This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 15, 2019

NEW AND RENEWAL ISSUES **RATINGS: (See "*RATINGS*" herein)**

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City of Yonkers, New York, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Series A Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); (ii) interest on the Series A Notes is not treated as a preference item in calculating the alternative minimum tax under the Code; (iii) interest on the Series B Notes is included in gross income for federal income tax purposes pursuant to the Code; and (iv) interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York and the City of Yonkers. See "TAX MATTERS FOR THE SERIES A NOTES" AND "TAX MATTERS FOR THE SERIES B NOTES" herein.

CITY OF YONKERS, NEW YORK

$79,513,082 GENERAL OBLIGATION BOND ANTICIPATION NOTES-2019A

$16,150,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES-2019B (FEDERALLY TAXABLE)

Dated: Date of Issue **Maturity Date: December 17, 2019**

The $79,513,082 General Obligation Bond Anticipation Notes-2019A (the "Series A Notes") and $16,150,000 General Obligation Bond Anticipation Notes-2019B (Federally Taxable) (the "Series B Notes and together with the Series A Notes, the "Notes"), will constitute general obligations of the City and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the City, subject to certain statutory limitations imposed by Chapter 97 of the Laws of New York of 2011, as amended (the "Tax Levy Limit Law"). (See "*Tax Levy Limit Law*" under "*PROPERTY TAXES*" in Appendix A attached hereto).

The Notes are dated their Date of Issue and bear interest from that date until the Maturity Date, at the annual rate or rates as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

The Notes will be issued in registered form and, at the option of the purchaser, the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

If the Notes are registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to the respective successful bidder at such interest rate.

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Individual purchases will be made in book entry form only, in principal amounts of $5,000 or integral multiples thereof, except for one necessary odd denomination for the Series A Note. Purchasers will not receive certificates representing their interests in the Notes.

Principal of and interest on the Notes will be paid by The Bank of New York Mellon, New York, New York, the Paying Agent for the Notes, to the registered owner or, as the case may be to the Securities Depository, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes, as described herein.

CHAPTER 55 OF THE LAWS OF 2014 OF THE STATE OF NEW YORK ("CHAPTER 55") AUTHORIZED THE CITY TO ISSUE DEFICIT BONDS ON BEHALF OF THE BOARD OF EDUCATION OF THE CITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED $45,000,000 TO FUND THE CUMULATIVE DEFICIT IN THE GENERAL FUND OF SAID BOARD OF EDUCATION AS OF JUNE 30, 2014. ON MARCH 27, 2015, THE CITY ISSUED ITS $37,260,000 SCHOOL DEFICIT BONDS-2015A PURSUANT TO SUCH AUTHORIZATION. (SEE "*RECENT DEVELOPMENTS REGARDING THE FINANCES OF THE CITY AND THE BOARD OF EDUCATION OF THE CITY*" HEREIN.)

This Preliminary Official Statement is in a form "Deemed Final" by the City for the purpose of Securities and Exchange Commission Rule 15c2-12. For a description of the City's Agreement(s) to provide continuing disclosure as described in the Rule, see "*DISCLOSURE UNDERTAKING*" herein.

The Notes are offered subject to the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City, and certain other conditions. It is expected that delivery of the Notes in definitive form will be made on or about May 14, 2019 in Jersey City, New Jersey.

April __, 2019

No dealer, broker, salesman or other person has been authorized by the City, or any officer thereof, to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by any of the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the City, from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City, since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

This Official Statement is submitted in connection with the sale of the Notes described herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement among the City and the purchasers or owners of any offered Notes. This Official Statement is being provided to prospective purchasers either in bound printed form ("Original Bound Format") or in electronic format on the following websites: www.capmark.org or https://emma.msrb.org/. This Official Statement may be relied upon only if it is in its Original Bound Format or if it is printed in full directly from such websites. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the cover page, the inside cover page and the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Notes is made only by means of this entire Official Statement.

The statements contained in this Official Statement and the Appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date of this Official Statement, and the City assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the Notes.

The Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. The Notes have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemption contained in Section 3(a)(2) of such act.

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APPENDIX A - THE CITY OF YONKERS

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CITY OF YONKERS

Mayor
Mike Spano

City Council President
Mike Khader

Council Members
Michael Sabatino, Majority Leader
Mike Breen, Minority Leader
Shanae V. Williams
Corazon Pineda Isaac
John Rubbo
Anthony J. Merante

Deputy Mayors
Jim Cavanaugh
Steven J. Levy

Corporation Counsel
Matthew Gallagher

Commissioner of Finance & Management Services and Comptroller
John A. Liszewski

Deputy Commissioner of Finance & Management Services
Elizabeth Janocha

Bond Counsel
Hawkins Delafield & Wood LLP
New York, New York

Auditors
PKF O'Connor Davies LLP
Harrison, New York

Municipal Advisor
Capital Markets Advisors LLC
Great Neck, New York

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OFFICIAL STATEMENT

relating to the

CITY OF YONKERS, NEW YORK

$79,513,082 GENERAL OBLIGATION BOND ANTICIPATION NOTES-2019A

and

$16,150,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES-2019B (FEDERALLY TAXABLE)

This Official Statement, which includes the cover page and appendices, presents information relating to the City of Yonkers, in the County of Westchester, New York (the "City", "County" and "State", respectively) and was prepared by the City in connection with the sale of its $79,513,082 General Obligation Bond Anticipation Notes-2019A (the "Series A Notes") and $16,150,000 General Obligation Bond Anticipation Notes-2019B (Federally Taxable) (the "Series B Notes" and together with the Series A Notes, the "Notes").

The factors affecting the City's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the City's tax base, revenues and expenditures, this Official Statement should be read in its entirety.

The quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the City contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the City relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

INTRODUCTION

The City is a municipal corporation of the State. With a population estimated at 202,019 according to 2017 US Census data, the City is the fourth most populous city in the State. The City has an area of approximately 18.3 square miles and is located in the southwestern section of the County. The City has substantial established residential areas, and there are 13 companies located in the City which have 200 or more employees. Its largest taxpayers include Consolidated Edison Company, Mack Cali's Westchester Realty and The City of New York.

The City has the general power and responsibilities inherent in the operation of a municipal government. The City is responsible for and maintains police, fire, sanitation and water services, in-City sewer infrastructure, municipal streets, library, parks and facilities. A Board of Trustees, appointed by the Mayor, administers the Yonkers public school system (the "BOE" or "Board of Education"); however, the City Council is responsible for determining the level of and provides for educational expenditures as part of the annual budgetary process. Pursuant to State legislation enacted in connection with the State's 2014-2015 Adopted Budget, the City and the BOE entered into an inter-municipal agreement, whereby the City assumed control of all financial and budget functions of the BOE. The inter-municipal agreement gives the City certain administrative controls over non-academic operations and functions of the BOE. Under State law, the County, not the City, is responsible for funding mandated social service programs such as Medicaid, Aid to Families with Dependent Children and home relief programs. The City does not own, operate or have financial responsibility for any hospitals or colleges.

The Special Local Finance and Budget Act of the City of Yonkers, constituting Chapters 488 and 489 of the Laws of 1976 of the State (the "Act"), provides the purchasers of the City's debt obligations, including

the Notes, with special contractual safeguards not usually afforded to the holders of general obligation debt of other municipalities in the State. (See "*The Special Local Finance and Budget Act*" under "*DISCUSSION OF FINANCIAL OPERATIONS*" in Appendix A attached hereto.) (See Appendix C attached hereto for a summary of the provisions of the Act.)

The Notes will be general obligations of the City and will contain a pledge of the faith and credit of the City for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the City has the power to levy ad valorem taxes on all taxable real property within the City, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" under "*PROPERTY TAXES*" in Appendix A attached hereto.) A percentage of all City ad valorem real property taxes collected, together with the proceeds of a special one percent sales and use tax authorized by Chapter 871 of the State Laws of 1975, as amended (the "Special Sales Tax"), must be deposited, as received, into the Debt Service Fund maintained with the State Comptroller acting as Fiscal Agent (the "Fiscal Agent"). Funds in the Debt Service Fund may be used only to pay principal of and interest on bond and note obligations of the City. If at any point during a fiscal year the funds on deposit in the Debt Service Fund exceed the unpaid amount of all Special Debt Service due or to become due at or prior to the end of such fiscal year, the Fiscal Agent shall pay over to the City the amount of such excess for use by the City.

THE NOTES

Authorization for the Notes

The Notes are issued pursuant to the Constitution and statutes of the State, including the Local Finance Law and the Act and various special bond ordinances duly adopted by the City Council on their respective dates and subsequently approved by the Mayor, authorizing the issuance of serial bonds for City and BOE purposes (see "*Purpose of the Series A Notes*" herein) and to finance tax certiorari judgments (see "*Purpose of the Series B Notes*" herein).

Description of the Notes

The Notes are dated their Date of Issue and bear interest from that date until the Maturity Date, at the annual rate or rates set forth on the inside cover page hereof.

The Notes will be issued in registered form and, at the option of the purchaser, the Notes will be (i) registered in the name of the successful bidder(s) or (ii) registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes.

If the Notes are registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to the respective successful bidder at such interest rate.

If the Notes are issued in book-entry form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Individual purchases will be made in book entry form only, in principal amounts of $5,000 or integral multiples thereof, except for one necessary odd denomination for the Series A Notes. Purchasers will not receive certificates representing their interests in the Notes.

Principal of and interest on the Notes will be paid by The Bank of New York Mellon, New York, New York, the Paying Agent for the Notes, to the registered owner or, as the case may be to the Securities Depository, which will in turn remit such principal and interest to its Participants (as hereinafter defined), for subsequent distribution to the Beneficial Owners (as hereinafter defined) of the Notes, as described herein.

The Notes may be transferred or exchanged in the manner described on the Notes and as referenced in accompanying proceedings of the City. See also, "*FUNCTIONS OF THE FISCAL AGENT*" herein.

The Notes are not subject to optional redemption prior to maturity.

Purpose of the Series A Notes

A $28,115,394 portion of the proceeds of the Series A Notes will be used to redeem a like portion of the City's $28,115,394 Bond Anticipation Note-2018 Series A (the "2018A Note"), maturing on May 15, 2019, which were used to finance the objects or purposes listed below. The $51,397,688 balance of the proceeds of the Series A Notes will be used to finance the respective objects or purposes listed below, together with costs of issuance.

Special Ordinance No. 29-2014

Object or Purpose	Amount Outstanding	Allocation of Note Proceeds
Acq. of MIS hardware and software	$1,350,000	$1,350,000
Switch upgrades	50,000	50,000
Passenger Vehicle replacement	2,000,000	2,000,000
Oil Storage Tank replacement	-	300,000
City Hall reconstruction	-	240,000
Heavy-duty vehicle and equipment replacement	-	800,000
Acquisition of new data center & network switch	-	500,000
Installation of park fencing	-	100,000
Acquisition of firefighting gear and equipment	-	162,500

Special Ordinance No. 35-2016

Object or Purpose	Amount Outstanding	Allocation of Note Proceeds
Construction of improvements to various school buildings and the sites thereof	$200,000	$200,000

Special Ordinance No. 37-2016

Object or Purpose	Amount Outstanding	Allocation of Note Proceeds
Curbs, steps and sidewalks replacement	$125,000	$ 125,000
Water system improvements	750,000	750,000
Road reconstruction and resurfacing		1,000,000
Fire building reconstruction		410,000

Special Ordinance No. 30-2017

Object or Purpose	Amount Outstanding	Allocation of Note Proceeds
Acquisition of textbooks and equipment	$2,500,000	$2,500,000

Special Ordinance No. 32-2017

Object or Purpose	Amount Outstanding	Allocation of Note Proceeds
Construction of new firehouse	$7,500,000	$7,500,000
Traffic signal replacement	220,000	220,000
Asset Management System upgrades	100,000	100,000
Acq. of library books and other materials	450,000	450,000
Acq. of Parks vehicles and equipment	810,000	810,000
Acq. of Parks vehicles and equipment	35,000	35,000
Acq. of Parks vehicles and equipment	33,000	33,000
City building rehabilitation	1,150,000	1,150,000
Water system improvements	1,750,000	1,750,000
Vehicle and equipment replacement	1,932,394	1,932,394
General park improvements	1,510,000	1,510,000
Acq. of equipment – Dept. of Public Works	150,000	150,000
Curb, step and sidewalk reconstruction	-	500,000
City building reconstruction	-	650,000
Acquisition of heavy-duty vehicles and equipment	-	1,100,000
Road reconstruction and resurfacing	-	1,700,000
Fire building reconstruction	-	128,000
JFK Marina Stabilization project	-	3,500,000
Precinct and facility improvements	-	400,000

Special Ordinance No. 24-2018

Object or Purpose	Amount Outstanding	Allocation of Note Proceeds
Construction of new firehouse	$5,500,000	$5,500,000

Special Ordinance No. 13-2019

Object or Purpose	Amount Outstanding	Allocation of Note Proceeds
Construction and improvement to various school buildings and the sites thereof	-	$24,620,000

Special Ordinance No. 17-2019

Object or Purpose	Amount Outstanding	Allocation of Note Proceeds
Acq. of Housing & Building vehicles	-	$ 86,125
Acq. of Light-duty vehicle and equipment	-	400,000
Bridge rehabilitation	-	800,000
Buena Vista Garage rehabilitation	-	1,000,000
Grassy Sprain Dam remediation	-	200,000
Traffic signal replacement	-	565,000
City-wide highway improvements	-	1,500,000
Public right of way improvements	-	500,000
Acq. of Engineering vehicles	-	46,470

Object or Purpose	Amount Outstanding	Allocation of Note Proceeds
Saw Mill/Bronx River outflow remediation	-	2,500,000
Fire building reconstruction	-	1,139,000
Acq. of protective clothing/turnout gear	-	313,950
Acq. of MIS hardware and software	-	988,000
Elevator replacement	-	412,000
Sidewalk replacement	-	90,000
Tree planting	-	85,000
Retaining wall reconstruction	-	610,000
General park improvements	-	2,100,000
CHEMA Community Center improvements	-	335,200
Ballfield backstop replacement	-	50,000
Reconstruction of fields	-	75,000
Acquisition of police vehicles	-	662,000
Precinct and building reconstruction	-	297,000
Acq. of Police portable radios	-	50,000
Acq. of traffic radar trailers	-	16,443
Telestaff Upgrade	-	100,000
Equipment replacement/upgrades (including planning)	-	241,000
HVAC improvements - Museum	-	125,000

Purpose of the Series B Notes

A $12,700,000 portion of the proceeds of the Series B Notes will be used to redeem a like portion of the City's $12,700,000 Bond Anticipation Note-2018 Series B (the "2018B Note"), maturing on May 15, 2019, which were used to finance the objects or purposes listed below. The $3,450,000 balance of the total proceeds of the Series B Notes will be used to finance the objects or purposes listed below, together with costs of issuance.

Special Ordinance No. 23-2018

Object or Purpose	Amount Outstanding	Allocation of Note Proceeds
Tax Certiorari Settlements	$12,700,000	$12,700,000
Tax Certiorari Settlements	-	$2,300,000

Special Ordinance No. 15-2019

Object or Purpose	Amount Outstanding	Allocation of Note Proceeds
Tax Certiorari Settlements	-	$1,150,000

PAYMENT AND SECURITY FOR THE NOTES

General

Each Note when duly issued and paid for will constitute a contract between the City and the holder thereof. The Notes will be general obligations of the City and will contain a pledge of the faith and credit of

the City for the payment of the principal of and interest thereon. For the payment of such principal and interest, the City has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the City, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See "*Tax Levy Limit Law*" under "*PROPERTY TAXES*" in Appendix A hereto.) Under the Constitution of the State, the State is specifically precluded from restricting the power of the City to levy taxes on real estate for such purpose. However, the Tax Levy Limit Law imposes a statutory limitation on the City's power to increase its annual tax levy. As a result, the power of the City to levy real estate taxes on all the taxable real property within the City is subject to certain statutory limitations set forth in Tax Levy Limit Law, unless the City complies with certain procedural requirements to permit the City to levy certain year-to-year increases in real property taxes.

The Notes also will be entitled to the benefits of the provisions of special sale ordinances adopted by the City Council authorizing each issue of City bonds since 1976 (collectively referred to hereinafter as the "Sale Ordinance"), including certain covenants of the City contained therein and certain rights of the City bondholders to enforce such covenants. The Sale Ordinance constitutes the special contract and credit agreement with bondholders authorized by the City in accordance with the Act. Pursuant to the Sale Ordinance and the Act, the State Comptroller is the Fiscal Agent and has specific monitoring and enforcement functions. (See "*FUNCTIONS OF THE FISCAL AGENT*" herein and a summary of the Act in Appendix C attached hereto.)

Debt Service Fund

Pursuant to the Sale Ordinance, the Debt Service Fund (as hereinafter defined in Appendix B), established by the City pursuant to the Act and its 1976 bond ordinance, is continued and shall be maintained by the City with the Fiscal Agent for the purpose of paying Special Debt Service. "Special Debt Service" means, with respect to a fiscal year, the amount required for the punctual payment of all principal and interest due and payable in such year on the Notes and on all of the City's other outstanding serial bonds, tax anticipation notes, revenue anticipation notes (subject to the limitation described herein), capital notes and budget notes and the required principal amortization and interest due on the City's outstanding bond anticipation notes and urban renewal notes. All such obligations are general obligations of the City. The City is also authorized to incur debt which is not a general obligation of the City, payable from and secured by increases in real property taxes on benefited property. (See "*Tax Increment Financing*" under "*CITY INDEBTEDNESS*" in Appendix A attached hereto.)

The Sale Ordinance reaffirms the requirements of the Act, and the safeguards and provisions which apply to the aforesaid obligations issued by the City in 1976 and thereafter, that the City appropriate in its budget for each fiscal year the amounts required for such year to pay Special Debt Service, as well as the amounts estimated to be required for interest on tax anticipation and revenue anticipation notes anticipated to be issued and to mature in such fiscal year.

The following amounts are required to be deposited in the Debt Service Fund:

(a) The percentage of all ad valorem real property taxes collected by the City, determined according to the following formula and calculated at the commencement of each fiscal year:

$$\frac{\text{total appropriation for Special Debt Service}}{\text{total city ad valorem real property tax levy } \textit{less} \text{ reserve for uncollected}} = \text{Debt Service Percentage}$$

Immediately upon receipt of any ad valorem real property tax payments during each fiscal year, the City is required to remit the total of such payments to the Fiscal Agent, who will deposit into the Debt Service Fund the portion of such payment equal to the Debt Service Percentage. The

remainder of such payment is then paid over to the City Comptroller (subject to (c) and (d) below) for City use.

(b) The revenues derived from the imposition of the Special Sales Tax of the City will be deposited monthly by or on behalf of the State Comptroller into the Debt Service Fund. (See "*Revenues*" under "*DISCUSSION OF FINANCIAL OPERATIONS"* in Appendix A attached hereto.)

There can be no assurance that the authorization or the imposition of the Special Sales Tax will not be repealed, amended or otherwise changed by the State or the City. Neither in the Act nor the Sale Ordinance does the State or the City expressly pledge or covenant to continue such special sales and use tax. Pursuant to the Sale Ordinance, the first one percent of any sales and use tax that is authorized and imposed by the City will be the Special Sales Tax and will be deposited into the Debt Service Fund.

(c) With respect to tax anticipation notes issued during a fiscal year (with the requisite Fiscal Agent authentications), the Fiscal Agent will retain from the original proceeds of such tax anticipation notes that portion thereof equal to the Debt Service Percentage (see (a) above) and the Added Debt Service Percentage (see (d) below) and shall pay over the remaining proceeds to the City Comptroller for City use. Thereafter, the Fiscal Agent is required to deposit into the Debt Service Fund all ad valorem real property taxes until full provision for the payment of such tax anticipation notes has been made.

(d) With respect to the issuance of revenue anticipation notes, urban renewal notes and budget notes during a fiscal year, the Fiscal Agent is required to deposit in the Debt Service Fund from total ad valorem real property taxes thereafter received by him an additional amount (the "Added Debt Service Percentage") computed as follows:

$$\frac{\text{Interest payable on such notes in such fiscal year}}{\text{Total uncollected City ad valorem real property Taxes less reserve for uncollected taxes}} = \text{Added Debt Service Percentage}$$

(e) The Sale Ordinance provides that no principal of or interest on other note obligations, issued during the year and for the payment of which the above described percentages do not apply, are to be paid from the Debt Service Fund unless the City shall deposit additional monies in the Debt Service Fund for such purpose.

If at any time during a fiscal year the monies in the Debt Service Fund exceed the unpaid amount of Special Debt Service due, or to become due on or prior to the first day of July next ensuing, the Fiscal Agent shall pay over to the City Comptroller the amount of such excess for use by the City.

The Act provides that the Debt Service Fund and any or all monies payable to the Debt Service Fund are City property devoted to essential governmental purposes and shall not be subject to any order, judgment, lien, attachment, execution, setoff or counterclaim by any creditors of the City other than a creditor for whose benefit the Debt Service Fund is established. (See, however, "*SPECIAL RIGHTS AND REMEDIES*" herein for a discussion of the effect on the Debt Service Fund of the filing of a petition by or on behalf of the City under the Federal Bankruptcy Code or subsequently enacted law governing creditors' rights.)

The Sale Ordinance contains a general covenant of the City to comply with the provisions of the Act and a specific covenant incorporating the requirements of the budgetary procedures set forth in the Act. (See *"Procedures*" under "*DISCUSSION OF FINANCIAL OPERATIONS"* in Appendix A attached hereto.) The Sale Ordinance also includes the pledge and agreement of the State to respect the Act and the contract of the

City with the bondholders. (See *"State Pledge and Agreement*" under "*SPECIAL RIGHTS AND REMEDIES"* herein.)

FUNCTIONS OF THE FISCAL AGENT

Pursuant to the Act, the proceeds of City bonds and bond anticipation notes, including the Notes, are to be deposited with the Fiscal Agent in a special account. The Fiscal Agent is to withdraw monies from such account only upon written requisition of the City Council or the chief fiscal officer of the City, including a statement that such requisitioned item is properly accounted for. Pending such withdrawals, the Fiscal Agent, upon instruction from the chief fiscal officer of the City or his authorized deputy and in the manner provided by the New York State Local Finance Law and New York State General Municipal Law, shall invest the monies in investment obligations defined in the Sale Ordinance, which mature at such times and in such amounts so as to provide available monies to make payments from these accounts when required. The Fiscal Agent generally is required to deposit in the Debt Service Fund any monies or investment obligations remaining in such account after completion of the objects or purposes for which City bonds and bond anticipation notes, including the Notes, are issued.

The Debt Service Fund has been established with the Fiscal Agent for the purpose of paying the Special Debt Service. (See "*PAYMENT AND SECURITY FOR THE NOTES*" herein.) Pursuant to the Act, the City is required to remit to the Fiscal Agent any payment during a fiscal year of, or on account of, any City real property taxes levied by the City. The Fiscal Agent is required to deposit in the Debt Service Fund the Debt Service Percentage and the Added Debt Service Percentage, if any, of such tax receipts and pay the remainder over to the City Comptroller for the general use of the City. Revenues derived from the imposition of the Special Sales Tax authorized pursuant to the New York State Tax Law are also deposited in the Debt Service Fund. If at any time during a fiscal year the monies in the Debt Service Fund exceed the unpaid amount of all Special Debt Service due or to become due on or prior to the July next ensuing, the Fiscal Agent is required to pay over to the City Comptroller the amount of such excess for the general use of the City. (See "*PAYMENT AND SECURITY FOR THE NOTES*" herein.)

The Fiscal Agent is required to withdraw from the Debt Service Fund from time to time during each fiscal year all amounts needed for the payment of all Special Debt Service of such fiscal year.

Tax anticipation notes, revenue anticipation notes, urban renewal notes, and budget notes cannot be issued by the City or be valid for any purpose unless authenticated by the Fiscal Agent upon the receipt of appropriate documentation as required by the Sale Ordinance.

The City must file with the Fiscal Agent its proposed budget, adopted budget, the Justification Documents (as defined in the Sale Ordinance) and all other documents required to be so filed by the Act or the Sale Ordinance. The Fiscal Agent is required to review all such documents and to approve or disapprove each document.

The Fiscal Agent may not approve any Justification Document unless it determines that such document complies with the Act and the Sale Ordinance and the City shall not take any action with respect to which any such document is required to be filed unless and until the Fiscal Agent shall have endorsed its approval thereon.

The Fiscal Agent is not given by the Act or Sale Ordinance the power as attorney in fact of the holders of the Notes or the holders of coupons to vote the claims of such holders in any bankruptcy proceeding or to accept or consent to any plan of reorganization, readjustment, arrangement or composition or other like plan, or by other action of any character to waive or change any right of any such holder or to give consent on behalf of any such holder to any modification or amendment of the Sale Ordinance requiring such consent under the provisions of the Sale Ordinance.

SPECIAL RIGHTS AND REMEDIES

The Act provides that the City may adopt as a contract with the holders of bonds an ordinance which provides for or contains covenants of the City to protect and safeguard the securities and rights of the holders. The City has adopted such covenants in the Sale Ordinance. The Sale Ordinance provides special rights to the holders of City bonds, including the requirement of annual audits by independent accountants, the maintenance of the Debt Service Fund and certain covenants of the City including its covenant to comply with the Act and the budget procedures discussed under "*Procedures*" under "*DISCUSSION OF FINANCIAL OPERATIONS*" in Appendix A attached hereto. The Sale Ordinance also contains covenants relating to the appointment, rights, powers and duties of the Fiscal Agent, including the right to have the Fiscal Agent review budget proceedings and enforce the budget procedures specified in the Act and Sale Ordinance. (See Appendix C attached hereto for summaries of the Act.)

The holders of all bonds and other general obligations, including the Notes, heretofore and hereafter issued by the City for the term that such bonds are outstanding have the benefit of the Act, which provides the holders of the Notes with certain rights and remedies. Under the State General Municipal Law currently applicable to the City, the rate of interest that may be adjudged due to creditors, with certain exceptions, is limited to nine per centum per annum. However, pursuant to and by reference to the Act, the Notes provide that any interest to be paid by the City upon any judgment or accrued claim with respect to the Notes shall be paid at the rate of interest per annum stated on such notes.

The Sale Ordinance vests in the Fiscal Agent the powers of enforcement of the Sale Ordinance and abrogates the right of the holders of the Notes to appoint a separate trustee for such purpose. The Sale Ordinance provide that the following shall be an "event of default": (1) failure of the City to make payment of principal of or interest on the Notes or any other obligations, whether at maturity or upon call for redemption, which continues for a period of thirty (30) days; or (2) failure or refusal by the City to comply with the provisions of the Act or the Sale Ordinance, or default by the City in the performance of any contract or covenant made with the holders of the Notes or any other obligations which continues for forty-five (45) days after written notice of such default to the City by the Fiscal Agent or the holders of five per cent (5%) of the principal amount of the bonds; or (3) filing by the City of a petition seeking a composition of indebtedness under any applicable law or statute of the United States of America or of the State of New York or the filing by the City of a petition pursuant to the bankruptcy provisions of federal law. The Fiscal Agent, during the happening or continuance of an event of default, may by mandamus or other suit in law or in equity enforce all such rights, including the right to require the City to assess, levy and collect taxes adequate to carry out the contract with the Noteholders and may enjoin any doing of acts or things by the City which may be in violation of the rights of the Noteholders.

While the Act permits the Sale Ordinance to include the right of the Fiscal Agent upon an event of default by the City on any issue of obligations to declare such obligations due and payable, the Sale Ordinance does not provide for such remedy and precludes the City from including such a remedy in any other contract with any other purchaser of obligations of the City.

Neither the Act nor the Sale Ordinance purports to create any priority for the holders of the Notes should the City be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Notes to receive interest and principal payments from the City could be adversely affected by a restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the City (including the Notes) to payment from monies retained in the Debt Service Fund or from other cash resources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all City creditors generally. Judicial enforcement of the City's obligation to make

payments into the Debt Service Fund, of the State Comptroller's obligation to retain certain monies in the Debt Service Fund, of the rights of holders of bonds and notes of the City to monies in the Debt Service Fund and of the obligations of the City under certain covenants of the City and of the State under certain covenants of the State, may, under certain circumstances, be within the discretion of a court.

Under the Federal Bankruptcy Code, a petition may be filed in the Federal bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debts, which may modify or alter the rights of creditors and authorizes the Federal bankruptcy court to permit the municipality to incur indebtedness, which could have priority over existing creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. Although Title 6 A of the Local Finance Law provides that a municipality in the State or its emergency control board may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness, the Act provides that the provisions of Title 6 A of the Local Finance Law shall not apply to the City or any bonds or notes issued by it. Reference should be made to the following section which describes the provisions of the Act relating to the power of the State to authorize the City to seek application of laws under the bankruptcy provisions of federal law. (See Appendix C attached hereto for a summary of the provisions of the Act.)

State Pledge and Agreement

In prior years, events and legislation in the State affecting bondholders' remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, it cannot now be ascertained whether future events and legislation and any litigation arising therefrom would or would not be held by a court of final jurisdiction to render the rights of bondholders subject to the emergency and police powers of the State to deal with various financial crises as they may occur in the State and in municipalities of the State and to assure the continuation of essential services therein.

However, in enacting the Act, the State determined that the powers and duties of the City authorized pursuant to the Act are an appropriate, reasonable and proper means which the State can and should exercise and that the provisions of the Act were necessary and in the public interest and an appropriate means to improve market reception for the purchase of the Notes and other obligations of the City.

Section 12 of Article VIII of the State Constitution provides that:

> It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Pursuant to the provisions of the Act, the State authorized and directed the City to include in the bond ordinances authorizing the issuance of City bonds a pledge and agreement of the State with and for the benefit of the holders of the Notes and such City bonds, including both the original and all subsequent holders thereof.

The terms of said pledge and agreement are substantially as follows:

The State will not:

(a) repeal, revoke, repudiate, limit, alter, stay, suspend or otherwise reduce or rescind or impair the power or duty of the City to exercise, perform, carry out and fulfill its responsibilities under the Act to the extent that the City has incorporated in the Sale Ordinance covenants and agreements to so exercise, perform, carry out and fulfill such responsibilities,

(b) repeal, revoke, repudiate, limit, alter, stay, suspend or otherwise reduce or rescind or impair the rights and remedies of any such holders to fully enforce in a court of law such covenants and agreements so incorporated in the Sale Ordinance or to enforce the pledge and agreement of the State contained in the Sale Ordinance, or

(c) otherwise exercise any sovereign power contrary to or inconsistent with the provisions of such Sale Ordinance, provided, however, the foregoing pledge and agreement shall be of no further force and effect if at any time:

(i) there is on deposit in a separate trust account with the Fiscal Agent sufficient monies or direct obligations of the United States of America or the State the principal of and/or interest on which will provide monies to pay punctually when due at maturity or prior to maturity by redemption in accordance with their terms all principal of and interest on City bonds,

(ii) irrevocable instructions from the State and the City to the Fiscal Agent for such payment of such principal and interest with such monies have been given, and

(iii) notice to the holders of such bonds, as provided in the Sale Ordinance, has been given, and

provided further that such pledge and agreement by the State may be temporarily suspended upon the declaration of martial law in the City in the event of circumstances in the City deriving directly out of a natural disaster (such as an earthquake or major conflagration or flood, but not a snowstorm) or civil disturbance (such as military invasions or civil insurrections, but not strikes or crises created by financial abuses or economic events).

The Act provides that nothing contained in the Act shall preclude the State from authorizing the City to exercise, or the City from exercising, any power provided by law to seek application of laws then in effect under the bankruptcy provisions of federal law or to preclude the State from further exercise of its powers under Section 12 of Article VIII of the State Constitution. No such State authority exists at this time.

The Act further provides that the payment for the Notes by the purchasers of the Notes shall be deemed conclusive evidence of valuable consideration received by the State and the City for such pledge and agreement and of reliance upon such pledge and agreement by any holder of the Notes, and any actions by the State contrary to or inconsistent with the provisions of the Act are void. The State has granted any such holder the right to sue the State and enforce said pledge and agreement, and further, has waived all rights of defense based on sovereign immunity or sovereign power in such suit.

DESCRIPTION OF BOOK ENTRY SYSTEM

DTC will act as securities depository for the Notes for those notes issued in book-entry form. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully

registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number, in the aggregate principal amount of the Notes, and will be deposited with DTC.

DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book entry transfers through DTC (or a successor Notes depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

THE CITY WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDHOLDERS; (IV) THE SELECTION BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS NOTEHOLDER.

MARKET FACTORS

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The City's credit rating could be affected by circumstances beyond the City's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of City property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the City's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell a note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant

default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the City to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The City is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The City's receipt of State Aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the City fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the City is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the City will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the City requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures.

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*TAX MATTERS*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the City, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the City, may affect the market price and/or marketability for the Notes. (See "*Tax Levy Limit Law*" under "*PROPERTY TAXES*" in Appendix A attached hereto.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the City could impair the financial condition of such entities, including the City and the ability of such entities, including the City to pay debt service on the Notes.

CYBERSECURITY

The City, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the City invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage City digital networks and systems and the costs of remedying any such damage could be substantial.

TAX MATTERS FOR THE SERIES A NOTES

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Series A Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Series A Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the City (the "Tax Certificate"), which will be delivered concurrently with the delivery of the

Series A Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City in connection with the Series A Notes, and Bond Counsel has assumed compliance by the City with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Series A Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the City, under existing statutes, interest on the Series A Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York and the City of Yonkers.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series A Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series A Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series A Notes in order that interest on the Series A Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series A Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series A Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The City, in executing the Tax Certificate, will certify to the effect that the City will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Series A Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series A Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series A Notes. Prospective owners of the Series A Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Series A Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series A Note (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond or note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series A Notes. In general, the issue price for each maturity of Series A Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Series A Notes having OID (a "Tax-Exempt Discount Note"), OID that has accrued and is properly allocable to the owners of the Discount Series A Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series A Notes.

In general, under Section 1288 of the Code, OID on a Tax-Exempt Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Tax-Exempt Discount Note. An owner's adjusted basis in a Tax-Exempt Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Tax-Exempt Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Tax-Exempt Discount Note even though there will not be a corresponding cash payment.

Owners of Tax-Exempt Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Tax-Exempt Discount Notes.

Bond Premium

In general, if an owner acquires a note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that note (a "Tax-Exempt Premium Note"). In general, under Section 171 of the Code, an owner of a Tax-Exempt Premium Note must amortize the bond premium over the remaining term of the Tax-Exempt Premium Note, based on the owner's yield over the remaining term of the Tax-Exempt Premium Note, determined based on constant yield principles (in certain cases involving a Tax-Exempt Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond).

An owner of a Tax-Exempt Premium Note must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a Tax-Exempt Premium Note, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Tax-Exempt Premium Note may realize a taxable gain upon disposition of the Tax-Exempt Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Tax-Exempt Premium Note should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Tax-Exempt Premium Note.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Series A Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series A Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series A Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series A Notes under federal or state law or otherwise prevent beneficial owners of the Series A Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Series A Notes.

Prospective purchasers of the Series A Notes should consult their own tax advisors regarding the foregoing matters.

TAX MATTERS FOR THE SERIES B NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the City, interest on the Series B Notes (i) is included in gross income for federal income tax purposes and (ii) is exempt, under existing statutes, from personal income taxes of New York State and its political subdivisions, including The City of New York and the City of Yonkers.

The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of Series B Notes by original purchasers of the Series B Notes who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series B Notes will be held as "capital assets"; and (iii) does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series B Notes as a position in a "hedge" or "straddle", U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Series B Notes in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series B Notes

at the time that such income, gain or loss is set forth on such financial statements instead of under the rules described below.

U.S. Holders of Series B Notes should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series B Notes as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if Original Issue Discount ("OID") is greater than a statutorily defined *de minimis* amount, a U.S. Holder of a Series B Note having a maturity of more than one year from its date of issue must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Series B Note) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the U.S. Holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price". For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Series B Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest", provided by such Series B Notes; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "*de minimis* amount" is an amount equal to 0.25 percent of the Series B Note's stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Series B Note using the constant-yield method, subject to certain modifications.

Acquisition Discount on Short-Term Taxable Notes

Each U.S. Holder of a Series B Note with a maturity not longer than one year (a "Short-Term Taxable Note") is subject to rules of Sections 1281 through 1283 of the Code, if such U.S. Holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term Taxable Note is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and "acquisition discount" with respect to, the Short-Term Taxable Note accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant-interest-rate basis using daily compounding. "Acquisition discount" means the excess of the stated redemption price of a Short-Term Taxable Note at maturity over the U.S. Holder's tax basis therefor.

A U.S. Holder of a Short-Term Taxable Note not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the U.S. Holder's regular method of tax accounting, unless such U.S. Holder irrevocably elects to accrue acquisition discount currently.

Bond Premium

In general, if a Series B Note is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Series B Note other than "qualified stated interest" (a "Taxable Premium Note"), that Taxable Premium Note will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Note elects to amortize the premium as "amortizable bond premium" over the remaining term of the Taxable Premium Note, determined based on constant yield principles (in certain cases involving a Taxable Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset

to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder's basis in the Taxable Premium Note. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Note may realize a taxable gain upon disposition of the Taxable Premium Obligation even though it is sold or redeemed for an amount less than or equal to the U.S. Holder's original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series B Notes, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Series B Note.

