

**PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 19, 2020**

**NEW ISSUE**

**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 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. In addition, in the opinion of Bond Counsel, under existing statutes, 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” herein.*

**CITY OF YONKERS, NEW YORK**

**\$65,000,000\* REVENUE ANTICIPATION NOTES-2020/2021  
(the “Notes”)**

**Date of Issue: Date of Issue**

**Maturity Date: June 30, 2021**

The \$65,000,000\* Revenue Anticipation Notes-2020/2021 (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 either (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. 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.)**

The Notes are offered subject to the final approving opinion 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 December 10, 2020 in Jersey City, New Jersey.

*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.*

**December \_\_, 2020**

\* Preliminary, subject to change.

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.

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](http://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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**CITY OF YONKERS**

**MAYOR**  
**Mike Spano**

**CITY COUNCIL PRESIDENT**  
**Mike Khader**

**COUNCIL MEMBERS**  
**Corazon Pineda Isaac, Majority Leader**  
**Mike Breen, Minority Leader**  
**Shanae V. Williams**  
**Tasha Diaz**  
**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**  
**\$65,000,000\* REVENUE ANTICIPATION NOTES-2020/2021**

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 \$65,000,000\* Revenue Anticipation Notes-2020/2021 (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.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the City’s overall economic situation and outlook (and all of the specific City-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify.

**INTRODUCTION**

The City is a municipal corporation of the State. With a population estimated at 200,370 according to 2019 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, The City of New York, Morris Builders, LP and AAC Cross County Mall, LLC.

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

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\* Preliminary, subject to change.

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.

## **THE NOTES**

### **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 cover page hereof. Interest will be payable at maturity calculated on the basis of a 30-day month and 360-day year. The Notes are not subject to optional redemption prior to maturity.

The Notes will be issued in registered form and, at the option of the purchaser, the Notes will be either (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. 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.

### **Authorization and Purpose of the Notes**

The Notes are issued pursuant to the Constitution and statutes of the State, including the Local Finance Law and the Act, the Revenue Anticipation Note Ordinance (Special Ordinance No. 19-2020),

adopted on May 29, 2020 by the City Council and approved on May 29, 2020 by the Mayor, authorizing the issuance of \$140,000,000 revenue anticipation notes and other proceedings and determinations related thereto. Said ordinance authorizes the issuance of revenue anticipation notes in anticipation of the receipt of one or more of the following revenues: State Aid and Incentives for Municipalities Program, State Aid for School Tax Relief Reimbursement, State Aid to Education, State Funding for host municipality of video lottery terminals, and sales and use taxes imposed by the City.

The Notes are issued in anticipation of the receipt of Aid and Incentives for Municipalities in the amount of \$108,200,000, which has been included in the City's adopted budget for fiscal year ending June 30, 2021.

The proceeds of the Notes will not be used for the redemption or renewal of any outstanding tax or revenue anticipation notes. Following the issuance of the Notes there will be \$75,000,000 in revenue anticipation note authorization remaining which may be issued during the current fiscal year to the extent necessary.

The proceeds of the Notes will be used by the City to pay ordinary and current operating expenses properly payable out of the moneys in anticipation of which such Notes are issued. As a result of the timing of receipt of revenues and expenses, the City requires operating moneys to meet its normal obligations. Approximately 75% of State aid is not received until the last four months of the fiscal year resulting in seasonal cash shortages that have necessitated this cash flow borrowing.

Section 25.00 of the Local Finance Law authorizes the City to issue revenue anticipation notes during a fiscal year in anticipation of the receipt of revenues becoming due and payable during such fiscal year and provides that the City may issue a single issue of revenue anticipation notes in anticipation of the receipt of more than one specific type of revenue, provided that the amount of indebtedness contracted against each specific type of revenue is stated in the proceedings authorizing the issuance of such notes and that such respective amounts do not exceed the amount of indebtedness which could be contracted against each such specific type of revenue.

Reference should be made to the cash flow schedules in Appendix G attached hereto for the City's estimates, as of the date hereof, of the timing of receipt of revenues and expenses, including those with respect to which the Notes are issued. Pursuant to State law, whenever the amount of revenue anticipation notes issued against a specific type of revenue equals the estimated amount of such specific type of revenue in anticipation of the collection or receipt of which such notes have been issued, less the amount of such revenue actually received or collected, all of such revenue, as thereafter received or collected, must be set aside in a special bank account to be used only for the payment of such notes as they become due.

In the event the aforementioned Revenues are not received on or before the maturity date for the Notes, the Notes may be renewed from time to time. However, the Notes may not be renewed beyond the close of the second fiscal year succeeding the fiscal year in which the Notes were originally issued. In the event such Revenues in anticipation of which the Notes have been issued have not been received by the final maturity of the Notes or any renewals thereof, the principal of and interest on the Notes or any renewals thereof will be paid from other available City moneys.

For FY19-20, the New York State Division of Budget withheld 20% of the amounts owed to City in Aid and Incentives to Municipalities Aid. During such fiscal year, the City issued a revenue anticipation note in the amount of \$80.0 million in anticipation of the receipt of said revenue (hereafter the "2019-2020 RAN"). The State has announced that in the absence of Federal funding to offset reductions in State revenues due to the COVID-19 pandemic, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions,

depending on the size and timing of any new Federal aid. The City had sufficient revenues to retire the 2019-2020 RAN at maturity on June 29, 2020.

## **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 Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). 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 "Prior Sale Ordinance"), including certain covenants of the City contained therein and certain rights of the City bondholders to enforce such covenants. The Prior Sale Ordinance constitutes the special contract and credit agreement with bondholders authorized by the City in accordance with the Act. Pursuant to the Prior 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 Prior Sale Ordinance, the Debt Service Fund, 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 with respect to serial bonds, tax anticipation notes, revenue anticipation notes (subject to the limitation described herein), capital notes and budget notes and all 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 Prior 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:

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

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 Prior Sale Ordinance does the State or the City expressly pledge or covenant to continue such special sales and use tax. Pursuant to the Prior 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:

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

In the event that the amounts to be collected from the Added Debt Service Percentage are insufficient to pay such interest on the revenue anticipation notes, urban renewal notes and budget notes, the City may, upon the issuance of such notes, deposit in the Debt Service Fund the amount necessary to pay the interest on such revenue anticipation notes at maturity. In such case, interest on such notes would be payable from the Debt Service Fund.

The Act provides that revenue anticipation notes cannot be issued during a fiscal year by the City unless provision is made for the payment of interest on such revenue anticipation notes.

Principal of revenue anticipation notes shall not be payable from the Debt Service Fund, unless the City deposits at closing additional monies into the Debt Service Fund in an amount sufficient to pay the principal of such revenue anticipation notes. The City will not deposit additional monies into the Debt Service Fund to pay the principal of the Notes and as such, the principal of the Notes shall not be payable from the Debt Service Fund. The City is however required to pay over to the Fiscal Agent all revenues in anticipation of which the Notes are issued as they are received by the City and all such amounts so set aside must be deposited in the Debt Service Fund and thereafter used by the Fiscal Agent only for the purpose of paying the principal of the Notes.

To the extent that the principal of or interest on revenue anticipation notes is not paid from the Debt Service Fund, such notes shall not be issued unless such revenue anticipation notes provide by their terms that the principal of or interest on such notes shall not be payable from the Debt Service Fund.

In accordance with the requirements of the Act and the Ordinance, the Fiscal Agent will establish an account of the Debt Service Fund into which (a) State aid revenues from Aid and Incentives for Municipalities equal to the aggregate principal amount of the Notes and (b) City real property taxes equal to the amount of interest due on the Notes at maturity shall be deposited to be used only for the payment of the principal of and interest on the Notes at maturity.

(e) The Prior 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.

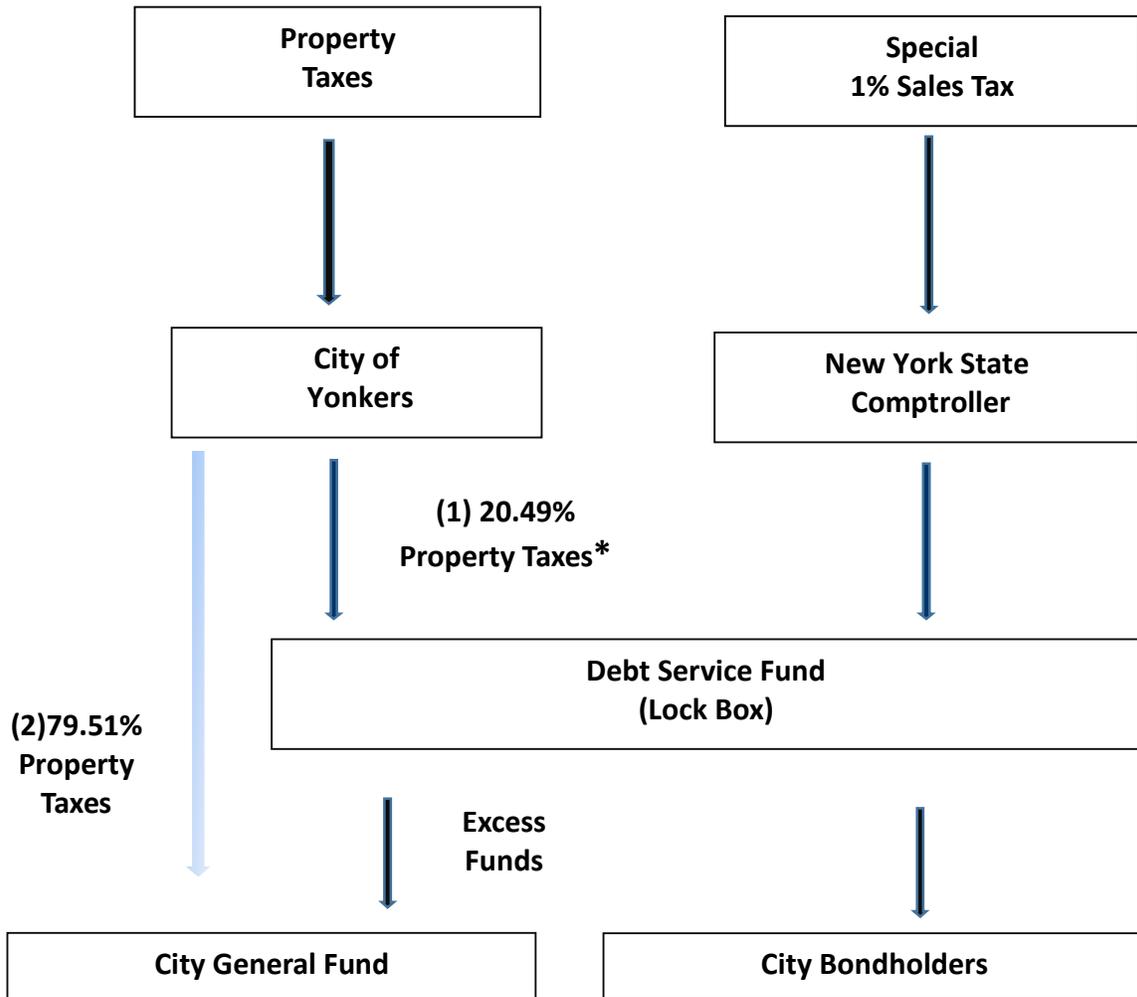
If at any time during a fiscal year the monies in the Debt Service Fund exceed the unpaid amount of Special Debt Service due, or to become due on or prior to the first day of July next ensuing, the Fiscal Agent shall pay over to the City Comptroller the amount of such excess for use by the City.

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 Prior 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 Prior 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.)

The following summarizes the flow of funds pursuant to the Act.

### Bondholder Flow of Funds



\* Reflects Debt Service Percentage for FY20-21.

### FUNCTIONS OF THE FISCAL AGENT

Pursuant to the Act, the proceeds of City bonds and bond anticipation 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 Prior 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 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 Prior Sale Ordinance.

The City must file with the Fiscal Agent its proposed budget, adopted budget, the Justification Documents and all other documents required to be so filed by the Act or the Prior Sale Ordinance. The Fiscal Agent is required to review all such documents and to approve or disapprove each document. As set forth in the Prior Sale Ordinance, a Justification Document is 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 proposed expenditures.

The Fiscal Agent may not approve any Justification Document unless it determines that such document complies with the Act and the Prior 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 Prior 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 Prior Sale Ordinance requiring such consent under the provisions of the Prior 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 each Prior Sale Ordinance adopted by the City Council authorizing each issue of City bonds since 1976. The Prior 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 Prior 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 the Prior 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 Prior Sale Ordinance vests in the Fiscal Agent the powers of enforcement of the Prior Sale Ordinance and abrogates the right of the holders of the Notes to appoint a separate trustee for such purpose. The Prior Sale Ordinance provides 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 Prior 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 Prior 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 Prior 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. The right of the Fiscal Agent to declare the Notes due and payable pursuant to subdivision (b) of Section 16 of the Act has been abrogated.

Neither the Act nor the Prior 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 any bond or note ordinance (including the Prior Sale Ordinance) authorizing the issuance of City bonds or notes, a pledge and agreement of the State with and for the benefit of the holders of City bonds and notes, including both the original and all subsequent holders thereof. Such pledge and agreement has been included in the Revenue Anticipation Note ordinance authorizing the issuance of the Notes.

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 any bond or note ordinance (including the Prior 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 any bond or note ordinance (including the Prior Sale Ordinance) or to enforce the pledge and agreement of the State contained in the bond or note ordinance, or

(c) otherwise exercise any sovereign power contrary to or inconsistent with the provisions of such bond or note ordinance (including the Prior 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 or notes, as provided in the bond or note ordinance (including the Prior 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](http://www.dtcc.com) and [www.dtc.org](http://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, 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.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the City’s financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the COVID-19 outbreak has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to continue to affect economic growth worldwide. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the Governor has taken and continues to take steps designed to mitigate the spread and impacts of COVID-19. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State to address it are expected to negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State’s operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the City’s operations and finances as a result of COVID-19 is extremely difficult to predict due to uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The spread or resurfacing of the outbreak could have a material adverse effect on the State and municipalities, including the City. The City is continuously monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. See also “*Impacts of COVID-19*” under “*DISCUSSION OF FINANCIAL OPERATIONS*” in Appendix A for a discussion of the impacts of the COVID-19 pandemic upon the City and the BOE.

