	1,076,136	3,450,285
Transfers out	(4,526,421)	-	-
Total Other Financing Sources	(4,526,421)	1,076,136	3,450,285
Net Change in Fund Balances	3,784,178	-	(5,134,076)
FUND BALANCES			
Beginning of Year	15,064,693	-	4,752,057
End of Year	\$ 18,848,871	\$ -	\$ (382,019)

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

Non-Major Governmental	Total Governmental Funds
\$ 4,798,767	\$ 179,499,286
58,896	24,597,109
-	3,382,159
62,969	4,240,134
20,588	274,989
-	51,069
181,628	41,509,894
2,326,914	8,534,521
646,684	646,684
130,366	2,408,802
<u>8,226,812</u>	<u>265,144,647</u>
-	29,733,657
16,226	144,745,895
-	12,299,085
5,162,417	5,162,417
-	823
-	53,216,952
3,415,951	3,415,951
70,000	7,567,349
78,238	2,284,075
-	8,584,361
<u>8,742,832</u>	<u>267,010,565</u>
<u>(516,020)</u>	<u>(1,865,918)</u>
-	4,526,421
-	<u>(4,526,421)</u>
-	-
<u>(516,020)</u>	<u>(1,865,918)</u>
<u>2,775,395</u>	<u>22,592,145</u>
<u>\$ 2,259,375</u>	<u>\$ 20,726,227</u>

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City School District of New Rochelle, 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, 2016

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

Net Change in Fund Balances - Total Governmental Funds	\$ (1,865,918)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay expenditures	8,681,065
Depreciation expense	<u>(6,588,111)</u>
	<u>2,092,954</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Real property taxes	<u>(380,434)</u>
---------------------	------------------

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized on the statement of activities.

Principal paid on bonds	7,015,000
Principal paid on energy performance contract debt	552,349
Amortization of loss on refunding bonds and issuance premium	<u>103,474</u>
	<u>7,670,823</u>

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

Accrued interest	46,013
Compensated absences	(51,906)
Pension assets (liability)	18,378,656
Other post employment benefit obligations	<u>(14,416,156)</u>
	<u>3,956,607</u>

The net revenue of activities of the Internal Service Fund is reported within the governmental activities

<u>454,869</u>

Change in Net Position of Governmental Activities	<u><u>\$ 11,928,901</u></u>
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The notes to financial statements are an integral part of this statement.

City School District of New Rochelle, New York

Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General and Special Aid Funds
Year Ended June 30, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 176,442,317	\$ 176,442,317	\$ 174,700,519	\$ (1,741,798)
Other tax items	24,833,895	24,833,895	24,538,213	(295,682)
Non-property taxes	3,600,000	3,600,000	3,382,159	(217,841)
Charges for services	3,050,000	3,050,000	4,177,165	1,127,165
Use of money and property	242,000	242,000	254,401	12,401
Sale of property and compensation for loss	81,000	81,000	51,069	(29,931)
State aid	38,912,918	38,912,918	38,312,805	(600,113)
Federal aid	260,464	260,464	170,285	(90,179)
Miscellaneous	2,436,504	2,436,504	1,621,525	(814,979)
Total Revenues	249,859,098	249,859,098	247,208,141	(2,650,957)
EXPENDITURES				
Current				
General support	33,135,528	32,854,663	29,733,657	3,121,006
Instruction	135,423,621	137,316,780	133,943,839	3,372,941
Pupil transportation	12,588,605	12,629,023	12,299,085	329,938
Community services	2,469	1,770	823	947
Employee benefits	57,161,689	56,367,258	53,216,952	3,150,306
Debt service				
Principal	7,303,423	7,497,349	7,497,349	-
Interest	2,039,352	2,205,838	2,205,837	1
Total Expenditures	247,654,687	248,872,681	238,897,542	9,975,139
Excess (Deficiency) of Revenues Over Expenditures	2,204,411	986,417	8,310,599	7,324,182
OTHER FINANCING SOURCES (USES)				
Transfers in	262,375	262,375	-	(262,375)
Transfers out	(2,841,018)	(4,807,230)	(4,526,421)	280,809
Total Other Financing Sources (Uses)	(2,578,643)	(4,544,855)	(4,526,421)	18,434
Net Change in Fund Balances	(374,232)	(3,558,438)	3,784,178	7,342,616
FUND BALANCES				
Beginning of Year	374,232	3,558,438	15,064,693	11,506,255
End of Year	\$ -	\$ -	\$ 18,848,871	\$ 18,848,871

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

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,180,083	3,189,048	3,015,461	(173,587)
6,669,196	7,093,400	6,037,322	(1,056,078)
1,239,986	1,260,167	656,911	(603,256)
<u>11,089,265</u>	<u>11,542,615</u>	<u>9,709,694</u>	<u>(1,832,921)</u>
-	-	-	-
12,834,265	12,892,615	10,785,830	2,106,785
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>12,834,265</u>	<u>12,892,615</u>	<u>10,785,830</u>	<u>2,106,785</u>
<u>(1,745,000)</u>	<u>(1,350,000)</u>	<u>(1,076,136)</u>	<u>273,864</u>
1,745,000	1,350,000	1,076,136	(273,864)
-	-	-	-
<u>1,745,000</u>	<u>1,350,000</u>	<u>1,076,136</u>	<u>(273,864)</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City School District of New Rochelle, New York

Internal Service Fund - Workers' Compensation Benefits
Statement of Net Position
June 30, 2016

ASSETS

Cash and equivalents	\$ 456,581
Due from other funds	<u>2,796,198</u>
Total Assets	<u>3,252,779</u>

LIABILITIES

Current liabilities	
Claims payable	955,814
Non-current liabilities	
Claims payable	<u>1,301,468</u>
Total Liabilities	<u>2,257,282</u>

NET POSITION

Unrestricted	<u>\$ 995,497</u>
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The notes to financial statements are an integral part of this statement.

City School District of New Rochelle, New York

Internal Service Fund - Workers' Compensation Benefits
Statement of Revenues, Expenses and
Changes in Net Position
Year Ended June 30, 2016

OPERATING REVENUES

Charges for services	\$ 1,190,290
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OPERATING EXPENSES

Employee benefits	<u>735,621</u>
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Income from Operations	454,669
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NON-OPERATING REVENUES

Interest income	<u>200</u>
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Change in Net Position	454,869
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NET POSITION

Beginning of Year	<u>540,628</u>
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End of Year	<u><u>\$ 995,497</u></u>
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The notes to financial statements are an integral part of this statement.

City School District of New Rochelle, New York

Internal Service Fund - Workers' Compensation Benefits
Statement of Cash Flows
Year Ended June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from charges to other funds	\$ 1,181,499
Cash payments to insurance carriers and claimants	<u>(1,190,489)</u>
Net Cash from Operating Activities	(8,990)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>200</u>
Net Change in Cash and Equivalents	(8,790)

CASH AND EQUIVALENTS

Beginning of Year	<u>465,371</u>
End of Year	<u>\$ 456,581</u>

**RECONCILIATION OF INCOME FROM OPERATIONS TO NET
CASH FROM OPERATING ACTIVITIES**

Income from operations	\$ 454,669
Adjustments to reconcile income from operations to net cash from operating activities	
Changes in assets and liabilities	
Due from other funds	(8,791)
Claims payable	<u>(454,868)</u>
Net Cash from Operating Activities	<u>\$ (8,990)</u>

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

City School District of New Rochelle, New York

Statement of Assets and Liabilities
Fiduciary Fund
June 30, 2016

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 11,138,307
Accounts receivable	<u>15,646,569</u>
 Total Assets	 <u><u>\$ 26,784,876</u></u>
 LIABILITIES	
Accounts payable	\$ 25,767,648
Escrow deposits	57,733
Employee payroll deductions	600,702
Student activity funds	<u>358,793</u>
 Total Liabilities	 <u><u>\$ 26,784,876</u></u>

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

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City School District of New Rochelle, New York

Notes to Financial Statements
June 30, 2016

Note 1 - Summary of Significant Accounting Policies

The City School District of New Rochelle, 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 is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

A. Financial Reporting Entity

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

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

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

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal revenue of the Internal Service Fund is charges for services. Operating expenses for the Internal Service Fund are for workers' compensation costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are 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/net position, revenues and expenditures/expenses. 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. The School District maintains internal service and fiduciary funds, which 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 explains 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 three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

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

Note 1 - Summary of Significant Accounting Policies (Continued)

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and 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 or committed to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is the 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. The major revenues of this fund are Federal and State aid.

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.

Public Library Fund - The Public Library Fund is used to account for the operations of the New Rochelle Public Library and is primarily funded by the levy of real property taxes.

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. Proprietary Funds - The proprietary fund consists of an internal service fund. Internal service funds account for operations that provide services to other departments or other governments on a cost reimbursement basis. The School District has elected to account for its self-insured workers' compensation program as an internal service fund.
- c. 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 primarily utilized to account for payroll tax withholdings and other deposits that are payable to other jurisdictions or individuals.

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*, as is the Internal Service Fund. 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. Property taxes are recognized as revenues in the year for which they are levied. 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. Property taxes are generally considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, certain claims, net pension liabilities and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Deposits and Risk Disclosure

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

U.S. Agencies and obligations of New York State or its political subdivisions, and accordingly, the School District's policy provides for no credit risk on investments.

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.

The School District utilizes a pooled investment concept for all governmental funds to facilitate its investment program. Investment income from this pooling is allocated to the respective funds based upon the sources of funds invested.

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 custodial credit risk is described in Note 3,A.