The City may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series B Notes to be deemed to be no longer outstanding (a "defeasance"). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series B Notes subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Series B Notes with respect to payments of principal, payments of interest, and the accrual of OID on a Series B Note and the proceeds of the sale of a Series B Note before maturity within the United States. Backup withholding may apply to U.S. Holders of Series B Notes under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Series B Note that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, could adversely affect the tax-exempt status of interest on the Series B Notes under state law and could affect the market price or marketability of the Series B Notes.

Prospective purchasers of the Series B Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel

to the City, the forms of which are attached hereto as Appendix D. Certain legal matters will be passed on for the City by its Corporation Counsel.

RATINGS

The City has not applied to Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P") for ratings on the Notes.

On August 2, 2017, Moody's affirmed the long-term underlying credit rating of "A2" (stable outlook), applicable to the City's outstanding general obligation bonds issued for City purposes. Moody's also affirmed the enhanced rating of "A1" (stable outlook), assigned to bonds issued by the City on behalf of the Board of Education on account of the State aid intercept authorized by Section 99-b of the State Finance Law.

On August 7, 2018, S&P affirmed the long-term, underlying rating credit rating of "A" and revised the outlook to negative from stable, applicable to the City's general obligation bonds issued for City purposes. S&P also affirmed the long-term, underlying credit rating of "A" and revised the outlook to negative from stable, assigned to bonds issued by the City on behalf of the Board of Education.

These ratings reflect only the view of the rating agency furnishing the same, and an explanation of the significance of each of these ratings may be obtained only from the respective rating agency. There is no assurance that any of these ratings will continue for any given period of time or will not be raised, lowered or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of any of these ratings may have an adverse effect on the market price of such bonds or notes.

MUNICIPAL ADVISOR

Capital Markets Advisors LLC served as independent municipal advisor to the City for the Notes.

The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

DISCLOSURE UNDERTAKING

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") with respect to the Notes, the City will execute an Undertaking to Provide Notices of Events, the form of which is set forth in Appendix E.

Prior Compliance History

In some recent years, the City failed to file bond call notices with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA") following the refunding of certain outstanding bond issues of the City.

For FY12-13, the City made a late filing of its audited financial statements on May 14, 2014. For FY14-15, the City made timely filings of its annual financial information as required; however, the annual financial information filed by the City on December 23, 2015 referenced CUSIP base 986081, but did not reference CUSIP base 986082. On November 7, 2016, the City amended the December 23, 2015 filing to add the second CUSIP base.

The filing deadline for annual financial information and audited financial statements is 180 days for bonds issued by the City prior to 2012 and will remain 180 days for as long as such bonds are outstanding. The 240 day deadline for filing annual financial information and audited financial statements discussed above is applicable to bonds of the City issued since 2013.

ADDITIONAL INFORMATION

The Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs in the City since the date hereof.

Questions regarding this Official Statement or requests for additional financial information concerning the City should be directed to John Liszewski, Commissioner of Finance & Management Services, Board of Education, 1 Larkin Center, Yonkers, New York 10701; telephone (914) 377-6160. Additional financial information and forecasts are also available at the online home page of the City's Finance Department, located at http://www.yonkersny.gov by clicking on: Government-Departments A-F-Finance. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement. See also "*Four Year Financial Plan for FY 2018-2019 through FY 2021-2022*" under "*DISCUSSION OF FINANCIAL OPERATIONS*" in Appendix A hereof for a discussion of the City's four-year financial plan. A copy of said plan is attached hereto as Appendix F.

Any prospective financial information or forecasts which may be made available on the home page of the City's Finance Department reflect currently available estimates and judgments, and present, to the best of the City's knowledge and belief, the expected course of action and the expected future financial performance of the City and the Board of Education. However, this information is not fact and should not be relied upon as being necessarily indicative of future results. Readers of this Official Statement are cautioned not to place undue reliance on any such prospective financial information.

Neither the City's nor the Board of Education's independent auditor, nor any other independent accountants, have compiled, examined or performed any procedures with respect to any such prospective financial information or forecasts, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, any such prospective financial information or forecasts.

The execution of this Official Statement and its delivery by the Commissioner of Finance & Management Services have been duly authorized.

CITY OF YONKERS

BY: John A. Liszewski
Commissioner of Finance &
Management Services

April __, 2019

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APPENDIX A

THE CITY OF YONKERS

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THE GOVERNMENT OF YONKERS

City Services

The City of Yonkers was incorporated in 1872. Subject to the State Constitution, the City operates pursuant to the City Charter, adopted in 1961 and subsequently amended as described hereinafter, and in accordance with other laws governing the City, including the General City Law, the Second Class Cities Law, Municipal Home Rule Law, the General Municipal Law and the Local Finance Law, to the extent that such laws are applicable to a city operating under a charter form of government.

The City is responsible for and maintains police, fire, sanitation and water services, municipal streets, library, parks and facilities. Pursuant to State law, the County, not the City, is responsible for the local funding of mandated social service programs such as Medicaid, Aid to Families with Dependent Children, and home relief programs.

Although the City is also, in large measure, responsible for the financing of local primary and secondary educational expenditures, the BOE, composed of members appointed by the Mayor, administers the City's school system. Pursuant to State legislation enacted on April 1, 2014, the City and the BOE entered into an inter-municipal agreement, whereby the City assumes control of all Board financial and budget functions. The inter-municipal agreement gives the City certain administrative controls over non-academic operations functions of the BOE. (See "*DISCUSSION OF FINANCIAL OPERATIONS*" herein.)

City Officials

Set forth below is a brief description of the structure of the government of the City. In November 1989, voters in the City approved a change to the City Charter that transferred the executive power formerly held by the City Manager to the Mayor. It extended the mayoral term of office to four years and established the Mayor and his administration as a separate executive branch of government. The position of City Manager was eliminated. These changes took effect January 1, 1992. Prior to this date there had not been a strong mayoral position in the City for fifty years. The current Mayor, Mike Spano, was elected to his first term on November 8, 2011 and took office on January 1, 2012. Mayor Mike Spano was re-elected on November 3, 2015 and began his second term on January 1, 2016.

The Mayor. The Mayor is elected for a four-year term and is designated by the charter to be the chief executive and administrative officer of the City. The Mayor is limited to up to 12 years consecutively, or 3 terms. The Mayor appoints the members of the Yonkers Parking Authority and the Industrial Development Agency, as well as, many other Boards and Commissions. The Mayor is responsible for appointing the Board of Trustees of the BOE without the advice and consent of the City Council. The Mayor is responsible for the appointment of all department and Agency heads, with the advice and consent of the City Council, except for the members of the Library Board and the City Clerk. The Mayor is responsible for the operations and performance of all City departments and agencies and prepares the City's Annual Budget. The Mayor is also a member of the Board of Cooperative Educational Services of the Sole Supervisory District of Westchester.

The City Council President. The City Council President is elected City-wide for a four-year term and presides over the deliberations of the City Council. The City Council President is limited to three consecutive terms. In addition, the City Council President is the Chair of the Rules Committee which sets the agenda for all City Council meetings. The City Council President also holds a seat on the Board of Contract and Supply as well as the Community Development Agency. The current City Council President is Mike Khader who has served in that capacity since January 2018.

City Council. The legislative power of the City is vested in the City Council. The membership of the City Council includes the City Council President and six members selected from single member districts. A City Council term is four years and the Council Members are limited to three consecutive terms. The Council

meets at both regular and special meetings throughout the year. The Council utilizes the committee system, and through the committees, the Council reviews legislative proposals and, subject to the terms of the Act, adopts the annual budget, levies taxes, approves modifications to the budget proposed by the Mayor, and authorizes all indebtedness of the City. The Council appoints the City Clerk.

Commissioner of Finance and Management Services. The Commissioner of Finance and Management Services and Comptroller oversees the audit and financial aspects of the government. John Liszewski is the appointed Commissioner of Finance and Management Services. He heads the Department of Finance and Management Services for the City, and assists the Mayor in preparing the annual operating budget. The Commissioner of Finance and Management Services is responsible for monitoring operations against the budget and identifying the need to prepare revisions to the budget. The Commissioner of Finance and Management Services is appointed by the Mayor with the consent of the City Council.

Related Entities

Board of Education

The Board of Education ("BOE") of the City is a separate public entity with its own budget, administration and members appointed by the Mayor. It has no taxing power and relies solely on the City Council for appropriations. With the signing of the historic Inter-municipal Agreement (IMA) on June 12, 2014, the City has taken over several non-academic departments from the BOE, such as, finance, human resources, legal, public information and information technology, allowing for greater transparency and accountability between the City and the BOE.

The BOE appoints a Superintendent of Schools to act as Chief Administrator of the City's public school system. Dr. Edwin M. Quezada was appointed Superintendent of Schools on March 16, 2016.

As of September 2018, the school system operates 39 elementary middle and high schools, including grade configurations of one (1) prekindergarten to 1 site, two (2) prekindergarten to 5 sites, eight (8) prekindergarten to 6 sites, twenty (20) prekindergarten to 8 sites, one (1) prekindergarten to 12 site, one (1) 6 to 12 site, one (1) 7 to 12 and five (5) 9 to 12 sites, and one (1) adult education center for a total of 40 educational sites. The school system also provides educational programs for the handicapped, the gifted and talented, and for limited English proficient students.

BOE operations are funded through City appropriations, Federal and State aid to education, grants, and locally generated revenues of the BOE. The BOE operates a school breakfast and lunch program separately accounted for in a special revenue fund designated School Lunch Fund.

In February 2016, New York State Education Commissioner MaryEllen Elia identified 84 school districts as Focus Districts that must develop comprehensive plans to support improvement efforts in identified Focus and Priority Schools. Among the 84 districts, 428 schools were identified as Focus Schools and 14 charter schools were identified as Focus Charter Schools. An additional 188 schools were identified as Priority Schools as a result of being among the lowest performing schools in the state and failing to demonstrate progress in English Language Arts (ELA) or math, combined, or because of their persistently low graduation rates; four charter schools were identified as Priority Charter Schools.

The BOE is identified as a Target District under the New York State Education Department (NYSED) Every Student Succeeds Act (ESSA) Accountability Status for 2018-2019. Schools and districts are scored for all students and for student subgroups including members of racial and ethnic groups, low-income students, students with disabilities and English language learners. Accountability factors include low performance and lack of progress in ELA and math, combined, or graduation rates. Of the BOE's schools, two (2) are identified as Comprehensive Support and Improvement (i.e., among the lowest performing five percent of schools in the State), and three (3) schools were identified as Targeted Support and Improvement (i.e., one or more of its

student subgroups performs at level 1 on a combination of the new indicators.) Under ESSA, the Superintendent of the BOE is receiver and granted authority to, among other things, develop a school intervention plan; convert schools to community schools providing wrap-around services; expand the school day or school year; and remove staff and/or require staff to reapply for their jobs in collaboration with a staffing committee. The BOE is aggressively implementing educational remedies to improve the academic success of all students. The NYSED release is available on the NYSED website at http://www.nysed.gov/news/2019/state-education-department-announces-new-school-accountability-determinations. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Education aid from the State and Federal Governments to the BOE exclusive of school lunch program aid totaled $330,655,071 for all purposes in FY14-15. Of this amount, $286,682,880 was comprised of operating funds which are generally unrestricted, and $43,972,191 was restricted for such purposes as improvement of reading skills, universal Pre-K, health services, and improving pupil performance.

Education aid from the State and Federal Governments to the BOE exclusive of school lunch program aid totaled $346,549,743 for all purposes in FY15-16. Of this amount, $290,638,601 was comprised of operating funds which are generally unrestricted, and $55,911,192 was restricted for such purposes as improvement of reading skills, universal Pre-K, health services, and improving pupil performance.

Education aid from the State and Federal Governments to the BOE exclusive of school lunch program aid totaled $356,594,119 for all purposes in FY16-17. Of this amount, $303,808,849 was comprised of operating funds which are generally unrestricted, and $52,785,270 was restricted for such purposes as improvement of reading skills, universal Pre-K, health services, and improving pupil performance.

Education aid from the State and Federal Governments to the BOE exclusive of school lunch program aid totaled $354,510,551 for all purposes in FY17-18. Of this amount, $301,459,935 was comprised of operating funds which are generally unrestricted, and $53,050,616 was restricted for such purposes as improvement of reading skills, universal Pre-K, health services, and improving pupil performance.

Education aid from the State and Federal Governments to the BOE exclusive of school lunch program aid is budgeted to be $379,700,386 for all purposes in FY18-19. Of this amount, $321,479,704 comprises operating funds which are generally unrestricted, and $58,220,682 is restricted for such purposes as improvement of reading skills, Pre-K, health services, and improving pupil performance.

The following table sets forth information relating to the school system. Enrollment figures are determined in October of each year.

(School Year Ending June 30)

	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Enrollment	24,961	25,631	25,335	25,527	26,258	26,500	27,024	27,220	26,546	27,682
Schools	40	39	40	40	39	39	39	39	39	39

The following organizations are related to the City, but are not incorporated within the City's basic financial statements as they do not satisfy the criteria set forth in GASB Statement No. 61.

Municipal Housing Authority

The Municipal Housing Authority for the City of Yonkers ("MHACY") was created in 1934 under the New York State Public Housing Law as authorized by the Federal Housing Act. MHACY owns and manages 608 units of public housing. MHACY also manages 1,332 units of affordable housing of which the authority co-owns 204 and administers an additional 76 public housing units. MHACY administers 1,332 vouchers for

its residents in MHACY's affordable housing program. In addition, MHACY administers 3,249 federally funded Section 8 vouchers throughout the City for holders who are not MHACY residents.

Yonkers Parking Authority

The City of Yonkers Parking Authority (the "Parking Authority"), a public benefit corporation, was created by an act of the State legislature in April 1964. The Parking Authority operates and maintains 37 municipally owned off street and on street parking facilities and approximately 2,700 street meters. The Parking Authority also operates 3 garages, the Government Center Parking Garage adjacent to City Hall, Parkadrome on Ashburton Avenue across from the St. John's Riverside Hospital's Park Care facility and the Buena Vista Avenue Parking Garage.

On August 1, 2016, the Parking Authority unveiled a parking phone app, Parkmobile**,** to make parking payments possible from smart phones throughout the City. Approximately 32 Parkeon parking payment machines, which are compatible with the Parkmobile app, have been added to various streets and parking lots throughout the downtown and a few other areas in the City. In some prior years, the City provided annual subsidies to the Parking Authority; however, the City no longer provides an annual subsidy to the Parking Authority.

Yonkers Industrial Development Agency

Established in 1982, the Yonkers Industrial Development Agency ("YIDA") is a public benefit corporation of the State of New York. YIDA promotes and supports the development of commerce in the City of Yonkers to encourage new employment and economic progress.

YIDA assists industrial, commercial and not for profit organizations ("participating organizations") in obtaining long term, low cost financing principally through the issuance of tax exempt industrial development bonds ("IDBs"). Financing is provided for commercial property acquisition, rehabilitation and development as well as the purchase of equipment. Additionally, YIDA arranges for full or partial real estate tax abatements and exemptions from sales and mortgage recording taxes. The participating organizations must meet certain criteria consistent with the laws governing YIDA; the most important of which is job creation and retention.

IDBs issued by the YIDA are generally collateralized by property, which is leased to participating organizations, and retired by lease payments. The IDBs are not obligations of YIDA, the City, the County or the State. YIDA does not record the assets, liabilities or rental operations resulting from completed IDBs in its accounts since its primary function is to arrange the financing between the borrowing companies and the bondholders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, YIDA receives bond administration fees from the borrowing companies.

Over the last few years, New York State has limited the ability of all IDAs to issue bonds. Yonkers Economic Development Corporation ("YEDC") was created in 2007 as a local development corporation established pursuant to Section 1411 of the Not-For-Profit-Corporation Law (NFPCL), to provide certain taxable and tax exempt financial assistance on occasions where these incentives are no longer provided by YIDA or in instances where the YIDA's ability to assist economic development projects have been significantly limited. YEDC's purpose of promoting the creation and preservation of employment opportunities is in line with the YIDA's overall objectives and helps to deliver financial assistance in a more cost effective form through this local development corporation. The debt issuances of YEDC are not liabilities of the State, the County, the City or YIDA. (See "*Yonkers Economic Development Corporation*" herein.)

Since 1982, the YIDA has assisted more than 135 companies with total investments in excess of $4.0 billion. YIDA is governed by a Board of Directors, which establishes official policies and reviews and approves requests for financing assistance. Its membership is prescribed by statute and includes both public officials and appointed business leaders.

Yonkers Economic Development Corporation

The Yonkers Economic Development Corporation ("YEDC") is a not-for-profit local development corporation created pursuant to 1411 of the NFPCL and authorized to issue tax-exempt debt under the provisions of Section 115 of the Internal Revenue Code for the purpose of assisting the City with promoting and supporting the development of commerce, bolstering employment and stimulating economic growth and prosperity in the City by providing certain taxable and tax exempt financial assistance on occasions where incentives are no longer provided by the YIDA or in instances where the YIDA's ability to assist economic development projects has been significantly limited. The YEDC has a December 31st fiscal year end. Members of the Board of Directors of the YEDC are appointed by the Mayor for a specified term. YEDC members have complete responsibility for management of the YEDC and accountability for fiscal matters. Neither the City, the State or the County is liable for the payment of YEDC bonds or notes.

Other Entities

Several organizations are shown as component units on the City's basic financial statements as they satisfy the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 61. These entities are the: Yonkers Downtown Waterfront Development Corporation, Yonkers Community Development Agency and other corporations including Local Development Corporations.

Yonkers Downtown Waterfront Development Corporation

The Yonkers Downtown Waterfront Development Corporation ("YDWDC") is a local development corporation established under the New York Not for Profit Corporation Law in accordance with the provisions of Section 501(c)(3) of the Internal Revenue Code, to promote and facilitate positive redevelopment activity throughout the City. Board members have complete responsibility for the management of the YDWDC and accountability for fiscal matters. The City is not liable for payment of the YDWDC's bonds or notes. Moreover, the YDWDC is presently divesting itself of its remaining assets with the intention of filing for corporate dissolution within the year. The YDWDC is reflected as a discretely presented component unit within the City's base financial statements.

Yonkers Community Development Agency

The Yonkers Community Development Agency ("Agency") is a municipal urban renewal agency created pursuant to Chapter 266 of the Laws of 1964. The Agency seeks to promote the safety, health, and welfare of the people of the City and to encourage the sound growth of the City by engaging in wide range of activities aimed at correcting blighted conditions and neighborhoods throughout the City. Among those activities, the Agency is responsible for the drafting of all urban renewal plans and for acquisition, relocation and disposition of lands within urban renewal areas. The Agency is currently facilitating redevelopment initiatives within the City's urban renewal areas. The Agency is a governmental fund and is included as part of the City's Community Development Funds within the City's basic financial statements.

Other Corporations, including Local Development Corporations

The following related entities are financially inactive and/or are in the process of being dissolved pursuant to New York State law. These entities include: the Yonkers Local Assistance Corporation; Yonkers Brownfield Solutions, Inc.; Lower Hudson Valley Development Corporation; and Yonkers Partnership Housing Development Fund Corporation The corporations were established under the New York Not for Profit Corporation Law for purposes related to economic development in the City including without limitation to develop and/or rehabilitate properties. Although the members of the governing board of some of the corporations were appointed by the Mayor, the respective board members have complete responsibility for the management of the corporation and accountability for fiscal matters. The City is not liable for payment of any of the corporations' bonds or notes.

DISCUSSION OF FINANCIAL OPERATIONS

Procedures

The budget of the City of Yonkers is prepared in the form of a comprehensive document that serves as a policy document, an operations guide, a financial plan and a communication device.

The proposed operating budget of the City is prepared by the Mayor and, pursuant to the Code of the City, is required to be submitted to the City Council by April 15th of each year. The Mayor includes estimates of expenditures required for each department of the City as well as estimates of revenues from all sources, including ad valorem real property taxes. The BOE submits to the Mayor an estimate of its anticipated expenditures, and the Mayor is responsible for recommending to the City Council the amount to be appropriated for educational purposes. Adoption of the budget by the City Council and approval by the Mayor is required under the City Code to occur by June 1 unless the State has not adopted its budget. Under those conditions, the City must adopt its budget 30 days after the State adopts its budget. Upon the adoption of the budget, the tax rate and levy are determined for the ensuing year. Under current law, the tax rate and levy cannot thereafter be amended. The City Council and the Mayor may, during the course of the year, revise appropriations and make fund transfers with respect to general operations, but may not reduce the appropriation for the BOE unless the BOE authorizes the reduction and it is approved by the State Comptroller. The BOE has complete discretion under the education laws over its expenditures within the overall appropriation. (See also "*State Comptroller's Audits and Related Matters*" under "*DISCUSSION OF FINANCIAL OPERATIONS*" herein).

Commencing with the budget for FY77-78, fiscal and budget procedures were substantially influenced by the legal restrictions set forth in the Act. The Act mandates that a balanced budget be prepared based upon estimated expenditures of not less than the "Base Year" or the "Current Year" (as such terms are defined under the caption "The Special Local Finance and Budget Act" herein below), whichever is less, and upon estimated revenues of not more than the Base Year or an amount properly attributable to the Current Year, whichever is greater, unless there are circumstances which justify increases. The City must file a Justification Document with the Fiscal Agent setting forth the facts and actions completed that provide the basis for reasonable expectation of the receipt of such revenues. Pursuant to the Act, the City is required to appropriate in the budget at least the following amounts:

1. all amounts to fund expenditures required by law;

2. amounts required to pay Special Debt Service on obligations outstanding at the beginning of the fiscal year;

3. amounts required for the payment of any judgments or settled claims against the City and any interest or reserves with respect thereto;

4. amounts estimated to be required for the payment of interest on tax anticipation notes and revenue anticipation notes to be issued during the budget year;

5. amounts required for all other expenses for the general support and current expense of the government of the City;

6. an amount for a reserve for uncollected taxes (pursuant to a percentage formula related to Base Year uncollected taxes and the budget year tax levy); and

7. an amount for liquidation of aggregate deficits, if any, of the various operating funds as of the end of the Base Year.

In addition, the City is required to prepare a monthly schedule of cash expenditures and cash receipts which provides the basis for the estimated need for the issuance of tax and revenue anticipation notes as part of the budget and such schedule is to be filed with the Fiscal Agent.

Pursuant to the Act, the revenues (other than ad valorem real property taxes) estimated to be received by the City may not be in excess of the following:

1. operating surpluses as of the end of the Base Year;

2. state aid or federal aid under any program continuing fully in effect until the end of the budget year, but not in excess of the amount received in cash by the City on account of such program during the Base Year unless a larger amount is certified to by the appropriate officer of the State or Federal government as receivable in cash for such budget year on account of such program under legislation fully effective; and

3. miscellaneous revenues (revenues other than those derived from ad valorem real property taxes) with respect to any item not in excess of any amount of such revenues from the same source in the Base Year or properly attributable to the Current Year, subject to increases for any such item provided that a Justification Document is filed with the Fiscal Agent.

In the event that during a Current Year a new source of revenue was created or identified (such as a new type of tax), the Act permits such revenue to be estimated for the budget. Such estimates may not be in excess of the total amount of revenues actually realized in cash from such source in the Current Year for not less than four of the six months prior to the beginning of the budget year plus any additional amount that can be anticipated from the same source in the remaining months of the Current Year. In addition, a Justification Document approved by the City Council must be filed with the Fiscal Agent.

For each budget year, the difference between total appropriations and total estimated revenues must be raised by a tax upon all of the taxable real property in the City. The Sale Ordinance provides that the City shall file the proposed and adopted budget with the Fiscal Agent in order that the Fiscal Agent shall have sufficient time, prior to the levy of ad valorem real property taxes, to review the budget for its compliance with the Act.

During the fiscal year, no transfers of appropriations are to be authorized or are to take effect unless a resolution of the City Council is filed with the Fiscal Agent finding that the unencumbered balance of such appropriation remaining after such transfer equals or exceeds the estimated expenditures of the City required for the purpose of such appropriation during the remainder of the budget year. No emergency, supplemental or increased appropriation is to be made during the budget year except as a result of such a transfer or as a result of revenues, consisting of State or federal aid, anticipated to be received in cash and not estimated or anticipated at the time of the adoption of the budget, provided that the appropriate officer of the State or federal government certifies that such revenues will be received in cash during such budget year under legislation and appropriations then fully effective and sufficient therefor.

If the State adopts its budget by April 1 in conformance with law, State appropriations to the City would be known at the time the City adopts its budget. As discussed above, in the event that such appropriations of aid are not known, the City is required to determine its budget items by the amount of appropriations received from the State in the Base Year, provided the program is continuing fully in effect until the end of said budget year.

The Act provides that the City may issue budget notes upon the filing with the Fiscal Agent of a Justification Document stating the facts and circumstances and that no other funds are available to the City. The aggregate amount of such budget notes may not exceed 5% of the annual budget for each year. However, no budget notes may be issued in any fiscal year for the purpose of paying any wage and salary increases or

increases in pension payments which take effect during the fiscal year pursuant to collective bargaining agreements executed after the adoption of the original budget for such fiscal year.

The Act provides legal restrictions for the fiscal and budget procedures of the City, including the Fiscal Agent's responsibility to the holders for review and, if necessary, enforcement of such provisions.

In addition, pursuant to the Deficit Financing Act (as hereinafter defined), for each fiscal year that the bonds issued by the City to fund the deficit of the BOE are outstanding, the State Comptroller and the Commissioner of Education of the State must examine the proposed budget of the City and make such recommendations as deemed appropriate prior to the adoption of such budget by the City. The City must review and make adjustments to its proposed budget consistent with the recommendations of the State Comptroller and the Commissioner of Education. Copies of the recent reports issued by the State Comptroller and the Commissioner of Education, together with the City's responses thereto, are available upon request.

The City must also prepare a quarterly report of summarized budget data depicting trends of actual revenues and budget expenditures for the entire budget. Such budgetary reports must compare revenue estimates and appropriations as set forth in the budget with actual revenues and expenditures made to date. All reports must be accompanied by a recommendation of the Mayor setting forth any remedial action necessary to resolve any unfavorable budget variances. All reports must be completed within thirty (30) days after the end of each quarter and must be submitted at the end of each quarter to each member of the City Council, the Director of the New York State Division of Budget, the State Comptroller and the Chairs of the Senate Finance Committee and the Assembly Ways and Means Committee. Copies of the recent quarterly reports are available upon request.

The Special Local Finance and Budget Act

In June 1976, the State Legislature, in response to a Home Rule message of the City Council, enacted a comprehensive law, known as the Special Local Finance and Budget Act of the City of Yonkers constituting Chapters 488 and 489 of the Laws of 1976 (the "Act", as previously defined), which was designed to preclude the recurrence of certain fiscal practices found and declared by the State Legislature to include inadequate regard for proper financial accounting procedures as required by law, improvident budgeting and taxing practices, inappropriate deferral of current expenditures, increased dependence on emergency legislation to fund resulting deficiencies, and other documented disregard for prudent management of its financial affairs.

The mandates of the Act include the following: (a) a balanced budget which requires (i) appropriations for expenditures, estimated at not less than those of the "Base Year" (the fiscal year next preceding the fiscal year in which the budget is required to be prepared and adopted) or the "Current Year" (the fiscal year in which the budget is required to be prepared and adopted, being the fiscal year next preceding the budget year), whichever is less; (ii) provision for revenues, estimated at not more than those of the Base Year or properly attributable to the Current Year, whichever is greater; and (iii) the requirement that the operating budget include an appropriation equal to the amount of any deficit from the Base Year, and a reserve for uncollected taxes; (b) the levy of ad valorem real property taxes required by such balanced budget; (c) the establishment of a debt service fund (the "Debt Service Fund") and the method of computing the amount of the ad valorem real property taxes as collected that could be deposited therein; (d) the funding by sale of bonds of the audited amounts of cumulative operating fund deficit and all capital indebtedness, each as of June 30, 1976; (e) the segregation in special funds held by the Fiscal Agent of proceeds from the sale of bonds and future City capital borrowings and voucher disbursements therefrom; and (f) prohibition against the temporary use of operating fund monies for capital expenditures for which bonds and notes have been previously authorized, and limitations on the issuance of budget notes for the purpose of paying increases in expenditures arising out of collective bargaining agreements.

The Act authorizes the City to contract with City bondholders to comply with the foregoing requirements of the Act and as to certain other matters. The Act further authorizes the State Comptroller to be

the Fiscal Agent for the purpose of monitoring compliance by the City and confers upon the Fiscal Agent certain remedies, on behalf of City bondholders, to enforce the rights of the bondholders including the right to require the City to levy ad valorem real property taxes under certain circumstances.

The Act contains a pledge and agreement of the State that it will not impair the contract of the City with its bondholders and will not otherwise repeal, reduce or suspend the power or duty of the City to perform under the Act in accordance with such contracts. The Act grants to the bondholders the right to sue the State to enforce such pledge and agreement and provides a State waiver of all rights of defense based upon sovereign immunity or sovereign power in such suit.

The Act was enacted by the State pursuant to Section 12 of Article VIII of the State Constitution which imposes a duty on the Legislature to restrict the powers of taxation, assessment, borrowing money and in contracting indebtedness by municipalities of the State.

Significant features of the Act and the Sale Ordinance as they relate to City bonds include:

(a) the Debt Service Fund, and the setting aside of the required percentage of real property tax and certain sales tax collections to pay all City debt service;

(b) the existence of the Fiscal Agent who holds the Debt Service Fund and is vested with trustee powers on behalf of the bondholders;

(c) the State pledge and agreement not to impair the City's contract with bondholders and the City's duty to comply with the Act;

(d) the budgeting requirements applicable to the City which help to ensure against overestimated revenues and underestimated expenditures; and

(e) the pledges and covenants made by the City.

Reference is directed to the summary of the Act contained in Appendix C attached hereto and the definitive form thereof for a full and complete statement of the rights of holders of City bonds pursuant to the Act.

Independent Audit

For the Fiscal Year ended June 30, 2018, the City of Yonkers has presented separate audited financial statements for the City and the BOE. A link to the audited financial statements for such period is contained in Appendix B attached hereto. The City and BOE financial statements are audited by the independent accounting firm of PKF O'Connor Davies LLP. The auditing firm has rendered an unmodified opinion with respect to its audit of the City's and the BOE's financial statements, as applicable, for the Fiscal Year ended June 30, 2018. Neither the City nor the BOE is required to obtain the consent of its independent auditors as a condition to the use of its audited financial statements or information therefrom in this Official Statement. However, the auditing firm has consented to the use of their auditor's reports on the basic financial statements of the City, for the year ended June 30, 2018. The BOE's Financial Statements are included in the City's Financial Statement and Auditor's Report.

State Comptroller's Audits and Related Matters

The State Comptroller concluded several audits of the City in calendar year 2018. The focus of the audits were the City's financial operations, payroll and procurement of professional services.

The financial operations audit covered the period July 1, 2014 through June 30, 2016 and reviewed the City's financial condition, including use of bond proceeds, capital planning and budgeting practices, accounting records (with a focus on the reporting of fund balance), reconciliation of accounts receivables, financial reporting, recording of journal entries, maintenance of bank accounts and the payment of tax certiorari judgments. The audit also reviewed whether there was adequate financial oversight of the City's financial operations. Key findings in the audit included the following:

•The City has borrowed without first exhausting prior bond proceeds.

•The City Council appropriated fund balance in the City's budget without using it.

•For the FY15-16, non-spendable fund balance was overstated by approximately $4 million.

•The City did not perform internal audits or establish a fund balance policy.

The purpose of the payroll audit was to determine whether City officials established adequate internal controls over employees' leave accruals, time and attendance, and overtime for the period July 1, 2015 through February 14, 2017.

The purpose of procurement audit was to determine whether City officials sought competition when procuring professional services for the period July 1, 2015 through June 30, 2017.

The State also conducted an audit of the City that focused on cash and cash collection during 2018; however, such audit has not been released by the State Comptroller as of the date hereof.

Full copies of the completed audits and the responses/corrective action plans of the City are available on the website of the State Comptroller. References to websites and/or website addresses presented herein are for informational purposes only and implies no warranty of accuracy of information therein. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Fund Structure and Accounts

The General Fund is the operating fund that is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for substantially all of the City's operating and maintenance costs, except for the Education Fund. For a description of other governmental fund types, see Appendix B attached hereto.

In accordance with law, the Board of Education maintains its own accounts independent of the City. The City accounts for the Board of Education in the Education Fund, which is classified as one of the City's Special Revenue Funds. The Board of Education is responsible for managing and controlling its own budget allotment approved by the City Council. Accordingly, the City levies and collects real property taxes for general City and Board of Education purposes. The City accounts for the entire real property tax in its General Fund and records revenue allocations to the Board of Education as transfers.

Basis of Accounting

The City's General Fund follows the modified accrual basis of accounting. Under this method of accounting, revenues susceptible to accrual include real property taxes, income taxes, sales taxes, charges for services, intergovernmental revenues and transfers. Permits, fees and other similar revenues are not susceptible to accrual because generally they are not measurable until they are received in cash.

The City's financial statements conform to generally accepted accounting principles ("GAAP"). (See Appendix B attached hereto for a link to the City's audited financial statements for the Fiscal Year ended June 30, 2018.) The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the Fiscal Year ended June 30, 2017. The City expects to apply to GFOA for such Certificate for the City's audited financial statements for the Fiscal Year ended June 30, 2018. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The City received the designation of "Moderate Fiscal Stress" as part of the State Comptroller's Fiscal Stress Monitoring System for the 2018 Fiscal Year. The City also received a separate environmental score of "Susceptible to Stress" for the 2018 Fiscal Year.

City and Board of Education General Fund Operations FY13-14

For the City's Fiscal Year ended June 30, 2014, under the modified accrual method of accounting, the City's General Fund revenues and other financing sources of $668,574,194 exceeded expenditures and other financing uses of $649,378,096 by $19,196,098. The ending unassigned fund balance for FY13-14 was $37,494,895. The ending assigned amount for FY13-14 was $33,036,096. The ending nonspendable amount for FY13-14 was $3,543,829.

The Board of Education's General Fund FY13-14 revenues and other financing sources of $472,311,484 was exceeded by expenditures and other financing uses of $524,382,809 by $52,071,325. The ending unassigned deficit for FY13-14 was $38,469,803. The ending nonspendable amount for FY13-14 was $1,020,487.

Board of Education – General Fund Deficit for FY13-14

As set forth in the audited financial statements of the BOE for the Fiscal Year ended June 30, 2014, a deficit of $40,754,451 appears in the General Fund of the BOE as of June 30, 2014.

Causes of General Fund Deficit for FY13-14.

The State provides annual State aid to school districts in the State, including the BOE, on the basis of various formulas. Due to the State's own budgetary crisis in 2009 and to assist the State in mitigating the impacts of its own revenue shortfall, the State reduced the allocation of State aid to school districts as part of a program known as the Gap Elimination Adjustment ("GEA"). To lessen the impact of the reductions in State aid upon school districts, the State authorized school districts, including the BOE, to advance or to "spin-up" a portion of the subsequent year's State aid allocation in the current year. During FY10-11 and FY11-12, the BOE opted to advance or "spin-up" its State aid apportionment in an amount equal to its State aid allocation reduced by the GEA (the "Spin-up Aid"). In FY12-13 and FY13-14, the BOE also opted to advance or "spin-up" its State aid on account of the GEA; however, there was no State legislative authorization allowing a spin-up in such years. As a result of the foregoing, the BOE overstated State aid revenues of approximately $55.0 million for FY12-13 ($26.9 million) and FY13-14 ($28.1 million), creating two fiscal years of budget shortfalls and an ongoing budget gap.

In January 2014, the City learned that the FY12-13 and FY13-14 Adopted Budgets of the BOE had overestimated State aid revenues in the aggregate amount of approximately $55.0 million. Immediately following the discovery of the BOE budget shortfall, the City imposed various measures in an effort to curtail spending and mitigate the deficit. Due to the governance structure of the BOE and City, the City was not authorized to assume control of the BOE and its finances. As a budget-dependent/operationally independent school district, the control and management of the BOE pursuant to State law was exclusively within the province of the BOE. The City's sole role was to provide financial support to operate the BOE, but the City was legally restricted from overseeing the budget preparation, spending or accounts receivables function of the BOE, despite the fact that BOE financial support comprises more than one-half of the City's overall budget. Pursuant to State law, the City has a statutory "maintenance of effort" requirement (the "Maintenance of Effort") to provide a minimum level of local funding. As a result of the Maintenance of Effort, generally, financial support provided by the City cannot be reduced from one year to the next. In order to ensure compliance with the legal prohibition on direct control, the City and the BOE entered into an interim inter-municipal agreement (the "Interim IMA"), which authorized the City to provide interim financial consulting services to the BOE.

On February 25, 2014, the City's Commissioner of Finance and Management Services issued a report providing an overview of the BOE budget shortfall. On May 30, 2014, the Inspector General of the City released a report detailing his findings relating to the causes of the overestimation of State aid revenues in the FY12-13 and FY13-14 Adopted Budgets of the BOE. The Superintendent of Schools and the Chief Administrative Officer resigned in February 2014 as a result of the foregoing. An interim Superintendent was appointed by the Board of Education followed by his permanent appointment to the title of Superintendent of Schools until his resignation in November 2015. The current Superintendent of Schools was appointed in March, 2016.