## **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**

### **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 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 Tax Certificate of the City (the “Tax Certificate”), which will be delivered concurrently with the delivery of the 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 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 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 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 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 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 Notes in order that interest on the 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 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 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 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 Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. 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 Notes. Prospective owners of the 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 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 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 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 Notes. In general, the issue price for each maturity of 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 Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount 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 Notes.

In general, under Section 1288 of the Code, OID on a 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 Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such 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 Discount Note even though there will not be a corresponding cash payment.

Owners of 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 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 “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the bond premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a 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 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 Premium Note may realize a taxable gain upon disposition of the 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 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 Premium Note.

### **Information Reporting and Backup Withholding**

Information reporting requirements apply to interest on tax-exempt obligations, including the 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 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 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 Notes under federal or state law or otherwise prevent beneficial owners of the 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 Notes.

Prospective purchasers of the 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 final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the City, the form of which is 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 October 30, 2019, Moody's Investors Service ("Moody's") affirmed the long-term underlying credit rating of "A2" with a negative outlook, applicable to the City's outstanding general obligation bonds issued for City purposes. On October 2, 2020, Moody's downgraded the enhanced rating 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 to "A1" from "Aa3" (stable outlook). The downgrade of the enhanced rating reflected Moody's downgrade in the State of New York's general obligation rating to "Aa2" from "Aa1" on October 1, 2020. (See "Additional Remedy for Holders of School Bonds" under "SPECIAL RIGHTS AND REMEDIES" herein.)

On July 31, 2020, S&P affirmed the long-term, underlying rating credit rating of “A” with a negative outlook, applicable to the City’s general obligation bonds. In accordance with S&P’s policy, which removed all post-default enhanced ratings, S&P no longer assigns an enhanced rating 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. (See “*Additional Remedy for Holders of School Bonds*” under “*SPECIAL RIGHTS AND REMEDIES*” herein.)

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 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 2019-2020 through FY 2022-2023*" 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

December \_\_, 2020

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**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. On November 5, 2019, Mayor Mike Spano was elected to his third four-year term and was sworn in on January 2, 2020.

*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 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 2020, the school system operates 39 elementary, middle and high schools, including grade configurations of one (1) prekindergarten to 2 site, two (2) prekindergarten to 5 sites, eight (8) prekindergarten to 6 sites, one (1) grades 3 to eight (8) nineteen (19) 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. Each elementary school has a full-day prekindergarten, mandated full-day kindergarten and a unique magnet theme. Montessori education is available across all grade levels. There is a dedicated academically talented school for grades prekindergarten to 8 and the International Baccalaureate Programme for grades 9 to 12. The comprehensive high schools provide 24 specialized career and college readiness programs and unique magnet themes. Finally, the Yonkers Pathways to Success program provides free adult education and job training.

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 January 2019, The New York State Education Department (NYSED) announced district and school accountability determinations as required by the federal Every Student Succeeds Act (ESSA) and New York’s ESSA plan. The State Education Commissioner identified 106 school districts as Target Districts, 245 schools for Comprehensive Support and Improvement and 125 for Targeted Support and Improvement. In addition, NYSED identified 26 schools to be newly placed into receivership and 37 schools to be removed from receivership.

Under ESSA, every district, public school and charter school earns a score of 1 to 4, where 1 is the lowest and 4 is the highest, for each ESSA accountability indicator. Accountability indicators include: student achievement in English Language Arts, mathematics, science and social studies; student growth in language

arts and math; 4-, 5-, 6-year graduation rates; student readiness for college, career, and participation in civic life; acquisition of English proficiency by English language learners and chronic absenteeism. Schools and districts earn a score for all students and student subgroups. Such subgroups include members of racial and ethnic groups, economically disadvantaged students, students with disabilities and English language learners. These levels are used to determine whether a district is a Good Standing District or a Target District and whether a school is in Good Standing or identified for Comprehensive Support and Improvement (CSI), Targeted Support and Improvement (TSI). In addition, Good Standing schools can be identified as a Recognition School. This honor is given to the highest performing and rapidly improving schools across the state.

The BOE is identified as a Target District under the New York State Education Department (NYSED) Every Student Succeeds Act (ESSA) Accountability Status for 2019-2020 because schools in the district were identified as CSI or TSI. As of September 2019, two (2) schools are identified as Comprehensive Support and Improvement because NYSED assessment results indicated a Level 1 on a combination of indicators for the All Students group. One of the CSI schools is under Receivership meaning the Superintendent is the Receiver and makes all decisions for the school. This CSI/Receivership school has to meet an additional set of indicators. As long as the school continues to meet the indicators, it will remain with the Superintendent as Receiver. When the school meets the CSI indicators for two consecutive years, it will be removed from CSI and Receivership designations and will become a school in Good Standing. In the 19-20 academic school year, six (6) schools were identified as Targeted Support and Improvement based on NYSED assessment results for one of the subgroups at level 1 on a combination of indicators and three (3) schools were identified as Recognition Schools.

Since its inception in 1881, Yonkers Public Schools has changed in many ways, but remains steadfastly committed to challenging the city's youth to aspire to their highest potential, and inspire a life-long love of learning. YPS embraces innovation by pioneering exemplar programs that are recognized nationally and across the State. The Yonkers 88% on-time graduation rate for 2019 exceeds the Statewide graduation rate by two (2) percentage points and Yonkers is the first and only Big 5 cities school district to achieve an 80% graduation, accomplishing this consecutively for four (4) years. These successes are attributed to the perseverance of Yonkers district and school leadership, teachers and staff who work relentlessly to meet the needs of ALL students.

The NYSED ESSA 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 totaled \$375,977,368 for all purposes in FY18-19. Of this amount, \$323,815,033 comprised operating funds which are generally unrestricted, and \$52,162,335 was restricted for such purposes as improvement of reading skills, 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 \$401,579,186 for all purposes in FY19-20. Of this amount, \$339,721,453 comprises operating funds which are generally unrestricted, and \$61,257,733 is restricted for such purposes as improvement of reading skills, 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 \$402,100,757 for all purposes in FY20-21. Of this amount, \$343,622,086 comprises operating funds which are generally unrestricted, and \$58,478,671 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)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Enrollment	25,335	25,527	26,258	26,500	27,024	27,220	26,546	26,581	26,081	26,000 <sup>(1)</sup>
Schools	40	40	39	39	39	39	39	39	39	39

<sup>(1)</sup> Projected.

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 132 units of public housing. MHACY also manages 1,812 units of affordable housing of which 56 are public housing units. MHACY administers 1,756 vouchers for its residents in MHACY’s affordable housing program. MHACY’s Section 8 program administers a total of 5,118 vouchers (Housing Choice and Project-Based Vouchers). MHACY has initiated the redevelopment of its public housing portfolio as part of HUD’s Rental Assistance Demonstration Program (“RAD”) and Section 18 disposition rules. All housing properties of MHACY are either under construction and/or have recently been reconstructed which is expected to result in a total transformation of MHACY’s previously outdated public housing buildings. This initiative is expected to be completed by 2021. The City does not guarantee the debt of MHACY.

*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 recent years, the Parking Authority did not require an annual subsidy from the City. However, in light of the COVID-19 pandemic, the City may be required to provide an annual subsidy to the Parking Authority in FY20-21.

#### *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 and commercial ("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 141 companies with total investments in excess of \$5.0 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 has divested itself of all of its real property assets and 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. The Agency is authorized to draft urban renewal plans and acquire, relocate and dispose of land within urban renewal areas. The Agency is currently facilitating redevelopment initiatives within the City's urban renewal areas that further its mission. 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, 2019, 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, 2019. The BOE's Financial Statements are included in the City's Financial Statement and Auditor's Report.

The audited financial statements for the City and the BOE for the Fiscal Year ended June 30, 2020 are expected to be released on or about December 31, 2020.

### **State Comptroller's Audits and Related Matters**

The State Comptroller concluded several audits of the City in calendar year 2018. The audits were focused on 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, 2019.) 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, 2019. The City expects to apply to GFOA for such

Certificate for the City's audited financial statements for the Fiscal Year ended June 30, 2020. 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 "No Designation" as part of the State Comptroller's Fiscal Stress Monitoring System for the 2019 Fiscal Year. The City also received a separate environmental score of "Susceptible Environmental Stress" for the 2019 Fiscal Year.

### **Issuance of Deficit Bonds by the City**

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 an 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 was \$37,950,372. The ending assigned amount for FY14-15 was \$39,214,537. The ending non-spendable amount for FY14-15 was \$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 was \$10,858,145. The ending non-spendable amount for FY14-15 was \$1,328,977. The ending restricted amount for FY14-15 was \$964,300. The ending assigned fund balance for FY14-15 was \$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 was \$37,686,576. The ending assigned amount for FY15-16 was \$39,328,369. The ending non-spendable amount for FY15-16 was \$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 was \$964,300. The ending assigned fund balance for FY15-16 was \$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 was \$18,261,008. The ending assigned amount for FY16-17 was \$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 was \$27,890,155. The ending assigned amount for FY17-18 was \$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 was \$31,982,790. The ending restricted fund balance for FY17-18 was \$964,300.

### **City and Board of Education General Fund Operations FY18-19**

For the City's Fiscal Year ended June 30, 2019, under the modified accrual method of accounting, the City's General Fund revenues and other financing sources of \$827,102,402 exceeded expenditures and other financing uses of \$804,238,497 by \$22,863,905. The ending unassigned fund balance for FY18-19 was \$41,021,887. The ending assigned amount for FY18-19 was \$28,442,197.

The Board of Education's General Fund FY18-19 revenues and other financing sources of \$559,481,299 was exceeded by expenditures and other financing uses of \$569,097,681 by \$9,616,382. The ending assigned fund balance for FY18-19 was \$20,813,401.

### **City and Board of Education Adopted Budget FY19-20**

*The discussion below is based, in part, on projections and/or forward-looking statements related to FY19-20. 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 FY19-20 Budget on June 18, 2018. The State Comptroller certified the City's FY19-20 Budget on July 3, 2019.

The adopted operating budget for combined City and BOE operations in FY19-20 totaled \$1,219,252,592, a \$28,442,504 (2.39%) increase over the FY18-19 Adopted Budget. The FY19-20 Adopted Budget provided (1) a municipal operating budget of \$590,802,093, a \$15.6 million (2.7%) increase over FY18-19, and (2) a BOE budget of \$628,450,499, a \$12.8 million (2.1%) increase from Adopted Budget FY18-19. The City increased its contribution to the BOE by \$4,003,470 over FY18-19, to a total of \$265,598,611, which included \$16,640,378 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 FY19-20 City Adopted Budget was balanced utilizing all of the \$27.9 million of unassigned General Fund balance from year-end FY17-18. The FY19-20 BOE Adopted Budget was balanced utilizing all of the \$7.8 million of available for future year use Education General Fund balance from year-end FY17-18.

The overall tax levy was \$385,707,869, a \$7.4 million (1.95%) increase over the FY18-19 Adopted Budget amount of \$378,330,354. The tax rate increase was 3.39%, to \$831.98 per \$1,000 of assessed value.

The FY19-20 City Adopted Budget included 2,000 operating budget positions, or 24 more than the FY18-19 Adopted Budget. The FY19-20 BOE Adopted Budget included 3,281 operating budget positions. 57 of these were formerly grant funded but because the grant revenue was included in the State Aid projections from the State, they must now be included in the FY19-20 Adopted Budget full time equivalent total. The net result was 36 more positions than the FY18-19 Adopted Budget. See also “*Impacts of COVID-19*” herein for a discussion of the impacts of the COVID-19 pandemic upon the City and BOE.

### **Review of FY 19-20 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 17, 2019, the State Comptroller provided several recommendations to the City related to its FY19-20 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/2019/yonkers-br-6-5.htm>.

#### **Key Findings:**

- The BOE’s budget request was \$645.3 million for appropriations, which has a budget gap of at least \$17.6 million for pending additional State funding that was not supported. The BOE appropriated \$7.8 million of projected unassigned fund balance at the end of the FY18-19 year; however, the appropriation must be approved by the Board of Education and City Council before it can be used. If the fund balance is not approved or available at year end, the BOE could have a \$7.8 million budget gap.
- The BOE’s budget request included a \$4.2 million appropriation for the purchase of textbooks, software and equipment. However, the City’s capital budget also includes up to \$4.6 million for this acquisition. These are recurring BOE expenditures and should be included as an appropriation in the annual budget.
- The City continues to rely on nonrecurring revenue, such as specialized State aid and fund balance, to balance its budget.
- Revenue estimates for metered water sales, sewer rents and income tax surcharge may not be achievable.
- The City will incur additional debt and interest costs by bonding the cost of tax certiorari claims instead of financing them through the operating budget.
- The appropriations for police overtime and bond anticipation note (BAN) and revenue anticipation note (RAN) interest could be underestimated.
- The water fund may be subsidizing the general fund for services not related to the water fund by as much as \$3.7 million.

#### **Key Recommendations:**

- Evaluate the expectation of receiving \$17.6 million in additional State aid, close the budget gap and amend the proposed budget as necessary.
- Develop a plan to fund BOE operations and discontinue the practice of relying on one-time revenues to finance recurring expenditures.
- Either approve the appropriation of fund balance or eliminate the potential funding gap if fund balance appropriation is not approved.
- Develop a plan to maintain fund balance at a reasonable level.
- Identify alternatives to borrowing funds to purchase textbooks and related software and equipment.