The School District was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk.

Restricted Investments - Restricted investments in the Capital Projects Fund consist of energy performance contract debt proceeds held by an escrow agent. The proceeds are to be used for the School District's energy performance contract capital project. The funds are not subject to risk categorization.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st. The taxes are levied and payable in October and April. The City of New Rochelle, New York ("City") is responsible for the billing and collection of the taxes. The City guarantees the full payment of the School District warrant and assumes responsibility for the uncollected taxes. On or after May 20th, the School District submits a statement of unpaid taxes to the City. The City remits, as collected, the unpaid taxes and within two years of the receipt of the statement, any balance due.

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/expenses are incurred. Allowances are recorded when appropriate.

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, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represents items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the fund financial statements 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 \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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	30
Machinery and Equipment	5

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 sheet.

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

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has

Note 1 - Summary of Significant Accounting Policies (Continued)

reported unearned revenues of \$25,015 for student meal monies received in advance in the School Lunch Fund and \$110,188, \$95,252 and \$21,619 for Federal, State and local aid received in advance within the Special Aid, Capital Projects and Public Library funds, respectively. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) 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 \$1,694,365 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 deferred and amortized over the shorter of the life of the refunded or refunding debt.

The School District reported deferred inflows of resources of \$3,022,036 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

The School District also reported 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 3.H.

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 bond premium or discount. Bond issuance costs are expended as incurred.

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

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick 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'

Note 1 - Summary of Significant Accounting Policies (Continued)

Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No.71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their 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, tax certiorari, unemployment benefits, debt service, workers' compensation benefits, school lunch and special purposes. The balance is classified as unrestricted.

Fund Balance - 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 entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or delegated to the Assistant Superintendent for Business for amounts assigned for 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 funds except the General Fund includes

Note 1 - Summary of Significant Accounting Policies (Continued)

all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

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

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

F. Encumbrances

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

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred 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 October 17, 2016.

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) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for General, Special Aid and Public Library funds.
- g) Budgets for General, Special Aid and Public Library funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch, Special Purpose, Debt Service or Internal Service funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General, Special Aid and Public Library 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.

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 2 - Stewardship, Compliance and Accountability (Continued)

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

C. Property Tax Limitation

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This law applies to all local governments, including school districts.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a School District in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of two percent or the annual increase in the consumer price index. Certain adjustments would be permitted as defined by Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation only if the budget is approved by at least 60% of the vote. There are certain exemptions to the tax levy limitation, such as expenditures made on account of certain tort settlements and certain increases in the actuarial contribution rates of the various public employee retirement systems.

D. Capital Projects Fund Project Deficits

The deficit in the Public Library Improvements project of \$625,690 arises because of the application of generally accepted accounting principles to the financial reporting of such activity. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. This deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. The deficit of \$518,455 in the 2016 District-wide Improvements project arises because of expenditures exceeding current financing on the project. This deficit will be eliminated with the subsequent receipt or issuance of authorized financing.

Note 3 - Detailed Notes on All Funds

A. Cash and Equivalents

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. As of June 30, 2016, \$333,448 of the School District's bank balance of \$56,643,431 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 333,448</u>
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City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
 June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)**B. Taxes Receivable**

Taxes receivable at June 30, 2016 consisted of the following:

Current year	\$ 2,768,712
Prior years	<u>1,281,396</u>
	<u>\$ 4,050,108</u>

C. Due From/To Other Funds

The composition of interfund balances at June 30, 2016 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 4,073,931	\$ 17,089,288
Special Aid	10,367,205	29,808
Capital Projects	177,640	631,937
Non-Major		
Governmental	1,329,154	993,095
Internal Service	2,796,198	-
	<u>\$ 18,744,128</u>	<u>\$ 18,744,128</u>

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

D. Capital Assets

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

<u>Class</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Balance June 30, 2016</u>
Capital Assets, not being depreciated:			
Land	\$ 176,500	\$ -	\$ 176,500
Construction-in-Progress	<u>-</u>	<u>428,883</u>	<u>428,883</u>
Total Capital Assets, not being depreciated	<u>\$ 176,500</u>	<u>\$ 428,883</u>	<u>\$ 605,383</u>

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

<u>Class</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Balance June 30, 2016</u>
Capital Assets, being depreciated:			
Buildings and Improvements	\$ 213,905,556	\$ 8,155,477	\$ 222,061,033
Machinery and Equipment	<u>1,089,066</u>	<u>96,705</u>	<u>1,185,771</u>
Total Capital Assets, being depreciated	<u>214,994,622</u>	<u>8,252,182</u>	<u>223,246,804</u>
Less Accumulated Depreciation for:			
Buildings and Improvements	108,353,789	6,541,129	114,894,918
Machinery and Equipment	<u>936,890</u>	<u>46,982</u>	<u>983,872</u>
Total Accumulated Depreciation	<u>109,290,679</u>	<u>6,588,111</u>	<u>115,878,790</u>
Total Capital Assets, being depreciated, net	<u>\$ 105,703,943</u>	<u>\$ 1,664,071</u>	<u>\$ 107,368,014</u>
Capital Assets, net	<u>\$ 105,880,443</u>	<u>\$ 2,092,954</u>	<u>\$ 107,973,397</u>

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

General Support	\$ 19,234
Instruction	6,496,888
Cost of Food Sales	7,266
Culture and Recreation	<u>64,723</u>
Total Depreciation Expense	<u>\$ 6,588,111</u>

E. Accrued Liabilities

Accrued liabilities at June 30, 2016 were as follows:

	<u>Fund</u>			
	<u>General</u>	<u>Special Aid</u>	<u>Non-Major Governmental</u>	<u>Total</u>
Payroll and Employee Benefits	<u>\$ 16,267,771</u>	<u>\$ 419,191</u>	<u>\$ 61,925</u>	<u>\$ 16,748,887</u>

F. Short-Term Non-Capital Borrowings

The schedule below details the changes in short-term non-capital borrowings. The borrowings consisted of notes issued in anticipation of the collection of real property taxes for the 2015-2016 fiscal year.

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Purpose	Original Issue Date	Rate of Interest	Maturity Date	Balance July 1, 2015	Issued	Redemptions	Balance June 30, 2016
Tax Anticipation Note	9/25/2015	0.72%	6/29/2016	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -

Interest expenditures/expense of \$27,400 and \$1,875, respectively, was recorded in the fund financial statements in the General and Public Library Funds and in the district-wide financial statements.

G. Short-Term Capital Borrowings - Bond Anticipation Notes

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

Purpose	Original Issue Date	Rate of Interest	Maturity Date	Balance July 1, 2015	Issued	Balance June 30, 2016
Public Library Improvements	9/25/2014	1.09%	9/23/2016	\$ 815,000	\$ -	\$ 815,000
Public Library Improvements	5/13/2016	1.00%	9/23/2016	-	500,000	500,000
				<u>\$ 815,000</u>	<u>\$ 500,000</u>	<u>\$ 1,315,000</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 improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$8,150 were charged to the Public Library Fund. Interest expense of \$18,159 was recorded in the district-wide financial statements.

H. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2016:

	Balance July 1, 2015	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2016	Due Within One-Year
Bonds Payable:					
Capital construction	\$ 45,220,000	\$ -	\$ 5,595,000	\$ 39,625,000	\$ 5,835,000
Judgments and claims	8,350,000	-	1,420,000	6,930,000	1,045,000
	53,570,000	-	7,015,000	46,555,000	6,880,000
Plus - Unamortized premium on bonds	2,393,811	-	478,815	1,914,996	-
	<u>55,963,811</u>	<u>-</u>	<u>7,493,815</u>	<u>48,469,996</u>	<u>6,880,000</u>

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

	Balance July 1, 2015	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2016	Due Within One-Year
Energy Performance Contract Payable	\$ 14,030,310	\$ -	\$ 552,349	\$ 13,477,961	\$ 936,270
Other Non-Current Liabilities:					
Claims Payable	2,712,150	735,621	1,190,489	2,257,282	955,814
Compensated Absences	4,680,056	387,600	335,694	4,731,962	473,000
Net Pension Liability	2,691,699	9,973,994	-	12,665,693	-
Other Post-Employment Benefits Obligations	42,755,648	20,176,084	5,759,928	57,171,804	-
Total Other Non- Current Liabilities	52,839,553	31,273,299	7,286,111	76,826,741	1,428,814
Total Long-Term Liabilities	\$ 122,833,674	\$ 31,273,299	\$ 15,332,275	\$ 138,774,698	\$ 9,245,084

Each governmental funds' liability for bonds, energy performance contract debt, claims, compensated absences, net pension liabilities and other post employment benefit obligations is liquidated primarily by the General Fund.

Bonds Payable

Bonds payable at June 30, 2016 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at June 30, 2016
District-Wide Construction	2009	\$ 12,503,670	November, 2024	3.000 - 4.000 %	\$ 7,925,000
Refunding Bonds	2009	25,575,000	December, 2019	3.500 - 5.000	11,475,000
Tax Certiorari	2010	5,000,000	December, 2019	4.500 - 5.000	2,400,000
Refunding Bonds	2011	6,060,000	December, 2019	4.000 - 5.000	3,675,000
Refunding Bonds	2012	17,685,000	September, 2024	2.000 - 5.000	14,700,000
Library Construction Bonds	2014	1,989,526	January, 2036	3.000 - 4.000	1,850,000
Tax Certiorari	2015	5,000,000	June, 2025	4.000	4,530,000
					<u>\$ 46,555,000</u>

Interest expenditure of \$1,852,770 and \$68,213, respectively, was recorded in the fund financial statements in the General and Library Funds. Interest expense of \$1,761,487 was recorded in the district-wide financial statements.