The overestimation of State aid in the aggregate amount of $55,000,000 by the BOE depleted the BOE's fund balance, resulting in a BOE deficit for FY13-14 and a significant projected BOE deficit for FY14-15. The City requested assistance from the State to help mitigate the deficit for FY13-14 and the projected budgetary deficit for FY14-15. In response, the State enacted special legislation in connection with the adoption of the State budget on or about April 1, 2014, entitled Chapter 55 of the New York Laws of 2014 (the "Deficit Financing Act"). The Deficit Financing Act authorized the City to issue bonds in the principal amount of not to exceed $45,000,000 for the purpose of liquidating the deficit in the General Fund of the BOE for FY13-14. Upon the enactment of the Deficit Financing Act, the City became and continues to be subject to the provisions of the Deficit Financing Act and certain additional requirements and procedures pursuant to Section 10.10 of the Local Finance Law ("Section 10.10"). The Deficit Financing Act provided that the City may not issue any bonds for the purpose of liquidating such deficit until the amount of such deficit was confirmed and certified by the State Comptroller and such bonds were required to be issued no later than

March 31, 2015. On March 27, 2015, following certification of the deficit by the State Comptroller, the City issued its $37,260,000 School Deficit Bonds-2015A pursuant to this authorization.

Pursuant to the Deficit Financing Act, the City is required to submit to the State Comptroller and the Commissioner of Education of the State each year, starting with the budget prepared for FY14-15 and for each subsequent fiscal year during which any deficit obligations issued pursuant to the Deficit Financing Act are outstanding, its tentative or preliminary budget for the succeeding fiscal year. The State Comptroller and the Commissioner of Education of the State must examine the proposed budget and make such recommendations as deemed appropriate thereon to the City prior to the adoption of such budget. Such recommendations are to be made after examination into the estimates of revenues and expenditures of the City. Pursuant to the Deficit Financing Act, the City, no later than five days prior to the adoption of the budget, shall review any such recommendations made by the State Comptroller and the Commissioner of Education and make adjustments to its proposed budget consistent with those recommendations. Copies of the recent reports issued by the State Comptroller and the Commissioner of Education, together with the City's responses thereto, are available upon request. In addition, for each fiscal year that bonds issued to fund the deficits are outstanding, the City must prepare a quarterly report of summarized budget data depicting trends of actual revenues and budget expenditures for the entire budget. Such budgetary reports must compare revenue estimates and appropriations as set forth in the budget with actual revenues and expenditures made to date. All reports must be accompanied by a recommendation of the Mayor setting forth any remedial action necessary to resolve any unfavorable budget variances. All reports must be completed within thirty (30) days after the end of each quarter and must be submitted at the end of each quarter to each member of the City Council, the Director of the New York State Division of Budget, the State Comptroller and the Chairs of the Senate Finance Committee and the Assembly Ways and Means Committee.

In addition, beginning with the fiscal year during which the City is authorized to issue bonds to finance the deficit, to and including the last fiscal year that any of such bonds are outstanding, within thirty days after final adoption of the budget for the next succeeding fiscal year, the City must prepare a three (3) year financial plan covering the next succeeding fiscal year and the two fiscal years thereafter. The financial plan must contain the information required by paragraph (e) of Section 10.10 and must be submitted to each member of the City Council, the Director of the New York State Division of Budget, the State Comptroller and the Chairs of the Senate Finance Committee and the Assembly Ways and Means Committee. The City must also notify the State Comptroller at least fifteen (15) days prior to the issuance of any bonds or notes or entering into any installment purchase contract by the City and the State Comptroller may review and make recommendations to the City regarding the affordability of any such proposed issuance or contract.

The Deficit Financing Act also authorized an additional provision of $28,000,000 in grant funds from the State to the City. In order to receive the funding from the State, the City and the BOE were required to enter into a new inter-municipal agreement, which provides for the City to impose specific financial, operational and/or supervisory controls over the BOE. The new inter-municipal agreement between the City and the BOE became effective on July 1, 2014 and continues in perpetuity (the "IMA"). On June 13, 2014 the New York State Director of Budget issued a letter determining that the IMA meets the requirements of the Deficit Financing Act and the $28,000,000 grant was given to the City to balance the budget of the BOE for the FY14-15.

The IMA requires that the City assume all BOE finance and budget functions in consultation with the Superintendent of Schools and the Board of Trustees of the BOE. Additionally, the IMA gives the City the authority to consult on all labor contracts. The IMA also gives the City, in consultation with the Superintendent of Schools and the Board of Education of the BOE, the authority to supervise certain non-academic operational functions of the BOE, as described in the Deficit Financing Act and the IMA. Pursuant to the IMA, in connection with the adoption of its FY14-15 budget, the City immediately absorbed the operations and expenses of various BOE administrative functions. In addition, in accordance with the Deficit Financing Act, the IMA grants the City the authority to create, abolish, maintain and consolidate all positions in the non-academic operational functions described in the IMA. The BOE retains the authority to create,

abolish, maintain or consolidate positions which have a nexus to the academic activities of the BOE, which do not fall within the scope of the finance and budget functions and non-academic operational functions discussed in the IMA. The Deficit Financing Act and the IMA authorize the City to implement a schedule of public hearings on the BOE's budget, which must be held at least quarterly and must be held in consultation with the Superintendent of Schools and the Board of Trustees of the BOE. Lastly, the City is required to periodically prepare and issue a report regarding the consolidation.

As of the date hereof, the City and the BOE have complied with the requirements of the Deficit Financing Act.

Additional measures undertaken to mitigate structural imbalance

The 2015-2016 Adopted Budget of the State did not continue the $28,000,000 grant to the City; however, Chapter 20 of the New York State Laws of 2015 authorized the transfer of not-to-exceed $25,000,000 from the State's Mortgage Insurance Fund (the "MIF Grant"), to assist the BOE in addressing the structural imbalance created by the overestimation of spin-up aid. As a condition of the release of the MIF Grant, the City was required to submit a comprehensive financial plan that provides for continuity of current educational services. The City's plan was submitted to and approved by the State Budget Division.

In addition, Chapter 67 of the New York Laws of 2015 authorized the City to increase its sales and compensating use tax by one half of one percent (from 2.5% to 3.0% of the total sales and compensating use tax collected in the City. The City is required to use the revenues generated by the increase in the sales and compensating use tax rate for the support of education, unless the City Council votes, on an annual basis, to use such additional revenue for a different purpose of the City.

Absent the MIF Grant and the increase in the sales and compensating use tax rate, the BOE would have been required to make significant reductions in staff and program in order to balance its budget for FY15-16. The BOE included $14.0 million of the MIF Grant in its FY15-16 budget and the $11.0 million balance in the BOE's FY16-17 budget. The City also included $11.4 million in additional sales and compensating use tax in its FY15-16 budget and $14.8 million in its FY16-17 budget. The additional sales and compensating use tax collected and applied to the BOE's budgets pursuant to Chapter 67 of the Laws of 2015 and allocated to the BOE must be included in the Maintenance of Effort requirement and must be maintained by the City even if Chapter 67 of the Laws of 2015 is not extended beyond its current expiration date, which is November 30, 2020. Any decreases in the revenues generated from such additional sales and compensating use tax must be made up by the City as part of its annual contribution to the BOE. The MIF Grant was exempt from the Maintenance of Effort pursuant to the express provisions of Chapter 20 of the Laws of 2015.

City and Board of Education General Fund Operations FY14-15

For the City's Fiscal Year ended June 30, 2015, under the modified accrual method of accounting, the City's General Fund revenues and other financing sources of $713,353,886 exceeded expenditures and other financing uses of $706,090,237 by $7,263,649. The ending unassigned fund balance for FY14-15 is $37,950,372. The ending assigned amount for FY14-15 is $39,214,537. The ending non-spendable amount for FY14-15 is $4,173,560.

The Board of Education's General Fund FY14-15 revenues and other financing sources of $561,569,826 exceeded expenditures and other financing uses of $513,262,365 by $48,307,461. The ending unassigned balance for FY14-15 is $10,858,145. The ending non-spendable amount for FY14-15 is $1,328,977. The ending restricted amount for FY14-15 is $964,300. The ending assigned fund balance for FY14-15 is $8,564,868.

City and Board of Education General Fund Operations FY15-16

For the City's Fiscal Year ended June 30, 2016, under the modified accrual method of accounting, the City's General Fund revenues and other financing sources of $737,882,697 was exceeded by expenditures and other financing uses of $738,032,661 by $149,964. The ending unassigned fund balance for FY15-16 is $37,686,576. The ending assigned amount for FY15-16 is $39,328,369. The ending non-spendable amount for FY15-16 is $4,173,560.

The Board of Education's General Fund FY15-16 revenues and other financing sources of $537,429,659 exceeded expenditures and other financing uses of $519,815,547 by $17,614,112. The ending restricted amount for FY15-16 is $964,300. The ending assigned fund balance for FY15-16 is $27,507,957.

City and Board of Education General Fund Operations FY16-17

For the City's Fiscal Year ended June 30, 2017, under the modified accrual method of accounting, the City's General Fund revenues and other financing sources of $758,771,871 was exceeded by expenditures and other financing uses of $779,344,575 by $20,572,704. The ending unassigned fund balance for FY16-17 is $18,261,008. The ending assigned amount for FY16-17 is $42,354,793.

The Board of Education's General Fund FY16-17 revenues and other financing sources of $552,111,129 exceeded expenditures and other financing uses of $536,894,359 by $15,216,770. The ending assigned fund balance for FY16-17 was $42,724,727. The ending restricted fund balance for FY16-17 was $964,300.

City and Board of Education General Fund Operations FY17-18

For the City's Fiscal Year ended June 30, 2018, under the modified accrual method of accounting, the City's General Fund revenues and other financing sources of $769,420,457 was exceeded by expenditures and other financing uses of $783,436,079 by $14,015,622. The ending unassigned fund balance for FY17-18 is $27,890,155. The ending assigned amount for FY17-18 is $18,710,024.

The Board of Education's General Fund FY17-18 revenues and other financing sources of $552,886,846 was exceeded by expenditures and other financing uses of $563,628,783 by $10,741,937. The ending assigned fund balance for FY17-18 is $31,982,790. The ending restricted fund balance for FY17-18 is $964,300.

City and Board of Education Adopted Budget FY18-19

The discussion below is based, in part, on projections and/or forward-looking statements related to FY17-18. No assurance can be given that the budget estimates and/or forward-looking statements discussed below will be realized. The accuracy of the budget estimates and/or forward-looking statements contained under this caption cannot be verified until after the close of such Fiscal Years and the completion of the related audits. In addition, the accuracy of all projections and forward-looking statements is dependent on a number of factors, including: (1) general economic factors that affect local source revenues such as sales taxes and individual income taxes, (2) the effectiveness of monitoring City and BOE expenditures, (3) the ability of the City and the BOE to meet spending reduction initiatives, (4) the amount of state and federally mandated expenditures, (5) year-end accruals of revenues and expenses, and (6) the implementation of new state and federal legislation or initiatives, among others.

The City Council adopted the FY18-19 Budget on June 13, 2018. The State Comptroller certified the City's FY18-19 Budget on July 10, 2018.

The adopted operating budget for combined City and BOE operations in FY18-19 totals $1,190,810,088, a $36,454,798 (3.2%) increase over the FY17-18 Adopted Budget. The FY18-19 Adopted Budget provides (1) a municipal operating budget of $575,193,734, a $11.6 million (2.1%) increase over FY17-18, and (2) a BOE budget of $615,616,354, a $24.9 million (4.2%) increase from Adopted Budget FY17-18. The City increased its contribution to the BOE by $453,220 over FY17-18, to a total of $261,595,141, which includes $16,090,757 from the increase in the City's sales and compensating use tax by one half of one percent (from 2.5% to 3.0% of the total sales and compensating use tax collected in the City).

The FY18-19 City Adopted Budget is balanced utilizing all of the $18.3 million of unassigned General Fund balance from year-end FY16-17. The FY18-19 BOE Adopted Budget is balanced utilizing $24.1 million of the overall $24.1 million in unassigned Education Fund balance from year-end FY16-17.

The overall tax levy is $378,330,354, a $22.1 million (6.2%) increase over the FY17-18 Adopted Budget amount of $356,243,271. The tax rate increase is 6.65%, to $804.72 per $1,000 of assessed value.

The FY18-19 City Adopted Budget includes 1,976 operating budget positions, or 10 less than the FY17-18 Adopted Budget. The FY18-19 BOE Adopted Budget includes 3,244 operating budget positions, or 7 more than the FY17-18 Adopted Budget.

Review of FY 2018-2019 Adopted Budget by State Comptroller

Chapter 55 of the Laws of 2014 requires the City to submit to the State Comptroller (OSC) and the State Commissioner of Education, its proposed budget for the next succeeding fiscal year. The State Comptroller and State Commissioner of Education must examine the proposed budget and make recommendations as deemed appropriate after examining the estimates of revenues and expenditures of the City. The City must review the recommendations made by the State Comptroller and the Commissioner of Education and make adjustment to its proposed budget consistent such recommendations.

On May 18, 2018, the State Comptroller provided several recommendations to the City related to its FY17-18 budget. A summary of key findings appears below and a link to the complete report may be found at: https://www.osc.state.ny.us/localgov/audits/cities/2018/yonkers-br.htm.

Key State Comptroller Recommendations:

- Either approve the appropriation of fund balance or eliminate the potential funding gap.
- Identify alternatives to borrowing funds to purchase textbooks.
- Develop a plan to limit the impact of staffing cuts.
- Evaluate the expectation of receiving $5 million in specialized State aid and amend as necessary.
- Develop a plan to maintain fund balance at a reasonable level.
- Review the revenue estimates for metered water sales and income tax surcharge, and amend as necessary.
- Consider adjusting the appropriation for tax certiorari payments and provide a financing source for the tax certiorari settlements.
- Review the estimates for overtime and workers' compensation insurance and amend as necessary.
- Consider establishing and funding a contingency fund.
- Pass a resolution to approve the appropriation of fund balance for the District, identify alternate funding, or lower appropriations.
- Pass a resolution to raise water rates prior to the adoption of the budget or lower the estimate for water rents.

In addition, the State Comptroller noted that under the FY18-19 budget, the City will have exhausted 87.70 % of its taxing authority pursuant to the Constitutional Tax Limit. The State Comptroller also stated that if property values do not increase, the City's ability to increase taxes may be reduced in future years. (See "*COMPUTATION OF CONSTITUTIONAL TAX LEVYING AND DEBT CONTRACTING LIMITATION*" under "*PROPERTY TAXES*" herein.)

Pursuant to the Act, the State Comptroller, as Fiscal Agent for the City, is required to certify the City's annual budget. On July 10, 2018, the State Comptroller certified that the FY18-19 adopted budget of the City, together with the justification documents is in material compliance with the Act and the City's bond ordinances.

On July 30, 2018, the State Comptroller sent another letter to the City which stated that the City's adopted budget for fiscal year 2018-19 and the related justification documents are in material compliance with the requirements of the Fiscal Agent Act (Chapter 488 of the Laws of 1976) and set forth several key recommendations outlined below. A link to the complete report may be found at: https://www.osc.state.ny.us/localgov/audits/cities/2018/yonkersB1867.htm

Key State Comptroller Recommendations:

- Replace nonrecurring revenue, such as fund balance, in the 2019-20 budget.
- Pay tax certiorari claims from annual appropriations instead of using debt.
- Establish a contingency appropriation at a level to provide flexibility to deal with unanticipated or insufficient appropriations.

The City's Four Year Financial Plan for FY17-18 through FY20-21 and the gap mitigation measures developed by the City address many of the concerns raised by the State Comptroller. For more information see "Four Year Financial Plan for FY 2017-2018 through FY 2020-2021" and "Budget Gap Mitigation Measures" under "DISCUSSION OF FINANCIAL OPERATIONS" herein. Copies of the State Comptroller's letters are available at upon request.

In addition, on July 31, 2018, the State Comptroller advised the City that it prematurely took action on the FY18-19 Adopted Budget by mailing tax bills in late June 2018, prior to the approval of said budget by the State Comptroller as being in material compliance with the Act and the Ordinances. Such approval was given on July 10, 2018. In the letter, the State Comptroller reminded the City that it must adhere to the requirements of the Act and Ordinance.

Current Events Related to Operations for FY17-18 and the Adopted Budget FY18-19

The discussion below is based, in part, on projections and/or forward-looking statements related to FY18-19. No assurance can be given that the budget estimates and/or forward-looking statements discussed below will be realized. The accuracy of the budget estimates and/or forward-looking statements contained under this caption cannot be verified until after the close of such Fiscal Years and the completion of the related audits. In addition, the accuracy of all projections and forward-looking statements is dependent on a number of factors, including: (1) general economic factors that affect local source revenues such as sales taxes and individual income taxes, (2) the effectiveness of monitoring City and BOE expenditures, (3) the ability of the City and the BOE to meet spending reduction initiatives, (4) the amount of state and federally mandated expenditures, (5) year-end accruals of revenues and expenses, and (6) the implementation of new state and federal legislation or initiatives, among others.

THE CITY AND THE BOE CANNOT PREDICT AT THIS TIME WHETHER THE YEAR-END AUDITED FINANCIAL RESULTS FOR FY18-19 WILL REMAIN UNCHANGED ONCE THE AUDIT IS COMPLETED AND, AS SUCH, FINAL AUDITED RESULTS MAY DIFFER FROM THE FINANCIAL PROJECTIONS SET FORTH BELOW.

City FY17-18 Operations and FY18-19 Adopted Budget

The City's General Fund balance decreased by $14.0 million in FY17-18, from $60.6 million at year-end FY16-17 to $46.6 million, with approximately $18.7 million of the FY17-18 General Fund balance categorized as assigned to balance the FY18-19 Adopted Budget, and $27.9 million categorized as unassigned.

Based upon Q2 Projection results, which are subject to change, the City's General Fund operations for FY18-19 are projected to generate a return to unassigned fund balance of $1.1 million. Overall fund balance return across all funds is expected to be $3.1 million, including $1.1 for the City General Fund, $0.7 million for the Education Fund, and a combined $1.3 million in the Water, Sewer, Library, Museum, and Debt Service Funds.

For several years, the City's General Fund return to fund balance has been sufficient to replenish the amount appropriated to balance the subsequent year's budget. The General Fund's annual return has been fueled recently by recognition of unbudgeted revenues such as the sale of property, both from the transfer of City real estate holdings for development and from aggressive efforts to clear the City's tax lien and In Rem rolls. Economically-sensitive revenues – sales tax, income tax, housing-market taxes – have exceeded conservative budget estimates. Savings have been generated from efficiency programs, savings incentives, and hiring freezes.

For FY18-19, the City's General Fund return to unassigned fund balance projection is modest. Special Taxes – including sales tax, personal income tax, mortgage recording tax, and real estate transfer tax – are projected to be $0.7 million over budget. City Department overall revenue – such as parking tickets, permits and fees, and reimbursable services – is projected essentially at budget. Exclusive of General Fund Bond Anticipation Note Revenue, overall City General Fund revenues are projected to be $1.6 million over budget for FY18-19. Exclusive of General Fund Bonded Tax Certiorari expense, overall City General Fund expenditures are projected to be $0.5 million above budget.

Additional details about FY18-19 revenue and expense projections are below.

City Revenues and Expenditures

City sales tax revenues in FY17-18 were $78.4 million, or $1.3 million more than the FY17-18 Adopted Budget of $77.1 million and $3.3 million more than the FY16-17 Actual of $75.1 million. (See *Sales Tax* section under "*Revenues*" below for historical data and other information.) City sales tax revenues in FY18-19 are projected at $80.8 million or $0.3 million more than the FY18-19 Adopted Budget of $80.5 million and $2.4 million more than the FY17-18 Actual of $78.4 million. (See *Sales Tax* section under "*Revenues*" below for historical data and other information.)

Sales tax for education, a 0.5% additional sales and compensating use tax that commenced September 2015, was $15.5 million in FY17-18, or $0.1 million more than the FY17-18 Adopted Budget of $15.4 million and $0.7 million above the FY16-17 Actual of $14.8 million. Sales tax for education is projected at $16.2 million in FY18-19, $0.1 million more than the FY18-19 Adopted Budget of $16.1 million but $0.7 million higher than the FY17-18 Actual of $15.5 million.

The City's personal income tax (PIT) surcharge revenue for FY17-18 was $53.0 million, a $1.9 million increase over the FY17-18 Adopted Budget of $51.1 million and a $3.0 million increase from the FY16-17 actual of $50.0 million. The City's personal income tax (PIT) surcharge revenue for FY18-19 is projected at $55.5 million, a $1.4 million increase over the FY18-19 Adopted Budget of $54.1 million and a $2.5 million increase from the FY17-18 actual of $53.0 million.

The City's two housing market revenues, real estate transfer tax and mortgage recording tax, exhibited strong results in FY17-18. Fueled by a strong housing resale market and housing/commercial development, revenue from real estate transfer tax collections were $14.0 million or $2.7 million more than the $11.3 million FY17-18 Adopted Budget. For FY18-19, the City projects $21.8 million which is $7.7 million less than the FY18-19 Adopted Budget amount of $14.1 million and $7.8 million less than the FY17-18 Actual of $14.0 million.

Revenues received in FY17-18 from mortgage tax totaled $8.2 million which was greater than the FY17-18 Adopted Budget amount of $7.1 million by $1.1 million. FY18-19 revenues are projected to be $7.5 million which is less than the FY18-19 Adopted Budget amount of $7.8 million by $0.3 million and less than the FY17-18 actual of $8.2 million by $0.7 million.

Parking Violations Bureau (PVB) revenue for FY17-18 totaled $18.8 million which was $1.8 million less than the FY17-18 Adopted Budget Amount of $20.6 million but more than the FY17-18 Actual of $19.1 by $0.4 million. The City budgeted $18.7 million in the FY18-19 Adopted Budget and projects $19.7 million which is $1.0 million more than FY18-19 Adopted Budget amount and $0.9 million more than the FY17-18 Actual of $18.8 million.

In FY17-18, revenues from the sale of City property totaled $2.1 million, or $1.8 million over the $0.3 million that was budgeted; the increase was due to the sale of City parcels for commercial and housing development. The same $0.3 million was budgeted for FY18-19, and $1.2 million is projected to be received in the fiscal year.

Yonkers Raceway Impact Fees for FY17-18 totaled of $1.5 million which equaled the budgeted amount. The City budgeted $1.5 million in FY18-19 and projects $1.5 million based on sustained levels of VLT win per day rates at the Raceway.

Utilities gross receipt taxes for FY17-18 totaled $8.0 million which was $0.5 million above the FY17-18 budgeted amount of $7.5 million and $0.7 million above the FY16-17 actual of $7.3 million. The City budgeted $7.7 million for FY18-19 which is $0.3 lower than the FY17-18 actual and projects this revenue to be above budget by $0.2 million for FY18-19.

Excluding the annual use of Note Proceeds for tax certioraris, City expenditures for FY17-18 were under budget by $1.8 million. The largest area savings from the amended FY17-18 budget was from Department of Public Works ($2.0 million) for lower than budget expenditures in Vehicle Maintenance, General Services, Refuse disposal and City Cleaning. A $5.9 overage in Reserve for Uncollected Taxes was partially offset by savings of $5.7 in other expenditures, such as, Taxes on City Property, Workers Compensation, Firefighting, and Health Insurance.

BOE FY17-18 Operations and FY18-19 Adopted Budget

The BOE's Education Fund balance decreased by $10.7 million in FY17-18, from $43.7 million at year-end FY16-17, to $32.9 million, with $24.1 million utilized to balance the FY18-19 budget and $7.8 million available for future use. Based on the Q2 FY18-19 Projection, the Education Fund FY18-19 fund balance is projected to increase by $0.7 million to $8.5 million.

BOE Expenditures and Revenues

The FY17-18 BOE Adopted Budget of $590.7 million is $20.5 million or 3.6% higher than the FY16-17 Adopted Budget. Salary and related expense growth of $15.2 million for 3,237 full-time equivalent positions includes funding for an additional 75 titles versus FY16-17 Adopted, and reflects salary, step, and other payroll-related increases based on recently-settled labor contracts. The FY17-18 Adopted Budget includes a $0.8 million increase in employee benefits over the FY16-17 budget primarily due to an 8%

increase in health insurance rates based on industry forecasts; this $7.3 million increase in the overall cost of health insurance is offset by pension contribution savings and an increase in employee fringe benefits applicable to grants and School Lunch fund. The FY17-18 BOE Adopted Budget increases by $4.5 million in other expenses, primarily a result of additional debt service and special education needs, partially offset by transportation and utilities savings.

The FY17-18 BOE Adopted Revenue Budget is comprised primarily of the City contribution, State Aid, and appropriated fund balance. The FY17-18 City contribution is $261.1 million, which includes a Maintenance of Effort (MOE) contribution of $228.1 million. (The MOE includes projected FY17-18 0.5% sales tax for education of $15.4 million.) The City contribution also includes $33.0 million for education debt service. The total City contribution increases $3.8 million or 1.5% over the FY16-17 Adopted Budget.

FY17-18 Adopted Basic and Categorical State Aid is $289.6 million, an increase of $11.7 million or 4.2% over the FY16-17 Adopted Budget. But Other State Aid will decline by $11 million in FY17-18. The State contributed $25 million to the Yonkers BOE from the New York State's Mortgage Insurance Fund (MIF) over two years: $14 million for FY15-16 and $11 million for FY16-17. MIF Funding ends in FY17-18.

The FY17-18 BOE Adopted Revenue Budget also includes the appropriation of $17.4 million of the $25.8 million in unassigned fund balance available from year-end FY15-16.

The BOE Adopted Budget for FY18-19 operations and debt service was $615.6 million. This amount is 4.2% higher than the FY17-18 Adopted Budget of $590.7 million primarily for increases in contractual wages ($7.4 million), fringe benefits ($12.6 million), special education costs ($1.2 million), Charter School Tuitions ($1 million) and transportation costs ($1.2 million). Based on the Q2 Projection, the BOE is projected to expend $2.2 million less than budgeted in FY18-19. Salary and salary related expenses are projected to be $1.0 million below budget; Fringe Benefits are projected to $2.3 million below budget while Transportation Expenses are projected to be $1.4 million over budget primarily because of increased student enrollment. $0.2 million in Contractual Savings is also projected.

Based on Q2 Projection, BOE FY18-19 revenues are projected to be lower than budget by $1.5 million at $614.2 million. $25.0 in unassigned fund balance along with along with $8.8 million in State Bullet Aid, which combined represents $33.8 in non-recurring revenue, were used to balance the FY18-19 budget. Overall, FY18-19 Adopted Budget Revenues were $24.9 higher than the FY17-18 Amended Budget primarily due to increases in Appropriated Fund Balance use ($6.7 million), Bullet Aid ($7.3 million) and Basic Formula Aid ($6.2 million). The City contribution to the BOE was budgeted at $261.6 million and is comprised of the following: (i) Maintenance of Effort Baseline ($213.5 million), (ii) Maintenance of Effort Sales Tax for Education ($16.1 million) and the Debt Service Contribution ($32.0 million).

THE CITY AND THE BOE CANNOT PREDICT AT THIS TIME WHETHER THE YEAR-END UNAUDITED FINANCIAL RESULTS FOR THE CURRENT FISCAL YEAR WILL REMAIN UNCHANGED ONCE THE AUDIT IS COMPLETED AND, AS SUCH, FINAL AUDITED RESULTS MAY DIFFER FROM THE UNAUDITED FINANCIAL PROJECTIONS SET FORTH ABOVE.

FY19-20 Proposed Budget

In accordance with the Code of the City, on April 15, 2019 the Mayor released the proposed operating budget for FY19-20. Such budget is subject to review and change prior to adoption by the City Council. Pursuant to the Code of the City, the budget must be adopted by June 1 of each year. (See "*Procedures*" under "*DISCUSSION OF FINANCIAL OPERATIONS*", herein.)

Financial Restructuring Board

By resolution of the City Council, the City of Yonkers submitted an application to the Financial Restructuring Board for Local Governments on April 17, 2018 and was accepted into the program at the FRB

board meeting on June 13, 2018. The FRB is undertaking a comprehensive review of the operations of the City and Board of Education.

Transfers from the Water Fund

According to Section C9-17 of the City's charter, the disposition for water rents are first made for the operation and maintenance of the waterworks and for interest on all City issued water bonds. Historically, the City has attributed to the Water Fund a portion of the salaries and fringe benefits of certain City employees who perform duties related to the operation, maintenance and management of water services. In addition, certain costs incurred for expenses such as judgments and claims, settlements, and other expenses related to the delivery of water service have been charged back to the Water Fund. Following a review by the City's Finance and Budget Departments of the costs and expenses incurred by the various City departments and employees, a portion of the water rents is considered a revenue and disposed of in the City's adopted budget. In the past, the amount of the transfer from the Water Fund to the General Fund was determined during the annual budgetary process, based upon a variety of factors. The amount of the transfers from the Water Fund to the General Fund for FY14-15 and FY15-16 was $11.42 million in each such year. For the FY16-17 Adopted Budget, the City developed a budgetary template and policy to determine the appropriate amount of the transfer from the Water Fund to the General Fund in each fiscal year. As such, the FY16-17 Adopted Budget for the City's Water Fund included an appropriation transfer of approximately $12.65 million to the City's General Fund that represented an allocation of expenses borne wholly by the General Fund but directly or indirectly related to supporting the Water Bureau's operations and its responsibility to provide safe and potable water for residential, commercial, and industrial users, and also providing adequate water supply for firefighting purposes. Such transfer included costs or pro-rated cost shares such as: (i) debt service for Water Fund capital projects, such as repair and replacement of water hydrants, valves, mains, towers, etc.; (ii) Water Fund employee fringe benefits, such as health insurance, pension cost, workers compensation, and payout of accrued leave balances; (iii) administrative support from departments such as purchasing, corporation counsel, human resources, engineering, and information technology and from city councilpersons and city administration; and (iv) non-departmental expenditure cost allocations including litigation expenses, judgment and claims, and expenses related to the annual City audit. The FY16-17 Budget transfer from the Water Fund to the General Fund provided reimbursement for services provided and was based on a rigorous analysis of cost centers. The City expects to utilize this budgetary template and policy going forward to determine transfers from the Water Fund to the General Fund in future budgets. The FY17-18 transfer was $11.82 million and budgeted at $11.90 million for FY18-19.

Capital Project Close Out

During FY15-16, the City identified certain capital projects that had been financed with the proceeds of bonds which had been completed or abandoned by the City. The City also determined that no further claims or liabilities existed to be satisfied with the proceeds of the original bonds. The City requested that the State Comptroller transfer the unexpended Note Proceeds to the Debt Service Fund and to use such funds to pay the principal due on the respective bonds issued to finance such capital projects until all such unexpended Note Proceeds have been fully exhausted or the respective bonds have been paid in full. The City is utilized $5.9 million in FY17-18 being held in the Debt Service Fund to pay the principal payments due for each respective series of bonds.

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City General Fund
Summary of Operations and Changes in Fund Balance[1]

(000's Omitted)

	Adopted Budget FY18-19	Actual (Audited) FY17-18	Actual (Audited) FY16-17	Actual (Audited) FY15-16	Actual (Audited) FY14-15
Revenues:					
Real Property Taxes [2]	$355,335	$344,259	$340,998	$319,928	$315,999
Other Tax Items	78,742	79,334	72,750	73,581	77,246
Non-Property Taxes	165,660	161,732	154,579	148,642	134,924
Departmental Income	42,428	43,127	40,374	38,947	36,410
Use of Money and Property	215	795	278	574	548
Sale of Property and Compensation for Loss	300	205	679	248	730
State and Federal Aid	121,673	117,346	116,157	119,240	115,825
Miscellaneous	1,630	2,947	3,593	4,457	5,332
Total Revenues	765,983	749,745	729,408	705,617	687,014
Expenditures:					
Current-					
General Government Support	93,158	96,584	111,841	97,776	96,618
Public Safety	181,910	177,228	170,495	162,733	151,931
Transportation	1,852	1,719	1,740	1,265	2,397
Culture and Recreation	10,742	9,926	9,573	9,383	8,458
Home and Community Services	24,530	23,603	23,974	23,801	23,511
Employee Benefits [3]	164,685	153,848	147,098	138,751	129,375
Debt Service	1,200	6,834	417	267	7,688
Total Expenditures	478,078	469,742	465,138	433,976	419,978
Excess of Revenues Over Expenditures	287,905	280,003	264,270	271,641	267,036
Other Financing Sources (Uses):					
Sale of Real Property	-	1,853	3,718	14,250	-
Transfers In [4]	11,900	11,822	12,646	11,416	11,416
Proceeds from Obligations	-	6,000	13,000	6,600	14,924
Transfer Out – Debt Service	(41,580)	(34,875)	(42,078)	(48,610)	(44,186)
Transfers Out – Other	(276,486)	(278,819)	(272,128)	(255,447)	(241,926)
Total Other Financing Sources (Uses)	(306,166)	(294,019)	(284,842)	(271,791)	(259,772)
Net Change in Fund Balance	$ (18,260)	(14,016)	(20,572)	(150)	7,264
Fund Balance [5]:					
Beginning of Year[6]		60,616	81,188	81,338	74,074
End of Year		$ 46,600	$ 60,616	$ 81,188	$ 81,338
Fund Balance [6]:					
Nonspendable		$ -	$ -	$ 4,174	$ 4,174
Assigned		18,710	42,355	39,328	39,214
Unassigned		27,890	18,261	37,686	37,950
End of Year		$ 46,600	$ 60,616	$ 81,188	$ 81,338

(1) Presented on a modified accrual basis of accounting. (See "*Basis of Accounting*" under "*DISCUSSION OF FINANCIAL OPERATIONS*" herein.)
(2) Includes current year tax levy as well as prior year taxes anticipated to be collected.
(3) Employee benefits for positions accounted for in the Water and Library Funds are paid from the General Fund.
(4) Transfers to the General Fund include an annual transfer from the Water Fund, which in FY17-18 amounted to $11,822,384.
(5) Fund Balance Section left blank for Adopted Budget Columns FY18-19.
(6) Detailed information on the components of fund balance may be found in Appendix B, Note 3.M.

BOARD OF EDUCATION – GENERAL FUND
SUMMARY OF OPERATIONS AND CHANGES IN FUND BALANCE[1]

(000's Omitted)

	Adopted Budget FY18-19	Actual (Audited) FY17-18	Actual (Audited) FY16-17	Actual (Audited) FY15-16	Actual (Audited) FY14-15
Revenues:					
Charges for Services	$ 367	$ 392	$ 367	$ 472	$ 426
Use of Money and Property	293	300	321	319	362
Sale of Property and Compensation for Loss	-	308	6	2	6
Interfund Revenues	506	375	506	1,276	962
State Aid	320,830	300,326	303,052	289,926	286,122
Federal Aid	650	1,134	757	713	560
Miscellaneous	938	3,515	1,651	2,373	2,088
Total Revenues	323,584	306,350	306,660	295,081	290,526
Expenditures:					
Current-					
Education	416,537	395,380	376,015	360,655	359,373
Employee Benefits	160,703	147,885	139,801	138,500	133,531
Debt Service	1,598	1,582	1,565	1,700	2,116
Total Expenditures	578,839	544,847	517,381	500,855	495,020
Excess of Revenues Over Expenditures	(255,255)	(238,497)	(210,721)	(205,774)	(204,494)
Other Financing Sources (Uses):					
Proceeds of Obligations	-	-	-	-	42,047
Transfer In	231,161	246,537	245,450	242,349	228,997
Transfer Out – Debt Service	-	(16,764)	(16,764)	(17,010)	(17,028)
Transfers Out – Other	-	(2,018)	(2,748)	(1,951)	(1,215)
Total Other Financing Sources (Uses)	231,161	227,755	225,938	223,388	252,801
Net Change in Fund Balance	$ (24,094)	(10,742)	15,217	17,614	48,307
Fund Balance (Deficit)[2]:					
Beginning of Year		43,689	28,472	10,858	(37,449)
End of Year		$ 32,947	$ 43,689	$ 28,472	$ 10,858
Fund Balance (Deficit)[3]:					
Restricted		$ 964	$ 964	$ 964	$ 964
Nonspendable		-	-	-	1,329
Assigned		31,983	42,725	27,508	8,565
End of Year		$ 32,947	$ 43,689	$ 28,472	$ 10,858

(1) Presented on a modified accrual basis of accounting. (See "*Basis of Accounting*" under "*DISCUSSION OF FINANCIAL OPERATIONS*" herein.)

(2) Fund Balance Section left blank for Adopted Budget Columns FY18-19.

(3) Detailed information on the components of fund balance may be found in Appendix B, Note 3.M.

Revenues

The General Fund accounts for the full receipt of the tax levy, including that portion of the levy raised for the Board of Education and that portion of the levy deposited in the Debt Service Fund for the payment of debt service.

The City's property tax levying powers, other than for debt service and certain other purposes, are limited by the State Constitution to 2% of the five-year average full valuation of taxable real property. The City's ability to increase its tax levy is also constrained by the Tax Levy Limitation Law. (See "*Tax Levy Limit Law*" under "*PROPERTY TAXES*" herein.)

The real property tax levy in the FY14-15 Adopted Budget was $335,448,551, representing a 1.37% increase over the real property tax levy in FY13-14. The real property tax rate was $701.59 per $1,000 of assessed value, representing a 1.84% increase over the real property tax rate in FY13-14.

The real property tax levy in the FY15-16 Adopted Budget was $341,072,515, representing a 1.67% increase over the real property tax levy in FY14-15. The real property tax rate was $719.87 per $1,000 of assessed value, representing a 2.61% increase over the real property tax rate in FY14-15.