- Review the estimates for metered water sales and sewer rents and amend as necessary.
- Adjust the appropriation for tax certiorari payments and provide a financing source for tax certiorari refunds or settlements.
- Review the estimate for police overtime and increase it to an appropriate level.
- Review the estimate for BAN and RAN interest and amend as necessary.
- Perform a detailed analysis to ensure that cost allocations charged to the water fund are related to water operations

The State Comptroller noted that under the FY19-20 budget, the City will have exhausted 89.30% (based upon the Executive Budget) 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 3, 2019, the State Comptroller certified that the FY19-20 adopted budget of the City, together with the justification documents are in material compliance with the Act and the City's bond ordinances.

On July 10, 2019, the State Comptroller sent another letter to the City which stated that the City's adopted budget for fiscal year 2019-20 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/2019/yonkers-br-19-6-6.htm>.

#### Key Recommendations:

- Replace nonrecurring revenue, such as fund balance, in the FY20-21 budget.
- Pay tax certiorari claims from annual appropriations instead of using debt.
- Perform a detailed analysis to ensure that cost allocations charged to the water fund are related to operating the water system.

The City's Four Year Financial Plan for FY19-20 through FY22-23 and the gap mitigation measures developed by the City address many of the concerns raised by the State Comptroller. Copies of the State Comptroller's letters are available at upon request.

#### **Current Events Related to City Operations for FY19-20**

THE CITY MUST PREPARE A QUARTERLY REPORT OF SUMMARIZED BUDGET DATA DEPICTING TRENDS OF ACTUAL REVENUES AND BUDGET EXPENDITURES FOR THE ENTIRE BUDGET. THE INFORMATION THAT FOLLOWS IS BASED UPON THE CITY'S QUARTERLY REPORT FOR THE 4TH QUARTER OF FY19-20. AS DISCUSSED HEREIN THE PROJECTIONS SET FORTH IN THE QUARTERLY REPORT FOR THE 4TH QUARTER OF FY19-20 HAVE BEEN MODIFIED BY THE CITY AND THE BOE. THE CITY AND THE BOE CANNOT PREDICT AT THIS TIME WHETHER THE YEAR-END PROJECTIONS FOR FY19-20 SET FORTH HEREIN WILL REMAIN UNCHANGED ONCE THE AUDIT IS COMPLETED AND, AS SUCH, FINAL AUDITED RESULTS MAY DIFFER FROM THE PROJECTIONS SET FORTH BELOW.

#### *City FY19-20 Operations based upon Q4 Quarterly Report*

Based upon the City's quarterly report for the 4th quarter of FY19-20, the City's General Fund operations for FY19-20 were projected to increase unassigned fund balance by \$13.0 million. Overall fund balance return across all funds was expected to be \$34.4 million, including a \$13.0 million increase for the

City General Fund, \$20.3 million for the Education Fund, and a combined \$1.1 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 had been fueled 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. In prior years, 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. However, for FY19-20, as a result of COVID-19, economically sensitive revenues including Departmental Revenues, which had been projected in February to exceed budget by \$4 million, as of the 4<sup>th</sup> Quarter Projection, are now projected to be below budget by \$13.4 million.

For FY19-20, Special Taxes – including sales tax, personal income tax, mortgage recording tax, and real estate transfer tax – are projected to be \$11.1 million below budget primarily caused by Sales Tax projected to be \$6.7 million below budget and Personal Income Taxes projected to be \$1.3 million below budget. Other Revenues, exclusive of Proceeds from the sale of Bonds and Bond Anticipation Notes, are projected to be \$7.1 million above budget primarily because of Interest on Investment (\$2.0 million above budget), Sale of Property (\$1.3 million above budget), and Interest for Debt Service (\$1.3 million above budget). City Department overall revenue – such as parking tickets, permits and fees, and reimbursable services – is projected to be \$2.2 million below budget. Exclusive of General Fund Bond Anticipation Note Proceeds, overall City General Fund revenues are projected to be \$7.6 million below budget for FY19-20. Exclusive of General Fund Bonded Tax Certiorari expense, overall City General Fund expenditures are projected to be \$20.6 million less than budget due to spending controls and program reductions during the last three months of FY19-20.

Additional details about FY19-20 revenue and expense projections are below.

*City Revenues and Expenditures.* City sales tax revenues in FY18-19 were \$81.0 million or \$0.5 million more than the FY18-19 Adopted Budget of \$80.5 million and \$2.6 million more than the FY17-18 Actual of \$78.4 million. (See *Sales Tax* section under “*Revenues*” below for historical data and other information.) City sales tax revenues in FY19-20 are projected at \$77.6 million or \$5.6 million less than the FY19-20 Adopted Budget of \$83.2 million and \$3.3 million less than the FY18-19 Actual of \$80.9 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 \$15.9 million in FY18-19, or \$0.2 million less than the FY18-19 Adopted Budget of \$16.1 million and \$0.4 million above the FY17-18 Actual of \$15.5 million. Sales tax for education is projected at \$15.5 million in FY19-20, \$1.1 million less than the FY19-20 Adopted Budget of \$16.6 million and \$0.4 million below the FY18-19 Actual of \$15.9 million.

The City's personal income tax (PIT) surcharge revenue for FY18-19 was \$57.9 million, a \$3.8 million increase over the FY18-19 Adopted Budget of \$54.1 million and a \$1.1 million increase from the FY17-18 actual of \$53.0 million. The City's personal income tax (PIT) surcharge revenue for FY19-20 is projected at \$56.6 million, a \$1.3 million decrease below the FY19-20 Adopted Budget of \$58.0 million and a \$1.2 million decrease from the FY18-19 actual of \$57.9 million.

The City's two housing market revenues, real estate transfer tax and mortgage recording tax, exhibited strong results in FY18-19. Fueled by a strong housing resale market and housing/commercial development, plus a one shot of \$8 million in transfer tax revenue from the change in ownership of the casino, revenue from real estate transfer tax collections were \$23.8 million or \$9.9 million more than the \$13.9 million FY18-19 Adopted Budget. For FY19-20, the City projects \$12.2 million which is \$1.6 less than the FY19-20 Adopted Budget amount of \$13.9 million and \$11.6 million less than the FY18-19 Actual of \$23.8 million.

Revenues received in FY18-19 from mortgage tax totaled \$8.9 million which was greater than the FY18-19 Adopted Budget amount of \$7.8 million by \$1.1 million. FY19-20 revenues are projected to be \$8.5 million which is less than the FY19-20 Adopted Budget amount of \$9.0 million by \$0.5 million and less than the FY18-19 actual of \$8.9 million by \$0.4 million.

Parking Violations Bureau (PVB) revenue for FY18-19 totaled \$19.9 million which was \$1.2 million more than the FY18-19 Adopted Budget Amount of \$18.7 million and more than the FY17-18 Actual of \$18.8 by \$1.1 million. The City budgeted \$19.5 million in the FY19-20 Adopted Budget and projects \$17.8 million which is \$1.73 million less than FY19-20 Adopted Budget amount and \$2.16 million less than the FY18-19 Actual of \$19.9 million.

In FY18-19, revenues from the sale of City property totaled \$14.2 million, or \$13.9 million over the \$0.3 million that was budgeted; the increase was due to the sale of a large property nicknamed “Chicken Island” for \$13 million. The same \$0.3 million was budgeted for FY19-20, and the city projects \$1.6 million which is \$1.3 million above budget.

Yonkers Raceway Impact Fees for FY18-19 totaled of \$1.5 million which equaled the budgeted amount. The City budgeted \$1.5 million in FY19-20 and projects \$1.5 million based on actuals received.

Utilities gross receipt taxes for FY18-19 totaled \$8.0 million which was \$0.3 million above the FY18-19 budgeted amount of \$7.7 million and flat to the FY17-18 actual of \$8.0 million. The City budgeted \$8.2 million for FY19-20 which is \$0.2 higher than the FY18-19 actual and projects this revenue to be \$7.5 million which is below budget by \$0.7 million for FY19-20.

City General Fund expenditures for FY18-19 were under budget by \$8.5 million. The largest area savings from the amended FY18-19 budget was from Department of Public Works (\$3.2 million) for lower than budget expenditures in Vehicle Maintenance, General Services, Refuse disposal and City Cleaning. Employee Benefits (\$2.1 million) and Fiscal Services (\$1.0m million) also contributed to expenditure savings. The largest expenditure overage was \$1.2 in General Fund interest from bond and revenue anticipation notes. Excluding bond and note pass-through expenses, City General Fund expenditures for FY19-20 are projected to be \$20.6 million less than the amended budget. The largest area of savings from the amended FY19-20 budget is projected to be from the unspent Contingent Reserve (\$5.3 million), Employee Benefits (\$5.1 million), the Department of Public Works (\$4.0 million), the Parks Department (\$1.5 million), and the Finance Department (\$1.2 million) with the balance of \$3.5 million coming from a wide range of expenditure accounts.

#### *Updated Projections since the release of Q4 Quarterly Report*

Subsequent to the release of the quarterly report for the 4th quarter of the City’s FY19-20, the City’s un-audited financials have changed. Special Taxes revenue which had been projected at \$179.9 million (\$11.1 million below budget), are projected to be \$180.1 million (\$10.9 million below budget); Other Revenues, exclusive of Proceeds from Obligations, which had been projected at \$53.0 million (\$7.1 million above budget), are projected to be \$54.9 million (\$9.0 million above budget); City Department revenue which had been projected at \$41.9 million (\$2.2 million below budget), are projected to be \$42.9 million (\$1.2 million below budget); State and Federal Funding which had been projected at \$108.8m (at budget), are projected to be \$87.3 million (\$21.4 million below budget). Due to the impact of the COVID-19 pandemic on the State’s finances, the New York State Division of Budget has withheld 20% of the City’s Aid and Incentives to Municipalities Aid. Although, there has been no official change in the appropriation owed to the City in the State Budget, applicable accounting rules do not allow for the FY19-20 recognition of the revenue withheld. Overall, total General Fund revenues, including Appropriated Fund Balances and excluding Proceeds from Obligations, which had been projected at \$798.7 million, are projected to be \$780.4 million, a decrease of \$18.3m from the Q4 Projection and \$25.9 below budget.

Excluding bond and note pass-through expenses, City General Fund expenditures for FY19-20 were projected at \$20.6 million below budget but are now projected to be \$25.9m below budget, a decrease of \$5.3 million in expenditures compared to the projections set forth in the quarterly report for the 4th quarter of the City's FY19-20. Unaudited results indicate that the largest area of savings from the amended FY19-20 budget were: Department of Public Works (\$6.9 million), unspent Contingent Reserve (\$5.3 million), Employee Benefits (\$5.7 million), the Parks Department (\$1.8 million), and the Finance Department (\$1.8 million) with the balance of \$4.4 million in savings coming from a wide range of expenditure accounts.

Based upon the City's quarterly report for the 4th quarter of FY19-20, the City's General Fund operations for FY19-20 had been projected to increase unassigned fund balance by \$13.0 million. With a subsequent decline in total General Fund Revenues of \$18.3 million, a decrease in expenditures of \$5.3 million, and an increase in General Fund closing encumbrances of \$1.3 million, the City is projecting a decline in Unassigned Fund Balance of \$1.3 million. After the FY20-21 Budget appropriated \$33.0 million of the \$41.0 million of FY18-19 unassigned fund balance, \$8 million in unassigned fund balance remained for future year use. A reduction of \$1.3m in FY19-20 lowers that amount to \$6.7 million.

### **Current Events Related to BOE Operations for FY19-20**

THE CITY MUST PREPARE A QUARTERLY REPORT OF SUMMARIZED BUDGET DATA DEPICTING TRENDS OF ACTUAL REVENUES AND BUDGET EXPENDITURES FOR THE ENTIRE BUDGET. THE INFORMATION THAT FOLLOWS IS BASED UPON THE CITY'S QUARTERLY REPORT FOR THE 4TH QUARTER OF FY19-20. AS DISCUSSED HEREIN THE PROJECTIONS SET FORTH IN THE QUARTERLY REPORT FOR THE 4TH QUARTER OF FY19-20 HAVE BEEN MODIFIED BY THE CITY AND THE BOE. THE CITY AND THE BOE CANNOT PREDICT AT THIS TIME WHETHER THE YEAR-END PROJECTIONS FOR FY19-20 SET FORTH HEREIN WILL REMAIN UNCHANGED ONCE THE AUDIT IS COMPLETED AND, AS SUCH, FINAL AUDITED RESULTS MAY DIFFER FROM THE PROJECTIONS SET FORTH BELOW.

The BOE's Education Fund balance decreased by \$9.6 million in FY18-19, from \$32.9 million at year-end FY17-18, to \$23.3 million, with \$8.1 million (includes encumbrance rolls) utilized to balance the FY19-20 budget and \$12.7 million assigned to balance the FY20-21 Adopted Budget, leaving the balance of \$2.5 million in non-spendable fund balance pending grant reimbursements. Based upon the City's quarterly report for the 4<sup>th</sup> quarter of FY19-20, the Education Fund FY19-20 was projected to return \$20.3 million to the available for future use fund balance.

*BOE Revenues and Expenditures.* The BOE Adopted Budget for FY19-20 operations and debt service was \$628.5 million. This amount was 2.1% higher than the FY18-19 Adopted Budget of \$615.6 million primarily for increases in contractual wages (\$14.2 million), transportation (\$2.2 million), special education out of district tuition costs (\$3.4 million), and charter school tuitions (\$2.3 million) offset by a reduction in debt service (\$9.0 million). \$8.0 million in available fund balance along with along with \$12.0 million in State Bullet Aid, which combined represents \$20.8 million in non-recurring revenue, were used to balance the FY18-19 budget. Overall, FY19-20 Adopted Budget Revenues were \$12.9 million higher than the FY18-19 Adopted Budget primarily due to increases in State Funding Basic (\$14.9 million), State Aid Categorical (\$7.7 million), the City of Yonkers contribution (\$4.0 million) and Bullet Aid (\$3.2 million), offset by a decline in Appropriated Fund Balance (\$17.1 million). The City contribution to the BOE was budgeted at \$265.6 million and is comprised of the following: (i) Maintenance of Effort Base (\$225.1 million), (ii) Maintenance of Effort Sales Tax for Education (\$16.6 million) and the Debt Service Contribution (\$23.9 million).