Energy Performance Contract Payable

The School District, during the 2011-12 fiscal year, entered into a \$6,331,460 contractual agreement to install energy saving equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provided for repayment over fifteen years, with semi-annual installments aggregating \$510,681 through November 2026. Payments include interest at 2.55%. The contract further provided that the savings in energy costs resulting from this

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

modernization will equal or exceed the lease payment terms. The balance due at June 30, 2016 was \$4,677,869.

The School District, during the 2014-15 fiscal year, entered into a \$8,968,500 contractual agreement to install energy saving equipment and/or upgrade existing facilities to enhance performance. The terms of the contract provided for repayment over fifteen years, with semi-annual installments aggregating \$734,668 through June 2030. Payments include interest at 2.218%. The contract further provided that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. The balance due at June 30, 2016 was \$8,800,092.

Interest expenditures/expense of \$325,667 was recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded and energy performance contract debt outstanding as of June 30, 2016 including interest payments of \$8,617,700 are as follows:

Year Ending June 30,	Bonds		Energy Performance Contracts		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 6,880,000	\$ 1,634,988	\$ 936,270	\$ 309,079	\$ 7,816,270	\$ 1,944,067
2018	7,155,000	1,318,775	958,483	286,867	8,113,483	1,605,642
2019	7,425,000	982,425	981,224	264,124	8,406,224	1,246,549
2020	7,690,000	677,613	1,004,509	240,840	8,694,509	918,453
2021	3,105,000	496,050	1,028,350	217,000	4,133,350	713,050
2022-2026	13,215,000	1,085,156	5,519,729	707,019	18,734,729	1,792,175
2027-2031	485,000	179,150	3,049,396	144,614	3,534,396	323,764
2032-2036	600,000	74,000	-	-	600,000	74,000
	<u>\$ 46,555,000</u>	<u>\$ 6,448,157</u>	<u>\$ 13,477,961</u>	<u>\$ 2,169,543</u>	<u>\$ 60,032,961</u>	<u>\$ 8,617,700</u>

The above general obligation bonds and energy performance contract debt are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Claims Payable

The Internal Service Fund reflects workers' compensation claim liabilities based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and other factors that are considered to be appropriate modifiers of past experience.

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

An analysis of the activity of unpaid claim liabilities is as follows:

	Year Ended June 30,	
	2016	2015
Balance - Beginning of Year	\$ 2,712,150	\$ 1,572,150
Provision for Claims and Claims Adjustment Expenses	735,621	2,421,475
Claims and Claims Adjustment Expenses Paid	(1,190,489)	(1,281,475)
Balance - End of Year	\$ 2,257,282	\$ 2,712,150
Due Within One Year	\$ 955,814	\$ 1,549,811

Compensated Absences

Civil service employees may accumulate up to a maximum of 220 days of sick leave. Upon retirement, sick leave is credited to length of service for retirement benefit purposes. Vacation time earned during any fiscal year generally must be used prior to the end of the subsequent fiscal year. However, the School District allows employees to carry over up to 10 days of unused vacation leave. Compensated absences are funded by the General Fund. The value of such 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

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

salaries paid during the ERS's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2016 are as follows:

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

At June 30, 2016, the School District reported a liability of \$12,665,693 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 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 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, 2016, the School District's proportion was .0789126%, which was a decrease of .0007648% from its proportion measured as of March 31, 2015.

For the year ended June 30, 2016, the School District recognized pension expense in the district-wide financial statements of \$4,903,553. Pension expenditures of \$4,033,149 were recorded in the fund financial statements and were charged to the following funds:

General Fund	\$ 3,376,465
Special Aid	36,070
School Lunch	227,957
Public Library	<u>392,657</u>
Total	<u>\$ 4,033,149</u>

At June 30, 2016, 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	\$ 64,003	\$ 1,501,306
Changes of assumptions	3,377,558	-
Net difference between projected and actual earnings on pension plan investments	7,513,984	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,268,589	20,750
School District contributions subsequent to the measurement date	<u>1,133,611</u>	<u>-</u>
	<u>\$ 13,357,745</u>	<u>\$ 1,522,056</u>

Note 3 - Detailed Notes on All Funds (Continued)

\$1,133,611 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Year Ended March 31,	
2017	\$ 2,754,460
2018	2,754,460
2019	2,754,460
2020	2,438,698
Thereafter	-

The total pension liability for the March 31, 2016 measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2014. Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Actuarial cost method	Entry age normal
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, 2015 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.

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 28,560,217</u>	<u>\$ 12,665,693</u>	<u>\$ (764,501)</u>

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)

June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension liability of ERS as of the March 31, 2016 measurement date were as follows:

Total pension liability	\$ 172,303,544,000
ERS fiduciary net position	<u>156,253,265,000</u>
Employers' net pension liability	<u>\$ 16,050,279,000</u>
ERS fiduciary net position as a percentage of total pension liability	<u>90.7%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Accrued retirement contributions to ERS as of June 30, 2016 were \$1,048,288 and \$85,323 in the General Fund and Public Library Fund, respectively.

Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystrs.org 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 2016 was 13.26%.

At June 30, 2016, the School District reported an asset of \$73,467,286 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School District's proportion of the net pension asset was based on the School District's contributions to the pension plan relative to the contributions of all participating members. At June 30, 2015, the School District's proportion was 0.707313%, which was a decrease of .001265% from its proportion measured as of June 30, 2014.

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended June 30, 2016, the School District recognized pension expense in the district-wide financial statements of \$(4,867,870). Pension expenditures of \$13,789,624 and \$591,566 were recorded in the fund financial statements and were charged to the General and Special Aid funds, respectively. 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	\$ -	\$ 2,036,092
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	23,223,391
Changes in proportion and differences between School District contributions and proportionate share of contributions	39,502	46,690
School District contributions subsequent to the measurement date	<u>14,387,267</u>	<u>-</u>
	<u>\$ 14,426,769</u>	<u>\$ 25,306,173</u>

\$14,387,267 reported as deferred outflows of resources related to TRS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 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:

<u>Year Ended June 30,</u>	
2016	\$ (9,369,704)
2017	(9,369,704)
2018	(9,369,704)
2019	3,859,353
2020	(256,592)
Thereafter	(760,320)

The total pension liability for the June 30, 2015 measurement date was determined by using an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by using an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2014. These actuarial valuations used the following actuarial assumptions:

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

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

The actuarial assumptions used in the June 30, 2014 and 2013 valuations were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of the valuation dates of June 30, 2014 and 2013 are summarized in the following table:

	Target Allocation		Long-Term Expected Real Rate of Return*	
	2014	2013	2014	2013
Asset Class:				
Equities:				
Domestic equities	37 %	37 %	6.5 %	7.3 %
International equities	18	18	7.7	8.5
Real estate	10	10	4.6	5.0
Alternative investments	7	7	9.9	11.0
Total Equities	72	72		
Fixed Income:				
Domestic fixed income securities	17	18	2.1	1.5
Global fixed income securities	2	2	1.9	1.4
Mortgages	8	8	3.4	3.4
Short-term	1	-	1.2	0.8
Total Fixed Income	28	28		
Total	100 %	100 %		

* Real rates of return are net of the long-term inflation assumption of 2.3% for 2014 and 2013.

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

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

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

	1% Decrease (7.0%)	Current Assumption (8.0%)	1% Increase (9.0%)
School District's proportionate share of the net pension liability (asset)	<u>\$ 5,011,416</u>	<u>\$ (73,467,286)</u>	<u>\$ (140,393,139)</u>

The components of the collective net pension asset of TRS as of the June 30, 2015 measurement date were as follows:

Total pension liability	\$ 99,332,103,743
TRS fiduciary net position	<u>109,718,916,659</u>
Employers' net pension asset	<u>\$ 10,386,812,916</u>
TRS fiduciary net position as a percentage of total pension liability	<u>110.46%</u>

Employer and employee contributions for the year ended June 30, 2016 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, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 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, 2016 were \$15,128,854.

Voluntary Defined Contribution Plan

The School District also offers 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.

Note 3 - Detailed Notes on All Funds (Continued)

Other Post Employment Benefit Obligations Payable

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 employee's 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/expense as claims are paid.

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 establishes 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.

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 balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post retirement benefits are as follows:

<u>Year Ended June 30,</u>	<u>Medical</u>
2017	9.00 %
2018	8.50
2019	8.00
2020	7.50
2021	7.00
2022	6.50
2023	6.00
2024	5.50
2025+	5.00

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The amortization basis is the fixed dollar amortization with a closed amortization approach with 21 years remaining in the amortization period. The actuarial assumptions included a 4.0% investment rate of return. The School District currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of June 30, 2016 was as follows:

Active Employees	1,349
Retired Employees	<u>778</u>
	<u>2,127</u>

Amortization Component:	
Actuarial Accrued Liability as of July 1, 2015	\$ 240,235,595
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 240,235,595</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 94,109,564</u>
UAAL as a Percentage of Covered Payroll	<u>255.27%</u>
Annual Required Contribution	\$ 9,967,220
Interest on Net OPEB Obligation	1,719,885
Adjustment to Annual Required Contribution	<u>8,488,979</u>
Annual OPEB Cost	20,176,084
Contributions Made	<u>(5,759,928)</u>
Increase in Net OPEB Obligation	14,416,156
Net OPEB Obligation - Beginning of Year	<u>42,755,648</u>
Net OPEB Obligation - End of Year	<u>\$ 57,171,804</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 two preceding years is as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 20,176,084	28.55 %	\$ 57,171,804
2015	12,344,038	42.03	42,755,648
2014	11,777,067	42.31	35,599,235

Note 3 - Detailed Notes on All Funds (Continued)

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 accrued liability for the benefits over time.