The real property tax levy in the FY16-17 Adopted Budget was $355,432,328, representing a 4.21% increase over the real property tax levy in FY15-16. The real property tax rate was $749.96 per $1,000 of assessed value, representing a 4.18% increase over the real property tax rate in FY15-16.

The real property tax levy in the FY17-18 Adopted Budget is $356,243,271, representing a 0.23% increase over the real property tax levy in FY16-17. The real property tax rate is $754.56 per $1,000 of assessed value, representing a 0.61% increase over the real property tax rate in FY16-17.

The real property tax levy in the FY18-19 Adopted Budget is $378,330,354, representing a 6.20% increase over the real property tax levy in FY17-18. The real property tax rate is $804.72 per $1,000 of assessed value, representing a 6.65% increase over the real property tax rate in FY17-18.

The following table provides the allocation of the City's real property tax levy in the Adopted Budgets for FY14-15 to FY18-19.

($ millions)

	FY14-15	**FY15-16**	**FY16-17**	**FY17-18**	**FY18-19**
Board of Education Operations	$212,153	$214,171	$214,037	$214,453	213,472
City Operations	56,680	55,365	63,672	68,845	84,662
Debt Service and Capital Exclusions[(1)]	66,616	71,537	77,723	72,945	80,197
Total	$335,449	$341,073	$355,432	$356,243	378,330

[(1)] Combines debt service for City and Board of Education operations.

Sales Tax. Currently, an 8.875% sales and use tax is imposed on all retail sales in the City except for sales of goods qualifying for New York State exemptions. Revenues from the sales and use tax are apportioned: 4.0% to the State; 3.0% combined to the City of Yonkers, with 2.5% to the City and 0.5% to the BOE (subject to approval of the Yonkers City Council); 1.5% to the County; and 0.375% to the Metropolitan Transportation Authority.

On July 2, 2015, the State enacted legislation (Chapter 67 of the Laws of 2015) that authorized the City to increase its sales and use tax rate by one half of one percent (from 2.5% of the 8.375% rate to 3.0% of the 8.875% rate). According to the terms of legislation, the City is required to use the revenues generated by

the increase for the support of education, unless the City Council votes, on an annual basis, to use such additional revenue for a different purpose for the City. Pursuant to the legislation, the City began collecting the additional one half of one percent sales and use tax on September 1, 2015. Chapter 61 of the Laws of 2017 extends the authorization period to November 30, 2020.

The City sales tax includes a 1% City Special Sales Tax enacted pursuant to Chapter 871 of the Laws of 1975. Pursuant to that legislation, the City's right to impose the additional tax may not be preempted by any other governmental body. The proceeds of the Special Sales Tax are deposited directly into the Debt Service Fund by or on behalf of the State Comptroller for the purpose of paying principal of and interest on outstanding City indebtedness. Such revenues may become available for other use by the City after the debt service requirement for the current year has been fully funded through revenues generated by the Special Sales Tax and ad valorem real property taxes.

Revenues from the 2.5% sales and use tax apportioned to the City were $70.4 million for FY13-14, $72.8 million for FY14-15, $73.0 million for FY15-16, $75.0 million for FY16-17 and $78.4 million for FY17-18. Such sales tax revenue is budgeted at $80.5 million in the FY18-19 Adopted Budget.

Sales tax from the additional one half of one percent sales and use tax authorized by Chapter 67 of the Laws of 2015 were $11.1 million for FY15-16, $14.8 million for FY16-17 and $15.5 million for FY17-18. Such sales tax revenue is budgeted at $16.1 million in the FY18-19 Adopted Budget.

The following table provides annual sales tax revenues for the last ten fiscal years.

SALES AND USE TAX

Fiscal Year	City Sales and Use Tax	BOE Sales and Use Tax
2009-10	$59,442,202	-
2010-11	$60,604,378	-
2011-12	$65,611,322	-
2012-13	$68,321,467	-
2013-14	$70,395,766	-
2014-15	$72,828,806	-
2015-16	$73,034,880	$11,129,446
2016-17	$75,055,806	$14,808,005
2017-18	$78,408,852	$15,519,574
2018-19[(1)]	$80,453,784	$16,090,757

[(1)] Budgeted

Income Tax Surcharge. Chapter 345 of the Laws of 1984, which became effective on July 3, 1984, authorized the City to enact a local law imposing an income tax surcharge on residents of the City at a rate not to exceed 19.25% of the net State tax, and permitted the City to impose a City tax on the gross earnings of non-residents employed in the City at a rate not to exceed one half of one percent (collectively, the "Income Tax Surcharge"). The law provided that such Income Tax Surcharge could be imposed for the period January 1, 1984 through December 31, 2015, and would be administered, collected and distributed by the State Tax Commission. Chapter 83 of the Laws of 2017 extends the authorization to September 30, 2019. Pursuant to the authority granted by this State statute, the City enacted Local Law No. 6-2013 imposing the Income Tax Surcharge at a rate of 15.00% and subsequently increased the rate to 16.75% with the enactment of Local Law No. 11-2014, on June 11, 2014. Revenue from the City's Income Tax Surcharge were $41.3 million for FY13-14, $47.7 million for FY14-15, $50.8 million for FY15-16, $50.0 million for FY16-17 and $53.0 million for FY17-18. The FY18-19 income tax surcharge revenue is budgeted at $54.1 million.

Real Property Transfer Tax. The City receives 1.5% of the gross sale amount from the seller upon the transfer of real property. For cooperative apartments, the tax is imposed only when a building converts to co-op, not when individual units are offered for sale. The real property transfer tax generated $8.4 million in FY13-14, $9.9 million in FY14-15, $10.1 million in FY15-16, $12.8 million in FY16-17 and $13.9 million in FY17-18. The FY18-19 Adopted Budget for the tax is $14.1 million.

Hotel Room Occupancy Tax. Chapter 62 of the Laws of 2015 of the State of New York, enacted into law on July 2, 2015, authorized the City to levy a hotel room occupancy tax at a rate of three percent (3%) of the rent on every occupied room or rooms within the City. This tax is separate from the tax currently imposed by the County. Subsequently, Local Law 19-2015 was adopted by the City Council on July 15, 2015, and approved by the Mayor on July 23, 2015 to impose this tax. The tax began to be levied as of August 1, 2015. The Hotel Room Occupancy Tax revenue was $0.72 million in FY15-16, $0.84 million in FY16-17 and $1.1 million in FY17-18. The FY18-19 Adopted Budget is $1.1 million.

Intergovernmental Revenues. The principal sources of economic funding furnished by the State to the City are State funding to education, per capita revenue sharing, municipal overburden and State local assistance funding. Additionally, there are several lesser funding, grant and shared revenue programs, including the mortgage tax (collected for the City and the State by the County at the rate of $.50 per $100 of mortgages), traffic violation fines (collected for the City by the State), and State youth program funds (received on a matching basis for both recreational and delinquency prevention programs). The City also enacted in the 1994 fiscal year budget an additional City mortgage tax at the rate of $.50 per $100 of mortgages. The County of Westchester collects the tax for the City. Chapter 61 of the Laws of 2017 extends the authorization period to August 31, 2020.

The City depends on the State for aid to balance its budget and to meet its cash requirements. If the State experiences revenue shortfalls or spending increases, such developments could result in reductions in aid to the City. In addition, there can be no assurance that future State budgets will be adopted by the April 1 statutory deadline or that timely aid payments will be made to the City.

State Aid to Education. Basic formula aid is paid based upon an application submitted to the State by the BOE which incorporates required data concerning enrollment, attendance and approved expenses. The amount of other aid distributed to the Board of Education is fixed in the authorizing State legislation. In addition, the City receives aid for such earmarked purposes as educationally disadvantaged pupils, occupational education and handicapped pupils. Also, the BOE receives Building aid which is based on a substantially flat, assumed amortization schedule, which is set at the maximum useable life of the item being purchased, built or reconstructed. Building aid is subject to a cap, which is called Approved Building Cost Allowances, which sets a maximum aidable cost of a project upon which the State will base its aid. The current building aid ratio on new projects for Yonkers Public Schools is 73.1% with the 10% incentive and the High Needs Supplement, and it is derived by a formula which uses a combination of property value and resident student data.

The City receives aid to education in several installments throughout its fiscal year. Basic formula aids are computed according to a complex aid ratio formula. By law, the City should receive this aid in monthly installments commencing on September 15 of each fiscal year. Cash distributions of these aids are net of Board of Education contributions to the New York State Teachers' Retirement System. The $19.6 million Video Lottery Terminal payment, which is paid to the City on the basis that the City is an eligible city in which a video lottery gaming facility is located, has a different payment schedule and is payable in June of each fiscal year.

Payment of State aid to education may be withheld due to the failure of the City or the Board of Education to comply with various requirements of State law relating to instructional programs, programs for the handicapped or other matters or the failure of the City to pay debt service on obligations issued for school

purposes. The City and the Board believe that they are in full compliance with all such requirements and have made the necessary debt service appropriations.

General Purpose Aid. The Adopted State Budget for Fiscal Year 2006 changed the formula for State Aid to cities and other local governments. The State combined general purpose aid, emergency funding to cities, emergency funding to eligible municipalities and supplement municipal funding into one category called Aid and Incentives to Municipalities (AIM). The total City aid in this category was $108.2 million for FY13-14, $108.2 million for FY14-15, $108.2 million for FY15-16, $108.2million for FY16-17, $108.2 million for FY17-18 and is budgeted at $108.2 million for FY18-19.

Special Revenue Funds

The City has established special revenue funds to account for the proceeds of specific revenue sources that are legally restricted to expenditures for defined purposes. The largest of these funds is the Education Fund, which is discussed in detail in this Official Statement. (See "*DISCUSSION OF FINANCIAL OPERATIONS*" and "*Board of Education*" under "*Related Entities*" under "*THE GOVERNMENT OF YONKERS*" herein.) Other special revenue funds include the Sewer Fund, Water Fund, Public Library Fund, School Lunch Fund, Education Special Aid Fund, Community Development Fund, City Grants Fund and Special Purpose Fund. (For a link to a description of these accounts and their Fiscal Year ended June 30, 2018 operations, see Appendix B attached hereto.) References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Appropriations

FY18-19 Adopted Budget appropriations for the City's various departments are indicated in the following table.

Department	FY18-19[1] Adopted Budget	FY18-19[2] Authorized Positions
Constituent Services	$ 1,002,436	8
Corporation Counsel	2,602,632	22
Development	1,578,234	16
Engineering	2,833,401	27
Executive	2,037,918	15
Finance	16,050,632	134
Fire	73,159,474	453
Housing & Buildings	3,453,758	37
Human Resources	3,931,927	39
Human Rights	115,000	1
Information Technology	7,546,134	41
Inspector General	699,700	5
Legislative	2,950,259	29
Parks	13,249,909	104
Police	105,296,716	690
Public Works	74,883,734	350
Veteran's Agency	458,622	5
	$311,850,486	1,976

(1) In the FY18-19 Adopted Budget, the Yonkers Public Library appropriation of $9,756,577 and the Hudson River Museum appropriation of $250,000 are not included in these figures.
(2) Does not include employees of the Library or the Hudson River Museum appropriation or grant-funded employees.

Employee Contracts

Pursuant to Article 14 of the New York State Civil Service Law, Public Employees' Fair Employment Act (Taylor Law), the City of Yonkers, as a local government, is required to enter into collective negotiations with its certified or recognized employee representatives over terms and conditions of employment and enter into written collective bargaining agreements. The City negotiates with eight municipal employee organizations.

The Taylor Law requires that any collective bargaining agreement requiring legislative action to permit its implementation by amendment of law or by additional funds therefore, shall not become effective until the appropriate legislative body (the Yonkers City Council) has given its approval.

- The collective bargaining agreement with Police Benevolent Association (PBA) became effective on July 1, 2009 and expires on June 30, 2019.
- The collective bargaining agreement with the Police Captains Lieutenants and Sergeants Association (CLSA) became effective on July 1, 2009 and expires on June 30, 2019.
- The collective bargaining agreement with the Teamster Local 456 (Blue Collar) became effective on January 1, 2009 and expired on December 31, 2018.
- The collective bargaining agreement with the American Federation of State, County and Municipal Employees (AFSCME) became effective on January 1, 2009 and expires on June 30, 2020.
- The collective bargaining agreement with the Service Employees International Union (SEIU) became effective on January 1, 2009 and expired on December 31, 2018.
- The collective bargaining agreement with the Yonkers Firefighters Local 628 (Local 628) became effective on July 1, 2009 and expires on June 30, 2019.
- The collective bargaining agreement with the Yonkers Uniformed Fire Officers Association (UFOA) became on effective July 1, 2009 and expires on June 30, 2019.
- The collective bargaining agreement with the Teamsters Local 456 (White Collar) became effective on January 5, 2009 and expires on June 30, 2020.
- The collective bargaining agreement between the Civil Service Employees Association (CSEA) and the Yonkers Parking Authority (YPA) became effective January 1, 2016 and expires on December 31, 2019.
- The Library collective bargaining agreement with the SEIU Local 704B became effective on July 1, 2009 and expires on June 30, 2019.

The BOE negotiates with four employee organizations. The CSEA and the Yonkers Federation of Teachers (YFT) are the two largest employee organizations.

- The Yonkers Public Schools CSEA collective bargaining agreement became effective on July 1, 2014 and expires on June 30, 2021.
- The Yonkers Federation of Teacher collective bargaining agreement became effective on July 1, 2014 and expires on June 30, 2021.
- The Yonkers Council of Administrators collective bargaining agreement became effective on July 1, 2014 and expires on June 30, 2021.
- The Yonkers Public Schools White Collar Teamsters ("WCT") collective bargaining agreement became effective on July 1, 2007 and expired on June 30, 2015. The Yonkers Public Schools are presently engaged in negotiations with the WCT to reach a successor agreement.

Retirement Benefits

The State Employees' Retirement System ("ERS") was established in 1920. In 1967 all police officers and firefighters were transferred into the separate Police and Fire Retirement System ("PFRS"). Both retirement systems are administered by the State Comptroller. The State Teachers' Retirement System ("TRS") is separately administered by a ten member board. ERS, PFRS and TRS are collectively referred to as the "New York State Retirement System".

The retirement benefit package available to City and Board of Education employees who are members of ERS depends on the date of their enrollment in the system and/or their classification as Tier 1 through Tier 6 employees. Retirement benefit packages available are prescribed by the State and are most liberal for Tier 1 and least liberal for Tier 6 employees. The retirement plan adopted by the City and Board of Education for Tier1 and Tier 2 ERS members is noncontributory for employees. Tier 3 and Tier 4 ERS members with less than ten years of service must make annual contributions of 3% of their salary to the system; Tier 3 and Tier 4 members with ten years of service or more are not required to contribute.

TRS members hired after July 1, 1976 and before January 1, 2010 with less than 10 years of service must make annual contributions of 3% of their salaries, similar to Tier 3 and Tier 4 members of ERS. While TRS payments are Board budgeted appropriations, payment is made through a withholding of the required payment from general State education aid.

On December 10, 2009, then Governor Paterson signed into law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010. New ERS employees hired under Tier 5 contribute 3% of their salaries and new TRS employees contribute 3.0% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law the new Tier 6 pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout their employment.

City police officers and firefighters who are members of PFRS are now divided into five tiers. As with ERS, retirement benefit plans available under PFRS are most liberal for Tier 1 employees. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. Police officers and firefighters hired from July 1, 2009 to January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. Police officers and firefighters hired after January 9, 2010 are in Tier 5, which also requires a 3% employee contribution from members. Police officers and firefighters hired after April 1, 2012 are in Tier 6, which was also a 3% contribution requirement for members for FY12-13; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: $45,000.00 or less contributes 3%; $45,000.01 to $55,000.00 contributes 3.5%; $55,000.01 to $75,000.00 contributes 4.5%; $75,000.01 to $100,000.00 contributes 5.75%; and more than $100,000.00 contributes 6%.

Each year the State bills the City and the Board of Education for their required contributions to the State Pension Plan. The Pension Retirement System billing period is from April 1 through March 31, and the City is required to pay an estimated bill for that fiscal year in December. Beginning with FY04-05, the City is allowed to pay the estimated bill on February 1 of each year. The New York State Retirement System has advised the City that municipalities can elect to make employer contribution payments in December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discounted amount. The City and the BOE prepaid their

employer contributions in December 2012 and 2013. In December 2014, the City and the BOE prepaid contributions to the Employee Retirement System, but did not pay the contribution to the Police and Fire Retirement System until the due date, February 1, 2015. The City and the BOE prepaid their employer contributions in December 2015. The City and the BOE prepaid their contributions in December 2016 for the Employee Retirement System but did not pay the contributions due under the Police and Fire Retirement System until the due date, February 1, 2017. In December 2017, the BOE prepaid their contributions and the City prepaid the contribution to the Police and Fire Retirement System, but did not pay the employer contributions of the City until the due date, February 1, 2018. The City and the BOE prepaid their employer contributions in December 2018, but did not pay the contributions due under the Police and Fire Retirement System until the due date, February 1, 2019.

Billing for the TRS is made to the Board of Education for each plan year ending June 30 in the next fiscal year and is paid by the Board of Education in the same fiscal year as billed.

Due to significant capital market declines in 2008 and 2009, the State's Retirement System portfolio experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing and the State's calculation of contribution amounts based upon a five-year rolling average, the employer contribution rate for the State's Retirement System continues to be higher than the minimum contribution rate established by law. To mitigate the expected increases in the employer contribution rate, legislation was enacted in 2010 that authorized local governments and school districts to borrow a portion of their required payments from the State pension plan at interest rates which vary each year. Under this Original Contribution Stabilization Program (CSP) of 2010, the applicable interest rate applied to amortized amounts of ERS and PFRS pension contributions was 3.00% for 2013. Pursuant to Chapter 57 of the Laws of 2013 of the State (the "Alternative CSP"), the City and BOE opted to enter the Alternate CSP starting in 2014. The interest rates on the amortized portions are 3.50% for 2015, 3.31% for 2016, 2.63% for 2017, 3.31% for 2018 and 3.99% for 2019.

The City and the BOE have elected to amortize a portion of their required pension contributions and certain early retirement incentives with the New York State Retirement System. A historical summary of the foregoing is set forth in Note 3 of the Notes to the Financial Statements of the City for the Fiscal Year ended June 30, 2018, a link to which is set forth in Appendix B. (References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.) The City and BOE amortized $30,973,696 of the required contributions for ERS, PFRS and TRS for 2013-2014. The City and BOE amortized $29,802,996 of the required contributions for ERS, PFRS and TRS for 2014-2015. The City and the BOE amortized $15,128,535 of the required contributions for ERS and PFRS for 2015-2016. The City and the BOE amortized $11,252,908 of the required contributions for ERS and PFRS for 2016-2017. The City and the BOE amortized $10,751,480 of the required contributions for ERS and PFRS for 2017-2018. Based upon the adopted budgets for FY18-19 and preliminary estimates from New York State Retirement System, the City and the BOE expect to amortize approximately $7.3 million for ERS and PFRS for 2018-2019. The BOE left the TRS Stable Contribution Plan in 2016-2017 and therefore does not expect to amortize any of its pension obligation for TRS for 2018-2019.

The Alternate Contribution Stabilization Option, enacted by the State under Chapter 57, Laws of 2013, modified the Original Contribution Stabilization Option adopted in 2010, giving municipalities the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs") by extending the maximum length of any amortizations from 10 years to 12 years for ERS and PFRS. Similar to the Original SCO, the Alternate plan allows municipalities to pay the "SCO" amount in lieu of the "ARC" amount. The City and BOE chose to enter the Alternate Contribution Stabilization Option for both ERS and PFRS. The 2014-15 Alternate SCO rates set by the New York State Retirement System were 12% for ERS and 20% for PFRS. The 2015-16 Alternate SCO rates set by the "NYSRS" were 12.5% for ERS and 20.5% for PFRS. The 2016-17 Alternate SCO rates set by the New York State Retirement System were 13% for ERS and 21% for PFRS. The 2017-18 Alternate SCO rates set by the New York State Retirement System are 13.5% for ERS and

21.5% for PFRS. The 2018-19 Alternate SCO rates set by the New York State Retirement System are 14% for ERS and 22% for PFRS. Under Chapter 57 of the Laws of 2013, the State also enacted a Stable Contribution Option for the New York State Retirement System. The BOE chose to enter this Stable Contribution Option at a rate of 14.13% for 2013-14, 2014-15 and 2015-16 but exited the SCO in 2016-2017 and returned to paying the normal rate at 11.72%. In 2017-2018, 9.80% was paid. For 2018-19, 10.62% will be paid. Additional payments for Group Term Life Insurance and increases to the ERS and PFRS effective SCO rates due to Fiscal Year overlap are also required.

The City also maintains a Local Police Fire Special Pension Fund which contains no active employees. There are currently 4 pensioners who are widows of former City employees receiving monthly annuity payments from this fund. This local pension fund covered City police and fire employees who were employed by the City prior to 1939 when the City first joined the State system and stopped accepting new members in the City plan. The costs of the unfunded pension plan are paid by the City as incurred. The FY16-17 Adopted Budget of the City included $52,200 for this purpose and the FY17-18 Adopted Budget of the City also includes $52,200 for this purpose. No actuarial valuation has been made to determine the liability for future payments. Eventually, monies will no longer be appropriated as the retirees beneficiaries decrease in number. In addition, the City supplements the pension of firefighters under State law who received disability pensions.

The following table indicates expenditures by the City for ERS and PFRS and the Board of Education for ERS and TRS for FY14-15 through FY17-18, as well as amounts budgeted in FY18-19.

	Actual	**Actual**	**Actual**	**Actual**	**Adopted**
	FY14-15	**FY15-16**	**FY 16-17**	**FY 17-18**	**FY 18-19**
City (ERS and PFRS) [1]	$47,958,483	$47,049,229	$51,917,726	$53,945,840	$58,483,874
Board of Education (ERS) [2]	$7,971,357	$10,928,913	$9,774,915	$10,021,107	$11,305,488
Board of Education (TRS) [2]	$31,399,453	$29,241,653	$27,265,694	$24,273,984	$27,923,250
Local Pension Fund & Fire Disability	$1,983,863	$2,841,889	$2,707,706	$2,772,776	$2,828,225

[1] Excludes Community Development and City Grant Funds
[2] Excludes Special Aid and School Lunch Funds
Source: City of Yonkers.

GASB 68 Accounting and Financial Reporting for Pensions

The City and the BOE participate in the New York State Retirement System. As discussed above, these are cost-sharing multiple employer defined benefit plans. Under the requirements of Governmental Accounting Standards Board (GASB) Statement No. 68 "Accounting and Financial Reporting for Pensions", effective beginning with financial statements as of June 30, 2015, cost-sharing employers such as the City and BOE were now required to report in their entity-wide financial statements a net pension liability (or 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.

Statement No. 68 expanded disclosures in the notes to the financial statements and the required supplementary information (the "RSI"). The note disclosures now include 1) a description of the plan(s) and the benefits provided, 2) the significant assumptions employed in the measurement of the net pension liability (or asset), 3) descriptions of benefit changes and changes in assumptions, 4) assumptions related to the discount rate and the impact on the total pension liability (or asset) of a one percentage point increase or decrease in the discount rate and 5) the net pension liability (or asset) and deferred inflows and outflows of resources. The RSI must also provide ten year historical information (when available) regarding the entity's proportionate share of the net pension liability (or asset) and a schedule of the entity's contributions.

The City and BOE are provided with the above information by the New York State Retirement System and have incorporated this information into their audited financial statements for the year ended June 30, 2018. The City reported a net pension liability of $10,392,468 and the BOE a net pension liability of $7,261,697 (for a total of $17,654,165) for their proportionate shares of the net pension liability of ERS. The City also reported a liability of $47,953,826 for its proportionate share of the net pension liability of PFRS. The BOE reported a net pension asset of $11,528,794 for its proportionate share of the net pension asset of TRS.

More detailed information about the City and BOE's pension plan reporting in accordance with the provisions of GASB 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in Note 3, J in the City's audited financial statements for June 30, 2018. A link to the audited financial statements for such period is contained in Appendix B attached hereto. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Life, Health and Dental Insurance

The City provides life, health and dental insurance for all active employees and provides continuing health insurance coverage for substantially all City employees retired from City service. It is the City's practice to fund these insurance premiums as billed. In addition, the City reimburses certain widows or widowers of retirees for the cost of Medicare premiums.

In FY13-14, the City expended $48 million in premiums and reimbursement for active employees, eligible retirees and other beneficiaries. In FY14-15, the City expended $51 million in premiums and reimbursement for active employees, eligible retirees and other beneficiaries. In FY15-16, the City expended $54.0 million in premiums and reimbursement for active employees, eligible retirees and other beneficiaries. In FY16-17 and FY17-18, the City expended $58 million and $63 million, respectively, in premiums and reimbursement for active employees, eligible retirees and other beneficiaries. The City FY18-19 Adopted Budget for Life and Health Insurance is $69.2 million.

In FY13-14, the BOE's Consolidated Fund expended $68.3 million in premiums and reimbursement for active employees, eligible retirees and other beneficiaries. In FY14-15, the BOE's Consolidated Fund expended $71.9 million in premiums and reimbursement for active employees, eligible retirees and other beneficiaries. In FY15-16, the BOE's Consolidated Fund expended $74.5 million in premiums and reimbursement for active employees, eligible retirees and other beneficiaries. In FY16-17 and FY17-18, the BOE's Consolidated Fund expended $80.2 million and $88.2million, respectively, in premiums and reimbursement for active employees, eligible retirees and other beneficiaries. The BOE FY18-19 Consolidated Fund's Adopted Budget for Life and Health Insurance is $96.0 million.

GASB 75 and Other Post Employment Benefits (OPEB)

The City and the Board of Education provide post retirement healthcare benefits to former employees. In addition, the City is required to pay the difference in pay between a disabled firefighter's pension payment and the current salary for a firefighter until the retiree reaches the age of 62. These benefits are each funded on a pay as you go basis. Under the requirements of the Governmental Accounting Standards Board (GASB), Statement No. 75, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions" (GASB 75), all governmental entities are required to report the estimated cost of the accrued liability for such post retirement benefits.

In addition to providing pension benefits, the City and the School District provide certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the City and the School District may vary according to length of service. The cost of providing post

employment health care benefits is shared between the employer and the retired employee. Substantially all of the City's and School District's employees may become eligible for those benefits if they reach normal retirement age while working for the City or School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

The City's total OPEB liability of $2,959,259,210 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. Of that total OPEB liability, the City's municipal liability is $1,283,310,300 and the School District's total OPEB liability of $1,675,948,910 were both measured as of June 30, 2018, and were both determined by an actuarial valuation as of July 1, 2017.

Debt Service

Debt service costs for bonds and capital notes for both the City and the Board of Education (all funds excluding Community Development) was $79.1 million in FY14-15, $74.9 million in FY15-16, $85.0 million in FY16-17 and $92.2 million in FY17-18. The amount budgeted for FY18-19 is $86.1 million.

Board of Education

The BOE's General Fund operations are funded primarily from the City's budget appropriations and from State Aid.

In FY13-14, the City contributed $231.5 million to the BOE. In addition, the BOE received $241.1 million in State and Federal Aid and $3.3 million from other sources.

In FY14-15, the City contributed $234.2 million to the BOE. In addition, the Board received $286.7 million in State and Federal Aid and $3.8 million from other sources. It should be noted that the FY 14-15 Adopted Budget of the BOE included a one-time grant from the State in the amount of $28.0 million, which was intended to (a) reduce the operating deficit of the BOE caused by the overestimation of State aid and (b) enable the City to minimize the impact of the BOE budget shortfall on the educational function of the BOE.

In FY15-16, the City contributed $249.8 million to the BOE. In addition, the Board received $290.6 million in State and Federal Aid and $4.4 million from other sources. In FY15-16, the City budgeted to contribute $249.8 million to the Board of Education. In addition, the BOE expected to receive $293.0 million in State and Federal Aid and $2.4 million from other sources in FY15-16. The FY15-16 Adopted Budget of the BOE included $14.0 million of the MIF Grant from the State and included $11.4 million in additional sales and compensating use tax to be collected by the City pursuant to Chapter 67 of the Laws of 2015.

In FY16-17, the City contributed $257.3 million to the Board of Education. In addition, the BOE received $303.8 million in State and Federal Aid and $2.9 million from other sources. The FY16-17 Adopted Budget of the BOE included $11.0 million of the MIF Grant from the State and included $14.8 million in additional sales and compensating use tax to be collected by the City pursuant to Chapter 67 of the Laws of 2015.

In FY17-18, the City contributed $261.2million to the Board of Education. In addition, the BOE received $301.5 million in State and Federal Aid and to receive/appropriate $4.9 million from other sources. The FY17-18 revenues included $15.5 million in additional sales and compensating use tax to be collected by the City pursuant to Chapter 67 of the Laws of 2015.

In FY18-19, the City is budgeted to contribute $261.6 million to the Board of Education. In addition, the BOE expects to receive $321.5 million in State and Federal Aid and to receive/appropriate $2.1 million

from other sources. The FY18-19 BOE Adopted Budget does include $16.1 million in additional sales and compensating use tax to be collected by the City pursuant to Chapter 67 of the Laws of 2015.

As a matter of City policy, the Board of Education is credited with the full amount of taxes levied by the City for school general operating purposes regardless of any deficiency in tax collections. (See "*Board of Education*" under "*Related Entities*" under "*THE GOVERNMENT OF YONKERS*" and "*Revenues*" under "*DISCUSSION OF FINANCIAL OPERATIONS*" and "*PROPERTY TAXES*" herein.)

As set forth in the audited financial statements of the BOE for the Fiscal Year ended June 30, 2014, a deficit of $40,754,451 appeared in the General Fund of the BOE as of June 30, 2014. State legislation (Chapter 55 of the Laws of the State of New York of 2014) was enacted by the State, which authorized the City to issue bonds in the principal amount of not to exceed $45,000,000 for the purpose of liquidating the such deficit. Chapter 55 of the Laws of the State of New York of 2014 provided that the City may not issue any bonds for the purpose of liquidating such deficit until the amounts of such deficit was confirmed and certified by the State Comptroller. On February 19, 2015, the State Comptroller certified the amount of such deficit as of June 30, 2014, to be $41,718,751. On February 24, 2015, the City Council adopted a bond ordinance, which authorized the issuance of not to exceed $41,718,751 serial bonds for the purpose of liquidating such deficit. On March 27, 2015, the City's $37,260,000 School Deficit Bonds-2015A were issued pursuant to this authorization. For a discussion of the causes of such deficit, the authorization provided by the State to the City to issue bonds to fund said deficit and recent events involving the finances of the BOE, see "*DISCUSSION OF FINANCIAL OPERATIONS*" herein.

On June 26, 2015 Chapter 25 of the Laws of 2015 was enacted, which authorized the transfer of the not-to-exceed $25,000,000 from the State's Mortgage Insurance Fund (the "MIF Grant"), created pursuant to section 2429-b of the NYS Public Authorities Law, to assist the BOE in addressing the structural imbalance created by the overestimation of Spin-up Aid in FY12-13 ($26.9 million) and FY13-14 ($28.1 million), creating two fiscal years of budget shortfalls and a recurring budget gap. As a condition of the release of such funds, the Special State Legislation required the City to submit a comprehensive financial plan that provided for continuity of current educational services. Such plan was subject to the approval of the Director of the State Budget Division. The City's plan was approved by the State Budget Division.

In addition, the State enacted legislation (Chapter 67 of the Laws of 2015) which authorizes the City to increase its sales and compensating use tax by one half of one percent (2.5% of the 8.375% rate to 3.0% of the 8.875% rate). According to the terms of such legislation, the City is required to use the revenues generated by the increase in the sales and compensating use tax rate for the support of education, unless the City Council votes, on an annual basis to use such additional revenue for a different purpose of the City. Pursuant to this legislation, the City was authorized to begin collecting the additional one half of one percent sales and compensating use tax commencing on September 1, 2015. The legislation expires on November 30, 2020.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or

reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts and municipalities in the State.

Should the City fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the City is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2018-2019 Budget continues authorization for a process by which the State would manage significant reductions in federal aid during fiscal year 2018-2019 and fiscal year 2019-2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by $850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

Litigation regarding apportionment of State aid. In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity* ("CFE") v. *State of New York* mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools - as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislative reforms enacted in the wake of the decision in *Campaign for Fiscal Equity* ("CFE") v. *State of New York*, included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled *NYSER* v. *State of New York* has been filed recently on behalf of the State's public school students. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in *CFE* v. *State of New York*. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. On June 27, 2017, the Court of Appeals ruled that NYSER's claims that students in New York City and Syracuse are being denied the opportunity for a sound basic education could go to trial and that

NYSER could rely upon the CFE decision in its arguments. It is not possible to predict the outcome of this litigation.

Charter School Operations

There is one locally-operated charter school (the "Charter School") open to residents residing in the City. The Charter School is separately chartered by the Board of Regents of the State and is not subject to the control or supervision of the City or the BOE.

Under the Charter School Act, Article 56 of the New York Education Law, the BOE is required to pay a State-set tuition rate to the Charter School for students residing in the City who are enrolled in the Charter School. The amount to be paid to charter schools is based on various regulations, enrollment levels, and economic information related to the home school district of the children enrolled in charter schools. Currently, school districts in the State, including the BOE, are required to pay an amount to charter schools for each resident pupil so enrolled that is equal to the approved operating expense per pupil of the school district. The exact amount payable for each pupil equals the product of the approved operating expense per pupil and the full-time-equivalent enrollment of the students in the charter school.

The BOE made tuition payments to the Charter School in the aggregate amount of $8.9 million for FY15-16 , $9.4 million for FY16-17, and $10.0 million for FY17-18. The BOE's adopted budget for FY18-19 provides $11.1 million for tuition payments to the Charter School. There are a total of approximately 680 students residing in the City enrolled in the Charter School for the 2018-19 school year. The Charter School has an approved application for expansion of the charter for a High School and will begin the 2019-20 school year with a 9th grade class. Charter school tuition payments are a significant expense to the BOE. In the event the BOE fails to make any required payment to the Charter School, the State Comptroller may deduct delinquent amounts from State Aid otherwise payable to the BOE and pay such amounts to the Charter School.

In addition to the Charter School located within the City limits, there are approximately 30 Yonkers residents that are enrolled in Charter Schools outside of Yonkers for which the BOE is paying tuition.

Four Year Financial Plan for FY18-19 through FY21-22

The discussion below is based, in part, on projections and/or forward-looking statements related to FY18-19 through FY21-22. No assurance can be given that the budget estimates and/or forward-looking statements discussed below will be realized. The accuracy of the budget estimates and/or forward-looking statements contained in this section cannot be verified until after the close of such Fiscal Years and the completion of the related audits. In addition, the accuracy of all projections and forward-looking statements is dependent on a number of factors, including: (1) general economic factors that affect local source revenues such as sales taxes and individual income taxes, (2) the effectiveness of monitoring City and BOE expenditures, (3) the ability of the City and the BOE to meet spending reduction initiatives, (4) the amount of state and federally mandated expenditures, (5) year-end accruals of revenues and expenses, and (6) the implementation of new state and federal legislation or initiatives, among others.

Pursuant to Executive Order No. 3, dated April 9, 2012 and in accordance with Local Finance Law 10.10, the City is required to prepare and issue a four-year financial plan. The City released the Four Year Financial Plan for FY18-19 through FY21-22 (the "Plan") in July 2018. A copy of said Plan is attached hereto as Appendix F. The management of the City has prepared the projected financial information set forth herein to present the plan for the City FY18-19 through FY21-22. The prospective financial information contained in the Plan was not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. However, in the view of the City's management, such financial information was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the City. However, this

information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the prospective financial information.

Neither the City's independent auditors, nor any other independent accountants have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The City used current financial information, historical trends, anticipated cost increases and projected changes in service delivery in developing the Plan. The assumptions and estimates underlying the prospective financial information in the Plan are inherently uncertain and, though considered reasonable by the management of the City as of the date of preparation of the Plan, are subject to a wide variety of significant business, economic, and other risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information. Accordingly, there can be no assurance that the prospective results are indicative of the future performance of the City or that actual results will not differ materially from those presented in the prospective financial information. Inclusion of the prospective financial information in this Official Statement should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

The Plan uses the FY18-19 Adopted Budget as the baseline for the future projections. The FY18-19 Adopted Budget continues to use "one-shot" practices to balance the Operating Budget, such as pension contribution payment amortization authorized by the State, borrowing to fund tax certioraris, and the utilization of available fund balance. For FY18-19, $18.3 million of the City's General Fund balance was used to balance the City's budget, and $24.1 million of the Education Fund balance was used to balance the BOE's budget.

The FY19-20 through FY21-22 projections assume the City will continue to address budget gaps by borrowing for pension costs. However, the plan assumes the exit from the previous practice of bonding for tax certioraris and BOE textbooks.

While fund balance was used to balance the FY18-19 budget, the FY19-20 through FY21-22 projections assume no use of fund balance, as the City cannot be certain of future availability. However, both the City and BOE project return to fund balance in FY17-18 and use of this estimated fund balance is an option to help close FY19-20 budget gaps. To the extent that expense savings and/or additional revenue are generated and available, the use of available fund balance will be part of the solution for the FY20-21 and FY21-22 budget gaps as well.