Based upon the City's quarterly report for the 4<sup>th</sup> quarter of FY19-20, the BOE is projected to expend \$609.5 million which is \$19.9 million less than the amended budget FY19-20. Transportation expenses are projected to be \$9.4 million below budget; Salary and salary related expenses are projected to be \$3.8 million below budget; Fringe Benefits are projected to \$2.3 million below budget; BOCES expenses are projected to

be \$2.4 million below budget, with the balance of \$2.0 million coming from a wide range of expenditure accounts. BOE FY19-20 revenues are projected to be higher than the amended budget by \$0.4 million at \$629.7 million. Combined, projected expenditure savings (\$19.9 million) and projected revenue surpluses (\$0.4 million) equate to a return of available for future use fund balance of approximately \$20.3 million.

#### *Updated Projections since the release of Q4 Quarterly Report*

Subsequent to the Q4 Quarterly release, the BOE Education Fund un-audited financials for FY19-20 have changed. Un-audited financials now indicate that the BOE Education Fund expenditures will finish at \$602.6 million which is \$6.9 million less than the amount the Q4 had projected for FY19-20 and \$26.8 million less than budget. Education Fund un-audited revenues show total revenue for FY19-20 to close at \$628.8 million or \$0.9 million less than what the Q4 Quarterly had projected and \$0.5 million less than budget. Combined, un-audited expenditure savings (\$26.8 million) and un-audited revenue shortfall (\$0.5 million) and a rolled encumbrance amount (\$1.2 million) indicate a return of available for future use fund balance of approximately \$25.1 million which is \$4.8 million better than the amount the Q4 Quarterly report had projected for FY19-20.

#### **City and Board of Education Adopted Budget FY20-21**

*The discussion below is based, in part, on projections and/or forward-looking statements related to FY20-21. 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 Year(s) 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 FY20-21 Budget on May 29, 2020. The State Comptroller certified the City's FY19-20 Budget on June 5, 2020.

The adopted operating budget for combined City and BOE operations in FY20-21 totals \$1,234,808,924, a \$15,556,332 (1.3%) increase over the FY19-20 Adopted Budget. The FY20-21 Adopted Budget provides (1) a municipal operating budget of \$593,561,198, a \$2.8 million (0.5%) increase over FY19-20, and (2) a BOE budget of \$641,247,726, a \$12.8 million (2.0%) increase from Adopted Budget FY19-20. The City increased its contribution to the BOE by \$4,043,658 over FY19-20, to a total of \$269,642,611, which includes \$16,016,134 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 FY20-21 City Adopted Budget is balanced utilizing \$33.0 million of the \$41.0 unassigned General Fund balance from year-end FY18-19. The FY19-20 BOE Adopted Budget is balanced utilizing all of the \$12.7 million of available for future year use Education General Fund balance from year-end FY18-19.

The overall tax levy is \$391,815,589, a \$6.1 million (1.58%) increase over the FY19-20 Adopted Budget amount of \$385,707,869. The tax rate increase is 2.46%, to \$852.47 per \$1,000 of assessed value.

The FY20-21 City Adopted Budget includes 2,000 operating budget positions which is equal to the FY19-20 Adopted Budget amount. The FY20-21 BOE Adopted Budget includes 3,211 operating budget positions, a decrease of 69 positions, as compared to the FY19-20 Adopted Budget.

## Review of FY20-21 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 21, 2020, the State Comptroller identifies provided several recommendations to the City related to its FY20-21 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/local-government/audits/city/2020/05/21/city-yonkers-budget-review-b20-6-4>

### Key Findings

- The Yonkers Public School District's budget request is \$661.7 million for appropriations, which has a budget gap of at least \$22.5 million. The District has appropriated \$12.7 million of projected unassigned fund balance at the end of the 2019-20 year; however, this appropriation must be approved by the Board of Education and City Council before it can be used. If the fund balance is not approved or available at year end, the District could have an additional \$12.7 million budget gap.
- The District's budget request includes a \$4.7 million appropriation for the purchase of textbooks, software and equipment. However, the City's capital budget also includes up to \$4.6 million for this acquisition. These are recurring District expenditures and should be included as an appropriation in the annual budget.
- The City continues to rely on nonrecurring revenue, such as fund balance, one-time State funding and sale of property, to balance its budget.
- Revenue estimates for sales and use tax, income tax surcharge, sewer rents, metered water sales, utilities gross receipts and consumer protection bureau may not be achievable.
- The City will incur additional debt and interest costs by bonding the cost of tax certiorari claims instead of financing them through the operating budget.
- The appropriations for firefighting overtime, police overtime and termination payments could be underestimated.
- Under the proposed budget, the City will have exhausted 80.1 percent of its constitutional tax limit. We caution the City that if property values do not increase, its ability to increase taxes may be reduced in future years.

### Key Recommendations

- Eliminate the \$22.5 million budget gap in the budget request.
- Develop a plan to fund District operations and discontinue the practice of relying on one-time revenues to finance recurring expenditures.
- Either approve the appropriation of fund balance or eliminate the potential funding gap if fund balance appropriation is not approved.
- Develop a plan to maintain fund balance at a reasonable level.
- Identify alternatives to borrowing funds to purchase textbooks and related software and equipment.
- Review the estimates for sales and use tax, income tax surcharge, sewer rents, metered water sales, utilities gross receipts and consumer protection bureau and amend as necessary.
- Adjust the appropriation for tax certiorari payments and provide a financing source for tax certiorari refunds or settlements.
- Review the estimates for firefighting overtime, police overtime and termination payments and increase them to appropriate levels.

The State Comptroller noted that under the FY20-21 budget, the City will have exhausted 80.1% (based upon the Executive Budget) 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 June 5, 2020, the State Comptroller certified that the FY20-21 adopted budget of the City, together with the justification documents are in material compliance with the Act and the City's bond ordinances.

On June 24, 2020, the State Comptroller sent another letter to the City which stated that the City's adopted budget for fiscal year 2020-21 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/files/local-government/audits/pdf/yonkers-br-20-6-6.pdf>

#### Key Recommendations:

- Replace nonrecurring revenue, such as fund balance, in the 2021-22 budget.
- Implement additional changes in procedures to reduce firefighting and police overtime expenditures.
- Pay tax certiorari claims from annual appropriations instead of using debt.

The City's Four Year Financial Plan for FY20-21 through FY23-24 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 2020-2021 through FY 2023-2024*" and "*Budget Gap Mitigation Measures*" under "*DISCUSSION OF FINANCIAL OPERATIONS*" herein. Copies of the State Comptroller's letters are available at upon request.

#### **Current Events Related to City Operations for FY20-21**

THE CITY MUST PREPARE A QUARTERLY REPORT OF SUMMARIZED BUDGET DATA DEPICTING TRENDS OF ACTUAL REVENUES AND BUDGET EXPENDITURES FOR THE ENTIRE BUDGET. THE INFORMATION THAT FOLLOWS IS BASED UPON THE CITY'S QUARTERLY REPORT FOR THE 1st QUARTER OF FY20-21 [LATEST AVAILABLE]. THE CITY AND THE BOE CANNOT PREDICT AT THIS TIME WHETHER THE YEAR-END PROJECTIONS FOR FY20-21 SET FORTH IN SAID QUARTERLY REPORT WILL REMAIN UNCHANGED ONCE THE AUDIT IS COMPLETED AND, AS SUCH, FINAL AUDITED RESULTS MAY DIFFER FROM THE PROJECTIONS SET FORTH BELOW.

Based upon the City's quarterly report for the 1st quarter of FY20-21, the City's General Fund operations for FY20-21 were projected to increase unassigned fund balance by \$1.5 million. Overall fund balance loss is projected to be \$16.5 million, including a \$1.5 million increase for the City General Fund, \$19.4 million decrease for the Education Fund, and a combined \$1.4 million increase in the Water, Sewer, Library, Museum, and Debt Service Funds.

For FY20-21, Special Taxes – including sales tax, personal income tax, mortgage recording tax, and real estate transfer tax – are projected to be \$2.6 million below budget primarily caused by a \$1.9 million projected drop in Real Estate Transfer Tax which got off to a slow start although pipeline data suggests that the revenue may increase soon. The \$1.9m doesn't reflect the pipeline optimism. Sales and Use Tax, including the portion dedicated for Education, is the largest Special Tax and is budgeted at \$96.1m. The first completed FY20-21 Quarter ending September 30, showed receipts 1.9% greater than the same period in FY19-20. Although the FY20-21 budget was adopted with the expectation of a mid-single digit decline in year over year

Sales Tax revenue, the Q1 conservatively projects Sales Tax at the \$96.1m budget. Personal Income Tax is the second largest Special Tax budgeted at \$54.4m. The primary component of Person Income Tax is paycheck withholdings which have remained resilient throughout the first quarter, consistent with the FY20-21 Adopted Budget amount, and therefore, projected at the \$54.4m budget. City Department revenues are projected to be \$4.5 million below budget. Reduced Parking Violations revenue (\$2.0m below budget), Parks Recreation revenue (\$1.7m below budget), and others (\$1.8m below budget), make up the \$4.5m projected shortfall. Other Revenues, primarily from Interest on Taxes (\$0.7m below budget), are projected to be \$1.0m below budget. Total General Fund Revenues are projected at \$8.1m below budget.

In the first quarter, the City implemented a spending control plan to offset the potential revenue shortfalls from Department Revenues, Special Taxes, and Other Revenues. This spending control plan, when combined with the use of the budgeted \$3.0m of Contingency Reserve, projects overall City General Fund expenditures at \$9.6m below budget. With an \$8.1m projected revenue shortfall and \$9.6m in projected expense savings, the General Fund is projected to increase unassigned fund balance by \$1.5m over the final amount of FY19-20.

### **Current Events Related to BOE Operations for FY20-21**

THE CITY MUST PREPARE A QUARTERLY REPORT OF SUMMARIZED BUDGET DATA DEPICTING TRENDS OF ACTUAL REVENUES AND BUDGET EXPENDITURES FOR THE ENTIRE BUDGET. THE INFORMATION THAT FOLLOWS IS BASED UPON THE CITY'S QUARTERLY REPORT FOR THE 1ST QUARTER OF FY20-21 [LATEST AVAILABLE]. THE CITY AND THE BOE CANNOT PREDICT AT THIS TIME WHETHER THE YEAR-END PROJECTIONS FOR FY20-21 SET FORTH IN SAID QUARTERLY REPORT WILL REMAIN UNCHANGED ONCE THE AUDIT IS COMPLETED AND, AS SUCH, FINAL AUDITED RESULTS MAY DIFFER FROM THE PROJECTIONS SET FORTH BELOW.

Based on the quarterly report for the first quarter of FY20-21, the BOE is projected to reduce available fund balance by \$19.4 million. Education Fund revenues are projected at \$628.6 million or \$13.8 million less than the FY20-21 amended budget. The primary driver of the projected revenue shortfall in FY20-21 is a reduction in reimbursable State aid. Since Yonkers Public Schools were closed April through June of the FY19-20 school year, the BOE realized savings of approximately \$12.4 million in Transportation costs, which added to the BOE's fund balance in FY19-20. The BOE is reimbursed by the State for a substantial portion of its student transportation costs. However, since Transportation Aid from the State is paid on a one year lag, the reduced transportation costs in FY19-20 have resulted in lower than budgeted Transportation Aid in FY20-21 by a projected amount of \$8.3 million. Career and Technical Training Aid is projected to be \$3.8 million below budget. Categorical Aid for Universal Pre-k is projected to be \$2.4 million less than budget. Excess Cost Aids for Special Education services is projected to be \$1.2 million greater than budget. Other shortfalls, total \$0.5 million bring the total projected revenue shortfall, based on the quarterly report for the first quarter of FY20-21, to be \$13.8 million.

Based on the quarterly report for the first quarter of FY20-21, BOE expenditures are projected to be \$5.5 million above budget. The School Lunch Fund, which is a separate fund, is experiencing a substantial reduction in the number of student meals served. Currently, the reduction is approximately 80% from the prior year, which is expected to result in an 80% reduction in reimbursable Federal Meal Funding. Under applicable law, the School Lunch Fund cannot operate in a deficit and therefore, the quarterly report for the first quarter of FY20-21 projects that an unbudgeted transfer of \$7.0 million from the Education Fund to the School Lunch will be required. There is approximately \$1.5 million in projected expenditure savings from other accounts bringing the total projected expenditures in excess of budget to \$5.5 million. When combined with the \$13.8 revenue shortfall discussed above, the BOE expects an approximate \$19.4 million projected reduction in available fund balance.

## Impact of COVID-19

**Impacts on the City.** COVID-19 has had a major financial impact on City operations. The administration, comptroller's office, and the office of management and budget have continued to monitor cash, revenues and expenditures to help the City financially navigate through this difficult time.

The following represents a sixteen month look at how both the FY19-20 (March 2020 through June 2020) un-audited actual results and FY20-21 (July 2020 through June 2021) projections have been affected by the COVID-19 pandemic. Items listed below represent a comparison of "pre-COVID" internal projections made in February, 2020 as compared to current projections listed in the quarterly report for the first quarter of FY20-21.

Exclusive of the \$21.5 million in Aid and Incentives to Municipalities Aid (AIM) withheld by the State, over a sixteen month period, City revenues affected by COVID-19 have been cumulatively decreased from projections made in February 2020 by an estimated total of \$42.7 million. (See "Revenues" below.) If the currently withheld AIM aid (\$21.5 million) were to become a permanent budget reduction, the loss of revenue would increase to \$64.2 million. Although there have been additional expenditures required by the City to meet the health standards for protecting residents and employees from COVID-19, in order to offset some of the revenue shortfalls, the City embarked on an across the board spending reduction plan starting in March 2020. Departmental expenditures, which represent most of the City's discretionary spending, are projected to be reduced by a total of \$21.1 million over the sixteen month period. Combined, the estimated revenue loss over sixteen months offset by the City's efforts to control expenditures during a slowdown in resident activities have resulted in a City projected shortfall of \$21.6 million (\$42.7 million minus \$21.1 million). If the \$21.5 million AIM payment currently being withheld by the State becomes a permanent reduction, the financial impact would increase to approximately \$48.1 million. All financial impacts of COVID-19 have been incorporated into the City's unaudited results for FY19-20 and the first quarter projections for FY20-21. See the sections entitled "Current Events Related to City Operations for FY19-20," and "Current Events Related to City Operations for FY20-21" for projected changes in fund balance.