I. Revenues and Expenditures

Interfund Transfers

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

Transfers Out	Transfers In		Total
	Special Aid Fund	Capital Projects Fund	
General Fund	\$ 1,076,136	\$ 3,450,285	\$ 4,526,421

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Capital Projects and Special Aid funds expenditures.

J. 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 amounts restricted for capital projects, less unexpended bond proceeds and unrestricted interest earnings.

Restricted for Tax Certiorari - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

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

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)

June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Workers' Compensation Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-j of the General Municipal Law of the State of New York.

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

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

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

City School District of New Rochelle, New York

Notes to Financial Statements (Continued)
June 30, 2016

Note 3 - Detailed Notes on All Funds (Continued)

K. Fund Balances

	2016				2015			
	General Fund	Capital Projects Fund	Non-Major Governmental	Total	General Fund	Capital Projects Fund	Non-Major Governmental	Total
Nonspendable:								
Inventories	\$ -	\$ -	\$ 11,110	\$ 11,110	\$ -	\$ -	\$ 9,404	\$ 9,404
Prepaid expenditures	-	-	108,280	108,280	-	-	127,488	127,488
Total Nonspendable	-	-	119,390	119,390	-	-	136,892	136,892
Restricted:								
Tax certiorari	6,446,882	-	-	6,446,882	5,000,000	-	-	5,000,000
Unemployment benefits	166,448	-	-	166,448	166,282	-	-	166,282
Capital projects	-	-	-	-	-	4,752,057	-	4,752,057
Debt service	-	-	497,567	497,567	-	-	502,710	502,710
Special purposes - library	-	-	125,515	125,515	-	-	166,993	166,993
Special purposes - other	-	-	340,625	340,625	-	-	342,188	342,188
Total Restricted	6,613,330	-	963,707	7,577,037	5,166,282	4,752,057	1,011,891	10,930,230
Assigned:								
Purchases on order:								
General government support	651,760	-	-	651,760	320,797	-	-	320,797
Instruction	1,275,415	-	-	1,275,415	53,435	-	-	53,435
Transportation	181,900	-	-	181,900	-	-	-	-
	2,109,075	-	-	2,109,075	374,232	-	-	374,232
Subsequent year's expenditures from:								
Public Library Fund	-	-	50,000	50,000	-	-	275,000	275,000
Debt Service Fund	-	-	275,000	275,000	-	-	262,375	262,375
Webster Elementary School								
Capital Repairs	-	-	-	-	2,000,000	-	-	2,000,000
School Lunch Fund	-	-	78,134	78,134	-	-	458,176	458,176
Public Library purposes	-	-	773,144	773,144	-	-	631,061	631,061
Total Assigned	2,109,075	-	1,176,278	3,285,353	2,374,232	-	1,626,612	4,000,844
Unassigned	10,126,466	(382,019)	-	9,744,447	7,524,179	-	-	7,524,179
Total Fund Balances	\$ 18,848,871	\$ (382,019)	\$ 2,259,375	\$ 20,726,227	\$ 15,064,693	\$ 4,752,057	\$ 2,775,395	\$ 22,592,145

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.

Prepaid Expenditures has been provided to account for certain payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

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, 2016, the Board of Education has assigned the above amounts 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. Unassigned fund balance in the Capital Projects Fund represents the deficit balances in various capital projects.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

B. Contingencies

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

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the Company. The Company is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with a limit of \$1 million per occurrence and a school board legal liability policy with a per claim limit of \$1 million. The School District also maintains an umbrella policy with a limit of \$25 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District is self-insured for workers' compensation benefits. The governmental funds are charged premiums by the internal service fund. The School District also purchases a stop loss policy, which limits the School District's exposure to \$500,000 per occurrence and \$2,000,000 in the aggregate. Unemployment benefits are self-insured by the School District and incurred but not reported claims are not material. The School District also purchases conventional health coverage from a variety of providers.

Note 5 - Subsequent Events

The School District, on August 3, 2016, issued an \$11,000,000 bond anticipation note for the reconstruction and construction of improvements to school buildings. The note is due on July 14, 2017, with interest at 2.25%.

The School District, on September 14, 2016, renewed a \$1,290,684 bond anticipation note for Public Library Improvements. The note is due on July 14, 2017, with interest at 1.17%.

The School District, on September 14, 2016, issued a \$12,000,000 note in anticipation of the collection of 2016-2017 real property taxes. The note is due on June 29, 2017, with interest at 2.00%.

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City School District of New Rochelle, New York

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

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2013	\$ -	\$ 147,466,403	\$ 147,466,403	- %	\$ 98,239,723	150.11 %
July 1, 2014	-	154,277,494	154,277,494	-	91,108,728	169.33
July 1, 2015 (1)	-	240,235,595	240,235,595	-	94,109,564	255.27

(1) The discount rate was decreased from 5.0% to 4.0% effective with the July 1, 2015 valuation date.

City School District of New Rochelle, New York

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

	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.707313%</u>	<u>0.708578%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (73,467,286)</u>	<u>\$ (78,931,150)</u>
School District's covered-employee payroll	<u>\$ 106,249,709</u>	<u>\$ 104,691,044</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>(69.15)%</u>	<u>(75.39)%</u>
Plan fiduciary net position as a percentage of the total pension liability	<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*.

City School District of New Rochelle, New York

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

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 14,387,267	\$ 18,625,574
Contributions in relation to the contractually required contribution	<u>(14,387,267)</u>	<u>(18,625,574)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 108,501,263</u>	<u>\$ 106,249,709</u>
Contributions as a percentage of covered-employee payroll	<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*.

City School District of New Rochelle, 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)

	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.0789126%</u>	<u>0.0796774%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 12,665,693</u>	<u>\$ 2,691,699</u>
School District's covered-employee payroll	<u>\$ 23,951,318</u>	<u>\$ 23,592,248</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>52.88%</u>	<u>11.41%</u>
Plan fiduciary net position as a percentage of the total pension liability	<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.

City School District of New Rochelle, New York

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

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,363,279	\$ 4,814,005
Contributions in relation to the contractually required contribution	<u>(4,363,279)</u>	<u>(4,814,005)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	<u>\$ 24,553,491</u>	<u>\$ 24,069,960</u>
Contributions as a percentage of covered-employee payroll	<u>17.77%</u>	<u>20.00%</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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City School District of New Rochelle, New York

General Fund
Comparative Balance Sheet
June 30,

	2016	2015
ASSETS		
Cash and equivalents	\$ 31,193,620	\$ 36,993,558
Receivables		
Taxes	4,050,108	5,156,772
Accounts	25,668,966	18,623,901
State and Federal aid	4,779,753	4,280,214
Due from other governments, net of allowance for uncollectible amounts of \$823,710 in 2016 and \$1,134,131 in 2015	9,963,243	6,910,177
Due from other funds	4,073,931	678,832
	<u>48,536,001</u>	<u>35,649,896</u>
Total Assets	<u>\$ 79,729,621</u>	<u>\$ 72,643,454</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 6,469,836	\$ 6,725,967
Accrued liabilities	16,267,771	16,496,072
Due to other funds	17,089,288	8,900,869
Due to other governments	1,854,677	1,357,280
Due to retirement systems	16,177,142	20,696,103
Total Liabilities	57,858,714	54,176,291
Deferred inflows of resources		
Deferred tax revenues	<u>3,022,036</u>	<u>3,402,470</u>
Total Liabilities and Deferred Inflows of Resources	<u>60,880,750</u>	<u>57,578,761</u>
Fund balance		
Restricted	6,613,330	5,166,282
Assigned	2,109,075	2,374,232
Unassigned	<u>10,126,466</u>	<u>7,524,179</u>
Total Fund Balance	<u>18,848,871</u>	<u>15,064,693</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 79,729,621</u>	<u>\$ 72,643,454</u>