Major assumptions included in the Plan:

- Neither City nor BOE Fund balance is included to close projected budget gaps.
- Real property tax increases will be no greater than 2% in each year, as prescribed by the Tax Levy Limit Law (see "*Tax Levy Limit Law*" under "*PROPERTY TAXES*" herein). In the Plan, the allowable tax levy growth is projected to increase 2.0% in each of FY19-20 to FY21-22.
- Payments in Lieu of Taxes (PILOTs) increase by 4% per year. The Plan assumes the growth in PILOTs will continue to be used in the tax levy cap calculation as an offset to the allowable tax levy growth.
- A decline in State and Federal aid to the City of $5 million in FY19-20, then flat for FY20-21 & FY21-22.

- BOE Basic State Funding is projected to increase over the financial plan primarily due to a projected 3.0% increase in Foundation Aid.

- Sales and Use Tax Revenues are projected to grow 2% per year, as applied to the 1.5% City Sales Tax, the 1.0% City Special Sales Tax, and the 0.5% Sales Tax for Education.

- BOE Basic Operating Expenses are projected to increase, on average, $29.2 million each year.

- Provisions are made in the Plan for collective bargaining units with labor contract settlements, and a factor is included for collective bargaining unit settlements for expired labor contracts.

- The Financial Plan includes a Capital Improvement/Bond Issuance Plan, and resultant changes to Debt Service are reflected in each year.

- The Plan assumes continued amortization of a portion of the City's and BOE's pension contributions with the State Retirement System.

- The Plan reflects an 8% annual increase to health care benefit expenses.

The following table summarizes the revenue and expenditure projections of the City as presented in the Plan.

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CITY'S FOUR YEAR FINANCIAL PLAN FOR FY18-19 THROUGH FY21-22
(000's omitted)

	FY19 Adopted	FY20 Projected	FY21 Projected	FY22 Projected
REVENUES				
Property Taxes	$ 378,330	$ 385,431	$ 392,655	$ 400,004
Special Taxes	182,311	183,364	186,689	190,081
State & Federal Funding	113,841	108,841	108,841	108,841
City Departments	41,559	41,059	41,059	41,059
Other Revenues	51,077	49,969	50,705	51,526
Appropriated Fund Balance	18,261			
Sub-Total	$ 785,386	$ 768,664	$ 779,949	$ 791,512
Library Fund	657	151	151	151
Water Fund	41,766	41,953	42,635	43,338
Sewer Fund	8,985	9,230	9,540	9,231
Total City Revenue	$ 836,789	$ 819,997	$ 832,275	$ 844,231
Board of Education	354,021	329,434	339,458	350,529
Total Revenues	$ 1,190,810	$ 1,149,430	$ 1,171,733	$ 1,194,761
EXPENDITURES				
City Departments	$ 321,857	$ 324,438	$ 326,559	$ 328,581
Fringe Benefits	166,326	174,184	181,576	189,763
Special Items	33,878	47,193	54,123	58,546
Board of Education	582,615	616,238	645,172	670,144
Total Operating Expenditures	$ 1,104,676	$ 1,162,052	$ 1,207,431	$ 1,247,035
Debt Service	86,134	81,627	80,735	79,258
Total Expenditures	$ 1,190,810	$ 1,243,678	$ 1,288,166	$ 1,326,292
Budget Gap		(94,248)	(116,433)	(131,531)

Budget Gap Mitigation Measures

The Plan projects shortfalls of approximately $94.2 million, $116.4 million, and $131.5 million for FY19-20 through FY21-22, respectively. In particular, the City projects out-year budget gaps of $37.3million, $40.9 million, and $42.5 million, while the BOE budget gaps over the same period are projected at $56.9 million, $75.5 million, and $89.0 million.

Budget gaps will be closed with the use of fund balance, enhanced revenue programs, cost containment actions, and other gap closing measures. As noted earlier, the FY19-20 through FY21-22 projections assume no use of operational fund balance because future availability is uncertain. However, the use of available fund balance, to the extent that it is produced, will be part of future budget-balancing solutions.

The Mayor and the City Council are committed to addressing the projected shortfalls and structural imbalances in the operating budget in a responsible manner, and will continue to work together to develop the appropriate mitigation plans. The fiscal problems facing the City are not unique to the City and cannot be solved simply by cutting current costs significantly. A review of the categories of expenditures - Departmental Expenditures and Fringe, Special Items, the BOE, and Debt Service - and their associated costs reveals that many significant expenses are mandated or beyond the control of the City. For instance, the City cannot decrease its contribution to the BOE under the Maintenance of Effort (MOE) requirement. The City cannot

easily decrease its Debt Service expense, as the expense is based on prior years' bonding, and repair and maintenance of critical infrastructure is a priority. The largest expense of the Special Items, the Reserve for Uncollected Taxes, must be calculated based on a formula specified by the Act, and cannot be reduced as a budget item.

The following gap closing measures identify and quantify possible actions available to the City. None of the measures require enactment of special State legislation; all can be implemented locally. The measures provide recurring revenues or recurring expenditure savings and would help the City eliminate part of the structural balance in its operating budget.

- Income Tax Surcharge: The Income Tax Surcharge imposed by the City is currently at a rate of 16.75% of the net State income tax, and was increased from 15% to 16.75% as part of the FY14-15 Adopted Budget. Pursuant to Chapter 345 of the Laws of 1984, the City is authorized to enact a local law imposing an income tax surcharge on residents of the City at a rate not to exceed 19.25% of the net State income tax. An increase in the rate from 16.75% to 19.25% could generate an additional $6.7 million in revenue annually for the City. For a description of the Income Tax Surcharge, see "*Income Tax Surcharge*" under "*Revenues*" under "*DISCUSSION OF FINANCIAL OPERATIONS*" herein.

- Real Property Transfer Tax: The Real Estate Transfer Tax assessed on the gross sale amount of real estate in the City, which is paid by the seller upon the transfer of the real property, is currently at 1.5%. An increase in this tax to the maximum allowed (3.0%) could generate additional annual revenues of $12.1 million annually, provided that the positive economic backdrop for collections, such as, a strong real estate market and relatively low interest rates, continues. For a description of the Real Estate Transfer Tax, see "*Real Property Transfer Tax*" under "*Revenues*" under "*DISCUSSION OF FINANCIAL OPERATIONS*" herein.

- Real Property Tax: Each 2% increase in the real property tax rate imposed by the City would generate an additional $7.6 million in revenue for the City. The City's ability to increase real property taxes is constrained by the Tax Levy Limit Law and the City's Constitutional Tax Limit. (See "*Proposed Assessment Revaluation*" under "*DISCUSSION OF FINANCIAL OPERATIONS*" herein.)

- Self-Insured Health Benefits Plan: Many cities and counties, i.e. the City of Syracuse and Westchester County, have been able to better control increases in health insurance costs by becoming self-insured. While savings would only be minimal in the short run because of the need for costly stop loss insurance for a newly established self-insured plan (without a track history of claims for catastrophic cases to evaluate), eventually this option could provide significant savings, especially if stop loss insurance could be discontinued. Alternately, the City can investigate health insurance carriers that offer commensurate services to the current provider (NYSHIP) at a lower cost.

- Property Revaluation: As mentioned earlier, the multi-year projection assumes that Yonkers will cease the practice of bonding for Tax Certiorari Payments in FYs 19-20 through FY21-22. A revaluation project, along with the continued improvement in market values, could reduce the annual amounts paid for successful certiorari challenges by more than $1 million. The City of Yonkers Assessment Department has implemented the use of tablets to collect property data and is utilizing capital funding for reassessment to expedite its commercial data collection efforts. Additional funding to complete a citywide revaluation is reflected in the capital improvement plan.

- Savings from continued merging of BOE and City functions: The recent merger of BOE and City functions resulted in stronger financial and administrative departments, and also

generated cost savings from improved efficiencies and improved operations. Additional services can be identified for sharing/merger, with commensurate improvement in efficiency and operations.

Notwithstanding the above gap closing measures, enacted budgets for the fiscal years covered in the Plan may include non-recurring revenues and/or expense reductions to close the anticipated budget shortfalls. Such measures, while they may be necessary, would not contribute to elimination of structural deficit. It is likely that a combination of increases in revenues (taxes and fees) and spending cuts, or other forms of cost containment, will be required to close the structural deficit.

In order to properly and effectively address the projected shortfalls and eliminate the structural imbalances in the City's operating budget, the City will have to develop multifaceted mitigation plans with the assistance of various stakeholders, including the public, City employees and their union representatives, local businesses, the BOE, property owners, and State officials.

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CITY INDEBTEDNESS

Certain Features of Debt Authorization

In general, the State Legislature has authorized the power and procedure for the City to borrow and incur capital indebtedness by the enactment of the State Local Finance Law, subject to certain constitutional provisions. The City is prohibited from giving or loaning any money or property to or in aid of any individual or private corporation or private undertaking, or giving or loaning its credit to or in aid of any of the foregoing or any public corporation. The City may contract indebtedness only for City purposes. The City generally authorizes construction and financing of facilities which are of service to the citizens on a City wide basis. Certain capital projects are subject to regulation and approval of applicable commissions and agencies. In addition, the City is authorized to issue bonds, with maturities generally not exceeding five years, to pay judgments and claims.

Each bond ordinance requires approval by at least a two-thirds vote of the City Council. The Local Finance Law also provides a twenty day statute of limitations after publication of a summary of an adopted bond ordinance together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond ordinance except for alleged constitutional violations.

The City is authorized by the State Constitution to contract debt for objects or purposes which the State Legislature has determined to have a "period of probable usefulness" and the maximum maturity of such debt may not exceed the period of probable usefulness of the object or purpose or, in the alternative, the weighted average period of probable usefulness of the several objects or purpose for which it is contracted. Serial bonds must mature in annual installments and may be issued to finance any object or purpose for which a "period of probable usefulness" has been determined by the State Legislature. With the exception of serial bonds issued under certain housing and urban renewal programs, no annual installment of a serial bond may be more than 50% in excess of the smallest prior installment unless the City Council provides for substantially level or declining debt service payments in the manner prescribed by the State Legislature. Except for certain short term indebtedness contracted in anticipation of taxes or to be paid within one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness is required to be paid in annual installments commencing no later than two years after the date such indebtedness has been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute or, in the alternative, weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted.

Each bond ordinance usually authorizes the construction, acquisition or installation of the object or purpose to be financed (or identifies the bonds to be refunded), sets forth the plan of financing or refinancing, and specifies the maximum maturity of the bonds subject to the legal (constitutional, Local Finance Law and case law) restrictions relating to the applicable periods of probable usefulness.

A condition precedent to the incurrence of capital indebtedness is the adoption of a bond ordinance in conformity with the provisions of the Local Finance Law, which law requires that the City estimate the maximum cost of, and amount to be expended for, the particular object or purpose to be financed. After the expiration of the period ending July 15, 2021, the Local Finance Law requires that the City provide not less than 5% of the cost of certain objects or purposes to be financed from current funds, either budgeted or received from proceeds of capital note issues. The City may avoid the necessity of current fund down payments by determining that the bonds to be issued shall mature over a period not to exceed one half the period of probable usefulness of the object or purpose to be financed. In addition, there is no requirement for a current fund down payment with respect to projects having a useful life not in excess of five years, as well as water system improvements, capital improvements estimated to be self-sustaining, improvements to docks, wharfs, and piers, and certain other types of improvements.

In general, the Local Finance Law contains similar provisions providing the City with power to issue general obligation revenue and tax anticipation notes, budget and capital notes.

Except for Tax Increment Financing described below, all indebtedness contracted by the City pursuant to the Local Finance Law constitutes a general obligation of the City, and as required by the State Constitution and applicable law, the City pledges its faith and credit for the payment of the principal of and interest on all such City indebtedness.

Special Ordinance adopted on March 26, 2019 states that any bond ordinance adopted after March 26, 2019 shall be deemed repealed four years after the date of adoption, except to the extent of indebtedness theretofore contracted, meaning that any bonds or notes issued must be issued within four years after adoption of the bond resolution, and provides the City Council an approval role in the determination by the Commissioner of Finance and Management Services to issue bond anticipation notes of the City.

Tax Increment Financing

A 1983 amendment to the State Constitution permitted the State Legislature to authorize municipalities, including the City, to contract indebtedness for the purpose of redeveloping economically unproductive, blighted or deteriorated areas, without a pledge of the municipalities' faith and credit. Such indebtedness is to be excluded from the calculation of the debt incurring power of the municipality and is to be secured by a pledge of the incremental increases in real estate taxes resulting from such redevelopment.

Subsequent to this Constitutional amendment, the State Legislature amended the State's General Municipal Law to permit municipalities to issue tax increment bonds or tax increment bond anticipation notes, payable from and secured by increases in real property taxes for redeveloped areas. The statute prohibits a municipality from pledging its faith and credit or the faith and credit of the State to the payment of principal of or interest on tax increment bonds or tax increment bond anticipation notes. The City to date has not issued any tax increment bonds or tax increment bond anticipation notes.

Debt Limit

The State Constitution limits the amount of indebtedness which the City may incur. The State Constitution provides that the City may not contract indebtedness in an amount greater than nine percent of the average full value of taxable real property in the City for the most recent five fiscal years. Certain indebtedness is excluded in ascertaining the City's authority to contract indebtedness within the constitutional limits; accordingly debt of this kind, commonly referred to as "excluded debt", may be issued without regard to the constitutional limits and without affecting the City's authority to issue debt subject to the limit. Such exclusions are authorized by the Constitution and include the following:

(i) tax anticipation notes, revenue anticipation notes and budget notes, to the extent such obligations are retired within five years of their original issuance;

(ii) indebtedness (commonly referred to as "self-sustaining debt") contracted for public improvement or service, which provides sufficient annual revenue after paying annual operating expenses of the improvement or service, to pay at least 25% of the annual interest and principal installments due on such indebtedness. The indebtedness is excluded, after approval by the State Comptroller, in a proportion equal to the proportion of annual debt service covered by net revenues of the improvement or service for which it was contracted. Under State law, the revenues from such improvement or service, for the period of the exclusions, must be used solely for debt service on the excluded indebtedness and operating and other costs of the improvement or service or deposited in an account to be used for such purposes; and

(iii) indebtedness contracted for supply of water.

The following table shows the debt contracting power of the City within the debt limit as of March 31, 2019.

STATEMENT OF DEBT-CONTRACTING POWER

	As of March 31, 2019
Debt-Contracting Limitation:	
Nine Per Centum of five-year average full valuation of taxable real property	$ 1,453,981,401
Outstanding Indebtedness:	
Bond Anticipation Notes	$ 40,815,394
Serial Bonds	$ 466,780,000
Total Indebtedness	$ 507,595,394
Less: Exclusions	
Debts created after January 1, 1980 to provide for water supply improvements: Bonds	$ 25,951,471
Appropriations (FY 2018-19)	$
Total Exclusions	$ 25,951,471
Net Indebtedness	$ 481,643,923
Margin of Debt Contracting Capacity	$ 972,337,478
Percentage of Debt Contracting Capacity Exhausted	66.87%

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The following table shows the overlapping debt of the City as of December 31, 2018. Overlapping debt is the City's allocation of Westchester County debt.

STATEMENT OF OVERLAPPING DEBT
as of December 31, 2018

Unit	City's Allocation of County Debt	City's % Allocation of Total
General County Purposes	$ 72,600,739	10.64%
Sewer Districts	31,384,979	6.36
Water Districts	3,820,573	15.80
Refuse Districts	1,666,427	14.03
Total Debt	$109,472,718	9.03%

Source: County of Westchester

Debt Ratios

The following table sets forth certain debt ratios based upon the City's direct indebtedness as of March 31, 2019 and overlapping indebtedness as of December 31, 2018.

	Amount	Per Capita[1]	Ratio to Assessed Value of Taxable Property[2]	Ratio to Estimated Full Value of Taxable Property[3]
Gross Direct Debt	$507,595,394	$2,513	107.48%	3.49%
Net Direct Debt [4]	481,643,923	2,384	101.98%	3.31%
Net Direct and Overlapping Debt	591,116,641	2,926	125.16%	4.07%

(1) Calculated based upon estimated population of the City for 2017 (Census Bureau) of 202,019.
(2) The assessed valuation for Board of Education purposes for the 2017-2018 Fiscal Year is $472,279,768.
(3) The full valuation of the City for the 2017-2018 Fiscal Year, based on the State Special Equalization Ratio of 3.25% established by the State Office of Real Property Services is $14,531,685,169.
(4) Net of exclusions.

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Debt Service Schedule

The following table shows the debt service requirements to maturity on the City's outstanding general obligation bonded indebtedness reflecting payments made through June 30, 2018. This amount does not include short term debt of the City, State loans payable, energy performance contract debt and notes payable.

Annual Debt Service Requirements[1]

Maturing During FY End June 30th	Principal	Interest	Total
2019	$ 60,355,000	$ 21,568,145	$ 81,923,145
2020	52,790,000	18,429,050	71,219,050
2021	47,630,000	16,340,325	63,970,325
2022	42,175,000	14,296,416	56,471,416
2023	43,330,000	12,443,916	55,773,916
2024	45,075,000	10,584,269	55,659,269
2025	46,210,000	8,650,563	54,860,563
2026	31,455,000	6,967,675	38,422,675
2027	25,865,000	5,801,975	31,666,975
2028	23,040,000	4,833,550	27,873,550
2029	19,715,000	3,930,863	23,645,863
2030	20,580,000	3,080,069	23,660,069
2031	19,535,000	2,238,006	21,773,006
2032	19,340,000	1,447,297	20,787,297
2033	6,180,000	972,056	7,152,056
2034	6,400,000	756,494	7,156,494
2035	6,620,000	524,094	7,144,094
2036	6,875,000	271,259	7,146,259
2037	2,495,000	92,175	2,587,175
2038	1,470,000	22,050	1,492,050
Totals:	$ 527,135,000	$ 133,250,247	$ 660,385,247

[1] Does not include or principal and interest payments made by the City since June 30, 2018. (See "*Debt Limit*" under "*CITY INDEBTEDNESS*" herein)

Trend of Bonded Indebtedness

The following table sets forth the gross amount of bonded indebtedness outstanding at the end of each of the last ten fiscal years.

OUTSTANDING LONG TERM INDEBTEDNESS

FY Ending June 30:	Amount
2009	$447,279,000
2010	462,136,000
2011	425,660,000
2012	504,230,000
2013	518,960,000
2014	475,310,000
2015	541,405,000
2016	555,600,000
2017	536,415,000
2018	527,135,000

Outstanding Short-term Indebtedness

On August 30, 2018, the City issued its $28,115,394 Bond Anticipation Note-2018A, which matures on May 15, 2019. Such note will be redeemed with a portion of the proceeds of the Series A Notes.

On August 30, 2018, the City issued its $12,700,000 Bond Anticipation Note-2018B (Federally Taxable), which matures on May 15, 2019. Such note will be redeemed with a portion of the proceeds of the Series B Notes.

Cash Flow, Capital and Tax Certiorari Financings of the City

Typically, the City issues revenue anticipation notes to finance cash flow deficits that occur during its fiscal year. The City monitors its cash flow needs on an on-going basis. On September 18, 2018, the City issued its $80,000,000 Revenue Anticipation Notes-2018-2019A, in anticipation of the receipt of aid due and payable to the City under the State Aid and Incentives for Municipalities Program during the current fiscal year. Said note matures on June 28, 2019.

An ordinance authorizing the issuance of not to exceed $140.0 million revenue anticipation notes was adopted by the City Council on June 13, 2018.

On June 13, 2018, the City Council also adopted an ordinance authorizing the issuance of not to exceed $150.0 million tax anticipation notes during the FY18-19; however the City does not expect to issue any notes pursuant to this authorization.

As of April 15, 2019, the City had authorized and unissued indebtedness for capital purposes of the City of $125,738,698. As of April 15, 2019, the City had authorized and unissued indebtedness of $92,015,250 for BOE capital purposes and the acquisition of equipment for the BOE.

On March 26, 2019, the City Council adopted a Special Ordinance rescinding certain bonds ordinances of the City adopted prior to January 1, 2017, which authorized the issuance of bonds to finance the payment of various tax certiorari judgments, compromised claims and settled claims. As of April 15, 2019, the City has authorized and unissued indebtedness for the payment of various tax certiorari judgments, compromised claims and settled claims of $4,050,000.

The Special Ordinance adopted on March 26, 2019 further states that any bond ordinance adopted after March 26, 2019 shall be deemed repealed four years after the date of adoption, except to the extent of indebtedness theretofore contracted, meaning that any bonds or notes issued must be issued within four years after adoption of the bond resolution, and provides the City Council an approval role in the determination by the Commissioner of Finance and Management Services to issue bond anticipation notes of the City.

Unless noted otherwise, the City is likely to issue bonds and/or notes to fund all or a part of the balance of the foregoing authorizations. The timing and amounts of such borrowings will be determined by a number of factors.

Deficit Financing of the City

The City's $37,260,000 School Deficit Bonds – 2015A were issued pursuant to Chapter 55 of the Laws of 2014, known as the "Yonkers City School District Deficit Financing Act" ("Deficit Financing Act"), which authorized the City to issue bonds in the principal amount of not to exceed $45,000,000 for the purpose of liquidating the deficit in the General Fund of the BOE for FY13-14. The Deficit Financing Act provided that the City may not issue any bonds for the purpose of liquidating such deficit until the amounts of such deficit was confirmed and certified by the State Comptroller. On February 19, 2015, the State Comptroller certified the amount of such deficit as of June 30, 2014, to be $41,718,751. Bonds issued pursuant to the Deficit Financing Act were required to be issued no later than March 31, 2015. On February 24, 2015, the City Council adopted a bond ordinance authorizing the issuance of bonds in the principal amount of not to exceed $41,718,751 for the purpose of liquidating the deficit pursuant to the Deficit Financing Act and on March 27, 2015, the City issued its $37,260,000 School Deficit Bonds – 2015A pursuant to this authorization.

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Capital Plan of the City

The City annually prepares a Capital Budget setting forth the capital needs of the City for the forthcoming fiscal year. The following table summarizes the City's Capital Plan for FY16-17 through FY18-19.

Department	FY16-17 Budget	FY17-18 Budget	FY18 Bonded	FY19 Budget[1]
Education	$ 40,500,000	$42,775,000	$19,300,000	$39,940,250
Engineering	9,857,000	10,175,000	4,545,000	13,271,470
Finance	115,000	670,000	985,000	6,000,000
Fire	2,229,750	11,347,775	3,622,775	1,886,960
Housing and Buildings	547,000	84,000	300,000	1,086,125
Information Technology	1,980,000	1,598,500	1,298,500	1,000,000
Library	3,725,000	3,718,000	3,318,000	1,312,000
Museum	5,500,000	4,350,000	4,180,000	0
Office for the Aging	158,000	65,000	0	35,000
Parks, Recreation & Conservation	8,241,000	5,461,000	5,530,000	5,736,200
Planning and Development	4,950,000	4,350,000	3,000,000	8,170,000
Police	1,778,500	1,624,982	1,259,982	3,125,443
Public Works	22,860,000	15,377,394	8,065,000	17,001,000
Totals:	$102,441,250	$101,596,651	$55,404,257	$98,564,448

(1) Amended on February 26, 2019 on account of various projects in and for the City and the BOE. The total amount of the increase was $5,875,000. Total amount of capital budget following the amendment is $104,439,448.

BOE School Facilities Reconstruction Project

Pursuant to special State legislation enacted on September 29, 2016, as Chapter 355 of the Laws of the State of New York 2016, and known as the Yonkers City School District Joint Schools Construction and Modernization Act (the "Modernization Act"), the foundation has been established for the BOE's proposed comprehensive school facilities reconstruction program which would finance the renovation and/or reconstruction of all public school buildings in the City (the "Program").

While the Modernization Act does not provide for additional New York State financial assistance for the proposed Program, it does authorize the establishment of the Yonkers Joint Schools Construction Board (the "YJSCB"), a 9-member board to be comprised of the Mayor, the President of the BOE, the Superintendent of the Yonkers Public Schools, and various appointees of the elected officials and educational stakeholders of the City. Such Board was appointed and officially sworn in on December 18, 2018. The Modernization Act grants the YJSCB powers with respect to directing and overseeing the rehabilitation and reconstruction of existing school facilities as well as the construction of new school buildings. Specifically, the Modernization Act authorizes the YJSCB to enter into contracts relating to the design, construction, reconstruction, rehabilitation, equipping, financing and management of the City's public educational facilities, and to finance project costs and have debt issued on its behalf. The Modernization Act limits the aggregate principal debt amount to $523 million, which represents the first phase of the proposed Program, and includes the

construction of three new schools to address severe overcrowding and district growth. The Modernization Act also allows projects undertaken pursuant to the Program to be financed through the City of Yonkers Industrial Development Agency (YIDA) and/or any successor agency, and establishes a process for the intercept of State aid for the payment of the bonds issued by the YIDA. In January 2019, a Program Manager was selected in accordance with the Modernization Act..

It should be emphasized that while this Modernization Act provides a critical foundation for addressing the BOE's $2.0 billion capital construction needs, future increases in New York State building aid will be needed before the City and the BOE can implement the Program.

A bill was approved by both houses of the State Legislature during the 2017 legislative session and signed into law by the Governor (the "Double MCA Statute"). The Double MCA Statute authorizes two multi-year cost allowances in a five-year period for the computation of State building aid for three new BOE school construction projects authorized pursuant to the Modernization Act. Additional multi-year cost allowances could not be reset for the affected buildings for a period of ten-years after establishment of the first maximum cost allowance. The financial impact of the Double MCA Statute is estimated to be $100 million. Specifically, the City's "local share" of the $347.5 million cost of constructing the three new schools is $245.6 million, with the balance guaranteed by the State. Under this legislation, the City's "local share" is estimated to be $144 million. The City presently has site control of only one of the three new school sites, but expects to have full site control of all three sites by later this year. In the interim, the City will determine the appropriate mechanism for financing the design of the three new schools facilities, noting the flexibility that the previously referenced Modernization Act provides for with respect to the financing entity.

PROPERTY TAXES

The City derives its power to levy ad valorem real property taxes from Section 10 of Article VIII of the State Constitution. The City is responsible for levying taxes for City and Board of Education purposes. The City's property tax levying powers, other than for debt service and certain other purposes, are limited by the State Constitution to two percent of the five year average full valuation of taxable real property of the City. (See "*Revenue*s" under "*DISCUSSION OF FINANCIAL OPERATIONS*" and "*LITIGATION*" herein.) On June 24, 2011, the Tax Levy Limit Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the City, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the City.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011, as amended (the "Tax Levy Limit Law"), all the taxable real property within the City had been subject to the levy of ad valorem taxes to pay the bonds and notes of the City and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the City for fiscal years commencing July 1, 2012, without providing an exclusion for debt service on obligations issued by the City. As a result, the power of the City to levy real estate taxes on all the taxable real property within the City for City purposes, including the payment of bonds and notes of the City and interest thereon, is subject to certain statutory limitations imposed by the Tax Levy Limit Law. Such statutory limitations do not apply to the City's power to increase its annual tax levy for Board of Education purposes; however, the power of the City to levy real estate taxes on all the taxable real property within the City for City purposes is subject to the Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the City, subject to certain exceptions. The Tax Levy Limit Law permits the City to increase its overall real property tax levy for City purposes over the tax levy of the prior year for City purposes by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation

Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The City is required to calculate its tax levy limit for City purposes for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the City, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the City, as well as real property taxes levied on behalf of the Board of Education. The City Council may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the City Council first enacts, by a vote of at least sixty percent of the total voting power of the City Council, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the City or such indebtedness incurred after the effective date of the Tax Levy Limit Law, unless such indebtedness is issued on behalf of the Board of Education. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

COMPUTATION OF CONSTITUTIONAL TAX LEVYING AND DEBT-CONTRACTING LIMITATION

Fiscal Year Ending June 30:	Assessed Valuation [1]	State Special Equalization Ratio [2]	Full Valuation [3]
2014	$482,518,425	3.09%	$15,615,483,010
2015	480,482,620	3.08	15,600,085,065
2016	474,473,777	3.09	15,355,138,414
2017	473,704,713	3.16	14,990,655,474
2018	472,279,768	3.25	14,531,685,169

Total Five-Year Full Valuation	$76,093,047,132
Five-Year Average Full Valuation	15,218,609,427
Tax Levying Limitation: 2% of Average Full Valuation	$304,372,189
Total Exclusions for FY17-18	72,944,610
Maximum Taxing Power	377,316,799
Adopted Total Levy for FY17-18	356,243,271
Tax Margin	21,073,528
Debt-Contracting Limitation: 9% of Average Full Valuation	$ 1,369,674,848

(1) Includes: (a) property of veterans exempt for general City purposes but taxable for school purposes pursuant to Sec. 458 of State Real Property Tax Law; (b) property of owners 65 years or over with children attending public schools exempt for general City purposes but taxable for school purposes pursuant to Sec. 467 of State Real Property Tax Law; and (c) Special Franchises.

(2) Final Special Equalization Ratios established by State Office of Real Property Tax Services and provided to the City.

(3) Determined by dividing Assessed Valuation by State Special Equalization Ratio.

The State Office of Real Property Services annually establishes State Equalization Rates for the City and all localities in the State which are determined by statistical sampling of market sales/assessment studies. The Equalization Rates are used in calculation and distribution of certain State aid and are used by many localities in the calculation of debt contracting and real property taxing limitations. The debt contracting and real property taxing limitations are based on a percentage amount of average full valuation. The City determines the assessed valuation for taxable real properties. The State Office of Real Property Services determines the assessed valuation of special franchises and the taxable ceiling of railroad property, and these results are incorporated into the City's assessment. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places. Assessments are made on certain properties which are taxable for school purposes but which the City exempts for general municipal purposes.

In response to State court decisions regarding the constitutionality of debt contracting limitations, the State legislature authorized Special Equalization Ratios to be used in the computation of tax levying and debt contracting limitations for those affected entities. Such Special Equalization Ratios are based upon a trend of market sales/assessment studies which lag current data by several years. Such studies may not accurately reflect current trends in real property market values. The preceding table indicates the recent five year trend of assessed valuations, the Special Equalization Ratios assigned to the City by the State and full valuation implied thereby.

Preparation of the City assessment roll is the statutory responsibility of the City under the State Real Property Tax Law. The last City wide reassessment of all properties was undertaken in 1954; however, the Assessment Department of the City undertakes inspections of properties to ensure that new construction or improvements or demolitions are reflected in the annual roll of taxable properties.

The following table, which is as of December 17, 2018, indicates the composition of total valuation of all properties in the City for three fiscal years and depicts the trend of taxable valuations by major category, tax exempt properties and special franchises.

Type of Property	2018	2017	2016
Vacant Land	$ 10,028	$ 9,308	$ 8,463
Residential	283,811	284,947	286,845
Apartments	41,067	40,779	41,310
Commercial	82,901	85,544	85,643
Industrial	7,597	7,536	8,346
Miscellaneous	1,363	663	763
Utilities	13,804	13,911	14,020
Special Franchise	26,732	28,923	27,010
Total Taxable-City	467,302	471,611	$472,400
Veteran's Exempt	5438	677	2,140
Total Taxable-School	467,846	472,288	$473,284
Wholly Exempt	243,130	243,261	246,360
Partially Exempt	22,783	23,211	22,951
Total Assessment Rolls	$733,759	$738,760	$742,595

Source: City's Assessment Department.

Tax Levy

Real property taxes are levied annually by the City for City and Board of Education operating purposes (within the taxing limitations described above) and for capital debt (not constrained by the tax levying limitation).

As a matter of City policy, the Board of Education is credited with the full amount of taxes levied by the City for school general operating purposes regardless of any deficiency in tax collections. In the Adopted Budget for FY14-15, the City used 87.20% (based upon final assessment rolls) of the State Constitutional limit. In the Adopted Budget for FY15-16, the City used 87.98% (based upon final assessment rolls) of the State Constitutional limit. In the Adopted Budget for FY16-17, the City used 90.77% (based upon final assessment rolls) of the State Constitutional limit. In the Adopted Budget for FY17-18, the City used 93.2% (based upon final assessment rolls) of the State Constitutional limit. In the Adopted Budget for FY18-19, the City used 92.3% (based upon final assessment rolls) of the State Constitutional limit.

The following table indicates the total real property tax rates levied within the City for FY14-15 through FY18-19.

	FY18-19	**FY17-18**	**FY16-17**	**FY15-16**	**FY14-15**
Full Valuation[(1)]	16,052,492,867	16,628,569,296	17,194,542,536	$15,404,992,760	$15,499,439,355
Assessed Valuation-City	469,762,462	471,779,071	472,577,346	472,241,714	472,757,832
Assessed Valuation-Education	470,338,041	472,279,768	474,569,374	474,473,777	480,482,620
Levy for City Purposes	132,825,970	110,516,902	112,941,200	102,616,043	101,274,963
Levy For Education Purposes	245,504,384	245,726,369	242,491,128	238,456,472	234,173,588
Rate per $1,000 Assessed Valuation-City	282.75	234.26	238.99	217.3	214.22
Rate per $1,000 Assessed Valuation-Education	521.97	520.3	510.97	502.57	487.37
Total Tax Rate (Assessed Valuations per $1,000)	804.72	754.56	749.96	719.87	701.59
Total Tax Rate (Full Valuation per $1,000)	24.78	24.51	23.67	22.28	21.57

(1) Figures are based upon the State Special Equalization Ratios set by the State Department of Taxation and Finance Office of Real Property Tax Services as such information appeared in the adopted budget for each respective fiscal year. Such State Special Equalization Ratios are subject to change following the adoption of the annual budget.

Tax Collection Procedure and History

Ad valorem real estate property taxes become payable upon levy of such taxes by the City Council. Since FY76-77, taxes were payable in three equal installments; the first installment payable thirty days after the mailing of the tax bill (after adoption of the budget and therefore usually due in July) and subsequent installments on October 6 and January 6. Taxes must be paid on or before each installment date to avoid penalties. Penalties are assessed for delinquencies at a rate of 15% per annum.

Real estate for which unpaid taxes are more than one year delinquent is subject to the sale of a tax lien certificate, giving the purchaser of such certificate a superior claim to the property. The owner of the property may redeem the tax lien certificate within two years of sale of such certificate by paying the delinquent taxes. If the certificate is unredeemed after two years, the holder of the certificate can institute foreclosure proceedings against the property. In instances in which there has been no purchaser of such certificate, leaving the City as its holder, the City institutes foreclosure proceedings after the required two year waiting period.

The General Fund accounts for the full receipt of the tax levy, including the portion of the levy raised for the Board of Education and that portion of the levy deposited in the Debt Service Fund for the payment of debt service. The total assessed valuation roll for general City tax purposes partially exempts certain properties (owned and occupied by veterans and senior citizens) which are assessed for school purposes. All provisions for uncollected taxes are charged against the general City budget. The Board of Education receives its tax levy for operations in full from the City.

The City also collects the applicable share of real property taxes and sewer district taxes levied by the County. Sixty percent of such County taxes is payable by the City to the County on May 25 of each year and the balance of forty percent of such taxes is payable on October 15 of such year. The City is required to pay to the County the total amount of County taxes, including any amounts that are uncollected. The City bears the burden of enforcement procedures and any subsequent collections are accounted for as City revenues.

In the City's revenue structure, the total ad valorem real property tax levy is considered as revenue realized by the City. Delinquencies in tax collection are treated as an expenditure and an appropriation is made as a reserve for uncollected taxes pursuant to a formula required by the Act which takes into account the actual tax collection performance of prior years, including County taxes, and applies it to the current tax levy. The Act requires that in all future fiscal years the reserve for uncollected taxes must not be less than the percentage required to be appropriated in each year.

The following table sets forth the tax collection record of the City for FY08-09 through FY17-18 and the amount received to date for FY18-19.

TAX COLLECTION RECORD

Fiscal Year Ending June 30	Total Ad Valorem Real Property Tax Levy [1]	Amount Collected During Year of Levy [2]	Percent Collected During Year of Levy	Total Collected	Percent Collected As of June 30, 2018[3]
2009	$288,912,696	$278,796,348	96.50%	$287,030,507	99.35%
2010	297,192,534	286,263,245	96.32	289,961,290	97.57
2011	305,699,826	292,001,250	95.52	292,427,070	95.66
2012	315,524,266	302,517,073	95.88	313,059,019	97.54
2013	327,820,814	313,694,684	95.69	317,151,902	96.75
2014	330,920,260	322,055,121	97.32	322,904,564	97.58
2015	335,448,551	325,690,077	97.09	326,107,289	97.22
2016	341,091,030	331,756,785	97.26	332,018,495	97.34
2017	355,432,328	345,802,231	97.29	346,648,458	97.48
2018	356,243,271	348,940,284	97.95	351,932,727	98.79
2019[3]	378,330,354	248,532,533	65.69	248,532,533	65.69

(1) See also "*LITIGATION*" herein.
(2) Adjusted to reflect uncollected taxes only, as tax bills include delinquent water rents and frontage charges.
(3) Includes taxes collected and amounts of tax lien certificates held by the City FY19 through June 30, 2018 and FY19 through October 31, 2018.

The following table sets forth the budget provision for reserve for uncollected real property taxes and actual amount uncollected (including County taxes) in the past ten years and the budgeted amounts for FY18-19.

RESERVE FOR UNCOLLECTED TAXES

Year Ended June 30:	Reserve Appropriation	Actual[1]	Reserve (Deficit)
2010	$11,845,617	$15,457,308	($3,611,691)
2011	14,855,544	18,644,688	(3,789,144)
2012	16,207,067	13,191,453	3,015,614
2013	19,273,897	16,872,471	2,401,426
2014	17,904,000	15,609,501	2,294,499
2015	15,788,422	17,178,187	(1,389,765)
2016	12,651,836	17,415,882	(4,764,496)
2017	15,362,461	19,969,382	(4,606,921)
2018	14,358,884	20,245,619	(5,886,735)
2019	12,892,118	N/A	N/A

[1] Actual uncollected taxes reflect all unpaid items on the tax bills, including delinquent water rents and frontage charges.