**Revenues:** The revenue loss for the category of Special Taxes, which contains some of the most economically sensitive revenues, is projected to be \$24.8 million over the sixteen month period. Sales and Use Tax including the additional sales tax collection in support of the BOE, is projected to have a shortfall of \$14.6 million (\$7.73 million in FY19-20 and \$6.82 million in FY20-21) over the sixteen month period due to the mandated closings. On-line commerce has helped to mitigate the impact of the loss of previously projected revenues from February 2020. Real Estate Transfer Tax is estimated to be \$2.5 million (\$0.3m in FY19-20 and \$2.2m in FY20-21) less than previously projected over the sixteen month period due to a slowdown in home showings and closings. City Mortgage Tax is estimated to be \$2.0 million (\$1.0 million in FY19-20 and \$1.0 million in FY20-21) less than previously projected over the sixteen month period due to a lack of home purchase closings. This revenue loss was partially offset by an increase in mortgage refinancings. Income Tax Surcharge is projected to be \$4.8 million (\$0.62 million in FY19-20 and \$4.14 million in FY20-21) less than previously projected over the sixteen month period due to small business and casino closings and the related impact on employment. Hotel Tax is projected to be \$0.7 million (\$0.2 million in FY19-20 and \$0.5 million in FY20-21) less than previously projected over the sixteen month period due to decreased travel. Other Special Taxes are projected to be \$0.2 million less than previously projected over the sixteen month period. The revenue loss for City Departments is projected to be \$17.4 million (\$6.6m in FY19-20 and \$10.8m in FY20-21) over the sixteen month period. The largest City Department revenue losses were: Parking and Violations Bureau \$7.0 million (\$2.9 million in FY19-20 and \$4.1 million in FY20-21) due to reduced automobile activity; Housing and Building Permits and Fees \$4.3 million (\$1.8 million in FY19-20 and \$2.5 million in FY20-21) due to temporary reduction from the increased trend of building permit revenue; Parks Department \$2.7 million (\$0.9 million in FY19-20 and \$1.8 million in FY20-21) due to camp closings, reduced field rentals, and lower projected volume at the City's ice rink; and "Other" totaling \$3.4 million (\$1.0 million in FY19-20 and \$2.4 million in FY20-21) for reduced civil serve application fees, court fines, engineering permits, and police reimbursable services.

*Expenditures:* Reduced expenditures as a result of the City's cost cutting measures lowered projected spending by City departments by a projected \$21.1 million (\$13.7 million in FY19-20 and \$7.4 million in FY20-21). Individual department projected expenditure reductions over the sixteen month period are as follows: Public Works \$8.3 million (\$6.1 million in FY19-20 and \$2.2 million in FY20-21) due to vacancy savings, supply purchases reductions, and reduced contractual spends; Parks Department \$3.4 million (\$1.2 million in FY19-20 and \$2.2 million in FY20-21) due to reduction in part time worker services and supply purchases; Fire \$1.8 million (1.1 million in FY19-20 and \$0.7 million in FY20-21) due to reduced overtime expense; Finance and Management Services \$1.7 million (\$1.2 million in FY19-20 and \$0.5 million in FY20-21) due to across the board reductions; Police \$1.3 million (\$0.5 million in FY19-20 and \$0.8 million in FY20-21) due to reduced overtime expenses; Information Technology \$1.3 million (1.03 million in FY19-20 and \$0.24 million in FY20-21) due to reduced copier and paper expenses; Other Department reductions totaled approximately \$3.3 million (\$2.57 million in FY19-20 and \$0.7 million in FY20-21).

***Impact on the BOE.*** To best illustrate the economic impacts of COVID-19, below represents a sixteen month look at how both the FY19-20 (March 2020 through June 2020) un-audited actual results and FY20-21 (July 2020 through June 2021) projections have been affected. Items listed below represent a comparison of the projections set forth in the quarterly report for the second quarter of FY19-20 released on January 31, 2020 as compared to current projections set forth in the quarterly report of the first quarter of FY20-21, but also include forgone revenues and projected capital expenses.

*Revenues:* Exclusive any State Aid amounts withheld by the State, over a sixteen month period, Education Fund revenues are projected to be lower by \$28.3 million than would have been expected prior to COVID-19. The FY20-21 New York State Adopted Budget included an \$8 million reduction in Foundation Aid as compared to the higher amount originally allocated to the Education Fund in the FY20-21 New York State Executive Budget released in January, 2020. Transportation Aid to the Education Fund is a reimbursable expense based on prior year allowable expenses. The closing of school buildings for the last three and a half months of FY19-20 resulted in reduced transportation expenditures as compared to projections previously provided to the State in January 2020. At current the reimbursement rate (67%), Transportation Aid in FY20-21 is therefore projected to be \$8.3 million lower than previously expected over the sixteen month period. With school buildings closed for the last part of FY19-20 and open under a hybrid schedule for FY20-21, the projected loss of Federal Meal Funding through a substantial reduction in lunch participation totals \$9.0 million over the sixteen month period. Categorical Aid, primarily Universal Pre-k funding is projected to be \$2.4 million due to New York State allocation reductions. Other revenues, that are projected lower, such as, Medicaid and Rental of Buildings, total \$0.6 million.

*Expenditures:* Reduced school activities, sports cancellations, school building closures in FY19-20, and a hybrid schedule have produced large expenditures savings offset by costs of measures implemented to keep students and faculty safe from COVID-19 and to provide the required technology for remote learning. Education Fund expenditures savings due to COVID-19 are projected to be \$26.0 million over the sixteen month period. Capital expenditures as a result of COVID-19 for building safety and technology needs are projected to be approximately \$12.0 million over the sixteen month period. Combined, expenditure savings are projected to be \$14.0 million as a result of COVID-19 over the sixteen month period. Projected General Fund savings over the sixteen months include: Transportation Savings \$13.3 million, Wages \$4.0 million, Out of District Tuitions \$3.2 million, Contractual Accounts \$2.8 million, Utilities \$1.9 million, and "Others" totaling \$0.8 million.

Combined, the projected financial impact of COVID-19 on the BOE is a net loss of \$14.3 million (\$28.3 million reduction in revenues minus \$14.0 million net projected expenditure savings). See the sections entitled "*Current Events Related to BOE Operations for FY19-20,*" and "*Current Events Related to BOE Operations for FY20-21*" for projected changes in fund balance.

The spread or resurfacing of the COVID-19 outbreak will likely have a material adverse effect on the State and the City. The City is continuously monitoring the situation and will modify its projections as circumstances require.

### **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 undertook a comprehensive review of the operations of the City and the BOE and has issued a report regarding the City's finances. Cost savings resulting from the Inter-Municipal Agreement between the City and the BOE was acknowledged in the FRB's report. A \$5 million grant was awarded to the City and was included in the FY18-19 budget. On June 26, 2019, the grant was confirmed by Financial Restructuring Board for Local Governments. The City received the \$5 million grant during FY19-20.

### **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 FY17-18 transfer was \$11.82 million and \$11.90 million for FY18-19. Starting with the FY19-20 Adopted Budget, the transfer template was adjusted by removing (i) debt service for Water Fund capital projects, such as replacement of water hydrants, valves, mains, towers, etc. and (ii) Water Fund employee fringe benefits, such as health insurance, pension cost, workers compensation, and payout of accrued leave balances from the transfer. The expenses, which totaled \$8.5 million, were budgeted directly inside the Water Fund for the FY19-20 Adopted Budget reducing the transfer to the General Fund to \$4.0 million. In the FY20-21 Adopted Budget the transfer to the General Fund was increased to \$7.75 million. The increase is based upon a variety of factors and not necessarily based upon an allocation of expenses borne wholly by the General Fund in support of the Water Bureau's operations.

## **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 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.

Through FY17-18 to FY19-20, the City identified certain capital projects that had been financed with the proceeds of bonds and bond anticipation notes 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 or bond anticipation notes. 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 utilized \$1.5 million in FY19-20 and will be utilizing \$0.3 million in FY20-21 and \$0.2 million in FY21-22 being held in the Debt Service Fund to pay the principal payment, or part thereof, due on the respective series of bonds.

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**CITY - GENERAL FUND**  
**SUMMARY OF OPERATIONS AND CHANGES IN FUND BALANCE<sup>(1)</sup>**  
**(000's Omitted)**

	<b>Adopted Budget FY20-21</b>	<b>Actual (Unaudited) FY19-20</b>	<b>Adopted Budget FY19-20</b>	<b>Actual (Audited) FY18-19</b>	<b>Actual (Audited) FY17-18</b>	<b>Actual (Audited) FY16-17</b>
<b>Revenues:</b>						
Real Property Taxes <sup>(2)</sup>	\$ 365,308	\$ 362,113	\$ 358,920	\$ 355,456	\$ 344,259	\$ 340,998
Other Tax Items	77,932	75,191	77,231	87,944	79,334	72,750
Non-Property Taxes	163,752	163,614	172,517	169,294	161,732	154,579
Departmental Income	44,035	43,772	44,971	44,583	43,127	40,374
Use of Money and Property	800	2,882	608	1,616	795	278
Sale of Property and Compensation for Loss	300	69	300	78	205	679
State and Federal Aid <sup>(7)</sup>	117,690	95,795	117,732	122,687	117,346	116,157
Miscellaneous	1,648	3,064	1,585	3,287	2,947	3,593
<b>Total Revenues</b>	<u>771,464</u>	<u>746,500</u>	<u>773,863</u>	<u>784,945</u>	<u>749,745</u>	<u>729,408</u>
<b>Expenditures:</b>						
Current-						
General Government Support	92,719	88,608	93,295	103,441	96,584	111,841
Public Safety	186,576	185,298	186,111	182,188	177,228	170,495
Transportation	2,022	898	2,022	1,904	1,719	1,740
Culture and Recreation	11,334	9,716	11,146	10,230	9,926	9,573
Home and Community Services	25,603	23,861	25,539	23,149	23,603	23,974
Employee Benefits <sup>(3)</sup>	168,032	161,209	168,755	163,060	153,848	147,098
Debt Service	1,320	18,440	3,377	2,385	6,834	417
<b>Total Expenditures</b>	<u>487,606</u>	<u>488,030</u>	<u>490,246</u>	<u>486,357</u>	<u>469,742</u>	<u>465,138</u>
Excess of Revenues Over Expenditures	<u>283,859</u>	<u>258,470</u>	<u>283,617</u>	<u>298,588</u>	<u>280,003</u>	<u>264,270</u>
Sale of Real Property	-	1,506	-	14,107	1,853	3,718
Bond anticipation notes issued	-	6,175	-	16,150	-	-
Transfers In <sup>(4)</sup>	7,754	3,994	3,994	11,900	11,822	12,646
Proceeds from Obligations	-	16,150	-	-	6,000	13,000
Transfer Out – Debt Service	(45,268)	(39,373)	(39,570)	41,395	(34,875)	(42,078)
Transfers Out – Other	(279,367)	(275,931)	(275,931)	(359,276)	(278,819)	(272,128)
<b>Total Other Financing Sources (Uses)</b>	<u>(316,881)</u>	<u>(287,480)</u>	<u>(311,508)</u>	<u>(275,724)</u>	<u>(294,019)</u>	<u>(284,842)</u>
Net Change in Fund Balance	<u>\$ (33,022)</u>	<u>(29,010)</u>	<u>\$ (27,890)</u>	22,864	(14,016)	(20,572)
<b>Fund Balance <sup>(5)(6)</sup>:</b>						
Beginning of Year		69,464		46,600	60,616	81,188
End of Year		<u>\$ 40,454</u>		<u>\$ 69,464</u>	<u>\$ 46,600</u>	<u>\$ 60,616</u>
<b>Fund Balance <sup>(5)(6)</sup>:</b>						
Nonspendable		\$ -		\$ -	\$ -	\$ -
Assigned		34,302		28,442	18,710	42,355
Unassigned		6,152		41,022	27,890	18,261
End of Year		<u>\$ 40,454</u>		<u>\$ 69,464</u>	<u>\$ 46,600</u>	<u>\$ 60,616</u>

(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 FY18-19 amounted to \$3,993,538.

(5) Fund Balance Section left blank for Adopted Budget Columns FY19-20 and FY20-21.

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

(7) FY19-20 Actual (Unaudited) results exclude \$21.3m in State Aid owed to Yonkers for Aid and Incentives to Municipality Aid which is currently being withheld at the time of audit. The New York State Amended Budget has not officially reduced the \$21.3m. However, accounting rules do not allow for the revenue recognition for the period of FY20.