City School District of New Rochelle, New York

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

	2016				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
REVENUES					
Real property taxes	\$ 176,442,317	\$ 176,442,317	\$ 174,700,519	\$	\$ (1,741,798)
Other tax items	24,833,895	24,833,895	24,538,213		(295,682)
Non-property taxes	3,600,000	3,600,000	3,382,159		(217,841)
Charges for services	3,050,000	3,050,000	4,177,165		1,127,165
Use of money and property	242,000	242,000	254,401		12,401
Sale of property and compensation for loss	81,000	81,000	51,069		(29,931)
State aid	38,912,918	38,912,918	38,312,805		(600,113)
Federal aid	260,464	260,464	170,285		(90,179)
Miscellaneous	2,436,504	2,436,504	1,621,525		(814,979)
Total Revenues	249,859,098	249,859,098	247,208,141		(2,650,957)
EXPENDITURES					
Current					
General support					
Board of education	321,983	344,551	326,264	1,658	16,629
Central administration	521,646	512,724	496,885	11,588	4,251
Finance	1,661,138	1,819,273	1,656,782	13,135	149,356
Staff	1,621,630	2,037,283	1,705,825	217,959	113,499
Central services	22,426,840	22,780,379	20,263,791	407,420	2,109,168
Special items	6,582,291	5,360,453	5,284,110	-	76,343
Total General Support	33,135,528	32,854,663	29,733,657	651,760	2,469,246
Instruction					
Instruction, administration and improvement	10,857,808	10,757,258	10,542,504	13,969	200,785
Teaching - Regular school	78,997,455	77,783,668	76,614,334	178,894	990,440
Programs for children with handicapping conditions	22,584,628	24,340,748	24,048,459	280,104	12,185
Occupational education	3,513,046	3,920,013	3,920,013	-	-
Teaching - Special schools	1,084,052	1,085,288	865,219	-	220,069
Instructional media	6,106,166	6,989,441	6,637,764	9,261	342,416
Pupil services	12,280,466	12,440,364	11,315,546	793,187	331,631
Total Instruction	135,423,621	137,316,780	133,943,839	1,275,415	2,097,526
Pupil transportation	12,588,605	12,629,023	12,299,085	181,900	148,038
Community services	2,469	1,770	823	-	947
Employee benefits	57,161,689	56,367,258	53,216,952	-	3,150,306
Debt service					
Principal	7,303,423	7,497,349	7,497,349	-	-
Interest	2,039,352	2,205,838	2,205,837	-	1
Total Expenditures	247,654,687	248,872,681	238,897,542	2,109,075	7,866,064
Excess (Deficiency) of Revenues Over Expenditures	2,204,411	986,417	8,310,599	(2,109,075)	5,215,107
OTHER FINANCING SOURCES (USES)					
Bonds issued	-	-	-	-	-
Transfers in	262,375	262,375	-	-	(262,375)
Transfers out	(2,841,018)	(4,807,230)	(4,526,421)	-	280,809
Total Other Financing Sources (Uses)	(2,578,643)	(4,544,855)	(4,526,421)	-	18,434
Net Change in Fund Balance	(374,232)	(3,558,438)	3,784,178	\$ (2,109,075)	\$ 5,233,541
FUND BALANCE					
Beginning of Year	374,232	3,558,438	15,064,693		
End of Year	\$ -	\$ -	\$ 18,848,871		

2015				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 173,442,207	\$ 173,442,207	\$ 174,252,322	\$	\$ 810,115
23,710,165	23,710,165	23,749,886		39,721
3,418,276	3,418,276	3,335,025		(83,251)
3,066,968	3,066,968	2,584,961		(482,007)
255,060	255,060	735,209		480,149
50,000	50,000	56,399		6,399
34,971,634	34,971,634	34,279,826		(691,808)
260,464	260,464	50,775		(209,689)
2,032,557	2,032,557	1,909,641		(122,916)
241,207,331	241,207,331	240,954,044		(253,287)
326,694	282,199	252,626	-	29,573
526,774	496,471	455,310	2,621	38,540
1,651,790	1,641,789	1,563,411	14,500	63,878
1,600,587	1,680,137	1,599,129	-	81,008
17,386,729	20,949,436	19,979,823	303,676	665,937
3,762,349	5,355,374	5,310,246	-	45,128
25,254,923	30,405,406	29,160,545	320,797	924,064
10,391,008	10,532,144	10,445,131	825	86,188
81,946,968	77,404,327	76,942,353	-	461,974
22,940,858	22,908,570	22,505,438	-	403,132
3,144,340	3,515,925	3,515,925	-	-
1,072,789	1,076,871	889,361	-	187,510
5,804,419	5,596,772	5,356,688	52,100	187,984
12,010,595	12,095,017	11,983,807	510	110,700
137,310,977	133,129,626	131,638,703	53,435	1,437,488
12,650,786	12,472,348	12,317,385	-	154,963
2,469	1,234	-	-	1,234
58,922,000	58,230,357	56,716,203	-	1,514,154
7,249,328	7,249,328	7,249,327	-	1
2,257,943	2,257,943	2,189,053	-	68,890
243,648,426	243,746,242	239,271,216	374,232	4,100,794
(2,441,095)	(2,538,911)	1,682,828	(374,232)	3,847,507
-	-	5,000,000	-	5,000,000
500,000	500,000	-	-	(500,000)
(1,889,729)	(1,883,511)	(1,696,348)	-	187,163
(1,389,729)	(1,383,511)	3,303,652	-	4,687,163
(3,830,824)	(3,922,422)	4,986,480	\$ (374,232)	\$ 8,534,670
3,830,824	3,922,422	10,078,213		
\$ -	\$ -	\$ 15,064,693		

City School District of New Rochelle, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	<u>\$ 176,442,317</u>	<u>\$ 176,442,317</u>	<u>\$ 174,700,519</u>	<u>\$ (1,741,798)</u>
OTHER TAX ITEMS				
School tax relief reimbursement	21,794,678	21,794,678	21,790,749	(3,929)
Payments in lieu of taxes	2,239,217	2,239,217	2,468,943	229,726
Interest and penalties on real property taxes	<u>800,000</u>	<u>800,000</u>	<u>278,521</u>	<u>(521,479)</u>
	<u>24,833,895</u>	<u>24,833,895</u>	<u>24,538,213</u>	<u>(295,682)</u>
NON-PROPERTY TAXES				
Utility gross receipts tax	<u>3,600,000</u>	<u>3,600,000</u>	<u>3,382,159</u>	<u>(217,841)</u>
CHARGES FOR SERVICES				
Day school tuition	700,000	700,000	1,612,572	912,572
Continuing education tuition	100,000	100,000	69,837	(30,163)
Health services for other districts	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,494,756</u>	<u>244,756</u>
	<u>3,050,000</u>	<u>3,050,000</u>	<u>4,177,165</u>	<u>1,127,165</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	100,000	100,000	76,774	(23,226)
Rental of real property	<u>142,000</u>	<u>142,000</u>	<u>177,627</u>	<u>35,627</u>
	<u>242,000</u>	<u>242,000</u>	<u>254,401</u>	<u>12,401</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	-	-	50,640	50,640
Other	<u>81,000</u>	<u>81,000</u>	<u>429</u>	<u>(80,571)</u>
	<u>81,000</u>	<u>81,000</u>	<u>51,069</u>	<u>(29,931)</u>

STATE AID

Basic formula	32,952,544	32,952,544	32,559,838	(392,706)
BOCES	4,132,828	4,132,828	4,281,085	148,257
Textbooks	741,092	741,092	741,523	431
Computer software	335,566	335,566	327,871	(7,695)
Library aid	86,925	86,925	83,791	(3,134)
Non-resident homeless aid	663,963	663,963	197,098	(466,865)
Chapter 47 tuition	-	-	121,599	121,599
	<u>38,912,918</u>	<u>38,912,918</u>	<u>38,312,805</u>	<u>(600,113)</u>

FEDERAL AID

Medical assistance	<u>260,464</u>	<u>260,464</u>	<u>170,285</u>	<u>(90,179)</u>
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MISCELLANEOUS

Refund of prior year's expenditures	1,312,672	1,312,672	812,855	(499,817)
Other	<u>1,123,832</u>	<u>1,123,832</u>	<u>808,670</u>	<u>(315,162)</u>
	<u>2,436,504</u>	<u>2,436,504</u>	<u>1,621,525</u>	<u>(814,979)</u>
TOTAL REVENUES	249,859,098	249,859,098	247,208,141	(2,650,957)

OTHER FINANCING SOURCES

Transfers in				
Debt Service Fund	<u>262,375</u>	<u>262,375</u>	<u>-</u>	<u>(262,375)</u>

**TOTAL REVENUES AND
OTHER FINANCING SOURCES**

\$ 250,121,473	\$ 250,121,473	\$ 247,208,141	\$ (2,913,332)
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City School District of New Rochelle, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 41,976	\$ 39,767	\$ 35,879	\$ 42	\$ 3,846
District clerk	184,967	194,451	181,986	-	12,465
District meeting	95,040	110,333	108,399	1,616	318
Total Board of Education	321,983	344,551	326,264	1,658	16,629
CENTRAL ADMINISTRATION					
Chief school administrator	521,646	512,724	496,885	11,588	4,251
FINANCE					
Business administration	971,861	1,101,559	969,310	13,135	119,114
Accounting and auditing	129,100	125,058	120,211	-	4,847
Treasurer	157,349	175,038	157,392	-	17,646
Purchasing	398,828	413,618	406,792	-	6,826
Other	4,000	4,000	3,077	-	923
Total Finance	1,661,138	1,819,273	1,656,782	13,135	149,356
STAFF					
Legal	540,000	840,878	591,953	209,133	39,792
Personnel	813,114	856,903	808,675	-	48,228
Records management officer	20,516	20,407	20,043	-	364
Public information and services	248,000	319,095	285,154	8,826	25,115
Total Staff	1,621,630	2,037,283	1,705,825	217,959	113,499

CENTRAL SERVICES

Operation and maintenance of plant	16,639,064	16,947,128	14,540,222	400,960	2,005,946
Security	4,053,560	4,162,217	4,061,720	6,460	94,037
Central printing and mailing	34,500	29,500	23,411	-	6,089
Central data processing	1,699,716	1,641,534	1,638,438	-	3,096

Total Central Services	22,426,840	22,780,379	20,263,791	407,420	2,109,168
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SPECIAL ITEMS

Unallocated insurance	1,284,192	1,225,074	1,198,793	-	26,281
School association dues	28,968	29,168	29,168	-	-
Judgments and claims	10,000	10,000	-	-	10,000
Assessments on school property	265,000	265,000	264,466	-	534
Refunds of real property taxes	3,892,415	2,729,497	2,689,969	-	39,528
Administrative charge - BOCES	1,101,716	1,101,714	1,101,714	-	-