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Major Taxpayers

The following table of major taxpayers indicates the distribution of taxable properties based on the FY18-19 tax levy.

TWENTY-FIVE LARGEST PAYERS OF CITY PROPERTY TAXES

Fiscal Year beginning July 1, 2018

OWNER	CITY TAXABLECITY TAXABLE [1]	CITY TAXES LEVIED [2]	PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUE [3]
Con Edison	$ 36,585,986	$ 27,590,223.76	5.8%
Cali's Westchester Realty	3,552,900	2,679,312.95	0.6%
City Of New York	2,860,900	2,157,461.91	0.5%
Morris Builders LP	2,592,200	1,954,829.86	0.4%
UE Yonkers II LLC	1,750,000	1,319,710.00	0.3%
Crestwood Lake	1,708,465	1,288,387.63	0.3%
AAC Cross County Mall LLC	1,540,587	1,161,787.47	0.2%
SNH Yonkers Properties Trust	1,400,000	1,055,768.00	0.2%
Central Plaza Associates LLC	1,147,000	864,975.64	0.2%
Fleetwood Park Corp	1,138,975	858,923.83	0.2%
Verizon New York Inc.	1,041,154	785,155.05	0.2%
Westchester Towers	963,015	726,228.87	0.2%
Tuckahoe Owners LLC	810,800	611,440.50	0.1%
Midland Ave Owners Corp	746,831	563,200.19	0.1%
Sadore Lane Gardens	744,782	561,655.00	0.1%
Valentine Grdns Coop	719,021	542,228.12	0.1%
Yonkers Lodging Partners LLC	700,000	527,884.00	0.1%
Carriage House Owners Corp.	671,898	506,691.72	0.1%
City Of Yonkers	644,810	486,264.12	0.1%
1 Ridge Hill LLC	590,050	444,968.51	0.1%
Greystone Cooperative	584,069	440,458.11	0.1%
Greystone Apt	562,990	424,562.02	0.1%
UE Yonkers LLC	552,500	416,651.30	0.1%
48 Prentiss LLC	546,500	412,126.58	0.1%
BMR Owners Corp	514,227	387,788.87	0.1%

[1] The 2018 Taxable Assessed Values Used for the FY18-19 Fiscal Year.
[2] This is calculated using the 2018/2019 City/School Tax Rate of $804.72.
[3] The Total 2018 Taxable Assessed Values as of December 17, 2018 for the City is 467,302,295 and 467,846,127 for the BOE.

Source: City's Assessment Department.

The City has entered into agreements with certain tax exempt entities which provide for payments in lieu of taxes to the City. These payments totaled $19.4 million for FY14-15, $18.9 million for FY15-16, $17.0 million for FY16-17 and $22.1 million for FY17-18. The FY18-19 Adopted Budget amount is $23.2 million.

Tax Certiorari Proceedings and Proposed Assessment Revaluation

In common with other municipalities, the City continues to be served with numerous real estate tax certiorari petitions contesting the validity of tax assessments upon real property. See "*Cash Flow, Capital and Tax Certiorari Financings of the City*" under "*CITY INDEBTEDNESS*" and "*Tax Certiorari Proceedings*" under "*LITIGATION"* herein for a description of the tax certiorari proceedings pending against the City and the amount of obligations authorized to finance any judgments or settled claims involving the City. The City intends to defend itself vigorously against all such claims and actions.

Expenditures for all such claims (including administrative costs) in each of the fiscal years 2015 to 2019, inclusive, is shown below.

Fiscal Year	Amount
FY15	$ 9,504,346
FY16	7,100,000
FY17	13,500,000
FY18	500,000
FY19[(1)]	12,700,000

[(1)] Budgeted projection

GAAP requires the City to record the full bond proceeds in the year of closing. Therefore the City accrues certiorari expense in the General Fund so there is no impact of the bond transaction on the General Fund balance should the bond proceeds not be fully spent by the end of the fiscal year. Although there was no bonding for tax certiorari purposes in FY17-18, as of June 30, 2018, the City has remaining on its balance sheet a liability of $6,209,016.23 to satisfy future claims related to prior periods.

The City has previously proposed the undertaking of a complete reassessment/revaluation of the City's properties. The ultimate cost of the revaluation is estimated at $6.0 million. The FY12-13 approved capital budget included $3.0 million for this project. Presently, the City has signed contracts with Tyler Technologies to conduct the reassessment project and Michael Haberman Associates, Inc. to monitor the reassessment project. This project has been postponed indefinitely.

No assurance can be given as to the City's ultimate liability on existing and future refund claims. Furthermore, these amounts do not include litigation relating to real estate taxation other than challenges to assessments.

ECONOMIC AND DEMOGRAPHIC FACTORS

The City is the most populous city in Westchester County and encompasses an area of approximately 18.3 square miles, and is located in the southwestern section of the County. The City is bordered on the south by the Riverdale section of the Bronx, on the east by the Town of Eastchester, the Villages of Bronxville and Tuckahoe, and the City of Mount Vernon, on the north by the Village of Hastings on Hudson and the Town of Greenburgh, and on the west by the Hudson River.

Economy

The City has a well-developed commercial and industrial base and has been able to attract and retain a variety of manufacturing, service, and retail enterprises. The City serves as the headquarters location of Altman Stage Lighting, American Specialties Inc., Consumer Reports, Contrafect Corporation, Domino Foods, Inc., Empire City at Yonkers Raceway, Hudson Scenic Studio, Sterling National Bank, Kimber Manufacturing, Liberty Lines, Peco Pallets, Pop Displays, and Yonkers Contracting, Inc. In addition, the City

is the location of such major corporations as Kawasaki Rail Inc., V Band Corporation, Five Star Premier Residences, Thyssenkrupp Materials NA and a new FedEx distribution Center.

Retail enterprises in the City are located within commercial shopping centers with strong regional draw such as the Cross County Shopping Center, the Austin Avenue complex, The Mall at Cross County, and the newly established Ridge Hill Village. In addition to shopping centers, the City has over 20 commercial corridors and neighborhood shopping districts, the largest of which are the Downtown Yonkers/Getty Square central business district, and the Central Park Avenue, McLean Avenue and South Broadway commercial corridors.

For more than a century, the City has been characterized as a "hard working, ethnically diverse urban community." The traditional industrial base of the 19th century has evolved into a multi-faceted modern economy providing approximately 90,000 local employment opportunities. The City has a mix of over 2,200 businesses, primarily in the industrial, services, and retail sectors. These firms employ approximately 20% of Westchester County's employment base.

Employment Sector	Total Employed	Percent of Employment Base
Management, business, science, and arts occupations	35,126	37.3%
Service occupations	20,028	21.2%
Sales and office occupations	22,821	24.2%
Natural resources, construction, and maintenance occupations	7,482	7.9%
Production, transportation and material moving occupations	8,815	9.4%
Total	94,272	100.0%

Source: U.S. Census Bureau, American FactFinder 2013-2017 American Community Survey 5-Year Estimates.

MAJOR NON GOVERNMENTAL EMPLOYERS IN THE CITY[1]

Name of Employer	Number of Employees
Empire City at Yonkers Raceway	1,129
Montefiore IT	770
Liberty Lines	694
Leake and Watts Services Inc./Rising Star	615
Pop Displays USA LLC	538
Consumers Reports/Union	502
Stew Leonard's of Yonkers LLC	479
Kawasaki Rail Inc.	457
American Sugar Refining Inc.	348
FedEx Distribution Center	290
Mindspark (IAC Search)	150

[1]Excludes hospitals, colleges, institutions and utilities.
Source: City Finance Department, June 2018.

Unemployment Rates

The following table sets forth the annual City, County, State and national unemployment rate percentages for each of the last ten calendar years and the City, County, State and national unemployment rate percentages for the annual averages.

Year	City[1]	Westchester County[1]	New York State[1]	United States[2]
2009……	8.5	7.1	8.3	9.2
2010……	8.9	7.4	8.6	9.6
2011……	8.5	7.1	8.3	8.9
2012……	8.6	7.3	8.5	8.1
2013……	7.5	6.3	7.7	7.4
2014……	6.2	5.1	6.3	6.2
2015……	5.5	4.5	5.3	5.3
2016……	5.2	4.3	4.8	4.9
2017……	5.4	4.6	4.7	4.4
2018……	4.8	4.1	4.2	4.0

[1] Data Source: NYS Department of Labor, Labor Statistics, Local Area Unemployment Statistics Program. Unemployment for the City is not reported separately from that of the County but is computed using a census share methodology.
[2] Seasonally adjusted.

Population Characteristics

POPULATION

The City is the State's fourth largest city and the largest city in the County. Like many communities adjacent to New York City, the City's population has increased slightly since 1980. According to the records of the United States Department of Commerce, Bureau of the Census, the City's population decreased slightly between 2000 and 2010; however, based upon current estimates, the City's population has experienced slight growth between 2010 and 2018.

Year	City	Westchester County	New York State	United States
1960	190,634	809,000	16,782,000	179,323,000
1970	204,297	894,000	18,237,000	203,212,000
1980	195,351	866,599	17,558,072	226,545,805
1990	188,082	860,452	17,990,455	248,709,873
2000	196,086	923,459	18,976,457	281,421,906
2010……..	195,976	949,113	19,378,102	308,745,538
2018 (estimates) ……..	202,019	980,244	19,849,399	325,719,178

Source: U.S. Census Bureau, American FactFinder 2018 Population Estimates

Personal Income

INCOME

2017

	City	Westchester County	New York State	United States
Median Household Income	$62,399	$89,968	$62,765	$57,652
Per Capita Income.....	$32,521	$52,049	$35,752	$31,177

Source: U.S. Census Bureau, American FactFinder 2013-2017 American Community Survey 5-Year Estimates.

MEDIAN HOUSEHOLD INCOME
2017

Year	Under-$24,999	$25,000-49,999	$50,000-99,999	Over $100,000
City.....	22.8%	18.9%	27.6%	30.6%
Westchester County.....	15.0	15.1	23.6	46.2
New York State.....	21.5	19.8	27.8	31.1
United States.....	14.1	20.4	32.5	33

Source: U.S. Census Bureau, American FactFinder 2013-2017 American Community Survey 5-Year Estimates.

Construction Activity

The table below indicates building permits issued for new construction, alterations and repairs for the last ten years.

BUILDING PERMITS

Calendar Years 2009 - 2018

Year	Number of Permits	Estimated Value of Construction
2009	1,344	165,353,237
2010	1,303	72,186,780
2011	1,464	143,010,347
2012	1,598	96,490,101
2013	1,630	105,155,055
2014	1,641	108,624,487
2015	1,679	177,492,330
2016	746	49,346,759
2017	477	122,983,776
2018	1,561	96,596,094[(1)]

[(1)] Date reflects YTD 2018 (December 19, 2018)
Source: City Bureau of Housing and Buildings.

Development/Redevelopment Activities

The City has started a marketing campaign to drive business and residents to the City. The marketing initiative promotes the natural beauty, cultural diversity and economic development opportunity available in the City through a campaign entitled "Generation Yonkers".

Nepperhan Valley. The Nepperhan Valley is directly to the east of the Choice Neighborhood project area. The City has been working with local owners of approximately 1.2 million square feet of former mill buildings to promote artist's studios and other artisan based industrial uses in the former Alexander Smith Carpet mills. The City has also expanded the zoning for the area to allow for ground floor retail that is complimentary to the artists and artisans and also allows for restaurants in the area.

Downtown Yonkers. The City continues the revitalization of its Downtown and adjacent waterfront along the Hudson River. In 2010, the City approved several new zoning districts to create a mixed-use downtown environment. The new zoning allows the development of an additional 3,000 residential units, 423,000 square feet of retail space; and up to one million square feet of commercial space. Additionally, renovation of the former downtown library by Main Street Lofts LLC resulted in 22 live-work lofts and 9,000 square feet of new retail space. As of the date hereof, the lofts and retail space are fully occupied. Several development projects have taken advantage of the new zoning, have been approved by City agencies and boards and are currently in the construction phase. This includes but is not limited to RXR's "Rising Development" which has completed construction on the first tower and is currently leasing. The second tower including retail space is under construction and is expected to be completed by Fall 2019, National Resources Uno @ iPark project which is completed and leased up, and Collins' Hudson Park III that combined will create more than 1,000 new apartments in Yonkers transit-oriented downtown. Avalon Bay and Extell Development have received City approvals to construct 600 and 1,300 units respectively along the northern stretches of the downtown Hudson riverfront and both are currently under construction. Plans are underway to rehabilitate the Wheeler Block building including the renovation of 6 commercial spaces and creation of 24 apartments on the

upper floors that were vacant for several decades. In addition, Mill Creek's Palisades Point development is also under construction and is expected to be completed in late summer 2019 Finally, in fall of 2018, the City entered into an agreement to sell the Chicken Island site to AMS Acquisitions for redevelopment of the approximately 6 acre site to include residential, office, retail and parking.

The Daylighting of the Saw Mill River at Larkin Plaza was the largest City-initiated development project this decade and was completed in September 2012. The $23-million project unearthed the Saw Mill River from an underground culvert creating a pedestrian-friendly environment that has resulted in new tenants in the buildings surrounding the plaza. The 150 high-tech jobs added by the Mindspark/IAC Applications relocation to the adjacent iPark office and industrial center are a direct result of the Daylighting impact on the local economy.

The City concluded Daylighting Phase II at the Mill Street Courtyard on June 30, 2016. The $10.0 million project links the first phase in Larkin Plaza with the traditional businesses center of the City. The City is currently working on the $17 million Phase III at New Main Street creating a new 1.25 acre gateway park along the Nepperhan Avenue arterial. In the past two years, the City acquired and razed a row of stores clearing the way for the new river park, which began construction in April 2017 and was completed in November 2018 and a Ribbon Cutting Ceremony was held that same month.

Downtown Yonkers Waterfront. The City sold the City Jail located on the Alexander Street waterfront to a prominent New York City based art dealer, while a nearby private building was purchased by another New York City based artist, indicating a growing interest in downtown Yonkers within the regional arts community. SUNY Purchase, the Fashion Institute of Technology and other colleges and universities have toured Downtown Yonkers in an effort to locate sites for satellite campuses as part of their START-UP New York proposals to Albany.

The ATI site, a former oil tank repository on the Hudson River on Alexander Street, received its certificate of completion for brownfield clean-up. The City's master plan for the Alexander Street corridor, an industrial-zoned waterfront located just north of downtown, envisions transforming the 53-acre site into a mixed-use, transit-oriented residential community. Currently, Avalon Bay is seeking approvals for a combined 600 residential units on the former ATI site and two other sites. The owner of the remaining balance of the waterfront property from Babcock Street to the north is in contract with Extell for development of these parcels. The Glenwood Power Station is currently owned by the Goren Group who is moving forward on an adaptive re-use of the site.

Cross County Shopping Center. The Cross County Shopping Center, one of the first open air shopping centers in the country, has completed a major renovation and expansion totaling $350.0 million. Cross County Shopping Center is owned by Brooks Shopping Centers, LLC, who retained Macerich to manage, lease and redevelop this super-regional shopping center. From 2008 to 2011, more than 30 retailers opened new stores, were expanded and/or were renovated. In addition, the conversion of the eight-story office building in the vicinity of the Cross County Shopping Center, into a 150-room HYATT Place Hotel held its grand opening in June 2015. Shake Shack opened its first location in Westchester County at this site in the summer of 2016.

The Mall at Cross County. This mall is undergoing a major multi-million dollar renovation since fall 2016. The anchors of Marshalls, TJ Maxx and Home Goods have been retained and upgraded, while all the other stores have been vacated to complete the mall renovation. In 2017 a Century 21 Department Store opened in the mall.

Ridge Hill Village. Ridge Hill Village is an 80-acre, mixed-use outdoor lifestyle center located on the New York State Thruway (I-87) that opened in Spring 2011. Current retailers on site include: REI, a West Coast outdoors sporting goods company; a National Amusements 12-screen movie theater; Dicks Sporting Goods; the Cheesecake Factory; the Yard House; LL Bean; H & M; Legoland Discovery Center; The Apple

Store; and a flagship Lord & Taylor department store. Several new restaurants, stores and destinations have opened including Texas de Brasil, Havana Central, Starbucks, Whole Foods, Muse Paint Bar, and iFly, an indoor flight simulator. An LA Fitness has also opened. A Lowes Home Center opened in 2017.

Empire City at Yonkers Raceway. Empire City has recently been purchased by MGM and further expansion plans are being contemplated.

Hospitality Industry. In the past decade, the City has seen a dramatic increase in hotel construction from two to a total of seven. The long existing Ramada Inn and Royal Regency Hotel on Tuckahoe Road that underwent a major renovation, have been joined by the newly constructed Residence Inn by Marriott, Hampton Inn & Suites and most recently the Courtyard by Marriott in the South Westchester Executive Park in NW Yonkers, the Hyatt Place in the Cross County Shopping Center and a second Hampton Inn along Tuckahoe Road. In total there are now more than 1,000 hotel rooms in Yonkers.

SERVICES AVAILABLE TO CITY RESIDENTS

Utilities

The City is serviced by the Consolidated Edison Company of New York for electric and natural gas service. Electric power costs in the City have risen in recent years, reflecting the trend in the entire Consolidated Edison region. The City is party to an agreement with the Power Authority of the State of New York (PASNY) for the purchase of power and energy for all of its municipal purposes and consequently has not experienced recent increases in its utility costs. The County of Westchester Public Utility Service Agency has negotiated an agreement with the PASNY to purchase low cost hydroelectric power which is distributed through Consolidated Edison to residential consumers in an effort to lower the cost of electric power. Businesses certified in the Empire Zone are eligible for five percent reductions of their Con Edison and Verizon charges.

The City purchases its water supply from the New York City water system. All of the City's residents reside in one of five County sewer districts financed by County special assessments levied upon benefited real property. Sewage treatment is provided by the County owned sewage treatment plant. The City is responsible for the maintenance of the public sewers within the City. A small area of the City, primarily in the northwest section, is not serviced by sanitary sewers.

Transportation

The City is served by the New York State Thruway and a system of interconnecting parkways, all of which provide access to the major commercial and industrial areas of the New York metropolitan area. The State has constructed a system of arterial highways for which the State and federal government have committed monies for extension and improvement. The city also is served by two commuter railways: the Metropolitan Transportation Authority (MTA) Hudson and Harlem Lines connect the city to the regions center. Amtrak also serves the City in connecting to the regional and national system. Bus services in the City are operated by Westchester County.

Educational, Cultural and Recreational Facilities

There are five colleges located in the City: Sarah Lawrence College with a campus extending over 33 acres in the eastern portion of the City; Westchester Community College, which is located in Cross County Shopping Center; the Cochran School of Nursing; St. Joseph's Seminary; and Saint Vladimir's Orthodox Theological Seminary.

There are 39 operating public schools in the City under the administration of the Board of Education. The City is also served by approximately 21 parochial and private schools and one charter school. Facilities of the public, parochial and private schools supplement the City's recreational facilities.

There are three branches of the Yonkers Public Libraries, which obtain a majority of their funding from the City. The Hudson River Museum and Planetarium, located in the City, presents a wide variety of exhibits, programs and courses and is currently funded through private and County sources as well as City funding. The City owns the building and grounds of this facility and leases them to the Museum. The City is currently funding extensive capital improvements to the facility.

The City also maintains over 77 parks (which includes Untermyer Gardens Park) and playgrounds, 57 ball fields, 24 tennis courts, 13 senior citizen centers, 2 greenhouses, 1 indoor pool, a half mile track, a skating rink, a skateboard park, a rifle and pistol range, an animal shelter, and four community centers. In addition, the JFK Marina now allows entry access to small crafts and there are docking stations at the City Pier. Lastly, the County of Westchester maintains two golf courses and three parks within the city.

Medical Facilities and Social Services

There are two hospitals located in the City: St. John's Riverside and St. Joseph's Medical Center. (The City does not own or operate any hospitals.) Since 1971, other health facilities, including clinics and nursing services, and food and restaurant inspection services in the City have been administered by the County's Department of Health at no cost to the City. In addition to providing health care services, the County is responsible for funding and administering social service programs in the City. These are generally categorized by the State as "Economic Assistance and Opportunity" programs and include Medicaid, Aid to Families with Dependent Children, and home relief programs. The City contracts with a private emergency ambulance service that is staffed by certified medical technicians.

Financial Institutions

Fourteen banking institutions and two savings and loan associations with over 45 bank offices are located in the city. Sterling National Bank and SUMA Federal Credit Union are headquartered in the City. Other banks with offices in the city include: JP Morgan Chase, HSBC, Bank of America, New York Commercial Bank, Wells Fargo Bank, Citibank, Sterling National Bank, Citizen's Bank, Webster Bank and The Westchester Bank. The savings and loan associations include: First Federal Savings and Loan and Ridgewood Savings Bank.

Communications

The City is served by New York metropolitan newspapers, radio and television stations. In addition, the City has a daily newspaper, The Journal News, and a weekly newspaper, Yonkers Rising. There are several radio stations in the County which serve the City. Cablevision of Westchester, a private corporation, provides cable television service for the City, including a local access channel which provides a daily half hour news program. Verizon also offers cable television service.

LITIGATION

The City, the Board of Education and their respective officers and employees are defendants in several hundred lawsuits and other legal proceedings arising out of alleged constitutional violations, torts, breaches of contract and other violations of law. The Law Department of the City, headed by the Corporation Counsel, has reviewed the status of pending litigation and reports that while the ultimate outcome of certain of the proceedings and claims is not currently predictable, there is no reason to believe at this time that adverse determination in any or all of them would have a material effect on the City's financial condition.

Tax Certiorari Proceedings

In common with other municipalities, the City continues to be served with numerous real estate tax certiorari petitions contesting the validity of tax assessments upon real property. The number of tax assessment protests filed for FY16-17 was 2,900, 2,769 for FY17-18, 2,444 for FY18-19 and 2,688 for FY19-20. In June 2018, the City Council approved a bond ordinance authorizing the issuance of City bonds in the total amount of $ 15.0 million for FY18-19 to pay tax certiorari clams. The City has issued bond anticipation notes in the aggregate principal amount of $12.7 million pursuant to this authorization. A portion of the proceeds of the Series B Notes will be used by the City to refinance said bond anticipation notes. (See "*Purpose of the Series A Notes*" under "THE NOTES", herein.)

The City Council is expected to authorize the issuance of bonds or notes during FY19-20 to finance the tax certiorari judgments approved by the City Council during FY19-20.

In most cases, the due date for payment of tax refunds without interest is 60 days from the date of service upon the City of the court order confirming the settlement. The estimate provided above is similar to amounts paid in recent fiscal years and is made despite continued success by the City during the course of litigation to exclude interest on the payment of the settled refunds that would result in a substantial savings to the City.

The City estimates a requirement of approximately $500,000 for FY 18-19 to cover the anticipated cost of independent appraisal analyses and outside counsel services required for the defense of the tax challenges. The City expects to continue to fund settlements and certiorari related expenses through the issuance of bonds and bond anticipation notes in the foreseeable future.

Bronx River Watershed Consent Judgment

On January 12, 2007, a Consent Judgment was filed against the City to address Inflow/Infiltration in the Bronx River Watershed (the "Consent Judgment"). Since entry of the Consent Judgment, the City has continuously worked with the New York State Department of Environmental Conservation ("DEC"), as well as the Office of the Attorney General (the "AG" and together with the DEC, the "State") to meet all goals and benchmarks set forth therein. In fact, the City has spent nearly $17.0 million on Inflow/Infiltration ("I/I") work in the Bronx River Watershed alone. Notably, during that same time, the City also spent $4.5 million remediating I/I in other watersheds. The Consent Judgment set forth a "Remedial Program" to abate discharges of untreated sewage from the City's storm sewers into the Bronx River. To that end, the City also made a payment to the State of $2.2 million dollars (the "Escrowed Funds") to fund investigation by a consultant to identify all cross-connections, private-connections (whether direct or indirect) and other possible sources of sewage discharges. In addition, as required by the Consent Judgment, the City hired a project manager to ensure compliance with its investigative and monitoring obligations. The Escrowed Funds have been fully expended and the State's consultant, ARCADIS, has completed its study and produced a report titled "Sewer Condition Assessment and Discharge Track Down Investigations, Bronx River, Draft Final Program Summary" dated April 2014.

The State and City have agreed that at this point the remaining issues concerning sewage discharges from the City's storm-water outfalls are best addressed in conjunction with the Municipal Separate Storm Sewer Systems ("MS4") Program administered by DEC. Under the MS4 program, municipalities and other entities must obtain permit coverage from DEC for storm-water runoff from urban and suburban areas into rivers, streams, and other waters, as required by the Federal Water Pollution Control Act (the "Clean Water Act") and the ECL. DEC regulates MS4s pursuant to a statewide general permit, the first version of which was issued in 2003 (the "General Permit"). Yonkers submitted a notice of intent to be covered by the General Permit in March 2003. The General Permit requires that each MS4 permittee develop an individual Storm Water Management Program that meets the minimum control measures for pollutant discharges and reduces stormwater pollutants to the maximum extent practicable. In cases where a permittee may not be able to

achieve compliance with State water quality standards, the DEC may establish a compliance schedule setting out specific steps to attain compliance within the shortest reasonable time.

To effectuate transition from the Consent Judgment to the MS4 program, the City and DEC have agreed to terminate the Consent Judgment and enter into the Administrative Consent Order under which Yonkers must complete the remaining action items under the Consent Judgment under the supervision of the DEC pursuant to the terms and conditions in the Administrative Consent Order. The Administrative Consent Order includes a Compliance Schedule which obligates Yonkers to take specific actions by fixed deadlines. The Administrative Consent Order also requires Yonkers report its progress quarterly to DEC and to schedule and attend semiannual meetings with DEC. The Administrative Consent Order is binding upon Yonkers and includes action items that are scheduled to terminate in four years, after which Yonkers will be subject to requirements under the General Permit, and all relevant federal and state laws and regulations, including the Clean Water Act and ECL Article 17.

END OF APPENDIX A

APPENDIX B

A LINK TO COMBINED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS FOR SELECTED INDIVIDUAL FUNDS

CAN BE ACCESSED ON THE ELECTRONIC MUNICIPAL MARKET ACCESS ("EMMA") WEBSITE

OF THE MUNICIPAL SECURITIES RULEMAKING BOARD ("MSRB") AT THE FOLLOWING LINK:

https://emma.msrb.org/ER1176660-ER919738-ER1320300.pdf

The audited financial statements referenced above are hereby incorporated into this Official Statement.

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APPENDIX C

SUMMARY OF ACT

The Act contains various covenants and security provisions, certain of which are summarized herein. Reference should be made to the Act for a full and complete statement of its provisions, including the definition of certain words and terms not defined herein.

The Act authorized the City to issue the Series 1976 Bonds generally to pay the costs of uncompleted capital projects, to fund outstanding short term debt, and to fund accumulated deficits of the City. The provisions of the Act shown below are those which are applicable to the City with respect to the issuance of each series of bonds. Each series of bonds are in parity with all other outstanding debt obligations of the City. In addition, the special provisions relative to each series of bonds will remain in force and effect notwithstanding the redemption of the Series 1976 Bonds, or redemption or maturity of any other bonds issued by the City.

Definitions (Section 2)

Base Year means, with respect to a budget, the fiscal year next preceding the fiscal year in which the budget is required to be prepared and adopted.

Current Year means, when used in reference to a budget, estimate, or computation, the fiscal year in which the budget is required to be prepared and adopted, being the fiscal year next preceding the budget year.

Debt Service Fund means the special fund established in 1976, which the City covenants to continue and maintain with the Fiscal Agent, as further described in Section 11 of the Act.

Fiscal Agent means the State Comptroller, or with the approval of the State Comptroller, any bank or trust company having the powers of a trust company in the State.

Justification Document means a written certificate setting forth facts determined and actions completed forming an existing basis for a reasonable expectation that amounts of receipts will actually be collected or realized or amounts of appropriations will be sufficient for expenditures therefor.

Special Debt Service means, with respect to a fiscal year, the amounts required for the punctual payment of (a) all principal due or becoming due and payable in said year with respect to any bonds, tax anticipation notes, revenue anticipation notes, capital notes or budget notes of the City, and all principal amortization for said year required by law with respect to bond anticipation notes or urban renewal notes or other securities of the City, and not specifically mentioned in clause (b) of this subdivision, and (b) all interest due or becoming due and payable in said year with respect to any bonds, bond anticipation notes, tax anticipation notes, revenue anticipation notes, capital notes, budget notes or urban renewal notes or other securities of the City not specifically mentioned herein.

Note Proceeds (Section 5)

The proceeds from the sale of each series of bonds must be deposited with the Fiscal Agent in special and separate bank accounts. The proceeds are to be held in trust and expended only for the objects and purposes for which such bonds were issued. No moneys may be withdrawn from such an account unless there is filed with the Fiscal Agent a written requisition of the City Council or the City's Chief Fiscal Officer or his authorized deputy setting forth (a) the item number of the requisition; (b) the account to be charged; (c) the name of the person (including the holder of a note payable to bearer, of the amount due by deposit with the paying agent designated on such note) to whom payment is due; (d) the amount to be paid; and (e) a statement to the effect that the obligation in the stated amount has been incurred by the City and is a proper charge

against such account. Pending such withdrawals, the moneys are to be invested for and on behalf of the City by the Fiscal Agent upon instructions from the City's Chief Fiscal Officer or his authorized deputy pursuant to the State Local Finance Law.

Budget Appropriations (Section 6)

In each budget year, appropriations are required for: (a) amounts to fund expenditures required by law; (b) amounts to pay Special Debt Service outstanding at the beginning of the budget year; (c) amounts for payment of judgments or settled claims unpaid at the beginning of the budget year and amounts properly attributable as a reserve therefor; (d) amounts estimated for payment of interest on tax anticipation notes and revenue anticipation notes to be issued and to mature during the budget year; (e) amounts for all other expenditures for the general support and current expense of the government of the City; (f) a required reserve for uncollected taxes; and (g) the liquidation of prior deficits of the City.

If the exact amount for appropriations is not known, the City is required to use the amount of appropriation in the Base Year or the Current Year, whichever is less, unless a Justification Document is filed with the Fiscal Agent. Uncollected taxes must be reserved in an amount not less than the amount uncollected in the Base Year divided by the amount collected and then multiplied by the total tax levy payable during such year. Appropriations for deficits are required to be in the aggregate amount of fund deficits during the Base Year. A schedule of cash expenditures and receipts on a monthly basis for the budget year is required to be attached and made a part of each budget.

For each budget year subsequent to the first budget year, a certificate of the Chief Fiscal Officer of the City is required to be attached setting forth actual cash expenditures and receipts for the Base Year. A Justification Document is required to be filed with the Fiscal Agent for any substantial variation between such certificate and schedule.

Budget Receipts (Section 7)

In computing the amount of ad valorem real property taxes to be levied, the City cannot deduct from appropriations or estimate the receipt of moneys in any amount for which the City Council by resolution does not declare will be received or collected prior to the end of the budget year. The City may make such deductions or estimates for moneys other than or in excess of: (a) operating surpluses of prior years not in excess of the aggregate of fund balances, (b) state or federal aid under any program not exceeding the amount received during the Base Year or any larger amount certified thereto, (c) collection of real property taxes unpaid and remaining payable not in excess of the amount of delinquent taxes collected on account of the Base Year divided by the amount delinquent on the first day of the Base Year and then multiplied by the total amount of delinquent taxes payable on the last day of the Base Year, and (d) revenues other than revenues realized by the levy of ad valorem real property taxes not in excess of such revenues collected in the Base Year or properly attributable to the Current Year, whichever is greater, or certain such revenues for which Justification Documents have been filed with the Fiscal Agent.

For each budget year, an accountant's certificate is required to be attached to the budget stating that the inclusion of budget receipts is properly attributable to the budget year. With respect to each budget year, the City Council is required to levy the amount of ad valorem real property taxes required by the budget including provisions for uncollected taxes and deficits in excess of the difference between the aggregate amount of appropriations and aggregate estimated receipts for the budget year in accordance with any limitations of the Act.

Transfer of Appropriations (Section 8)

No transfer of any appropriation is to be allowed for amounts to fund and pay expenditures required by law, special debt service, judgments or settled claims, interest on tax anticipation notes and revenue

anticipation notes and reserves for uncollected taxes. No transfer of any appropriation made in a budget for any purpose shall be authorized or made or shall take effect at any time unless a Justification Document and a resolution of the City Council is filed with the Fiscal Agent stating a finding that the unencumbered balance of the appropriation equals or exceeds the budgeted expenditure for such appropriation after such transfer. After any amount of appropriation is transferred, the amount of the appropriation to which the transfer is made shall be deemed to be increased by the amount of the transfer. No transfer of any appropriation is to be allowed for any appropriation for expenditures with respect to capital projects unless the bond ordinance authorizing the financing of the capital project is increased by the amount of the transfer and provision made to finance the appropriation with the use of general operating funds.

Emergency, Supplemental or Other Appropriations (Section 9)

No emergency, supplemental or increased appropriations are to be made in any budget year except if by transfer of appropriation (see "*Transfer of Appropriations*" above) or if for the payment of expenditures for which there are unanticipated revenues or receipts from the State or United States certified thereto by the source thereof.

Other Financial Needs (Section 10)

Nothing in the Act limits the power of the City to authorize the expenditure of the proceeds of serial bonds, bond anticipation notes or budget notes.

However, the City is not permitted to issue any budget notes unless a Justification Document is filed with the Fiscal Agent setting forth the facts and circumstances necessitating the issuance of such notes, and that there are no other funds available to pay for the purpose for which such notes are issued. Budget notes are not permitted to be issued to pay any wage increase or increase in pension payments resulting from a collective bargaining agreement executed in a fiscal year after the adoption of the budget for such year. Budget notes issued in a fiscal year are required to be limited to not more than five percent of the budget for such year.

Special Debt Service Fund and Fiscal Agent (Section 11)

Upon the issuance of the Series 1976 Bonds, a special debt service fund was established and is maintained with the Fiscal Agent. In each fiscal year, the City Comptroller is required to certify to the Fiscal Agent a percentage obtained by dividing the balance obtained by subtracting the amount of the appropriation for a reserve for uncollected taxes from the total amount of ad valorem real property taxes levied into the total appropriation for Special Debt Service. Payments of ad valorem real property taxes are remitted to the Fiscal Agent who is required to retain and deposit into the Debt Service Fund the Debt Service Percentage of the total amount so remitted. After the required amount of taxes is deposited in the Debt Service Fund, the Fiscal Agent is required to remit the remainder to the City. Amounts in excess of the debt service due prior to the next fiscal year are to be remitted to the City.

Revenues derived from the imposition of the additional one percent sales tax are deposited into the special debt service fund.

No tax anticipation notes are to be issued unless such notes are countersigned and authenticated by the Fiscal Agent. The proceeds of tax anticipation notes are to be paid to the Fiscal Agent simultaneously with such authentication. The Fiscal Agent is required to deposit into the special debt service fund a percentage of the proceeds equal to the Debt Service Percentage and the remainder of the proceeds are to be remitted to the City. The Fiscal Agent is required to deposit into the Debt Service Fund, amounts of real property taxes remitted to the Fiscal Agent until such amounts equal the principal and interest on the notes. No tax anticipation notes are to be issued in any amount which exceeds the amount of taxes levied less the amount budgeted as the reserve for uncollected taxes.

No revenue notes, urban renewal notes or budget notes are to be issued unless such notes are countersigned and authenticated by the Fiscal Agent. The City Comptroller is required to certify to the Fiscal Agent a percentage obtained by dividing the balance obtained by subtracting the amount of the appropriation for a reserve for uncollected taxes from the total amount of real property taxes remaining uncollected by the total amount of interest payable on such notes for the fiscal year (the "Added Debt Service Percentage"). The Fiscal Agent is required to deposit into the Debt Service Fund the Added Debt Service Percentage of real estate property taxes remitted to the Fiscal Agent.

The Fiscal Agent is required to withdraw from the Debt Service Fund from time to time the amounts required to pay all special debt service as it becomes due, the principal and interest on tax anticipation notes and the interest on revenue anticipation notes and budget notes. The special debt service fund is maintained for the benefit of the holders of City obligations and is not permitted to be used for any other purpose and is not to be subject to any order, judgment, lien, execution, attachment, setoff or counterclaim by any other creditor of the City.

Miscellaneous Provisions (Section 14)

No indebtedness evidenced by bonds or notes authorized pursuant to the Act is to be contracted by the City unless in addition to providing for the payment of principal thereof and interest thereon, the faith and credit of the City shall be pledged. The provisions of Title 6 A of Article II of the Local Finance Law and the provisions of Section 3 A of the General Municipal Law do not apply to the City or any bonds or notes issued by it. (See "*SPECIAL RIGHTS AND REMEDIES*" herein). Notwithstanding any provision of the City Charter or any other law, funds not immediately required for the purpose for which such funds were accumulated are not permitted to be diverted or used for the purpose for which obligations have been authorized.