**BOARD OF EDUCATION – GENERAL FUND  
SUMMARY OF OPERATIONS AND CHANGES IN FUND BALANCE<sup>(1)</sup>**

(000's Omitted)

	Adopted Budget FY20-21	Actual (Unaudited) FY19-20	Adopted Budget FY19-20	Actual (Audited) FY18-19	Actual (Audited) FY17-18	Actual (Audited) FY16-17
<b>Revenues:</b>						
Charges for Services	\$ 350	\$ 578	\$ 354	\$ 171	\$ 392	\$ 367
Use of Money and Property	270	163	255	288	300	321
Sale of Property and Compensation for Loss	2	2	-	3	308	6
Interfund Revenues	446	328	416	385	375	506
State Aid	342,807	338,670	338,907	322,208	300,326	303,052
Federal Aid	815	1,034	815	1,607	1,134	757
Miscellaneous	930	2,468	932	3,658	3,515	1,651
Total Revenues	<u>345,620</u>	<u>343,243</u>	<u>341,678</u>	<u>328,320</u>	<u>306,350</u>	<u>306,660</u>
<b>Expenditures:</b>						
Current-						
Education	444,874	408,906	432,827	409,975	395,380	376,015
Employee Benefits	157,193	154,502	158,387	155,067	147,885	139,801
Debt Service	1,634	1,616	1,616	1,598	1,582	1,565
Total Expenditures	<u>603,701</u>	<u>565,024</u>	<u>592,830</u>	<u>566,640</u>	<u>544,847</u>	<u>517,381</u>
Excess of Revenues Over Expenditures	(258,081)	(221,781)	(251,152)	(238,320)	(238,497)	(210,721)
<b>Other Financing Sources (Uses):</b>						
Transfer In	245,363	243,345	243,345	231,161	246,537	245,450
Transfer Out – Debt Service	-	-	-	(964)	(16,764)	(16,764)
Transfers Out – Other	-	(3,526)	-	(1,493)	(2,018)	(2,748)
Total Other Financing Sources (Uses)	<u>245,363</u>	<u>239,819</u>	<u>243,345</u>	<u>228,704</u>	<u>227,755</u>	<u>225,938</u>
Net Change in Fund Balance	<u>\$ (12,718)</u>	18,039	<u>\$ (7,806)</u>	(9,616)	(10,742)	15,217
<b>Fund Balance (Deficit)<sup>(2)(3):</sup></b>						
Beginning of Year		23,331		32,947	43,689	28,472
End of Year		<u>\$ 41,369</u>		<u>\$ 23,331</u>	<u>\$ 32,947</u>	<u>\$ 43,689</u>
<b>Fund Balance (Deficit)<sup>(2)(3)(4):</sup></b>						
Restricted		\$ -		\$ -	\$ 964	\$ 964
Nonspendable		4,141		2,517	-	-
Assigned		37,228		20,814	31,983	42,725
End of Year		<u>\$ 41,369</u>		<u>\$ 23,331</u>	<u>\$ 32,947</u>	<u>\$ 43,689</u>

(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 FY19-20 and FY20-21.

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

(4) The Board of Education (BOE) General Fund, when presented in the City’s Comprehensive Annual Financial Report (CAFR), is reported as a Special Revenue Fund. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, a special revenue fund cannot report unassigned fund balance (unless reporting a deficit fund balance). Therefore, when reflected in the City’s CAFR, the residual fund balance for the BOE General Fund is reflected as assigned for educational purposes. However, in the stand alone audited financial statements for the BOE, this amount is reflected as both assigned (to balance the subsequent year’s budget and encumbrances) \$13,964,418 for FY20 (unaudited), \$8,095,580 for FY19, and \$24,175,517 for FY18; and unassigned (to be used at the BOE’s discretion) \$23,263,723 for FY20, \$12,717,821 for FY19, and \$7,806,273 for FY18.

## 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 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 was \$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 was \$804.72 per \$1,000 of assessed value, representing a 6.65% increase over the real property tax rate in FY17-18.

The real property tax levy in the FY19-20 Adopted Budget is \$385,707,869, representing a 1.95% increase over the real property tax levy in FY18-19. The real property tax rate is \$831.98 per \$1,000 of assessed value, representing a 3.39% increase over the real property tax rate in FY18-19.

The real property tax levy in the FY20-21 Adopted Budget Is \$391,815,589, representing a 1.58% increase over the real property tax levy in FY19-20. The real property tax rate is \$852.47 per \$1,000 of assessed value, representing a 2.46% increase over the real property tax rate in FY19-20.

The following table provides the allocation of the City's real property tax levy in the Adopted Budgets for FY16-17 to FY20-21.

(\$ millions)

	<u>FY16-17</u>	<u>FY17-18</u>	<u>FY18-19</u>	<u>FY19-20</u>	<u>FY20-21</u>
Board of Education Operations	\$214,037	\$214,453	\$213,472	\$225,089	227,713
City Operations	63,672	68,845	84,662	90,848	84,465
Debt Service and Capital Exclusions <sup>(1)</sup>	<u>77,723</u>	<u>72,945</u>	<u>80,197</u>	<u>69,770</u>	<u>79,637</u>
Total	<u>\$355,432</u>	<u>\$356,243</u>	<u>\$378,330</u>	<u>\$385,708</u>	<u>\$391,816</u>

<sup>(1)</sup> 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 58 of the Laws of 2020 extends the authorization period to September 30, 2023.

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, \$78.4 million for FY17-18, and \$80.9 million for FY18-19. For FY19-20, sales tax revenue is budgeted at \$83.2 million and projected to be \$77.6 million. Sales Tax is budgeted at \$80.1 million for FY20-21.

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, \$15.5 million for FY17-18 and \$15.9 for FY 18-19. Such sales tax is budgeted at \$16.6m and projected at \$15.5 million for FY19-20 and budgeted at \$15.5 million in the FY20-21 Adopted Budget.

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

**SALES AND USE TAX**

<u>Fiscal Year</u>	<u>City Sales and Use Tax</u>	<u>BOE Sales and Use Tax</u>
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	80,922,819	15,936,259
2019-20 <sup>(1)</sup>	77,637,128	15,531,852
2020-21 <sup>(2)</sup>	80,082,594	16,016,134

<sup>(1)</sup> Unaudited and subject to change.

<sup>(2)</sup> Budgeted.

See also “Impacts of COVID-19” herein for a discussion of the impacts of the COVID-19 pandemic upon the City and the BOE.

*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 15.00% 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"). Chapter 535 of the Laws of 1988, increased the maximum rate that the city can impose by local law on resident income to 19.25% of the net State tax. The city income tax surcharge, by law, is administered, collected and distributed by the State Tax Commission As of January 1, 2014, as set by city local law, the resident City tax rate is 16.75% of the net State tax and the non-resident tax is one half of one percent of gross

wages. Periodic amendments to existing New York State Law are required to extend the authorized collection period. Chapter 62 of the Laws of 2019 extended the authorization period to September 30, 2021.

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 and \$57.9 million for FY18-19. The FY19-20 budget for the tax is \$58.0 million and \$56.6 million is projected. The FY20-21 Adopted Budget is \$54.3 million. Discuss impacts of COVID-19 on current year receipts and projections.

*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, \$13.9 million in FY17-18 and \$23.8 million in FY18-19. The FY19-20 budget amount for this tax is \$13.9 million and \$12.2 million in projected. The FY20-21 Adopted Budget amount is \$12.2 million. See also "Impacts of COVID-19" herein for a discussion of the impacts of the COVID-19 pandemic upon the City and the BOE.

*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. The tax began to be levied as of August 1, 2015. Chapter 112 of the Laws of 2018 of the State of New York extended the collection period to September 1, 2021. Local Law 10-2018 was adopted by the City Council and approved by the Mayor extending the date to September 1, 2021 consistent with State Law. This tax is separate from the tax currently imposed by the County. The Hotel Room Occupancy Tax revenue was \$0.72 million in FY15-16, \$0.84 million in FY16-17, \$1.1 million in FY17-18, and \$1.0 million in FY18-19. The FY19-20 Budget for this tax is \$1.1 million and \$0.8 million is projected. The FY20-21 Adopted Budget amount is \$0.5 million. See also "Impacts of COVID-19" herein for a discussion of the impacts of the COVID-19 pandemic upon the City and the BOE.

*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 58 of the Laws of 2020 extends the authorization period to August 31, 2023.

*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 75.6% with the 10% incentive and the High Needs Supplement included, 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. \$19.6m was paid to the City for FY19-20.

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.

The City and the BOE depend on the State for aid to balance their budgets and to meet their cash requirements. If the State experiences revenue shortfalls or spending increases, such developments could result in reductions in aid to the City and the BOE. 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.

*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 annual City aid in this category was \$108.2 million for the FY14-15 through FY18-19, inclusive. The FY19-20 budgeted amount is \$108.2 million and although the 4<sup>th</sup> Quarter Projection projects full budgeted collection of \$108.2 million, a portion of the amount normally paid in June is currently being deferred by the State. Aid and Incentives to Municipalities aid is budgeted at \$108.2 million for FY20-21. For FY19-20, the New York State Division of Budget withheld 20% of the amounts owed to City in Aid and Incentives to Municipalities Aid. The State has announced that in the absence of Federal funding to offset reductions in State revenues due to the COVID-19 pandemic, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid.

See also "Impacts of COVID-19" herein for a discussion of the impacts of the COVID-19 pandemic upon the City and the BOE.

### **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, 2019 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**

FY20-21 Adopted Budget appropriations for the City's various departments are indicated in the following table.

<b>Department</b>	<b>FY20-21<sup>(1)</sup> Adopted Budget</b>	<b>FY20-21<sup>(2)</sup> Authorized Positions</b>
Constituent Services	\$ 1,134,014	8
Corporation Counsel	2,661,562	22
Development	1,532,187	15
Engineering	3,287,862	27
Executive	2,131,556	15
Finance	16,794,789	137
Fire	74,369,758	458
Housing & Buildings	4,387,157	42
Human Resources	4,409,167	39
Human Rights	115,000	1
Information Technology	7,588,179	41
Inspector General	729,000	3
Legislative	3,125,383	29
Parks	13,904,848	106
Police	107,818,962	691
Public Works	78,875,448	361
Veteran's Agency	460,994	5
	<u>\$323,188,718</u>	<u>2,000</u>

<sup>(1)</sup> In the FY20-21 Adopted Budget, the Yonkers Public Library appropriation of \$9,249,121 and the Hudson River Museum appropriation of \$275,000 are not included in these figures.

#### *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 expired on June 30, 2019.
- The collective bargaining agreement with the Police Captains Lieutenants and Sergeants Association (CLSA) became effective on July 1, 2009 and expired 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 expired on June 30, 2019.
- The collective bargaining agreement with the Yonkers Uniformed Fire Officers Association (UFOA) became on effective July 1, 2009 and expired on June 30, 2019.
- The collective bargaining agreement with the Teamsters Local 456 (White Collar) became effective on January 5, 2009 and expired 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 expired on December 31, 2019.
- The Library collective bargaining agreement with the SEIU Local 704B became effective on July 1, 2009 and expired on June 30, 2019. It should be noted that although the City provides 99% of the funding for the Library, the City does not negotiate the Library SEIU 704B contract.

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, 2015 and expires on June 30, 2021.

#### *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 Tier 1 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 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 its 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 BOE prepaid its employer contribution in December 2018. The City prepaid its employer contribution in December 2018, but did not pay the contributions due under the Police and Fire Retirement System until the due date, February 1, 2019. The BOE prepaid its employer contribution in December 2019. The City prepaid its employer contribution in December 2019 but did not pay the contributions due under the Police and Fire Retirement System until the due date, February 2020.

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.

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, 3.99% for 2019 and 2.87% for FY20. Based on the Projections from NYSLRS, it is anticipated that for ERS for both City and BOE, there will be no amortizations in FY21. However, the City expects to amortize a portion of amounts due under the PFRS system.

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, 2019, 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 following is a summary of the contributions amortized by the City and the BOE:

<u>Fiscal Year</u>	<u>TRS, ERS and PFRS Contributions Amortized by the City and BOE</u>
2015-2016	\$15,128,535
2016-2017 <sup>(1)</sup>	\$11,252,908
2017-2018	\$10,751,480
2018-2019	\$7,919,525
2019-2020	\$6,262,727
2020-2021 <sup>(2)</sup>	\$7,197,982

(1) The BOE left the TRS Stable Contribution Plan in 2016-2017, and did not amortize any amounts in 2017-2018, 2018-2019, 2019-2020, and does not expect to amortize any of its pension obligation for TRS for 2020-2021.

(2) Based on Projections from NYSLRS

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.

Under Chapter 57 of the Laws of 2013, the State also enacted a Stable Contribution Option for the New York State Teachers’ Retirement System. The BOE chose to enter this Stable Contribution Option for 2013-14, 2014-15 and 2015-16 but exited the SCO in 2016-2017 and returned to paying the normal rate.

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 FY20-21 Adopted Budget of the City includes \$38,500 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 FY16-17 through FY19-20, as well as amounts budgeted in FY20-21. The amounts set forth in the following table include installment payments made by the City for pension obligation payments previously amortized by the City.

	<u>Actual FY 16-17</u>	<u>Actual FY 17-18</u>	<u>Actual FY 18-19</u>	<u>Actual FY 19-20<sup>(3)</sup></u>	<u>Budget FY 20-21</u>
City (ERS and PFRS) <sup>(1)</sup>	\$51,917,726	\$53,945,840	\$57,591,941	\$57,936,836	\$59,720,169
Board of Education (ERS) <sup>(2)</sup>	9,774,915	10,021,107	11,073,076	11,053,790	11,759,577
Board of Education (TRS) <sup>(2)</sup>	27,265,694	24,273,984	26,684,986	25,834,895	23,512,318
Local Pension Fund & Fire Disability	2,707,706	2,772,776	3,348,477	3,101,004	3,030,088

(1) Excludes Community Development and City Grant Funds

(2) Excludes Special Aid and School Lunch Funds

(3) Unaudited

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, 2019. The City reported a net pension liability of \$22,611,468 and the BOE a net pension liability of \$17,087,728 (for a total of \$39,699,196) for their proportionate shares of the net pension liability of ERS. The City also reported a liability of \$81,030,938 for its proportionate share of the net pension liability of PFRS. The BOE reported a net pension asset of \$27,507,493 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, 2019. 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 FY14-15 through FY18-19, inclusive, the City expended \$51 million, \$54.0 million, \$58 million, \$63 million and \$66.3 million, respectively in premiums and reimbursement for active employees, eligible retirees and other beneficiaries. The City FY19-20 Adopted Budget for Life and Health Insurance is \$71.8 million. The City FY20-21 Adopted Budget for Life and Health Insurance is \$70.7 million.