Total Special Items	6,582,291	5,360,453	5,284,110	-	76,343
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Total General Support	33,135,528	32,854,663	29,733,657	651,760	2,469,246
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INSTRUCTION**INSTRUCTION, ADMINISTRATION
AND IMPROVEMENT**

Curriculum development and supervision	1,207,424	900,729	840,054	4,378	56,297
Supervision - Regular school	9,043,043	9,539,502	9,422,545	9,591	107,366
Supervision - Special schools	69,096	70,085	46,032	-	24,053
Research, planning and evaluation	147,874	24,048	12,582	-	11,466
In-service training - Instruction	390,371	222,894	221,291	-	1,603

Total Instruction, Administration and Improvement	10,857,808	10,757,258	10,542,504	13,969	200,785
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TEACHING - REGULAR SCHOOL	78,997,455	77,783,668	76,614,334	178,894	990,440
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**PROGRAMS FOR CHILDREN WITH
HANDICAPPING CONDITIONS**

Programs for students with disabilities	22,584,628	24,340,748	24,048,459	280,104	12,185
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OCCUPATIONAL EDUCATION	3,513,046	3,920,013	3,920,013	-	-
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TEACHING - SPECIAL SCHOOLS	1,084,052	1,085,288	865,219	-	220,069
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(Continued)

City School District of New Rochelle, New York

General Fund

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

Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
<i>INSTRUCTIONAL MEDIA</i>					
School library and audiovisual	\$ 1,104,909	\$ 1,400,115	\$ 1,324,827	\$ 2,532	\$ 72,756
Computer assisted instruction	5,001,257	5,589,326	5,312,937	6,729	269,660
Total Instructional Media	6,106,166	6,989,441	6,637,764	9,261	342,416
<i>PUPIL SERVICES</i>					
Attendance - Regular school	684,894	590,403	586,650	-	3,753
Guidance - Regular school	2,853,681	2,871,432	2,775,078	510	95,844
Health services - Regular school	3,406,158	3,430,523	2,510,896	791,802	127,825
Psychological services - Regular school	2,273,236	2,358,582	2,300,227	-	58,355
Social work services - Regular school	1,683,477	1,685,422	1,679,793	-	5,629
Co-curricular activities - Regular school	341,200	460,499	454,994	750	4,755
Interscholastic athletics - Regular school	1,037,820	1,043,503	1,007,908	125	35,470
Total Pupil Services	12,280,466	12,440,364	11,315,546	793,187	331,631
Total Instruction	135,423,621	137,316,780	133,943,839	1,275,415	2,097,526
<i>PUPIL TRANSPORTATION</i>					
District transportation services	275,271	305,283	293,139	147	11,997
Contract and public carrier transportation	12,313,334	12,323,740	12,005,946	181,753	136,041
Total Pupil Transportation	12,588,605	12,629,023	12,299,085	181,900	148,038
<i>COMMUNITY SERVICES</i>					
Census	2,469	1,770	823	-	947

EMPLOYEE BENEFITS

State retirement	4,466,231	3,848,800	3,376,465	-	472,335
Teachers' retirement	14,310,426	14,310,426	13,789,624	-	520,802
Social security	9,967,557	9,823,625	9,413,659	-	409,966
Hospital, medical and dental insurance	24,113,453	24,167,750	23,191,400	-	976,350
Workers' compensation benefits	1,555,400	1,555,400	1,129,000	-	426,400
Union welfare benefits	2,748,622	2,661,257	2,316,804	-	344,453
	<u>57,161,689</u>	<u>56,367,258</u>	<u>53,216,952</u>	<u>-</u>	<u>3,150,306</u>
Total Employee Benefits					

DEBT SERVICE

Principal					
Serial bonds	6,950,000	6,945,000	6,945,000	-	-
Energy performance contract	353,423	552,349	552,349	-	-
	<u>7,303,423</u>	<u>7,497,349</u>	<u>7,497,349</u>	<u>-</u>	<u>-</u>
Interest					
Serial bonds	1,757,093	1,852,771	1,852,770	-	1
Tax anticipation note	125,000	27,400	27,400	-	-
Energy performance contract	157,259	325,667	325,667	-	-
	<u>2,039,352</u>	<u>2,205,838</u>	<u>2,205,837</u>	<u>-</u>	<u>1</u>
Total Debt Service	<u>9,342,775</u>	<u>9,703,187</u>	<u>9,703,186</u>	<u>-</u>	<u>1</u>
TOTAL EXPENDITURES	<u>247,654,687</u>	<u>248,872,681</u>	<u>238,897,542</u>	<u>2,109,075</u>	<u>7,866,064</u>

OTHER FINANCING USES

Transfers out					
Special Aid Fund	1,745,000	1,350,000	1,076,136	-	273,864
Capital Projects Fund	1,096,018	3,457,230	3,450,285	-	6,945
	<u>2,841,018</u>	<u>4,807,230</u>	<u>4,526,421</u>	<u>-</u>	<u>280,809</u>
TOTAL OTHER FINANCING USES					
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 250,495,705</u>	<u>\$ 253,679,911</u>	<u>\$ 243,423,963</u>	<u>\$ 2,109,075</u>	<u>\$ 8,146,873</u>

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City School District of New Rochelle, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	<u>\$ 378,419</u>	<u>\$ 50,197</u>
Receivables		
State and Federal aid	5,498,650	6,268,978
Due from other funds	<u>10,367,205</u>	<u>5,571,623</u>
	<u>15,865,855</u>	<u>11,840,601</u>
 Total Assets	 <u><u>\$ 16,244,274</u></u>	 <u><u>\$ 11,890,798</u></u>
LIABILITIES		
Accounts payable	\$ 15,685,087	\$ 11,402,594
Accrued liabilities	419,191	380,432
Due to other funds	29,808	-
Unearned revenues	<u>110,188</u>	<u>107,772</u>
 Total Liabilities	 <u><u>\$ 16,244,274</u></u>	 <u><u>\$ 11,890,798</u></u>

City School District of New Rochelle, New York

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

	2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
State aid	\$ 3,180,083	\$ 3,189,048	\$ 3,015,461	\$ (173,587)
Federal aid	6,669,196	7,093,400	6,037,322	(1,056,078)
Miscellaneous	1,239,986	1,260,167	656,911	(603,256)
Total Revenues	11,089,265	11,542,615	9,709,694	(1,832,921)
EXPENDITURES				
Current				
Instruction	12,834,265	12,892,615	10,785,830	2,106,785
Deficiency of Revenues Over Expenditures	(1,745,000)	(1,350,000)	(1,076,136)	273,864
OTHER FINANCING SOURCES				
Transfers in	1,745,000	1,350,000	1,076,136	(273,864)
Net Change in Fund Balance	-	-	-	-
FUND BALANCE				
Beginning of Year	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -

2015			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 2,851,439	\$ 3,077,002	\$ 3,044,849	\$ (32,153)
6,847,170	6,805,530	6,204,003	(601,527)
1,056,418	1,081,193	839,241	(241,952)
10,755,027	10,963,725	10,088,093	(875,632)
12,369,756	11,975,870	10,914,014	1,061,856
(1,614,729)	(1,012,145)	(825,921)	186,224
1,614,729	1,012,145	825,921	(186,224)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

City School District of New Rochelle, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	2016	2015
ASSETS		
Cash and equivalents	\$ 1,404,499	\$ 1,452,300
Restricted investments	475,871	4,484,480
Due from other funds	177,640	175,947
Total Assets	<u>\$ 2,058,010</u>	<u>\$ 6,112,727</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 369,415	\$ 84,597
Retainages payable	28,425	25,970
Bond anticipation notes payable	1,315,000	815,000
Due to other funds	631,937	435,103
Unearned revenues	95,252	-
Total Liabilities	<u>2,440,029</u>	<u>1,360,670</u>
Fund balance (deficit)		
Restricted	-	4,752,057
Unassigned	<u>(382,019)</u>	<u>-</u>
Total Fund Balance (Deficit)	<u>(382,019)</u>	<u>4,752,057</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 2,058,010</u>	<u>\$ 6,112,727</u>

City School District of New Rochelle, New York

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

	<u>2016</u>	<u>2015</u>
REVENUES	\$ -	\$ -
EXPENDITURES		
Capital outlay	<u>8,584,361</u>	<u>6,490,872</u>
Deficiency of Revenues Over Expenditures	<u>(8,584,361)</u>	<u>(6,490,872)</u>
OTHER FINANCING SOURCES		
Energy performance contract issued	-	8,968,500
Transfers in	<u>3,450,285</u>	<u>870,427</u>
Total Other Financing Sources	<u>3,450,285</u>	<u>9,838,927</u>
Net Change in Fund Balance	(5,134,076)	3,348,055
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>4,752,057</u>	<u>1,404,002</u>
End of Year	<u><u>\$ (382,019)</u></u>	<u><u>\$ 4,752,057</u></u>

City School District of New Rochelle, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2016

Project	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
2012 District-Wide Improvements	\$ 862,386	\$ 710,127	\$ 49,108	\$ 759,235
School Building Improvements	869,427	805,722	1,571	807,293
Emergency Plumbing Repairs	176,000	84,107	7,838	91,945
Energy Performance Contract	8,968,500	4,484,250	4,013,723	8,497,973
New Rochelle/Trinity School	594,000	-	594,000	594,000
Webster Emergency Ceiling Repair	2,501,830	-	2,356,420	2,356,420
2016 District-Wide Improvements	106,479,575	-	518,455	518,455
Public Library Improvements	3,674,243	1,941,687	1,043,246	2,984,933
	<u>\$ 124,125,961</u>	<u>\$ 8,025,893</u>	<u>\$ 8,584,361</u>	<u>\$ 16,610,254</u>