Special Covenants to Secure Bonds and Performance of the Act (Section 15)

In the discretion of the City, any bonds, bond anticipation notes, tax anticipation notes, revenue anticipation notes, urban renewal notes or budget notes are permitted to be authorized under ordinances and resolutions which provide for certain covenants to protect and safeguard the security and rights of holders of such obligations. Such ordinances or resolutions may contain covenants as to: (a) the establishment and maintenance of the special debt service fund; (b) the powers and duties of the Fiscal Agent; (c) the execution of any credit agreement with the Fiscal Agent for the benefit of the holders of such obligations; (d) requirements for the filing, review and correction of budgets, Justification Documents and other matters; (e) compliance with the provisions of the Act including further restrictions on the powers, rights and duties of the City to assure prompt payment of its debt and operating obligations; and (f) conditions which would give use to an event of default permitting the Fiscal Agent to assert actions and remedies on behalf of holders of such obligations.

Rights and Remedies of the Holders of City Obligations (Section 16)

Holders of any bonds, bond anticipation notes, tax anticipation notes, revenue anticipation notes, urban renewal notes or budget notes are required to have certain rights and remedies in addition to any right and remedies under law, subject to the ordinance authorizing such obligations. (See "*SPECIAL RIGHTS AND REMEDIES*" herein.)

State Pledge and Agreement (Section 17)

The State pledges to and agrees with the holders of obligations of the City issued pursuant to the Local Finance Law and the Act the performance of certain acts. (See "*State Pledge and Agreement*" under "*SPECIAL RIGHTS AND REMEDIES*".) The City is authorized and directed to include this pledge in any ordinance authorizing the issuance of obligations.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL FOR THE SERIES A NOTES

May 14, 2019

The City Council of the
City of Yonkers, in the
County of Westchester, New York

Ladies and Gentlemen:

We have served as Bond Counsel to the City of Yonkers (the "City"), in the County of Westchester, a municipal corporation of the State of New York (the "State"), in connection with the authorization, sale and issuance of $79,513,082 General Obligation Bond Anticipation Notes-2019A (the "Notes") of the City.

We have examined a record of proceedings relating to the Notes for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

The Notes are issued pursuant to the provisions of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York, various special bond ordinances adopted by the City Council on their respective dates, and the Certificate of Determination executed by the Commissioner of Finance & Management Services in connection with the issuance of the Notes (the "Certificate of Determination"). The Notes are issued in accordance with the provisions of the Special Local Finance and Budget Act of the City of Yonkers, constituting Chapter 488 of the New York Laws of 1976, as amended (the "Act") and is entitled to the benefits of the Act, subject to the terms of the Certificate of Determination. Reference to the Act and the Certificate of Determination, and any and all modifications thereto is made for a description of the nature and extent of such benefits, and the rights and remedies of the holders of the Note.

The Notes are dated, mature, are payable, and bear interest as provided in the Certificate of Determination.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are valid and legally binding general obligations of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon, subject to certain statutory limitations imposed under Chapter 97 of the New York Laws of 2011, as amended.

2. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

3. Under existing statutes and court decisions, and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Notes, restrictions on the investment of proceeds of the Notes prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Notes to become subject to Federal income taxation retroactive to their date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Notes, the City will execute a Tax Certificate relating to the Notes containing provisions and procedures pursuant to which such requirements can be satisfied. Pursuant to the Act and by executing the Tax Certificate, the City covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Notes will, for Federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 3, we have relied upon and assumed (i) the material accuracy of the City's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Notes, and (ii) compliance by the City with the procedures and representations set forth in the Tax Certificate as to such tax matters.

4. Under existing statutes, interest on the Notes is exempt from personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated in paragraphs 3 and 4 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding

federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

This letter does not address and no assurances are given as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Notes or any reports, correspondence, financial statements or other documents, containing financial, statistical and economic data, forecasts, numbers, estimates, projections, assumptions, expressions of opinion, or any other information relating to the City, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Notes.

Very truly yours,

FORM OF OPINION OF BOND COUNSEL FOR THE SERIES B NOTES

May 14, 2019

The City Council of the
City of Yonkers, in the
County of Westchester, New York

Ladies and Gentlemen:

We have served as Bond Counsel to the City of Yonkers (the "City"), in the County of Westchester, a municipal corporation of the State of New York (the "State"), in connection with the authorization, sale and issuance of $16,150,000 General Obligation Bond Anticipation Notes-2019B (Federally Taxable) (the "Notes") of the City.

We have examined a record of proceedings relating to the Notes for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

The Notes are issued pursuant to the provisions of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York, two special bond ordinances adopted by the City Council on their respective dates, and the Certificate of Determination executed by the Commissioner of Finance & Management Services in connection with the issuance of the Notes (the "Certificate of Determination"). The Notes are issued in accordance with the provisions of the Special Local Finance and Budget Act of the City of Yonkers, constituting Chapter 488 of the New York Laws of 1976, as amended (the "Act") and is entitled to the benefits of the Act, subject to the terms of the Certificate of Determination. Reference to the Act and the Certificate of Determination, and any and all modifications thereto is made for a description of the nature and extent of such benefits, and the rights and remedies of the holders of the Note.

The Notes are dated, mature, are payable, and bear interest as provided in the Certificate of Determination.

Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are valid and legally binding general obligations of the City for which the City has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the City is subject to the levy of ad valorem real estate taxes to pay

the Notes and interest thereon, subject to certain statutory limitations imposed under Chapter 97 of the New York Laws of 2011, as amended.

2. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

3. Under existing statutes and court decisions, and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is included in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters relating to the Notes.

This letter does not address and no assurances are given as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Notes or any reports, correspondence, financial statements or other documents, containing financial, statistical and economic data, forecasts, numbers, estimates, projections, assumptions, expressions of opinion, or any other information relating to the City, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Notes.

Very truly yours,

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APPENDIX E

FORM OF
UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

"EMMA" shall mean the Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" shall mean "financial obligation" as such term is defined in the Rule.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Holder" shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

"Issuer" shall mean the City of Yonkers, in the County of Westchester, a municipal corporation of the State of New York.

"Municipal Advisor" shall mean Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, or another nationally recognized municipal advisory firm.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the Commissioner of Finance and Management Services as of May 14, 2019.

"Rule 15c2-12" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

"Securities" shall mean the Issuer's $79,513,082 General Obligation Bond Anticipation Notes-2019A and $16,150,000 General Obligation Bond Anticipation Notes-2019B (Federally Taxable), dated May 14, 2019, maturing on December 17, 2019, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through its Municipal Advisor to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of

ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;

(7) modifications to rights of Securities holders, if material;

(8) Note calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Securities, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of May 14, 2019.

CITY OF YONKERS, NEW YORK

By: _____

Commissioner of Finance and
Management Services

APPENDIX F

FOUR YEAR FINANCIAL PLAN FOR THE FY2018-2019 THROUGH FY2021-2022

Mayor Mike Spano

City of Yonkers

Four Year Financial Plan

Fiscal Year 2019 - Fiscal Year 2022

Prepared by the
Office of Management and Budget
July 2018

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City of Yonkers Financial Plan FY19 - FY22
Overview and Discussion (Section A)

Overview

For all seven budget years of the current administration, a balanced budget has been passed with certification from the State Comptroller's Office and review by the State Department of Education, thus providing the most safeguards for a municipality budget in New York State. Along with a downward trend in the unemployment rate, the City has over recent years experienced growth in economically driven revenues, such as, Sales and Use Tax and Personal Income Tax, and in revenues related to the housing market, such as, Real Estate Transfer Tax and Mortgage Recording Tax. Stronger revenues and cost efficiencies allowed the City to increase its unassigned General Fund balance from $8.9 million at the end of FY11 to $18.3 million by the close of FY17. The City's improved fiscal condition, along with an increase in business activity and investment in Yonkers, have been signs of positive growth.

As shown below, FY18 projects continued solid growth for economically-sensitive revenues. Compared to FY18 Current Budgets; Personal Income Tax (PIT) revenue is projected higher by $1.9 million or 3.8%; Mortgage Recording Tax revenue is projected higher by $1.1 million, or 15.8%; City Sales and Use Tax revenue is projected higher by $1.2 million, or 1.6%; Real Estate Transfer Tax receipts are projected higher by $2.7 million, or 24%.

Revenues ($mil)	FY14	FY15	FY16	FY17	FY18
Sales & Use Tax	70.4	72.8	73	75.1	78.3
Real Estate Transfer Tax	8.4	9.9	10.1	12.9	14.0
Personal Income Tax	41.3	47.7	50.8	50.0	53.0
Mortgage Recording Tax	4.9	5.9	8.5	7.1	8.2
Total	125	136.3	142.4	145.1	153.5

Along with the positive economic backdrop as outlined above comes the challenge of balancing revenues with increasing expenditures. The FY19 - FY22 Financial Plan uses the FY19 Adopted Budget as the basis for the FY20 through FY22 fiscal year projections. The FY19 Adopted Budget relies on past practices to balance the City's Operating Budget: participation in New York State's pension smoothing plan; bond issuance for tax certioraris; and the utilization of available fund balance, including: the entire $18.3 million unassigned fund balance from the City's General Fund; the entire $24.1 million unassigned fund balance from the City's Education Fund; as well as $1.2 million in debt service fund balance, most of this amount the result of the refunding of bond issue bank balances under Fiscal Agent control. The FY19 Budget fully funds recently-settled labor union contracts, but does not provide a contingency reserve. The FY19 Budget increases the Maintenance of Effort (MOE) for the School District budget by approximately $1.5 million, including $675,000 from additional sales tax for education and $800,000 in additional City baseline contribution.

The ultimate goal is to return fiscal stability to the City. This can be accomplished by increasing recurring revenues enabling the City to consistently return and retain fund balance; establishing a sound fund balance policy; budgeting annual contingency reserves; and exiting short term balancing techniques, such as, bonding for tax certioraris and other items with short periods of probable usefulness. Across-the-board expenditure cuts, and the potential loss of programs and services, are not a long-term solution to structural deficits. Economic development and the increased revenues it can bring, as well as improved cost-efficiency of operations, must be the focus of governance, as it is under the current administration, in order to help eliminate the annual structural imbalance plaguing the City.

Investors should note that the City's bondholders are afforded the unusual protection of having a significant portion of the City revenues intercepted by the State Comptroller, who controls the City's bond proceeds, to provide for annual debt service payments. As well, a similar ability is available to the State Comptroller to intercept State Aid to the School District should the City encounter financial difficulty.

Below is a discussion of overall revenues and expenditures, along with the assumptions used in formulating projections. The subsequent Section B provides projection details, including a summary of revenues and expenditures and other backup.

Financial Plan Summary

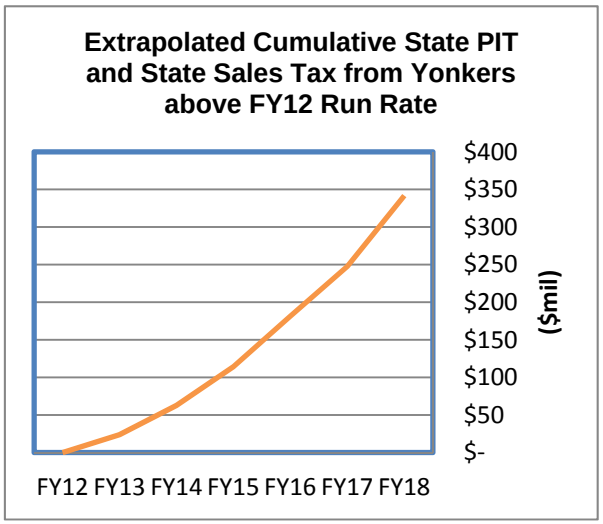
Budget Gaps

Schedule B-1 lays out the budget gaps, before gap closing measures, facing the City and the School District. **The City projects outyear FY20 - FY22 budget gaps of $37.3 million, $40.9 million, and $42.5 million, while the School District budget gaps over the same period are projected at $56.9 million, $75.5 million, and $89.1 million, respectfully.** Budget gaps will be closed with the use of fund balance, enhanced revenue programs, cost containment actions, and other gap closing measures, some of which are detailed later in the Plan. The FY20 - FY22 projections assume no use of fund balance because future availability is uncertain. However, the use of available fund balance, to the extent that it is produced, will be part of future budget-balancing solutions if necessary.

Revenues

In the $1.191 billion FY19 Adopted Budget, the major sources of revenue for combined City and School District operations are State and Federal Aid ($440.8 million or 37.01%) and Property Taxes ($378.3 million or 31.77%).

City-anticipated State and Federal Aid is $113.8 million for FY19 (9.56% of total revenue) which includes a one-time $5 million in Specialized State Aid expected to be received under the New York State Financial Restructuring Boards' Local Government Performance and Efficiency Program. The City's Aid and Incentives to Municipalities (AIM) funding from New York State has remained flat at approximately $108 million since FY12, and less than the advanced amount of $132 million received in FY11. While the improved Yonkers economy generates additional sales and income tax revenue for the State, the flow of AIM back to the City is not commensurate.
For example, the chart above measures the cumulative extrapolated New York State portion of Yonkers Personal Income Tax and Sales Tax above the FY12 run rate over the last six years FY13 through FY18 (projected).



School District State and Federal Aid for FY19 is $326.9 million (27.5% of total revenue). This is an increase of $15.6 million above FY18; non-recurring Bullet Aid of $8.8 million ($6.6 million above FY18) combined with a 3.8% increase in Foundation Aid of $7.4 million make up the majority of the increase. Beyond the above 68.8% of revenue from State and Federal Aid and Property Taxes, the remaining 31.2% of revenues are comprised mainly of Sales Tax (8.1%), Income Tax Surcharge (4.5%), Water and Sewer revenues (4.3%), and Appropriated Fund Balance (3.56%). Given the limits of the Property Tax Levy Cap & Constitutional Tax Margin Levy Limit, and the lack of growth in State and Federal Aid, the City has become more dependent on economically sensitive revenues, such as, housing-related taxes, income tax, and sales tax, and the use of Appropriated Fund Balance. The factors driving economic revenues also drive up expenditure costs, such as, health insurance, wage inflation, and contractual costs. Normally, only the revenues suffer during an economic slowdown while the expenditures stay elevated. Also, the use of Appropriated Fund Balance can only continue if the City and School District are able to return what was appropriated to balance the annual budgets, so it is available for future years. Therefore, in the long-term, recurring revenues and cost efficiencies must be implemented to replace the use of fund balance.

Major revenue projections and assumptions are as follows:

Property Tax Levy

The Property Tax Cap Law defines the allowable tax levy growth factor as the lesser of (a) one plus an inflation factor calculated by the New York State Comptroller, or (b) one and two-one-hundredths. Although Yonkers had stayed within the Property Tax Cap Law for all but one year during the current administration, in FY19, while facing layoffs and program cuts, Council voted to break the tax cap by increasing the Property Tax Levy by 6.2%.

The Financial Plan maintains the allowable tax levy growth at 2.0% in FY19 and the outyears. The projected increase is based on the trend of allowable tax levy growth factors issued by the State Comptroller, as well as keeping the City within its Constitutional Tax Limit (CTL).Property Tax revenues increase by $7.1 million in FY20, $7.2 million in FY21, and $7.3 million in FY22. Property tax collections in the Financial Plan will continue to reflect the offset of increased Payments in Lieu of Taxes (PILOTs), as prescribed by the Property Tax Cap Law.

Sales and Use Tax

Currently an 8.875% sales and use tax is imposed on all retail sales in the City. Revenues from that tax are apportioned 4.0% to the State, 2.5% to the City, 0.5% to the Yonkers School District (subject to approval of the Yonkers City Council), 1.5% to the County, and 0.375% to the Metropolitan Transportation Authority.

Both the City's 2.5% portion of the Sales and Use Tax, and the education portion of 0.5%, are projected to grow 2.0% annually in each year of the Financial Plan. City Sales Tax and Education Sales Tax revenue increase in FY20- FY22, by an average $1.6 million and $328,000 per year, respectively. The Plan's average 2.0% growth is less than the average City's sales and use tax growth from FY14 through the FY18 projection (2.91%), and also less than the New York State FY2019 Enacted Budget Financial Plan projections for sales and use tax growth in Fiscal Years 2019 through 2022.[1]

The Plan assumes that the full amount of the 0.5% sales tax for education will be allocated to the School District operating budget, with a commensurate increase to the City's Maintenance of Effort (MOE).

Utilities Gross Receipts Tax

A 3.0% Utilities Gross Receipts Tax is charged to Yonkers customers of Con Edison and telephone utilities, and remitted to the City by those entities. Utilities Gross Receipts revenue is affected positively by increases in Con Edison power production/delivery rates, and negatively by energy efficiency efforts, as well as the trend of reduced landline telephone customers. The Financial Plan maintains the FY19 Adopted amount of $7.7 million with no growth in the outyears.

Real Estate Transfer Tax

A 1.5% Real Estate Transfer Tax is collected by the City of Yonkers upon the sale or transfer of real property. Real Estate Transfer Tax collections are projected at $13.5 million in FY18 and budgeted at $14.1 million in FY19. Actual transfer tax collections, fueled by a strong residential housing resale market and housing/commercial development, have increased steadily over the last few years, from $5.9 million in FY12 to the projected $13.5 million in FY18, or average annual growth of 15.7% over the period. The FY19 Adopted Budget assumes that recent activity will continue at its very strong pace but the Financial Plan is more conservative by using an average of prior fiscal years amounts to arrive at outer year amounts as indicated by a reduction in the Transfer Tax by 14% in FY20, and then growth of 2% in FY21 and FY22.

[1] See https://www.budget.ny.gov/pubs/archive/fy19/enac/fy19enacFP.pdf, Page 77.

Mortgage Recording Tax

A mortgage recording tax at the rate $0.50 per $100 of mortgages is collected for the City by the County under New York State Tax Law §253. The City also enacted in the FY1994 Budget a City of Yonkers mortgage recording tax at an additional rate of $0.50 per $100 of mortgages, so the combined tax rate is 1.0%.

Mortgage recording tax receipts were steady at approximately $5 million annually and then jumped to $5.8 million in FY15 and $8.5 million in FY16, a result of both a strong housing resale market and low mortgage interest rates. Revenue leveled off in FY17 to $7.1 million in and is projected to be $7.5 million in FY18. The FY19 Adopted Budget is $7.8 million and the Financial Plan maintains mortgage recording tax revenue flat in the outer years.

Hotel Room and Occupancy Tax

Since August 2015, the City has collected a tax of 3% for occupancy of a room in a hotel or motel in the City. Currently eight locations contribute to the tax revenue. Hotel tax revenue is projected at $850,000 in FY18, and the FY19 Adopted Budget is $1,080,000 reflecting full year collections from all eight locations. The Financial Plan conservatively grows the FY19 amount by 1% in the outer years.

Personal Income Tax Surcharge

New York State collects for and remits to Yonkers a personal income tax (PIT) surcharge of (a) 16.75% of a Yonkers resident's New York State tax payment or (b) 0.5% of a non-resident's gross income.

From FY11 through projected FY18, the City's income tax surcharge receipts grew from $29.6 million to $52.5 million, a total increase of 77% and an average annual increase of 8.75%. During this period, the PIT surcharge percent collected on residents increased from 10% to the current 16.75% of their New York State tax amount. Although the City has experienced tremendous growth in the PIT over the past 8 years, there are factors at play which can create variances in actual receipts, such as, changes in New York State tax rates and/or brackets, year over year changes in estimated payments and withholding amounts, capital gains tax rates, wage inflation, unemployment, lottery winnings, and overall economic growth of Yonkers and the surrounding areas. For example, in FY17, Yonkers experienced a revenue shortfall vs. budget of $4.3 million (budget was based off a 3.5% expected growth off FY16 projection) and a decline in receipts from FY16 of $831k. This turned out to be a statewide issue. In its FY 2018 Enacted Budget Financial Plan, all funds PIT Receipts were projected to be $47.56 billion in SFY17 versus an Enacted Plan of $49.46 billion, or a shortfall of approximately $1.9 billion (3.8%). New York State said that the shortfall was "primarily due to underlying weaknesses in estimated payments and withholding growth." [2] However, Yonkers PIT recovered strongly in FY18 and is projected to growth at 5% above FY17 actuals.

Payments in Lieu of Taxes (PILOTs)

Payments in Lieu of Taxes increase by 4% annually in the Plan. The Financial Plan assumes the growth in PILOTs will continue to be used in the tax levy cap calculation to decrease the allowable tax levy amount.

City Departmental Revenue

City Departments generate revenue from permits, fees, fines, and reimbursement of services. The Parking Violation Bureau (PVB) generates the highest revenue; the FY19 Budget is $18.7 million for parking, red light camera, and code violation fines. . The Department of Housing and Buildings (DHB) is projected to generate $5.0 million in FY19 for various permits, fees, and fines. The Police Department's FY19 Adopted revenue of $5.3 million is comprised primarily of reimbursable police services, such as compensation by utility companies when work requires police presence. Recent development in the downtown area has helped buoy Housing and Building permits fees and the need for Police reimbursable services.

[2] See https://www.budget.ny.gov/pubs/archive/fy18archive/enactedfy18/FY2018EnactedFP.pdf, Page 133.

The FY19 Adopted Budget for Department Revenues is $41.6 million. With several development projects expected to be completed prior to FY20, the Financial Plan conservatively projects a reduction in Departmental Revenues in FY20 of $500,000 and keeps this amount flat in FY21 and FY22.

Metered Water Sales and Sewer Rents

In the Financial Plan, metered Water Sales and Sewer Rents increase annually in amounts that offset corresponding increases in the price of water charged by the NYC Water Board, and operating cost increases (supplies, payroll, etc.) associated with operating the Water and Sewer Bureaus, as well as changes in debt service from the City's Capital Improvement Plan assumptions.

School Aid

School District Basic State Funding is projected to increase over the financial plan primarily due to an estimated 3% annual increase in Foundation Aid, which represents the midpoint between the FY18-19 Executive (January) and the Legislative (May) FY18-19 State Education Department (SED) Foundation Aid State Run amounts vs. the FY17-18 Projected Foundation Aid amount on the May 2018 State Aid run.

School District State Funding that is reimbursed based on expenditure levels is adjusted in the Financial Plan based on expected cost growth.

Certain State Aid is projected to remain flat through the Plan, such as State Funding from Video Lottery Terminals (VLTs) at $19.6 million, Supplemental Educational Improvement Plan (SEIP) funding at $17.5 million, and Categorical State Funding (for Universal Pre-K and Health Services) at $5.4 million.

Overall, School District State Funding is projected to increase by $310k (0.09%) in FY20, $10.0 million (3.07%) in FY21, and $11.1 million (3.3%) in FY22.
Please note that in FY19, the District received $8.8 million in State "Bullet Aid." The Financial Plan assumes no "Bullet Aid" in outer years FY20-FY22.

Expenditures

The major uses of the combined $1.1191 billion operating funds in the FY19 Adopted Budget are the Board of Education (51.7% of total expenditures or $615.6 million when debt service for education is included), City Departmental Expenses (27.0% or $321.9 million), and Fringe Benefits for City employees (14.0% or $166.3 million). Including the cost of Fringe Benefits for city employees and City Departmental Expenses, the total cost for the City's departmental operations is 41.0% of total expenditures. The remainder of the expenditures is split over Debt Service (4.46% without the education component) and Special Items (2.8%).

Personnel costs - hourly/salary wages, overtime, special pay, and employee fringe benefits - comprise the majority of operating budget expense. In the FY19 Adopted Budget, Municipal payroll ($260.9 million) plus employee fringe benefits ($166.3 million) combine for $427.2 million or 74.3% of the City's $575.2 million operating budget. School District payroll ($305.8 million) plus employee fringe benefits ($162.1 million) combine for $469.9 million or 76.0% of the School District's $615.6 million operating budget. Combined, personnel costs comprise 75.2% of the $1.191 billion City operating budget.

City Departmental

In the Financial Plan, City Departmental expenses are expected to increase $2.6 million in FY20, $2.1 million in FY21, and $2.0 million in FY22. In the City Departmental section, only settled labor contracts are reflected: FY20 does not include a cost escalation provision for the City's four uniformed collective bargaining units, the Service Employees International Union (SEIU), or Teamster Local 456; and FY21 does not include a cost escalation provision for any of the eight unions. (A Financial Plan factor for unsettled labor contracts is shown in the Special Items section, described below).

For department other-than-personal-services expenses, outyear increases are applied to materials/supplies and contractual services accounts,

materials/supplies and contractual services accounts, and specific projections are factored for commodity accounts like energy, water, and gasoline/diesel purchases.

City Employee Fringe Benefits

Employee fringe benefit costs are expected to rise by an average of 4.5% or $7.8 million annually for FY20 through FY22. Driving the increased projections are underlying assumptions for categories of fringe benefits, such as: pension obligations, health insurance costs, Social Security taxes, and workers compensation.

Pension Obligations: For both the NY State Police and Fire Retirement System (PFRS) and the NY State Employee Retirement System (ERS), the Financial Plan assumes that the City will remain in the Alternate Contribution Stabilization Plans, pay amortized rates equal to the FY19 rates plus 0.5% for FY20 through FY22, and make all annual debt installment payments due under the plans.

Health Insurance Costs: The Plan assumes an annual increase of 8.0%, or an average $6.0 million annually, for the NYSHIP Empire Plan for FY20 through FY22.

Social Security Taxes: Based on expected eligible wages for FY20 through FY22, a 6.4% estimated tax rate is projected.
Workers Compensation: A projected 5.0% annual increase in Workers Compensation for FY20 through FY22 was applied to recognize continually increasing claim costs and activity.

Debt Service and Capital Improvement/Bond Issuance Plan

The City projects bond issuance as follows in the Financial Plan.

Capital Improvement & Bond Issuance Plan (mil)	FY19	FY20	FY21	FY22
City Capital Improvement	$45	$30	$30	$30
Tax Certioraris	$10	$0	$0	$0
Library Capital Improvement	$1	$1	$1	$1
Museum Capital Improvement	$1	$1	$1	$1
Water Capital Improvement	$5	$5	$5	$5
Sewer Capital Improvement	$5	$5	$5	$5
Total City	**$67**	**$42**	**$42**	**$42**
BOE Capital Improvement	$20	$35	$35	$35
BOE Equipment /Textbooks	$5	$0	$0	$0
Total BOE	**$25**	**$35**	**$35**	**$35**
Total Bond Issuance Plan	**$92**	**$77**	**$77**	**$77**

The Financial Plan projection assumes that Yonkers will cease its practice of bonding for Tax Certiorari Payments, BOE Textbooks and Equipment, and Police Vehicles in FY20. Besides debt service for capital expenses, the City also records debt service costs for various energy savings agreements and other notes/loans payable. The debt service budget also includes an appropriation for bond, revenue, and tax anticipation note issuance.

The FY19 Adopted Debt Service budget is $86.1 million. Inclusive of (a) projected debt service needs under the current portfolio of outstanding bonds, (b) projected bond issuance as shown above, and (c) other expenses recorded under debt service, the Financial Plan projects debt service budgets in FY20 - FY22 of $81.6 million, $80.7 million, and $79.3 million respectively.

City Special Items

The Special Items budget consists of expenditure items not specific to a City Department function, or items that historically have been shown as unique budget lines. The largest item, Reserve for Uncollected Taxes, is budgeted in accordance with a formula outlined in the Yonkers Fiscal Agent Act of 1976. Special Items also include budget lines for: City and County property taxes and water/sewer charges on taxable City property; tax certioraris; judgment and claims; outside counsel; termination pay of unused leave time; and contractual settlements, an account created to segregate retroactive salary payments that are being paid over a 3-5 year period under recently settled labor union contracts.

The following Plan assumptions were used for Special Items:

- Reserve for Uncollected Taxes, Taxes on City Property: increased in accordance with the Plan's assumption of annual property tax growth.
- Tax Certioraris: an annual amount of $10.5 million in the General Fund for years FY20 through FY22.
- Termination Payments: a 50% increase in FY20 due to increased expected retirements due to contract expirations with a reduction of 27% in FY21 reflecting normal retirement environment.
- Contractual Settlements: funded per projected retroactive salary payments.
- Contingent Reserve: a factor, as described below.
- Judgments & Claims, Litigation Expense, and most other Special Items: held flat through the Plan.

The FY19 Special Items Adopted Budget is $33.9 million. In FY20, Special Items are projected to increase by $13.3 million to $47.2 million primarily because of the netting effects of (a) a $10 million increases in tax certioraris to the General Fund since the Financial Plan assumes that the City will cease bonding for annual tax certioraris to help arrive at structural balance (b) retroactive salary payments for settled contracts decrease by $6.6 million in FY20 but offset by a contingent reserve projection of $6 million which includes, among other things, an amount to fund personnel costs including wages and fringe benefits (c) an appropriation for the purchase of Police Vehicles of $2 million. In FY21 and FY22, Special Items increase by $6.9 million and $4.4 million primarily attributable to an increase in the contingent reserve.

Board of Education (BOE) Basic Operating Expenditures

The BOE FY19 Adopted Budget for basic operating expenditures is $582.6 million. In the Plan, BOE basic operating expenditures increase $33.6 million (5.8%) in FY20, $28.9 million (4.7%) in FY21, and $29.0 million (4.5%) in FY22. Included in operating expenditures for outer years FY20 through FY22 is an appropriation of $5 million for the purchase of Textbooks and Equipment which had previously been bonded over the past several years.

The BOE negotiates with four employee labor organizations: the Yonkers Federation of Teachers (YFT), the Yonkers Council of Administrators (YCA), the Civil Service Employees Association (CSEA), and Teamsters Local 456 (White Collar). All units have settled labor contracts through FY21.

Year-over-year increases in BOE expenditures over the Plan are summarized below.

BOE Plan Increases over Prior Year (mil)	FY20	FY21	FY22
Salary & Salary Related	$ 12.16	$ 10.94	$ 1.64
Employee Benefits	10.89	12.18	8.60
Transportation	0.96	0.99	1.02
Tuitions	1.64	1.75	1.79
Debt Service	(7.52)	(0.03)	2.15
Contractual	0.56	(0.03)	0.59
BOCES	1.12	1.21	1.31
Charter School Tuitions	1.02	1.29	1.38
Utilities	0.41	0.43	0.45
Materials & Supplies	0.07	0.07	0.07
Building Repairs	0.06	0.06	0.07
Transfers	(0.25)	-	-
Insurance	0.05	0.06	0.06
Equipment	2.09	-	-
Library Books	0.21	-	-
Textbooks	2.64	-	-
Contingent Reserve	-	-	8.00
Total	**$26.10**	**$28.90**	**$27.12**

Salary and Salary-related increases are based on the terms of settled labor contracts for FY20 and FY21.

Fringe Benefit increases are also related to labor contract increases, as well as an 8% annual increase in projected employee health insurance expense under NYSHIP. The cost to provide Special Education services are projected to increase based on recent expenditure trends. The remaining increases include annual projected growth in building service and maintenance contracts, utilities and heating oil, and other areas. For FY22, the Plan includes a contingency reserve of $8 million which includes, among other things, an amount for potential wage and fringe benefits costs due to the FY21 expiration of labor contracts.

Areas of Concern

Constitutional Tax Limit (CTL)

The New York State Constitution prescribes a limit on the authority of cities, counties, and villages to impose property taxes. The limit is calculated as a percentage of the five-year average full valuation of taxable real property, where the full valuation is derived from special equalization ratios provided by the NYS Office of Real Property Tax Services (ORPTS), and applied to the final tax assessment roll. (The special equalization ratios for Yonkers are calculated by ORPTS using a 20-year trend analysis of property sales.) Certain operating budget expenses, like debt service, judgments and claims, and tax certioraris, are excluded from the CTL calculus. For Yonkers, the CTL is 2.0% of the five-year average full valuation.

The FY19 Adopted Budget exhausts 92.3% or $298.1 million of the $323.1 CTL, which translates to $25.0 million of remaining available taxing authority, also known as constitutional tax margin. The danger of a dwindling tax margin is that the City in future years may not be able to use increased property tax levy as a budget-balancing mechanism.

In the Financial Plan, the five-year rolling average formula for full valuation of taxable real property for outer years is arrived at by keeping the FY19 special equalization ratio as provided by ORPTS and taxable valuation fixed at FY19 levels.

The constitutional tax margin based on the annual increase in property tax levy, changes as follows in the financial plan: $25.0 million in FY19, $27.3 million in FY20, $21.5 million in FY21, $8.5 million in FY22.

	FY19	FY20	FY21	FY22
Constitutional Tax Margin (mil)	$ 25.0	$ 27.3	$ 21.5	$ 8.5
% CTL Exhausted	92.27%	91.61%	93.43%	97.36%

The Cost of Labor

State Laws with regard to labor negotiations with public employees contribute to salary growth rates - and commensurate increases in salary-related costs like pension contribution, social security, and the metropolitan commuter transportation mobility tax (aka MTA Tax) - that local governments find increasingly difficult to offset without raising unpopular revenues or reducing programs and services. Costs for health care, for both active and retired employees, and persistent costs stemming from the State's workers compensation and job injury leave policies and practices, also continue to climb at unsustainable levels.

Unsettled Labor Contracts

Labor contracts with the four City uniformed labor unions and two other units expire at the end of FY19. For each 1.0% increase in contractual wages under new agreements with the six collective bargaining units, total salary and employee fringe benefits, including amortized pension liability, would cost an additional $2.6 million annually starting in FY20.

Labor contracts with all eight municipal unions expire during or at the end of FY21. For each 1.0% increase in contractual wages under new agreements with all eight collective bargaining units, total salary and employee fringe benefits, including amortized pension liability, would cost an additional $4.1 million annually starting in FY21.

A factor for possible settlements in FY20, FY21 and FY22 is included as part of the Contingent Reserve under City Special Items.

Salary and salary-related increases for School District personnel under signed labor agreements are incorporated into the Plan with a contingency amount in FY22 because all School District bargaining unit contracts expire in FY21.

Economically Sensitive Revenues

City operations are supported by taxes that fluctuate with known and unknown economic condition and can be subject to exogenous shocks or mid-year vector reversals. Although in FY18 economically sensitive revenues are projected to be higher than budget, sometimes there can be "hiccups" or one year anomalies which differ from trend. In FY16, statewide housing-related taxes (real estate transfer tax and mortgage recording tax) and personal income taxes were strong, but sales tax revenue was flat and therefore below the City's annual 3% growth rate. The shortfall in sales tax revenue was experienced statewide; and counties and other municipalities curtailed operations as a result. A theory was offered that reduced gasoline prices, where gasoline is estimated to be as much as 6% of the "basket of goods" that make up sales tax gross receipts, had driven sales tax revenue down. In FY17, City and statewide sales tax rebounded, even as gasoline prices remain low; City sales tax grew 2.76% in FY17, and is projected to grow by 3.6% in FY18. More than offsetting the rebound in sales tax revenue in FY17 was the shortfall in personal income tax surcharge receipts which as mentioned previously was a statewide issue despite strong job and income data from Yonkers.

Over recent years, much of the City's recent return to fund balance has been fueled by overall performance above budget by economically sensitive revenues. Increased reliance on these types of revenues could be an issue during economic turbulence or when "hiccups", as mentioned above, occur. Therefore, the City must be cautious in projecting revenue subject to broader economic conditions.

Gap Closing Measures

Exactly how the City addresses looming structural deficits will be decided by the administration in conjunction with the various stakeholders in the City of Yonkers and those concerned with its fiscal stability. This includes federal and state elected officials, the NYS Comptroller, the State Education Department, the public and their representatives in the City Council, City and School District employees and their union representatives, local businesses, developers, bondholders and property owners. The following gap closing measures are provided as examples to qualify, and quantify, possible means to a solution.

The fiscal problems facing the City are not unique to Yonkers and cannot be solved by citywide percentage cut targets. A review of the categories of expenditures - Departmental Expenditures and Fringe Benefits, Special Items, the School District, and Debt Service - and their associated costs reveals that many significant expenses are mandated or beyond the control of the City. For instance, the City cannot decrease its contribution to the School District under the MOE. The City cannot easily decrease its Debt Service expense, as the expense is based on prior years' bonding, and repair and maintenance of critical infrastructure is a priority. The largest expense of the Special Items, the Reserve for Uncollected Taxes, must be calculated based on a formula specified by the Fiscal Agent Act, and cannot be reduced as a budget item. (At the same time, despite revenues for Prior Year Tax Payments coming in significantly better than budgeted, the City is also constricted by formula for this revenue as specified by the Fiscal Agent Act.) Cost centers largely outside of the City's control, like Employee Health Insurance and Workers Compensation, continue to increase at rates in excess of the both the City's economically-sensitive revenue growth and the 2% property tax cap.

Some financial and management options available to the City are listed below as gap closing measures. Employing any or all of these tools must be done judiciously to ensure that the City's financial obligations are met while limiting the fiscal stress on taxpayers and maintaining a robust City government. The following

list is only an illustration of the tools which may be utilized to address deficits:

Increase Income Tax Surcharge

The City's income tax for residents is based on an individual's state income tax and was introduced by the New York State Financial Control Board. The resident rate is 16.75% of the net State tax, after being increased from 15% starting January 1, 2014. Under current state law this tax could be increased up to 19.25%, which could generate an additional $6.7 million annual revenue.

Increase Real Estate Transfer Tax

The City's Real Estate Transfer Tax is currently 1.5%, and could be increased to up to 3% of the conveyance amount. An increase to 3.0% could generate an additional $12.1 to $14.1 million annually, providing that real estate sales trends continue. (An increase to 3% was presented in the FY17 Proposed Executive Budget but was ultimately rejected by the City Council in favor of an increase in the property tax levy above the allowable tax levy growth factor.)