In FY14-15 through FY18-19, inclusive, the BOE’s Consolidated Fund expended \$71.9 million, \$74.5 million, \$80.2 million, \$88.2million and \$91.3 million, respectively, in premiums and reimbursement for active employees, eligible retirees and other beneficiaries. The BOE FY19-20 Consolidated Fund’s Adopted Budget for Life and Health Insurance is \$97.6 million. The BOE FY18-19 Consolidated expense was \$92.0 million. The projected spend for FY19-20 is \$93.6 million. The BOE FY20-21 Consolidated Fund’s Adopted Budget for Life and Health Insurance is \$94.7 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 BOE 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 BOE 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 BOE's employees may become eligible for those benefits if they reach normal retirement age while working for the City or BOE. 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 BOE'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, \$92.2 million in FY17-18, \$85.7 million in FY18-19. The amount budgeted for FY19-20 is \$76.0 million and the amount budgeted for FY20-21 is \$78.0 million.

### *Board of Education*

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

In FY14-15, the City contributed \$234.2 million to the BOE. In addition, exclusive of categorical aid, 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, exclusive of categorical aid, 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, exclusive of categorical aid, 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 \$261.2 million to the Board of Education. In addition, exclusive of categorical aid, 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 contributed \$261.6 million to the Board of Education, which included \$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. In addition, exclusive of categorical aid, the BOE received \$323.8 million in State and Federal Aid and received \$4.6 million from other sources.

In FY19-20, the City is projected to contribute \$265.6 million to the Board of Education which includes \$16.6 million in additional sales and compensating use tax to be collected by the City pursuant to Chapter 67 of the Laws of 2015. In addition, exclusive of categorical aid the BOE is projected to receive \$341.2 million in State and Federal Aid and to receive/appropriate \$2.8 million from other sources.

In the FY20-21 Adopted Budget, the City is budgeted to contribute \$269.6 million to the Board of Education which includes \$16.6 million in additional sales and compensating use tax to be collected by the City pursuant to Chapter 67 of the Laws of 2015. In addition, exclusive of categorical aid the BOE is budgeted to receive \$343.6 million in State and Federal Aid and to receive/appropriate \$1.9 million from other sources.

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.)

*Deficit of the BOE.* 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 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. Chapter 58 of the Laws of 2020 extended the authorization period to September 30, 2023. See also “Impacts of COVID-19” herein for a discussion of the impacts of the COVID-19 pandemic upon the City and the BOE.

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, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak. 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 current 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.

The amount of State aid to municipalities and school districts is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses and reopening in a phased manner. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will be required to take certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid, including municipalities and school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the City and the BOE.

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, 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 State’s 2020-2021 Adopted Budget authorizes the State’s Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State’s 2020-2021 budget is balanced during three “measurement periods”: April 1 to April 30, May 1 to June 30, and July 1 to December 31. According to the legislation, if “a General Fund imbalance has occurred during any Measurement Period,” the State’s Budget Director will be empowered to “adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget,” and “such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed.” The legislation further provides that prior to making any adjustments or reductions, the State’s Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director’s reductions take effect automatically.

It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020 the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projects a \$13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including "aid-to-localities," a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid are expected to adversely affect the financial condition of municipalities and school districts in the State, including the City and the BOE.

In October 30, 2020, the New York State Division of the Budget released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a \$14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of \$63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

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 tuition amounts that fluctuate annually with the approved operating expense per pupil of the home school district. The tuition payable equals the product of the set tuition per student and the full-time-equivalent enrollment of the students in the charter school.

Charter school tuition payments are a significant expense to the BOE. 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, \$9.7 million for FY17-18 and \$11.7 million for FY18-19, and \$11.5 million for FY19-20 and has budgeted \$14.8 million for FY20-21. There are a total of approximately 712 students residing in the City enrolled in the Charter School for the 2020-21 school year.

The Charter School of Excellence, located in Yonkers, began a new High School Charter School in FY19-20. Enrollment is expected to grow by one class for each fiscal year FY 20-21 through FY22-23. The budget was increased in FY20-21 for the cost of an additional 40 students in the amount of \$636,000. In addition to the Charter School located in City, approximately 101 residents attend 37 different charter schools located in the Bronx and Manhattan. Tuition payments for these students totaled \$1.7 million FY19-20 and the FY 20-21 budget included \$2.8 million based on projected enrollment totals.

In the event the BOE fails to make any required payment to any 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.

### **Four Year Financial Plan for FY20-21 through FY23-24**

*The discussion below is based, in part, on projections and/or forward-looking statements related to FY20-21 through FY23-24. 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 FY20-21 through FY23-24 (the “Plan”) in June 2020. A copy of said Plan is attached hereto as Appendix G. The City has prepared the projected financial information set forth herein to present the plan for the City’s FY20-21 through FY23-24. 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 FY20-21 Adopted Budget as the baseline for the future projections. The FY20-21 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 FY20-21, \$33.0 million of the City's General Fund balance was used to balance the City's budget, and \$12.7 million of the Education Fund balance was used to balance the BOE's budget.

The FY21-22 through FY23-24 projections assume that the City will continue to address budget gaps by borrowing for Police and Fire 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 FY20-21 budget, the FY21-22 through FY22-24 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 FY19-20 and use of this estimated fund balance is an option to help close FY21-22 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 FY22-23 and FY23-24 budget gaps as well.

Major assumptions included in the Plan:

- Neither City nor BOE Fund balance is included to close projected budget gaps.
- Although actual rates of inflation for outer years are not known, real property tax increases are projected to stay within the requirements of Tax Levy Limit Law (see "*Tax Levy Limit Law*" under "*PROPERTY TAXES*" herein). In the Plan, the tax levy is projected to increase 0.80% for FY21-FY22, 1.33% in FY22-23, and 1.86% in FY23-24.

- 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.
- BOE Basic State Funding is projected to increase over the financial plan primarily due to a projected 3.5% increase in Foundation Aid. However, \$12 million in State “Bullet Aid” budgeted at \$12 million for FY20-21 is not budgeted for the outer years since there is no guarantee of recurring receipt of this revenue.
- Sales and Use Tax Revenues are projected to grow 2.4% in FY21-22, 2.34% in FY22-23, and 2.29% in FY23-24, 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, \$33.7 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 pension contributions with the NY Police and Fire Retirement System.
- The Plan reflects an approximate 8% annual increase to health care benefit expenses.

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**CITY'S FOUR YEAR FINANCIAL PLAN FOR FY21 THROUGH FY24**

**(000's omitted)**

	FY 2020-21 Adopted	FY 2021-22 Projection	FY 2022-23 Projection	FY 2023-24 Projection
<b>Revenues</b>				
Property Taxes	\$ 391,816	\$ 394,956	\$ 400,207	\$ 407,650
Special Taxes	181,331	185,302	189,167	192,970
State & Federal Funding	108,778	108,778	108,778	108,778
City Departments	43,128	44,192	43,994	43,994
Other Revenues	46,498	47,363	48,402	49,595
Appr. Fund Balance (General)	33,022	-	-	-
<b>Total Revenues - General Fund</b>	<b>\$ 804,573</b>	<b>\$ 780,591</b>	<b>\$ 790,549</b>	<b>\$ 802,988</b>
Library Fund	556	83	80	78
Water Fund	47,355	45,120	46,720	48,377
Sewer Fund	10,720	10,577	10,825	11,093
<b>Total City Revenue</b>	<b>\$ 863,203</b>	<b>\$ 836,371</b>	<b>\$ 848,173</b>	<b>\$ 862,537</b>
Board of Education	371,605	359,587	369,404	378,932
<b>Total Revenues - All Funds</b>	<b>\$ 1,234,809</b>	<b>\$ 1,195,958</b>	<b>\$ 1,217,578</b>	<b>\$ 1,241,469</b>
<b>Expenditures</b>				
City Departments	\$ 332,850	\$ 338,305	\$ 341,119	\$ 344,758
Fringe Benefits	173,947	182,643	193,381	203,306
Special Items	30,545	71,983	69,310	74,710
Board of Education	615,238	653,022	686,805	716,317
Subtotal	\$ 1,152,580	\$ 1,245,952	\$ 1,290,615	\$ 1,339,092
Debt Service	82,228	81,588	85,550	90,161
<b>Total Expenditures</b>	<b>\$ 1,234,809</b>	<b>\$ 1,327,540</b>	<b>\$ 1,376,164</b>	<b>\$ 1,429,253</b>
<b>Revenues vs. Expenditures</b>	<b>\$ -</b>	<b>\$ 131,582)</b>	<b>\$ (158,587)</b>	<b>\$ (187,784)</b>

**Budget Gap Mitigation Measures**

The Plan projects shortfalls of approximately \$131.6 million, \$158.6 million, and \$187.8 million for FY21-22 through FY23-24, respectively. In particular, the City projects out-year budget gaps of \$81.9 million, \$85.1 million, and \$94.7 million, while the BOE budget gaps over the same period are projected at \$49.7 million, \$73.5 million, and \$93.1 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 FY21-22 through FY23-23 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 535 of the Laws of 1988, the maximum rate that the city can impose by local law on resident income is 19.25% of the net State tax. An increase in the rate from 16.75% to 19.25% could generate an additional \$6.6 million in revenue annually for the City with additional amounts in the first year of implementation if made retroactive to January 1. 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 approximately \$12 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 1% increase in the real property tax rate imposed by the City would generate an additional \$3.8 million in revenue for the City. The City's ability to increase real property taxes is constrained by City's Constitutional Tax Limit and the Property Tax Cap which would require a super-majority Council vote. (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 21-22 through FY23-24. 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 by the City Council provides 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 November 16, 2020.

**STATEMENT OF DEBT-CONTRACTING POWER**

	<b>As of</b> <b><u>November 16, 2020</u></b>
Debt-Contracting Limitation: Nine Per Centum of five-year average full valuation of taxable real property	\$ 1,763,022,789
Outstanding Indebtedness:	
Bond Anticipation Notes	\$ 6,000,000
Serial Bonds	<u>\$ 519,150,000</u>
Total Indebtedness	<u>\$ 525,150,000</u>
Less: Exclusions	
Debts created after January 1, 1980 to provide for water supply improvements: Bonds	\$ 25,187,991
Appropriations (FY 2020-21)	<u>\$ 8,678,549</u>
Total Exclusions	<u>\$ 33,866,540</u>
Net Indebtedness	<u>\$ 491,283,460</u>
Margin of Debt Contracting Capacity	<u>\$ 1,271,739,329</u>
Percentage of Debt Contracting Capacity Exhausted	27.87%

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The following table shows the overlapping debt of the City as of December 31, 2019. Overlapping debt is the City's allocation of Westchester County debt.

**STATEMENT OF OVERLAPPING DEBT  
as of December 31, 2019**

<u>Unit</u>	<u>City's Allocation of County Debt</u>	<u>City's % Allocation of Total</u>
General County Purposes	\$ 79,401,252	10.99%
Sewer Districts	38,383,896	7.79
Water Districts	4,730,622	20.10
Refuse Districts	1,547,925	14.52
 Total Debt	 \$124,063,695	 9.93%

Source: County of Westchester

**Debt Ratios**

The following table sets forth certain debt ratios based upon the City's direct indebtedness as of November 16, 2020 and overlapping indebtedness as of December 31, 2019.

	<u>Amount</u>	<u>Per Capita</u> <sup>(1)</sup>	<u>Ratio to Assessed Value of Taxable Property</u> <sup>(2)</sup>	<u>Ratio to Estimated Full Value of Taxable Property</u> <sup>(3)</sup>
Gross Direct Debt .....	\$525,150,000	\$2,621	114.17%	2.57%
Net Direct Debt <sup>(4)</sup> .....	491,283,460	2,452	106.81%	2.40%
Net Direct and Overlapping Debt .....	615,347,155	3,071	133.78%	3.01%

<sup>(1)</sup> Calculated based upon estimated population of the City for 2019 (Census Bureau) of 200,370.

<sup>(2)</sup> The assessed valuation for Board of Education purposes for the 2020-2021 Fiscal Year is \$459,961,664.

<sup>(3)</sup> The full valuation of the City for the 2020-2021 Fiscal Year, based on the State Special Equalization Ratio of 2.25% established by the State Office of Real Property Services is \$20,442,740,622.

<sup>(4)</sup> 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, 2020. 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<sup>(1)(2)</sup>

<b>Maturing During FY End June 30<sup>th</sup></b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$52,225,000	\$25,597,520.56	\$77,822,520.56
2022	49,755,000	20,555,088.35	70,310,088.35
2023	51,210,000	18,396,304.35	69,606,304.35
2024	53,285,000	16,213,713.67	69,498,713.67
2025	54,750,000	13,940,880.42	68,690,880.42
2026	40,365,000	11,899,777.72	52,264,777.72
2027	35,155,000	10,356,380.12	45,511,380.12
2028	32,720,000	8,990,303.52	41,710,303.52
2029	26,650,000	7,670,712.52	34,320,712.52
2030	27,865,000	6,473,168.76	34,338,168.76
2031	27,185,000	5,266,856.25	32,451,856.25
2032	27,365,000	4,093,646.88	31,458,646.88
2033	14,610,000	3,217,156.26	17,827,156.26
2034	15,250,000	2,580,093.76	17,830,093.76
2035	15,825,000	1,993,693.76	17,818,693.76
2036	16,445,000	1,372,659.38	17,817,659.38
2037	12,450,000	810,775.00	13,260,775.00
2038	5,395,000	342,450.00	5,737,450.00
2039	4,085,000	163,400.00	4,248,400.00
Totals:	<u>\$ 562,590,000</u>	<u>\$ 159,934,581.28</u>	<u>\$ 722,524,581.28</u>

<sup>(1)</sup> Does not include principal and interest payments made by the City since June 30, 2020. (See "Debt Limit" under "CITY INDEBTEDNESS" herein)

<sup>(2)</sup> A summary of the principal and interest for the City's energy performance contract(s) is set forth in the Financial Statements of the City for the Fiscal Year ended June 30, 2019, a link to which is set forth in Appendix B.

## 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

<b>FY Ending June 30:</b>	<b>Amount</b>
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
2019	466,780,000
2020 <sup>(1)</sup>	562,590,000

<sup>(1)</sup> Unaudited.

## Outstanding Short-term Indebtedness

On September 17, 2020, the City issued its \$6,000,000 General Obligation Bond Anticipation Notes-2020, which matures on September 17, 2021.