Unexpended Balance	Methods of Financing			Fund Balance (Deficit) at June 30, 2016	Bond Anticipation Notes Payable at June 30, 2016
	Proceeds of Obligations	Transfers	Total		
\$ 103,151	\$ -	\$ 759,235	\$ 759,235	\$ -	\$ -
62,134	-	869,427	869,427	62,134	-
84,055	-	176,000	176,000	84,055	-
470,527	8,968,500	-	8,968,500	470,527	-
-	-	594,000	594,000	-	-
145,410	-	2,501,830	2,501,830	145,410	-
105,961,120	-	-	-	(518,455)	-
689,310	2,185,000	174,243	2,359,243	(625,690)	1,315,000
<u>\$ 107,515,707</u>	<u>\$ 11,153,500</u>	<u>\$ 5,074,735</u>	<u>\$ 16,228,235</u>	<u>\$ (382,019)</u>	<u>\$ 1,315,000</u>

City School District of New Rochelle, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2016
 (With Comparative Totals for 2015)

	School Lunch	Public Library	Special Purpose	Debt Service
ASSETS				
Cash and equivalents	\$ 99,255	\$ 1,226,098	\$ 340,643	\$ 788,327
Receivables				
Accounts	40,746	-	-	-
State and Federal aid	144,993	1,163	-	-
Due from other funds	1,317,409	6,401	-	5,344
	<u>1,503,148</u>	<u>7,564</u>	<u>-</u>	<u>5,344</u>
Inventories	<u>11,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prepaid expenditures	<u>-</u>	<u>108,280</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,613,513</u>	<u>\$ 1,341,942</u>	<u>\$ 340,643</u>	<u>\$ 793,671</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 636,275	\$ 7,124	\$ 18	\$ -
Accrued liabilities	59,102	2,823	-	-
Due to other funds	803,877	168,114	-	21,104
Due to retirement systems	-	85,323	-	-
Unearned revenues	25,015	21,619	-	-
Total Liabilities	<u>1,524,269</u>	<u>285,003</u>	<u>18</u>	<u>21,104</u>
Fund balances				
Nonspendable	11,110	108,280	-	-
Restricted	-	125,515	340,625	497,567
Assigned	<u>78,134</u>	<u>823,144</u>	<u>-</u>	<u>275,000</u>
Total Fund Balances	<u>89,244</u>	<u>1,056,939</u>	<u>340,625</u>	<u>772,567</u>
Total Liabilities and Fund Balances	<u>\$ 1,613,513</u>	<u>\$ 1,341,942</u>	<u>\$ 340,643</u>	<u>\$ 793,671</u>

Total Non-Major Governmental Funds	
2016	2015
<u>\$ 2,454,323</u>	<u>\$ 2,569,203</u>
40,746	93,185
146,156	176,912
<u>1,329,154</u>	<u>368,552</u>
<u>1,516,056</u>	<u>638,649</u>
<u>11,110</u>	<u>9,404</u>
<u>108,280</u>	<u>127,488</u>
<u>\$ 4,089,769</u>	<u>\$ 3,344,744</u>
\$ 643,417	\$ 16,967
61,925	72,856
993,095	246,389
85,323	102,445
<u>46,634</u>	<u>130,692</u>
<u>1,830,394</u>	<u>569,349</u>
119,390	136,892
963,707	1,011,891
<u>1,176,278</u>	<u>1,626,612</u>
<u>2,259,375</u>	<u>2,775,395</u>
<u>\$ 4,089,769</u>	<u>\$ 3,344,744</u>

City School District of New Rochelle, New York

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Non-Major Governmental Funds
 Year Ended June 30, 2016
 (With Comparative Totals for 2015)

	School Lunch	Public Library	Special Purpose	Debt Service
REVENUES				
Real property taxes	\$ -	\$ 4,798,767	\$ -	\$ -
Other tax items	-	58,896	-	-
Charges for services	-	62,969	-	-
Use of money and property	2	13,088	16	7,482
State aid	64,750	116,878	-	-
Federal aid	2,326,179	735	-	-
Food sales	646,684	-	-	-
Miscellaneous	-	115,719	14,647	-
Total Revenues	<u>3,037,615</u>	<u>5,167,052</u>	<u>14,663</u>	<u>7,482</u>
EXPENDITURES				
Current				
Instruction	-	-	16,226	-
Culture and recreation	-	5,162,417	-	-
Cost of food sales	3,415,951	-	-	-
Debt service				
Principal	-	70,000	-	-
Interest	-	78,238	-	-
Total Expenditures	<u>3,415,951</u>	<u>5,310,655</u>	<u>16,226</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(378,336)	(143,603)	(1,563)	7,482
FUND BALANCES				
Beginning of Year	<u>467,580</u>	<u>1,200,542</u>	<u>342,188</u>	<u>765,085</u>
End of Year	<u>\$ 89,244</u>	<u>\$ 1,056,939</u>	<u>\$ 340,625</u>	<u>\$ 772,567</u>

Total Non-Major Governmental Funds	
2016	2015
\$ 4,798,767	\$ 4,603,414
58,896	58,589
62,969	70,771
20,588	15,567
181,628	97,497
2,326,914	2,283,654
646,684	696,048
130,366	335,262
<u>8,226,812</u>	<u>8,160,802</u>
16,226	15,125
5,162,417	4,781,495
3,415,951	2,992,327
70,000	69,526
<u>78,238</u>	<u>81,404</u>
<u>8,742,832</u>	<u>7,939,877</u>
(516,020)	220,925
<u>2,775,395</u>	<u>2,554,470</u>
<u>\$ 2,259,375</u>	<u>\$ 2,775,395</u>

City School District of New Rochelle, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	2016	2015
ASSETS		
Cash and equivalents	\$ 99,255	\$ 498,783
Receivables		
Accounts, net of allowance for uncollectible amounts of \$0 in 2016 and \$139,675 in 2015	40,746	93,185
State and Federal aid	144,993	176,912
Due from other funds	1,317,409	-
	1,503,148	270,097
Inventories	11,110	9,404
Total Assets	\$ 1,613,513	\$ 778,284
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 636,275	\$ 470
Accrued liabilities	59,102	60,404
Due to other funds	803,877	224,685
Unearned revenues	25,015	25,145
Total Liabilities	1,524,269	310,704
Fund balance		
Nonspendable	11,110	9,404
Assigned	78,134	458,176
Total Fund Balance	89,244	467,580
Total Liabilities and Fund Balance	\$ 1,613,513	\$ 778,284

City School District of New Rochelle, New York

School Lunch Fund

Comparative Statement of Revenues, Expenditures and

Changes in Fund Balance

Years Ended June 30,

	<u>2016</u>	<u>2015</u>
REVENUES		
Use of money and property	\$ 2	\$ -
State aid	64,750	67,169
Federal aid	2,326,179	2,266,851
Food sales	<u>646,684</u>	<u>696,048</u>
Total Revenues	3,037,615	3,030,068
EXPENDITURES		
Current		
Cost of food sales	<u>3,415,951</u>	<u>2,992,327</u>
Excess (Deficiency) of Revenues Over Expenditures	(378,336)	37,741
FUND BALANCE		
Beginning of Year	<u>467,580</u>	<u>429,839</u>
End of Year	<u>\$ 89,244</u>	<u>\$ 467,580</u>

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City School District of New Rochelle, New York

Public Library Fund
Comparative Balance Sheet
June 30,

	2016	2015
ASSETS		
Cash and equivalents	\$ 1,226,098	\$ 942,255
Receivables		
State and Federal aid	1,163	-
Due from other funds	6,401	368,322
	7,564	368,322
Prepaid expenditures	108,280	127,488
Total Assets	\$ 1,341,942	\$ 1,438,065
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 7,124	\$ 16,479
Accrued liabilities	2,823	12,452
Due to other funds	168,114	600
Due to retirement systems	85,323	102,445
Unearned revenues	21,619	105,547
Total Liabilities	285,003	237,523
Fund balance		
Nonspendable	108,280	127,488
Restricted	125,515	166,993
Assigned	823,144	906,061
Total Fund Balance	1,056,939	1,200,542
Total Liabilities and Fund Balance	\$ 1,341,942	\$ 1,438,065

City School District of New Rochelle, New York

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

	2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 4,815,408	\$ 4,815,408	\$ 4,798,767	\$ (16,641)
Other tax items	54,500	54,500	58,896	4,396
Charges for services	60,000	60,000	62,969	2,969
Use of money and property	6,000	6,820	13,088	6,268
State aid	20,000	195,798	116,878	(78,920)
Federal aid	-	1,312	735	(577)
Miscellaneous	164,657	252,238	115,719	(136,519)
Total Revenues	5,120,565	5,386,076	5,167,052	(219,024)
EXPENDITURES				
Current				
Culture and recreation	5,219,655	5,524,313	5,162,417	361,896
Debt service				
Principal				
Serial bonds	99,547	99,547	70,000	29,547
Interest				
Serial bonds	68,213	68,213	68,213	-
Bond anticipation notes	8,150	8,150	8,150	-
Tax anticipation notes	-	1,875	1,875	-
	76,363	78,238	78,238	-
Total Expenditures	5,395,565	5,702,098	5,310,655	391,443
Excess (Deficiency) of Revenues Over Expenditures	(275,000)	(316,022)	(143,603)	172,419
FUND BALANCE				
Beginning of Year	275,000	316,022	1,200,542	884,520
End of Year	\$ -	\$ -	\$ 1,056,939	\$ 1,056,939