Exceed Property Tax Cap Limit

As enacted in FY19, with a supermajority vote of the City Council (five of the seven council members), the property tax cap can be exceeded. Each 1% increase in the Property Tax garners an additional $3.6 million in annual revenue. However, as described earlier, the City is approaching its Constitutional Tax Limit.

Savings from Merging School District and City Functions

The merger of the School District and City financial and administrative functions resulted in stronger financial and administrative departments and cost savings from efficiencies and improved operations. The main goal of the merger was to provide fiscal oversight to ensure mistakes like the one that resulted in an overstatement of expected state aid by $55 million will not occur again, but also to implement operational, functional, and fiscal review - using this strengthened combined team of professionals - that will consider for analysis combined School District and City operations. Other merged responsibilities could also generate expense savings.

Self-Insured Health Benefits Plan or Lower Cost Carrier

Many cities and counties e.g. the City of Syracuse and Westchester County have better controlled increases in health insurance costs by becoming self-insured. While savings would only be minimal in the short run, perhaps $3 million annually, because of the need for costly stop loss insurance for a newly established self-insured plan without a claims history of catastrophic cases to evaluate, eventually this option could provide significant savings, especially if stop loss insurance is discontinued. Alternately, the City should investigate health insurance carriers that offer commensurate services to the current provider (NYSHIP) at a lower cost.

Property Revaluation

As mentioned earlier, the multi-year projection assumes that Yonkers will exit the practice of bonding for Tax Certiorari Payments with an increased cost of $10 million above the FY19 level in outer years FY20 through FY22. A revaluation project, along with the continued improvement in market values, could reduce the need to pay the annual cost of successful certiorari challenges, and could save the City approximately 50% or $5 million annually. The City of Yonkers Assessment Department has implemented the use of tablets to collect property data and is utilizing capital funding for reassessment to expedite its commercial data collection efforts. Additional funding to complete a citywide revaluation is reflected in the capital improvement plan.

Revenue Enhancement

- Create a new Refuse District Fund, with its own dedicated fee structure, to ensure that all users, including tax-exempt entities, pay their fair share for refuse collection and disposal.
- Maximize federal reimbursement for the School Lunch Program through the acceptance of the Community Eligibility Program.
- Increase personal income tax, currently 0.5% of gross income, for non-residents who are employed by Yonkers entities. (Would require State legislation.)
- Extend the Real Estate Transfer Tax and Mortgage Recording Tax to cooperative apartments. (Would require State legislation.)
- Lobby State to increase AIM Aid. As stated earlier in the Revenue section, Yonkers is and has been sending an increasing amount of Sales Tax and Income Tax to the State while Yonkers AIM Aid has remained flat. Investments in new infrastructure, improvements to Parks, strong Public Safety, and other improved services are creating the attractive backdrop where people want to live and shop that is fostering growth in the shared revenues. However, Yonkers is not receiving its share of the increased revenues.
- Lobby State to increase Host Community Portion of Video Lottery Terminal Revenue from Empire City Casino. Since FY08, full year net win for the casino has increased by $166.8 million from $431.7 million in FY08 to $598.5 million in FY18 while State Aid for VLT's has remained flat at $19.6 million.
- Lobby State to make changes in State Aid Formula to reflect needs of the district. Over the past 15 years (FY04-FY18), the City's annual transfer to Education has increased by $126 million from $135 million to $261 million leaving Yonkers in the "danger zone" of 92.3% of its Constitutional Property Tax Margin Levy Limit. Possible suggestions are; an increase in the Foundation Aid State Sharing Ratio to the cap of 90% equaling the other three sister cities; an increase in the Regional Cost Index to that of Long Island and New York City to accurately reflect cost levels of Yonkers; a reduction in the spread between Foundation Aid by Formula and Foundation Aid actually paid.

Shared Services

- Form "districts" with neighboring communities to consolidate operations, eliminate overhead, and share capital equipment.

Operations

- Update procurement policy to reduce volume of low-dollar purchase orders with significant processing costs.
- Bolster revenue collections function to maximize receipt of fees, permits, taxes, grants, etc.

Public Safety (Police and Fire)

- Collaborate with uniformed collective bargaining agencies to ensure that (a) personnel deployment and (b) overtime allocation are done in the most cost efficient manner and without a diminishment of services.

Real Estate

- Analyze City properties and vacant/underutilized private properties to identify and develop candidate areas for commercial/housing development and resultant increase of Yonkers tax base.

City of Yonkers Financial Plan FY19 - FY22
Supporting Schedules (Section B)

City of Yonkers
Financial Plan Summary

	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
City Budget	$ 575,193,734	$ 601,964,130	$ 617,549,460	$ 628,551,464
School District Budget	$ 615,616,354	$ 641,714,136	$ 670,616,228	$ 697,740,672
Total Budget	**$ 1,190,810,088**	**$ 1,243,678,266**	**$ 1,288,165,688**	**$ 1,326,292,136**
Budget Surplus/(Gap) (before Gap Closing measures)	**$ -**	**$ (94,247,894)**	**$ (116,432,967)**	**$ (131,531,577)**

City Budget Details	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
City Expenditures	$ 575,193,734	$ 601,964,130	$ 617,549,460	$ 628,551,464
City Revenues	$ 591,284,491	$ 581,048,605	$ 593,358,538	$ 603,162,549
Less Sales Tax for Education	$ 16,090,757	$ 16,412,572	$ 16,740,823	$ 17,075,640
City Budget Gap (before Gap Closing measures)	**$ -**	**$ (37,328,097)**	**$ (40,931,746)**	**$ (42,464,555)**

School District Budget Details	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
School District Expenditures	$ 615,616,354	$ 641,714,136	$ 670,616,228	$ 697,740,672
School District Revenues	$ 354,021,213	$ 329,433,540	$ 339,457,816	$ 350,529,350
City Contribution to Education	$ 245,504,384	$ 238,948,228	$ 238,916,368	$ 241,068,660
Plus Sales Tax for Education	$ 16,090,757	$ 16,412,572	$ 16,740,823	$ 17,075,640
School District Budget Gap (before Gap Closing measures)	**$ -**	**$ (56,919,796)**	**$ (75,501,221)**	**$ (89,067,022)**

The City projects outyear FY20 - FY22 budget gaps of $37.3 million, $40.9 million, and $42.5 million, while the School District budget gaps over the same period are estimated at $56.9 million, $75.5 million, and $89.1 million. These budget gaps will be closed with the use of fund balance, enhanced revenue programs, cost containment actions, and other gap closing measures detailed in the Plan. As noted earlier, the FY20 - FY22 projections assume no use of operational fund balance because future availability is uncertain. However, the use of available fund balance, to the extent that it is produced, will be part of future budget-balancing solutions.

City of Yonkers
Revenue and Expenditure Summary

	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
Revenues				
Property Taxes	$ 378,330,354	$ 385,431,079	$ 392,655,183	$ 400,004,388
Special Taxes	182,310,852	183,363,610	186,689,135	190,081,062
State & Federal Funding	113,841,179	108,841,179	108,841,179	108,841,179
City Departments	41,559,193	41,059,193	41,059,193	41,059,193
Other Revenues	51,077,211	49,968,524	50,704,715	51,526,064
Appr. Fund Balance (General)	18,261,008	-	-	-
Appr. Fund Balance (Non Spendable	-			
Total Revenues - General Fund	**$ 785,379,797**	**$ 768,663,585**	**$ 779,949,405**	**$ 791,511,886**
Library Fund	657,343	150,610	150,610	150,610
Water Fund	41,766,467	41,952,638	42,635,061	43,337,956
Sewer Fund	8,985,268	9,230,001	9,539,830	9,230,756
Total City Revenue	**$ 836,788,875**	**$ 819,996,833**	**$ 832,274,906**	**$ 844,231,209**
Board of Education	354,021,213	329,433,540	339,457,816	350,529,350
Total Revenues - All Funds	**$ 1,190,810,088**	**$ 1,149,430,373**	**$ 1,171,732,722**	**$ 1,194,760,559**
Expenditures				
City Departments	$ 321,857,063	$ 324,437,731	$ 326,559,425	$ 328,581,375
Fringe Benefits	166,325,634	174,183,776	181,576,261	189,763,380
Special Items	33,878,262	47,192,507	54,123,364	58,546,154
Board of Education	582,615,150	616,237,621	645,171,573	670,143,725
Subtotal	**$ 1,104,676,109**	**$ 1,162,051,635**	**$ 1,207,430,622**	**$ 1,247,034,633**
Debt Service	$ 86,133,979	81,626,632	80,735,066	79,257,502
Total Expenditures	**$ 1,190,810,088**	**$ 1,243,678,266**	**$ 1,288,165,688**	**$ 1,326,292,136**
Revenues vs. Expenditures	**$ -**	**$ (94,247,894)**	**$ (116,432,967)**	**$ (131,531,577)**

City of Yonkers
Revenue Summary

	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
Property Taxes	**$ 378,330,354**	**$ 385,431,079**	**$ 392,655,183**	**$ 400,004,388**
Special Taxes				
Sale and Use Tax	80,453,784	82,062,860	83,704,117	85,378,199
Sale and Use Tax - Education	16,090,757	16,412,572	16,740,823	17,075,640
Raceway Admissions	20,450	20,450	20,450	20,450
Utilities Gross Receipts	7,700,000	7,700,000	7,700,000	7,700,000
Supplemental Real Estate Tax	550,000	550,000	550,000	550,000
Real Estate Transfer Tax	14,091,000	12,121,000	12,363,420	12,610,688
O.T.B. Surcharge	65,350	65,350	65,350	65,350
Multiple Unit Dwelling Tax	143,151	143,151	143,151	143,151
E.T.P.A. Adm. Charge	230,990	230,990	230,990	230,990
City & State Mortgage Tax	7,832,000	7,832,000	7,832,000	7,832,000
Hotel Room & Occupancy Tax	1,080,000	1,090,800	1,101,708	1,112,725
Income Tax Surcharge	54,053,370	55,134,437	56,237,126	57,361,869
Total - Special Taxes	**$ 182,310,852**	**$ 183,363,610**	**$ 186,689,135**	**$ 190,081,062**
State & Federal Funding				
AIM Funding	108,215,479	108,215,479	108,215,479	108,215,479
COPS	-	-	-	-
Specialized State Aid	5,000,000	-	-	-
Veterans Services	12,700	12,700	12,700	12,700
Court Facilities	440,000	440,000	440,000	440,000
County of West. - CMHB	173,000	173,000	173,000	173,000
Total - State and Federal Funding	**$ 113,841,179**	**$ 108,841,179**	**$ 108,841,179**	**$ 108,841,179**
City Departments				
Executive	400,000	400,000	400,000	400,000
City Clerk	242,000	242,000	242,000	242,000
Corporation Counsel	57,000	57,000	57,000	57,000
Finance and Mgt. Services	92,015	92,015	92,015	92,015
Parking Violations Bureau	18,700,000	18,700,000	18,700,000	18,700,000
Consumer Protection	1,357,570	1,357,570	1,357,570	1,357,570
Civil Service	40,000	40,000	40,000	40,000
Planning and Development	68,000	68,000	68,000	68,000
Police	5,331,282	4,831,282	4,831,282	4,831,282
Fire	3,550,000	3,550,000	3,550,000	3,550,000
Public Works	1,988,750	1,988,750	1,988,750	1,988,750
Engineering	801,000	801,000	801,000	801,000
Parks	2,946,576	2,946,576	2,946,576	2,946,576
Housing and Buildings	4,985,000	4,985,000	4,985,000	4,985,000
Courts Fines	1,000,000	1,000,000	1,000,000	1,000,000
Total - City Departments	**$ 41,559,193**	**$ 41,059,193**	**$ 41,059,193**	**$ 41,059,193**

City of Yonkers
Revenue Summary

	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
Other Revenues				
Prior Year Tax Payments	12,495,420	12,729,941	12,968,538	13,211,266
Interest on Investment	111,400	111,400	111,400	111,400
Interest on Taxes	5,173,000	5,173,000	5,173,000	5,173,000
Cable Television Fees	4,696,000	4,226,400	3,803,760	3,423,384
Rent on City Property	104,000	104,000	104,000	104,000
Maintenance of State/Co. Roads	480,905	480,905	480,905	480,905
Payments in Lieu of Taxes	23,294,112	24,225,876	25,194,912	26,202,708
Yonkers Raceway Impact Fees	1,500,000	1,500,000	1,500,000	1,500,000
County Prisoner Processing	387,801	387,801	387,801	387,801
Sale of Property	300,000	300,000	300,000	300,000
Miscellaneous	1,012,000	412,000	412,000	412,000
QSCB Interest	386,594	317,200	268,400	219,600
Appropriated Fund Balance (Debt Svc)	1,135,979	-	-	-
Subtotal	**$ 51,077,211**	**$ 49,968,524**	**$ 50,704,715**	**$ 51,526,064**
Appropriated Fund Balance (General)	18,261,008	-	-	-
Appropriated Fund Balance (Non Spendabl	-	-	-	-
Total - Other Revenues	**$ 69,338,219**	**$ 49,968,524**	**$ 50,704,715**	**$ 51,526,064**
Library Fund				
Rental of Real Property	11,000	11,000	11,000	11,000
Fees and Fines	51,000	51,000	51,000	51,000
Miscellaneous Library	41,050	41,050	41,050	41,050
State Funding	47,560	47,560	47,560	47,560
Subtotal	**$ 150,610**	**$ 150,610**	**$ 150,610**	**$ 150,610**
Appropriated Fund Balance (Library)	506,733	-	-	-
Total - Library Fund	**$ 657,343**	**$ 150,610**	**$ 150,610**	**$ 150,610**
Water Fund				
Water Frontage Tax	3,765,310	3,765,310	3,765,310	3,765,310
Metered Water Sales	36,880,016	37,066,187	37,748,610	38,451,505
Sundries and Interest	1,121,141	1,121,141	1,121,141	1,121,141
Subtotal	**$ 41,766,467**	**$ 41,952,638**	**$ 42,635,061**	**$ 43,337,956**
Appropriated Fund Balance (Water)	-			
Total - Water Fund	**$ 41,766,467**	**$ 41,952,638**	**$ 42,635,061**	**$ 43,337,956**
Sewer Fund				
Sewer Rents	8,373,671	9,024,570	9,334,399	9,025,325
Other	205,431	205,431	205,431	205,431
Subtotal	**$ 8,579,102**	**$ 9,230,001**	**$ 9,539,830**	**$ 9,230,756**
Appropriated Fund Balance (Sewer)	406,166	-	-	-
Total - Sewer Fund	**$ 8,985,268**	**$ 9,230,001**	**$ 9,539,830**	**$ 9,230,756**

City of Yonkers
Revenue Summary

	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
Board of Education				
State Funding - Basic	292,429,704	301,539,307	311,563,583	322,635,117
State Funding - Categorical	5,434,755	5,434,755	5,434,755	5,434,755
State Funding for VLTs	19,600,000	19,600,000	19,600,000	19,600,000
State Funding - Additional Aid	8,800,000	-	-	-
State Funding - Prior Year Adj	-	-	-	-
State Funding - Bullet Aid	-	-	-	-
Federal Aid	650,000	814,900	814,900	814,900
Department	366,900	366,900	366,900	366,900
Interfund Rev./Indirect Cost	446,656	446,656	446,656	446,656
Misc. Departmental	1,231,022	1,231,022	1,231,022	1,231,022
Approp. Fund Balance (Debt Svc Restr)	964,300	-	-	-
Approp. Fund Balance (Edu Debt Svc)	4,233	-	-	-
Subtotal	**$ 329,927,570**	**$ 329,433,540**	**$ 339,457,816**	**$ 350,529,350**
Appr. Fund Balance - G./F.	24,093,643	-	-	-
Total - Board of Education	**$ 354,021,213**	**$ 329,433,540**	**$ 339,457,816**	**$ 350,529,350**
Total Revenues	**$ 1,190,810,088**	**$ 1,149,430,373**	**$ 1,171,732,722**	**$ 1,194,760,559**

Yonkers Board of Education
Revenue by Account

Description	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
Supp Educational Improvement Plan	17,500,000	17,500,000	17,500,000	17,500,000
Video Lottery Terminal Rev. Sharing	19,600,000	19,600,000	19,600,000	19,600,000
Basic Form Excess Cost (Pub & Pvt)	41,112,358	44,357,128	47,308,743	51,093,443
Basic Formula Aid	206,281,073	211,375,254	217,652,260	224,117,577
Transportation Aid	23,597,208	24,305,124	25,034,278	25,785,306
Computer Hardware Aid	429,475	429,475	429,475	429,475
Computer Software Aid	442,344	442,344	442,344	442,344
Textbook Aid	1,837,089	1,837,089	1,837,089	1,837,089
Library Materials Aid	184,556	184,556	184,556	184,556
Bullet Aid	8,800,000	-	-	-
Charter School Transitional Aid	1,045,601	1,108,337	1,174,837	1,245,328
Impact Aid	14,900	14,900	14,900	14,900
Federal Medicaid Assistance	635,100	800,000	800,000	800,000
City of Yonkers	231,160,925	231,482,740	231,810,991	232,145,808
Day School Tuition-Individual	-	-	-	-
Summer School Tuition	3,200	3,200	3,200	3,200
Other Student Fees/Chgs	9,000	9,000	9,000	9,000
Other Charges/Services	1,000	1,000	1,000	1,000
Day School Tuition-Other Districts	-	-	-	-
Tuition-Foster Other Districts	203,700	203,700	203,700	203,700
Health Services-Other Districts	150,000	150,000	150,000	150,000
Rental of Buildings - Pool	75,000	75,000	75,000	75,000
Rental of Buildings - Individual	218,000	218,000	218,000	218,000
Refund Pr Yr Transp Exp	5,000	5,000	5,000	5,000
Refund Pr Yr Exp-Misc	660,000	660,000	660,000	660,000
Other Misc Revenue	272,322	272,322	272,322	272,322
Trust Fund Income-Saunders	700	700	700	700
490 Interfund Rev-Indr Cost	446,656	446,656	446,656	446,656
451 Interfund Rev-Indr Cost	59,660	59,660	59,660	59,660
Appropriated General Fund Balance	24,093,643	-	-	-
Total General Fund	**578,838,510**	**555,541,185**	**565,893,712**	**577,300,063**
Universal Pre-K	4,269,388	4,269,388	4,269,388	4,269,388
Health Services	1,165,367	1,165,367	1,165,367	1,165,367
451 Interfund Rev-Indr Cost	(59,660)	(59,660)	(59,660)	(59,660)
City of Yonkers	30,434,216	23,878,060	23,846,200	25,998,492
Debt Svc Fund Balance	968,533	-	-	-
Total Consolidated Fund Revenue	**615,616,354**	**584,794,340**	**595,115,007**	**608,673,650**

City of Yonkers
Expenditure Summary

	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
City Departments				
Executive	$ 2,037,918	$ 2,060,426	$ 2,072,333	$ 2,084,597
Legislative	2,950,259	2,981,024	3,009,444	3,038,717
Corporation Counsel	2,602,632	2,620,761	2,628,373	2,636,213
Finance and Mgt. Services	16,050,632	16,351,124	16,457,583	16,567,236
Human Resources	3,931,927	4,009,010	4,023,940	4,039,319
Information Technology	7,546,134	7,728,543	7,836,917	7,948,542
Planning and Development	1,578,234	1,603,552	1,606,456	1,609,448
Police	105,296,716	105,553,598	105,675,756	105,801,578
Fire	73,159,474	73,226,269	73,285,719	73,346,952
Public Works	74,883,734	75,971,409	77,457,152	79,003,020
Engineering	2,833,401	2,879,173	2,885,058	2,885,058
Parks	13,249,909	13,481,904	13,545,685	13,545,685
Housing and Buildings	3,453,758	3,510,186	3,513,211	3,513,211
Constituent Services	1,002,436	1,020,233	1,032,928	1,032,928
Inspector General	699,700	702,383	705,146	705,146
Veterans Services	458,622	463,434	467,459	467,459
Human Rights	115,000	117,775	120,633	120,633
Library	9,756,577	9,899,429	9,970,407	9,970,407
Museum	250,000	257,500	265,225	265,225
Total - Departmental Expenditures	**$ 321,857,063**	**$ 324,437,731**	**$ 326,559,425**	**$ 328,581,375**
Fringes Benefits				
Employee Retirement	$ 15,693,020	$ 16,197,404	$ 16,589,635	$ 16,755,745
Police & Fire Retirement	42,790,854	43,579,899	44,006,616	44,862,892
Social Security	17,512,182	17,700,016	17,620,823	17,620,823
Workers' Compensation	12,836,313	13,478,129	14,152,035	14,859,637
Life/Health/Dental Ins.	69,203,002	74,739,000	80,717,825	87,174,956
Trust & Welfare Payments	5,251,804	5,311,103	5,311,103	5,311,103
Local Pension Plan	45,000	45,000	45,000	45,000
Unemployment Insurance	210,234	200,000	200,000	200,000
Fire 207A Supple. Pension	2,783,225	2,933,225	2,933,225	2,933,225
Total - Fringe Benefits	**$ 166,325,634**	**$ 174,183,776**	**$ 181,576,261**	**$ 189,763,380**
Special Items				
Taxes on City Property	$ 3,012,713	$ 3,069,257	$ 3,126,784	$ 3,185,307
Tax Remission	1,100,000	1,100,000	1,100,000	1,100,000
Senior Citizens Tax Exempt	440,000	440,000	440,000	440,000
Res. for Uncollected Taxes	12,892,118	13,134,085	13,380,256	13,630,690
YMCA-SNUG Grant	100,000	100,000	100,000	100,000
Tax Advertising	65,000	65,000	65,000	65,000
Paying Agent Expense	100,000	100,000	100,000	100,000
Municipal Dues	32,000	32,000	32,000	32,000
Tenant Act Expense	167,000	167,000	167,000	167,000
Judgments and Claims	1,000,000	1,000,000	1,000,000	1,000,000
Tax Certiorari Payments	500,000	10,500,000	10,500,000	10,500,000
Contractual Settlements	6,879,787	255,884	-	-

City of Yonkers
Expenditure Summary

	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
Termination Payments	3,053,006	4,579,509	3,358,307	3,358,307
Fiscal Agent Bank Fee	25,000	25,000	25,000	25,000
Grant Cash Match	35,000	35,000	35,000	35,000
Litigation Expenses	2,065,000	2,168,250	2,276,663	2,390,496
Police Vehicles	-	2,000,000	2,000,000	2,000,000
Administrative Income Tax	366,000	366,000	366,000	366,000
Yonkers Historical Society	10,000	10,000	10,000	10,000
MTA Payroll Tax	921,433	931,316	927,149	927,149
Board of Ethics	-	-	-	-
Green Task Force	20,000	20,000	20,000	20,000
Affordable Housing Subsidies	400,000	400,000	400,000	400,000
Buena Vista Parking Garage	134,205	134,205	134,205	134,205
Annual City Audit	560,000	560,000	560,000	560,000
Contingent Reserve	-	6,000,000	14,000,000	18,000,000
Total - Special Items	**$ 33,878,262**	**$ 47,192,507**	**$ 54,123,364**	**$ 58,546,154**
Board of Education				
Basic Operating Expend.	$ 582,615,150	$ 616,237,621	$ 645,171,573	$ 670,143,725
Debt Service				
Debt Service - General Fund	$ 40,662,700	$ 44,982,523	$ 43,593,237	$ 40,175,228
Debt Service - Education Fund	33,001,204	25,476,515	25,444,655	27,596,947
Debt Service - Library Fund	1,202,660	1,007,312	1,092,672	1,083,254
Debt Service - Museum Fund	3,252,963	1,369,630	1,446,651	2,412,115
Debt Service - Water Fund	4,588,996	4,960,843	5,089,808	4,309,103
Debt Service - Sewer Fund	3,425,456	3,829,809	4,068,043	3,680,856
Total - Debt Service	**$ 86,133,979**	**$ 81,626,632**	**$ 80,735,066**	**$ 79,257,502**
Total Expenditures	**$ 1,190,810,088**	**$ 1,243,678,266**	**$ 1,288,165,688**	**$ 1,326,292,136**

City of Yonkers
Department Operating Expenditures

Department	Account Class	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
Executive	100's	$ 1,652,580	$ 1,663,528	$ 1,663,528	$ 1,663,528
	200's	-	-	-	-
	300's	60,286	62,095	63,957	65,876
	400's	325,052	334,804	344,848	355,193
	Total	**$ 2,037,918**	**$ 2,060,426**	**$ 2,072,333**	**$ 2,084,597**
Legislative	100's	$ 2,015,514	$ 2,018,687	$ 2,018,687	$ 2,018,687
	200's	15,000	15,000	15,000	15,000
	300's	18,750	19,313	19,892	20,489
	400's	900,995	928,025	955,866	984,542
	Total	**$ 2,950,259**	**$ 2,981,024**	**$ 3,009,444**	**$ 3,038,717**
Corporation Counsel	100's	$ 2,356,288	$ 2,367,026	$ 2,367,026	$ 2,367,026
	200's	-	-	-	-
	300's	15,800	16,274	16,762	17,265
	400's	230,544	237,460	244,584	251,922
	Total	**$ 2,602,632**	**$ 2,620,761**	**$ 2,628,373**	**$ 2,636,213**
Finance and Mgt. Services	100's	$ 12,605,359	$ 12,802,493	$ 12,802,493	$ 12,802,493
	200's	-	-	-	-
	300's	76,740	79,042	81,413	83,856
	400's	3,368,533	3,469,589	3,573,677	3,680,887
	Total	**$ 16,050,632**	**$ 16,351,124**	**$ 16,457,583**	**$ 16,567,236**
Human Resources	100's	$ 3,448,740	$ 3,511,327	$ 3,511,327	$ 3,511,327
	200's	-	-	-	-
	300's	15,700	16,171	16,656	17,156
	400's	467,487	481,512	495,957	510,836
	Total	**$ 3,931,927**	**$ 4,009,010**	**$ 4,023,940**	**$ 4,039,319**
Information Technology	100's	$ 4,038,884	$ 4,116,075	$ 4,116,075	$ 4,116,075
	200's	-	-	-	-
	300's	93,300	96,099	98,982	101,951
	400's	3,413,950	3,516,369	3,621,860	3,730,515
	Total	**$ 7,546,134**	**$ 7,728,543**	**$ 7,836,917**	**$ 7,948,542**
Planning and Development	100's	$ 1,484,234	$ 1,506,732	$ 1,506,732	$ 1,506,732
	200's	-	-	-	-
	300's	4,000	4,120	4,244	4,371
	400's	90,000	92,700	95,481	98,345
	Total	**$ 1,578,234**	**$ 1,603,552**	**$ 1,606,456**	**$ 1,609,448**

City of Yonkers
Department Operating Expenditures

Department	Account Class	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
Police	100's	$ 101,343,390	$ 101,481,672	$ 101,481,672	$ 101,481,672
	200's	-	-	-	-
	300's	843,397	868,699	894,760	921,603
	400's	3,109,929	3,203,227	3,299,324	3,398,303
	Total	**$ 105,296,716**	**$ 105,553,598**	**$ 105,675,756**	**$ 105,801,578**
Fire	100's	$ 71,212,024	$ 71,221,100	$ 71,221,100	$ 71,221,100
	200's	23,500	23,500	23,500	23,500
	300's	620,000	638,600	657,758	677,491
	400's	1,303,950	1,343,069	1,383,361	1,424,861
	Total	**$ 73,159,474**	**$ 73,226,269**	**$ 73,285,719**	**$ 73,346,952**
Public Works	100's	$ 34,639,310	$ 35,087,320	$ 35,087,320	$ 35,087,320
	200's	125,000	128,750	132,613	136,591
	300's	7,782,491	7,941,854	8,307,000	8,690,713
	400's	32,336,933	32,813,484	33,930,219	35,088,396
	Total	**$ 74,883,734**	**$ 75,971,409**	**$ 77,457,152**	**$ 79,003,020**
Engineering	100's	$ 2,642,966	$ 2,683,025	$ 2,683,025	$ 2,683,025
	200's	-	-	-	-
	300's	125,305	129,064	132,936	132,936
	400's	65,130	67,084	69,096	69,096
	Total	**$ 2,833,401**	**$ 2,879,173**	**$ 2,885,058**	**$ 2,885,058**
Parks	100's	$ 11,171,510	$ 11,341,582	$ 11,341,582	$ 11,341,582
	200's	14,300	14,300	14,300	14,300
	300's	530,350	546,261	562,648	562,648
	400's	1,533,749	1,579,761	1,627,154	1,627,154
	Total	**$ 13,249,909**	**$ 13,481,904**	**$ 13,545,685**	**$ 13,545,685**
Housing and Buildings	100's	$ 3,355,858	$ 3,409,349	$ 3,409,349	$ 3,409,349
	200's	-	-	-	-
	300's	10,000	10,300	10,609	10,609
	400's	87,900	90,537	93,253	93,253
	Total	**$ 3,453,758**	**$ 3,510,186**	**$ 3,513,211**	**$ 3,513,211**
Constituent Services	100's	$ 591,572	$ 597,043	$ 597,043	$ 597,043
	200's	-	-	-	-
	300's	6,300	6,489	6,684	6,684
	400's	404,564	416,701	429,202	429,202
	Total	**$ 1,002,436**	**$ 1,020,233**	**$ 1,032,928**	**$ 1,032,928**

City of Yonkers
Department Operating Expenditures

Department	Account Class	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
Inspector General	100's	$ 610,268	$ 610,268	$ 610,268	$ 610,268
	200's	-	-	-	-
	300's	1,482	1,526	1,572	1,572
	400's	87,950	90,589	93,306	93,306
	Total	**$ 699,700**	**$ 702,383**	**$ 705,146**	**$ 705,146**
Veterans Services	100's	$ 328,372	$ 329,276	$ 329,276	$ 329,276
	200's	-	-	-	-
	300's	7,600	7,828	8,063	8,063
	400's	122,650	126,330	130,119	130,119
	Total	**$ 458,622**	**$ 463,434**	**$ 467,459**	**$ 467,459**
Human Rights	100's	$ 22,500	$ 22,500	$ 22,500	$ 22,500
	200's	-	-	-	-
	300's	-	-	-	-
	400's	92,500	95,275	98,133	98,133
	Total	**$ 115,000**	**$ 117,775**	**$ 120,633**	**$ 120,633**
Library	100's	$ 7,377,539	$ 7,451,480	$ 7,451,480	$ 7,451,480
	200's	82,000	82,000	82,000	82,000
	300's	210,706	217,027	223,538	223,538
	400's	2,086,332	2,148,922	2,213,390	2,213,390
	Total	**$ 9,756,577**	**$ 9,899,429**	**$ 9,970,407**	**$ 9,970,407**
Museum	100's	$ -	$ -	$ -	$ -
	200's	-	-	-	-
	300's	-	-	-	-
	400's	250,000	257,500	265,225	265,225
	Total	**$ 250,000**	**$ 257,500**	**$ 265,225**	**$ 265,225**
Total	100's	$ 260,896,908	$ 262,220,484	$ 262,220,484	$ 262,220,484
	200's	259,800	263,550	267,413	271,391
	300's	10,422,207	10,660,761	11,107,474	11,546,820
	400's	50,278,148	51,292,936	52,964,054	54,542,680
	Total	**$ 321,857,063**	**$ 324,437,731**	**$ 326,559,425**	**$ 328,581,375**

Yonkers Board of Education
Expenditures by Type

Expenditure	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
Salary	305,792,584	317,952,240	328,889,034	330,526,209
Employee Benefits	162,118,228	173,005,527	185,183,511	193,787,096
Administration - 403b	3,012	3,072	3,133	3,196
Civil Service Retirement	11,306,223	11,756,582	12,491,801	12,803,135
Dental, Life & Vision	69,133	70,516	71,926	73,364
Health Insurance	95,963,005	103,640,045	111,931,248	120,885,748
Social Security	22,520,689	23,528,466	24,337,789	24,458,940
Teachers' Retirement	27,923,250	29,523,030	31,729,792	30,806,877
Unemployment Insurance	50,000	51,000	52,020	53,060
Welfare Fund Contribution	4,282,915	4,432,817	4,565,802	4,702,776
Transportation	32,042,751	33,004,034	33,994,154	35,013,978
Athletics & Extra Curricular	1,324,280	1,364,008	1,404,928	1,447,076
Contract Trans Special Education	15,759,457	16,232,241	16,719,208	17,220,784
Contract Transportation - Charters	21,630	22,279	22,947	23,635
Contract Transportation - Regular	13,937,384	14,355,506	14,786,171	15,229,756
Public Transportation - Regular	1,000,000	1,030,000	1,060,900	1,092,727
Tuitions	23,056,663	24,693,229	26,440,461	28,225,735
Debt Service	33,001,204	25,476,515	25,444,655	27,596,947
Debt Service	26,554,959	18,472,280	18,439,940	20,748,492
Other Debt - Deficit Financing	4,647,790	5,205,780	5,206,260	5,050,000
Other Debt - ESCO	1,598,455	1,598,455	1,598,455	1,598,455
Other Debt- State Loan	200,000	200,000	200,000	200,000
Term Bonds-Schl Construction	-	-	-	-
Contractual	17,838,677	18,401,767	18,373,331	18,965,986
BOCES	13,858,331	14,976,292	16,184,440	17,490,051
Athletics & Extra Curricular	315,554	340,798	368,062	397,507
BOCES Transportation	21,630	23,360	25,229	27,247
Home & Hospital	240,000	259,200	279,936	302,331
Special Education	13,279,447	14,351,098	15,509,231	16,760,826
Supervision/Curriculum Development	1,700	1,836	1,982	2,140
Charter School Tuitions	11,091,923	12,116,101	13,401,516	14,785,345
Utilities	8,176,136	8,584,943	9,014,190	9,464,899
Materials & Supplies	3,372,278	3,439,727	3,508,520	3,578,692
Building Repairs	2,058,300	2,120,049	2,183,650	2,249,160
Transfers	1,845,200	1,595,200	1,595,200	1,595,200
Insurance	1,048,646	1,101,078	1,156,132	1,213,939
Postage	200,000	200,000	200,000	200,000
Travel	47,434	47,434	47,434	47,434
Equipment	68,000	2,154,000	2,154,000	2,154,000
Library Books		206,000	206,000	206,000
Textbooks		2,640,000	2,640,000	2,640,000
Contingent Reserve	-			8,000,000
Total Expenditures	**615,616,354**	**641,714,136**	**670,616,228**	**697,740,672**

City of Yonkers
Combined Property Tax Levy Components

	FY 2019 Adopted	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
2% Tax Constitutional Limit	$ 298,133,843	$ 298,041,756	$ 306,395,659	$ 314,835,242
Debt Service Exclusion	78,561,711	75,754,523	74,624,724	73,534,347
City Operating Capital	134,800	134,800	134,800	134,800
City Capital Labor	0	0	0	0
Tax Certiorari Payments	500,000	10,500,000	10,500,000	10,500,000
Judgment & Claims	1,000,000	1,000,000	1,000,000	1,000,000
Total Property Tax Levy	**$ 378,330,354**	**$ 385,431,079**	**$ 392,655,183**	**$ 400,004,388**
Total Exclusions	**80,196,511**	**87,389,323**	**86,259,524**	
2% Constit. Limit	$ 323,124,147	$ 325,336,361	$ 327,926,362	$ 323,358,163
Expend. Subject to 2% Limit	$ 298,133,843	$ 298,041,756	$ 306,395,659	$ 314,835,242
Constit. Tax Margin	**$ 24,990,304**	**$ 27,294,606**	**$ 21,530,702**	**$ 8,522,921**
% of CTL Exhausted	**92.27%**	**91.61%**	**93.43%**	**97.36%**

City of Yonkers
2% Constitutional Tax Limit Calculation

Fiscal Year	Property	Franchise	City Taxable A. V.	Vet Exempt.	School School Taxable A.V.	Special Ratio %	Full Value
FY 2015	$ 446,758,228	$ 25,999,604	$ 472,757,832	$ 7,724,788	$ 480,482,620	3.10%	$ 15,499,439,355
FY 2016	$ 444,952,060	$ 29,189,585	$ 472,241,714	$ 2,232,063	$ 474,473,777	3.08%	$ 15,404,992,760
FY 2017	$ 445,287,692	$ 27,289,654	$ 472,577,346	$ 1,992,028	$ 474,569,374	2.76%	$ 17,194,542,536
FY 2018	$ 442,589,486	$ 29,189,585	$ 471,779,071	$ 500,697	$ 472,279,768	2.84%	$ 16,629,569,296
FY 2019	$ 442,751,554	$ 27,010,908	$ 469,762,462	$ 575,579	$ 470,338,041	2.93%	$ 16,052,492,867
FY 2020	$ 442,751,554	$ 27,010,908	$ 469,762,462	$ 575,579	$ 470,338,041	2.93%	$ 16,052,492,867
FY 2021	$ 442,751,554	$ 27,010,908	$ 469,762,462	$ 575,579	$ 470,338,041	2.93%	$ 16,052,492,867
FY 2022	$ 442,751,554	$ 27,010,908	$ 469,762,462	$ 575,579	$ 470,338,041	2.93%	$ 16,052,492,867

FY 2019 2% of Five Year Rolling Average	$ 323,124,147
FY 2020 2% of Five Year Rolling Average	$ 325,336,361
FY 2021 2% of Five Year Rolling Average	$ 327,926,362
FY 2022 2% of Five Year Rolling Average	$ 323,358,163

AV = Assessed Value