2015			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 4,603,500	\$ 4,603,500	\$ 4,603,414	\$ (86)
25,000	25,000	58,589	33,589
77,000	77,000	70,771	(6,229)
11,583	11,820	12,842	1,022
20,000	95,683	30,328	(65,355)
-	17,380	16,803	(577)
159,118	420,467	288,881	(131,586)
4,896,201	5,250,850	5,081,628	(169,222)
4,862,201	5,221,020	4,781,495	439,525
-	69,526	69,526	-
-	68,736	68,736	-
139,000	738	-	738
20,000	15,830	12,668	3,162
159,000	85,304	81,404	3,900
5,021,201	5,375,850	4,932,425	443,425
(125,000)	(125,000)	149,203	274,203
125,000	125,000	1,051,339	926,339
\$ -	\$ -	\$ 1,200,542	\$ 1,200,542

City School District of New Rochelle, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	<u>\$ 340,643</u>	<u>\$ 342,206</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 18	\$ 18
Fund balance		
Restricted	<u>340,625</u>	<u>342,188</u>
Total Liabilities and Fund Balance	<u><u>\$ 340,643</u></u>	<u><u>\$ 342,206</u></u>

City School District of New Rochelle, New York

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

	<u>2016</u>	<u>2015</u>
REVENUES		
Use of money and property	\$ 16	\$ 13
Miscellaneous	<u>14,647</u>	<u>46,381</u>
Total Revenues	14,663	46,394
EXPENDITURES		
Current		
Instruction	<u>16,226</u>	<u>15,125</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,563)	31,269
FUND BALANCE		
Beginning of Year	<u>342,188</u>	<u>310,919</u>
End of Year	<u><u>\$ 340,625</u></u>	<u><u>\$ 342,188</u></u>

City School District of New Rochelle, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 788,327	\$ 785,959
Due from other funds	<u>5,344</u>	<u>230</u>
Total Assets	<u><u>\$ 793,671</u></u>	<u><u>\$ 786,189</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	<u>\$ 21,104</u>	<u>\$ 21,104</u>
Fund balance		
Restricted	497,567	502,710
Assigned	<u>275,000</u>	<u>262,375</u>
Total Fund Balance	<u>772,567</u>	<u>765,085</u>
Total Liabilities and Fund Balance	<u><u>\$ 793,671</u></u>	<u><u>\$ 786,189</u></u>

City School District of New Rochelle, New York

Debt Service Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2016</u>	<u>2015</u>
REVENUES		
Use of money and property	\$ 7,482	\$ 2,712
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	7,482	2,712
FUND BALANCE		
Beginning of Year	<u>765,085</u>	<u>762,373</u>
End of Year	<u><u>\$ 772,567</u></u>	<u><u>\$ 765,085</u></u>

City School District of New Rochelle, New York

Internal Service Fund - Workers' Compensation Benefits
Comparative Statement of Net Position
June 30,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 456,581	\$ 465,371
Due from other funds	<u>2,796,198</u>	<u>2,787,407</u>
Total Assets	<u>3,252,779</u>	<u>3,252,778</u>
LIABILITIES		
Current liabilities		
Claims payable	955,814	1,549,811
Non-current liabilities		
Claims payable	<u>1,301,468</u>	<u>1,162,339</u>
Total Liabilities	<u>2,257,282</u>	<u>2,712,150</u>
NET POSITION		
Unrestricted	<u>\$ 995,497</u>	<u>\$ 540,628</u>

City School District of New Rochelle, New York

Internal Service Fund - Workers' Compensation Benefits
Comparative Statement of Revenues, Expenses and
Changes in Net Position
Years Ended June 30,

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Charges for services	\$ 1,190,290	\$ 1,110,000
OPERATING EXPENSES		
Employee benefits	<u>735,621</u>	<u>2,421,475</u>
Income (Loss) from Operations	454,669	(1,311,475)
NON-OPERATING REVENUES		
Interest income	<u>200</u>	<u>204</u>
Change in Net Position	454,869	(1,311,271)
NET POSITION		
Beginning of Year	<u>540,628</u>	<u>1,851,899</u>
End of Year	<u><u>\$ 995,497</u></u>	<u><u>\$ 540,628</u></u>

City School District of New Rochelle, New York

Internal Service Fund - Workers' Compensation Benefits
 Comparative Statement of Cash Flows
 Years Ended June 30,

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from charges to other funds	\$ 1,181,499	\$ 1,141,033
Cash payments to insurance carriers and claimants	<u>(1,190,489)</u>	<u>(1,281,475)</u>
Net Cash from Operating Activities	(8,990)	(140,442)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>200</u>	<u>204</u>
Net Change in Cash and Equivalents	(8,790)	(140,238)
CASH AND EQUIVALENTS		
Beginning of Year	<u>465,371</u>	<u>605,609</u>
End of Year	<u><u>\$ 456,581</u></u>	<u><u>\$ 465,371</u></u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ 454,669	\$ (1,311,475)
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Changes in assets and liabilities		
Due from other funds	(8,791)	31,033
Claims payable	<u>(454,868)</u>	<u>1,140,000</u>
Net Cash from Operating Activities	<u><u>\$ (8,990)</u></u>	<u><u>\$ (140,442)</u></u>

City School District of New Rochelle, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2016

Adopted Budget	\$ 250,121,473
Additions - Encumbrances	<u>374,232</u>
Original Budget	250,495,705
Budget Amendments	<u>3,184,206</u>
Final Budget	<u><u>\$ 253,679,911</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

2016-17 Expenditure Budget	<u>\$ 253,685,636</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	2,109,075
Unassigned fund balance	<u>10,126,466</u>
Total Unrestricted Fund Balance	12,235,541
Less	
Encumbrances	<u>2,109,075</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 10,126,466</u></u>
Actual Percentage	<u><u>3.99%</u></u>

City School District of New Rochelle, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2016

Capital Assets, net		\$ 107,973,397
Plus		
Unexpended debt proceeds	985,594	
Unamortized portion of loss on refunding bonds	<u>1,694,365</u>	2,679,959
Less		
Bonds payable - Capital construction	(39,625,000)	
Bond anticipation notes	(1,315,000)	
Energy performance contract	(13,477,961)	
Unamortized portion of issuance premium	<u>(1,914,996)</u>	<u>(56,332,957)</u>
Net Investment in Capital Assets		<u>\$ 54,320,399</u>

**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
City School District of New Rochelle, 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 City School District of New Rochelle, New York ("School District") as of and for the year ended June 30, 2016, 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 October 17, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 17, 2016

**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
City School District of New Rochelle, New York**

Report on Compliance for Each Major Federal Program

We have audited the City School District of New Rochelle, 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, 2016. 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 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 the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 17, 2016

City School District of New Rochelle, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

<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		\$ -	\$ 246,107
National School Lunch Program - Commodities	10.555		-	285,435
National School Lunch Program - Cash	10.555		-	1,788,406
Subtotal Child Nutrition Cluster			-	2,319,948
Indirect Program - Passed through New York State Department of Health				
Child and Adult Care Food Program	10.558		-	6,231
Total U.S. Department of Agriculture			-	2,326,179
<u>National Aeronautics and Space Administration</u>				
Direct Program				
Education	43.008		-	735
<u>U.S. Department of Education</u>				
Direct Program				
Fund for the Improvement of Education	84.215		-	132,773
Fund for the Improvement of Education	84.215		-	443,923
			-	576,696
Indirect Programs - Passed through New York State Department of Education				
<i>Special Education Cluster - IDEA</i>				
Special Education - Grants to States	84.027	0032-16-1078	-	2,943,363
Special Education - Preschool Grants	84.173	0033-16-1078	-	128,585
Subtotal Special Education Cluster			-	3,071,948
Title I Grants to Local Educational Agencies	84.010	0021-15-3750	-	15,051
Title I Grants to Local Educational Agencies	84.010	0021-16-3750	-	1,909,107
			-	1,924,158
Education for Homeless Children and Youth	84.196	0212-16-4048	-	32,494
English Language Acquisition State Grants	84.365	0293-15-3750	-	12,918
English Language Acquisition State Grants	84.365	0149-15-3750	-	3,089
English Language Acquisition State Grants	84.365	0293-16-3750	-	148,175
English Language Acquisition State Grants	84.365	0151-16-3750	-	6,985
			-	171,167
Supporting Effective Instruction State Grant	84.367	0147-15-3750	-	4,022
Supporting Effective Instruction State Grant	84.367	0147-16-3750	-	292,916
			-	296,938
Total U.S. Department of Education			-	6,073,401
Total Expenditures of Federal Awards			\$ -	\$ 8,400,315

(1) Catalog of Federal Domestic Assistance number.

The accompanying notes are an integral part of this schedule.

City School District of New Rochelle, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City School District of New Rochelle, New York ("School District") under programs of the federal government for the year ended June 30, 2016. 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.

City School District of New Rochelle, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

____ Yes X No
____ Yes X None reported

Noncompliance material to financial statements
noted?

____ Yes X No

Federal Awards

Internal control over major federal programs:

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

____ Yes X No
____ Yes X None reported

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

Unmodified

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

____ Yes X No

Identification of major federal programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.553
10.555
10.555

Child Nutrition Cluster:
School Breakfast Program
National School Lunch Program – Commodities
National School Lunch Program - Cash

Dollar threshold used to distinguish
between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X Yes ____ No

City School District of New Rochelle, New York

Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2016

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

City School District of New Rochelle, New York

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016

None