## 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. An ordinance authorizing the issuance of not to exceed \$140.0 million revenue anticipation notes was adopted by the City Council on June 29, 2020. The Notes are being issued pursuant to this ordinance 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.

On May 29, 2020, the City Council also adopted an ordinance authorizing the issuance of not to exceed \$150.0 million tax anticipation notes during the FY20-21; however the City does not expect to issue any notes pursuant to this authorization.

As of November 16, 2020, the City had authorized and unissued indebtedness for capital purposes of the City of \$204,327,551. As of November 16, 2020, the City had authorized and unissued indebtedness of \$103,992,791 for BOE capital purposes and the acquisition of equipment for the BOE. As of November 16, 2020, the City has authorized and unissued indebtedness for the payment of various tax certiorari judgments, compromised claims and settled claims of \$24,453,147.

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 FY18-19 through FY20-21.

<b>Department</b>	<b>FY18-19 Budget<sup>(1)</sup></b>	<b>FY19-20 Budget<sup>(2)</sup></b>	<b>FY20-21 Budget<sup>(3)</sup></b>
Education	\$39,940,250	\$ 71,600,000	\$34,300,00
Engineering	13,271,470	21,854,235	3,829,136
Finance	6,000,000	0	35,000
Fire	1,886,960	6,608,501	2,405,750
Housing and Buildings	1,086,125	474,050	500,780
Information Technology	1,000,000	5,110,000	3,633,209
Library	1,312,000	1,139,336	949,081
Museum	0	400,000	30,000
Office for the Aging	35,000	0	0
Parks, Recreation & Conservation	5,736,200	5,468,500	649,000
Planning and Development	8,170,000	11,250,000	3,525,000
Police	3,125,443	8,090,990	2,738,782
Public Works	<u>17,001,000</u>	<u>14,981,405</u>	<u>11,169,381</u>
<b>Totals:</b>	<b><u>\$98,564,448</u></b>	<b><u>\$146,977,017</u></b>	<b><u>\$63,765,119</u></b>

(1) Amended on March 5, 2019 by Special Ordinance 16-2019. Said ordinance increased the FY18-19 Capital Budget by \$4,125,000 for additional Planning and Development and Museum projects. The FY19-20 Capital Budget was amended to \$102,689,448. In addition, the City also authorized an additional \$1,750,000 for payment of various tax certiorari judgments.

(2) Amended on July 15, 2019 by Special Ordinance 42-2019. Said ordinance increased the FY19-20 Capital Budget by \$2,000,000 for City and BOE Joint School construction costs. The FY20 Capital Budget was amended to \$148,977,017.

(3) Amended on October 27, 2020 by Special Ordinance 37-2020. Said ordinance increased the FY20-21 Capital Budget by \$16,755,000 for various City projects. The FY20 Capital Budget was amended to \$80,520,119.

## 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 purpose of providing the City and the BOE with increased flexibility to meet the needs of its school children by providing alternative financing mechanisms that would facilitate access to adequate capital for the financing of new school facilities and the modernization of existing school facilities in the City.

While the Modernization Act does not provide additional financial assistance from New York State to accomplish its objectives, the Modernization Act does authorize the establishment of the Yonkers Joint Schools Construction Board (the "YJSCB"), a 9-member board to be composed of the Mayor, the President of the BOE, the Superintendent of the Yonkers Public Schools, a designee of the Yonkers Council of Parent Teachers Association, a designee of the City Council majority party, a designee of the City Council minority party, and 3 individuals, not employed by the City or the City School District, jointly designated by the Mayor and the Superintendent. The YJSCB was appointed and officially sworn in on December 18, 2018.

The Modernization Act grants certain powers to the YJSCB with respect to directing and overseeing the rehabilitation and reconstruction of existing school facilities as well as the construction of new school buildings. The Modernization Act also permits the issuance of debt in the principal amount of not to exceed \$523 million for the purposes described above. The Modernization Act also allows projects undertaken

pursuant to the legislation 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. The Modernization Act requires that, among other things, that the YJSCB prepare a Phase I plan (the “Modernization Plan”) for submission to and approval by the New York State Department of Education prior to undertaking any of the projects included in the Modernization Plan. The YJSCB prepared and submitted its Modernization Plan to the State, and the Modernization Plan is currently being reviewed by the State

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 paid by the State. Under this legislation, the City’s “local share” is estimated to be \$144 million.

It should be emphasized that while the Modernization Act and the Double MCA Statute provide a framework for addressing the BOE’s \$2.0 billion capital construction needs, but these statutes do not change the State building aid reimbursement formula and future increases in New York State building aid and/or other forms of State assistance will be needed before the City and the BOE can implement the Program. The City is currently exploring various alternatives with stakeholders to reduce the “local share” of the first phase of the Program. Presently, the City only anticipates being able to undertake one of the projects identified in the Modernization Plan: the construction of a new school at the site of the former St. Denis school and church.

## **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 “Revenues” 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.

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**COMPUTATION OF CONSTITUTIONAL TAX LEVYING  
AND DEBT-CONTRACTING LIMITATION**

<b>Fiscal Year Ending June 30:</b>	<b>Assessed Valuation <sup>(1)</sup></b>	<b>State Special Equalization Ratio <sup>(2)</sup></b>	<b>Full Valuation <sup>(3)</sup></b>
2017	\$ 474,569,374	2.71	\$ 17,511,785,018
2018	\$ 472,279,768	2.46	\$ 19,198,364,553
2019	\$ 470,338,041	2.31	\$ 20,360,954,156
2020	\$ 463,803,362	2.27	\$ 20,431,866,167
2021	\$ 459,961,664	2.25	\$ 20,442,740,622
Total Five-Year Full Valuation			\$ 97,945,710,517
Five-Year Average Full Valuation			\$ 19,589,142,103
Tax Levying Limitation: 2% of Average Full Valuation			\$ 391,782,842
Total Exclusions for FY20-21			\$ 79,757,407
Maximum Taxing Power			\$ 471,540,249
Adopted Total Levy for FY20-21			\$ 392,817,582
Tax Margin			78,722,667
Debt-Contracting Limitation: 9% of Average Full Valuation			\$ 1,763,022,789

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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 November 4, 2020 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.

<u>Type of Property</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Vacant Land	\$ 8,976	\$ 9,509	\$ 10,028
Residential	281,331	282,486	283,811
Apartments	40,836	41,234	41,067
Commercial	82,798	83,115	82,901
Industrial	5,295	7,000	7,597
Miscellaneous	1,657	1,948	1,363
Utilities	14,186	13,845	13,804
Special Franchise	23,929	24,469	26,732
Total Taxable-City	<u>459,008</u>	<u>463,606</u>	<u>467,302</u>
Veteran's Exempt	486	535	5,438
Total Taxable-School	<u>459,494</u>	<u>464,141</u>	<u>467,846</u>
Wholly Exempt	246,167	243,196	243,130
Partially Exempt	20,457	21,859	22,783
Total Assessment Rolls	<u>\$ 726,118</u>	<u>\$ 729,197</u>	<u>\$ 733,759</u>

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 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. In the Adopted Budget for FY20-21, the City used 79.9% (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 FY16-17 through FY20-21.

	<u>FY20-21</u>	<u>FY19-20</u>	<u>FY18-19</u>	<u>FY17-18</u>	<u>FY16-17</u>
Full Valuation <sup>(1)</sup>	\$20,442,740,622	\$20,431,866,167	\$20,360,954,156	\$19,198,364,553	\$17,511,785,018
Assessed Valuation-City	459,484,126	463,242,776	469,762,462	471,779,071	472,577,346
Assessed Valuation- Education	459,961,664	463,803,362	470,338,041	472,279,768	474,569,374
Levy for City Purposes	138,189,454	136,749,636	132,825,970	110,516,902	112,941,200
Levy For Education Purposes	253,626,135	248,958,233	245,504,384	245,726,369	242,491,128
Rate per \$1,000 Assessed Valuation-City	300.86	295.20	282.75	234.26	238.99
Rate per \$1,000 Assessed Valuation-Education	551.61	536.78	521.97	520.3	510.97
Total Tax Rate (Assessed Valuations per \$1,000)	852.47	831.98	804.72	754.56	749.96
Total Tax Rate (Full Valuation per \$1,000)	\$19.17	\$18.88	\$18.58	\$18.56	\$20.30

<sup>(1)</sup> 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. Due to the COVID-19 pandemic the City has temporarily suspended its foreclosure and tax lien sales.

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 FY10-11 through FY19-20 and the amount received to date for FY20-21.

**TAX COLLECTION RECORD**

<b>Fiscal Year Ending June 30:</b>	<b>Total Ad Valorem Real Property Tax Levy <sup>(1)</sup></b>	<b>Amount Collected During Year of Levy <sup>(2)</sup></b>	<b>Percent Collected During Year of Levy</b>	<b>Total Collected</b>	<b>Percent Collected As of June 30, 2020<sup>(3)</sup></b>
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 .....	378,330,354	370,419,539	97.91	372,307,477	98.41
2020 .....	385,707,869	377,504,203	97.87	379,476,197	98.38
2021 .....	391,815,589	243,942,994	62.26	243,942,994	62.26

<sup>(1)</sup> See also "LITIGATION" herein.

<sup>(2)</sup> Adjusted to reflect uncollected taxes only, as tax bills include delinquent water rents and frontage charges.

<sup>(3)</sup> Includes taxes collected and amounts of tax lien certificates held by the City through October 31, 2020.

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 FY20-21.

**RESERVE FOR UNCOLLECTED TAXES**

<b>Year Ended June 30:</b>	<b>Reserve Appropriation</b>	<b>Actual<sup>(1)</sup></b>	<b>Reserve (Deficit)</b>
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	12,328,786	563,332
2020	10,515,654	11,533,244	1,017,590
2021	12,132,623	N/A	N/A

<sup>(1)</sup> Actual uncollected taxes reflect all unpaid items on the tax bills, including delinquent water rents and frontage charges.

**Major Taxpayers**

The following table of major taxpayers indicates the distribution of taxable properties based on the FY19-20 tax levy.

**TWENTY-FIVE LARGEST PAYERS OF CITY PROPERTY TAXES**

Fiscal Year beginning July 1, 2020

<b>OWNER</b>	<b>CITY TAXABLE<sup>(1)</sup></b>	<b>CITY TAXES LEVIED<sup>(2)</sup></b>	<b>PERCENT OF TOTAL CITY TAXABLE ASSESSED VALUE<sup>(3)</sup></b>
Con Edison	33,921,910.00	28,218,958.49	7.4%
Clearbrook South LLC	3,254,572.00	2,707,413.36	0.7%
City Of New York	2,860,900.00	2,379,925.49	0.6%
Morris Builders LP	2,592,200.00	2,156,399.34	0.6%
UE Yonkers II LLC	1,750,000.00	1,455,790.00	0.4%
Crestwood Lake	1,708,465.00	1,421,237.86	0.4%
SNH Yonkers Properties Trust	1,400,000.00	1,164,632.00	0.3%
AAC Cross County Mall LLC	1,279,950.00	1,064,764.81	0.3%
Central Plaza Associates LLC	1,147,000.00	954,166.36	0.2%
Westchester Towers	966,702.00	804,180.06	0.2%
Verizon New York Inc.	903,133.00	751,298.28	0.2%
Fleetwood Park Corp	875,726.00	728,498.94	0.2%
Tuckahoe Owners LLC	809,100.00	673,074.11	0.2%
Sadore Lane Gardens	745,244.00	619,953.58	0.2%
Midland Ave Owners Corp	744,533.00	619,362.11	0.2%
AAM Yonkers B Hotel LLC	700,000.00	582,316.00	0.2%
Valentine Gardens Coop	583,619.00	485,500.97	0.1%
Greystone Cooperative	579,432.00	482,017.89	0.1%
1 Ridge Hill LLC	579,272.00	481,884.79	0.1%
City Of Yonkers	567,640.00	472,208.36	0.1%
UE Yonkers LLC	556,700.00	463,107.60	0.1%
48 Prentiss LLC	546,500.00	454,622.42	0.1%
BMR Owners Corp	516,114.00	429,344.91	0.1%
Cresthaven Owners Inc.	507,272.00	421,989.43	0.1%
Neighborhood Housing Assoc LLC	501,800.00	417,437.38	0.1%

<sup>(1)</sup> The 2020 Taxable Assessed Values Used for the FY20-21Fiscal Year.

<sup>(2)</sup> This is calculated using the 2019/2020 City/School Tax Rate of \$831.88.

<sup>(3)</sup> The Total 2020 Taxable Assessed Values as of November 4, 2020 for the City is \$459,008,627 and \$ 459,494,276 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, \$22.1 million for FY17, \$24.3 million for FY18-19, and \$24.3 million for FY19-20.

*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 2020, inclusive, is shown below.

<u>Fiscal Year</u>	<u>Amount</u>
FY15	\$ 9,504,346
FY16	7,100,000
FY17	13,500,000
FY18	500,000
FY19	16,650,000
FY20 <sup>(1)</sup>	6,500,000

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(1) Unaudited.

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. As of September 30, 2020, the City has remaining on its balance sheet a liability of \$9,465,777 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

American Specialties Inc., Consumer Reports, Conrafact Corporation, Domino Foods, Inc., Empire City at Yonkers Raceway, Hudson Scenic Studio, Sterling National Bank, Kimber Manufacturing, Liberty Lines, Peco Pallets 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.

<b>Employment Sector</b>	<b>Total Employed</b>	<b>Percent of Employment Base</b>
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	<u>8,815</u>	<u>9.4%</u>
<b>Total</b>	<b>94,272</b>	<b>100.0%</b>

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

#### **MAJOR NON GOVERNMENTAL EMPLOYERS IN THE CITY<sup>(1)</sup>**

<b><u>Name of Employer</u></b>	<b><u>Number of Employees</u></b>
Empire City at Yonkers Raceway .....	1,098 <sup>(2)</sup>
Rising Ground (Leake and Watts Services Inc./Rising Star).....	793
Montefiore IT .....	760
Liberty Lines .....	683
Consumers Reports/Union.....	514
Stew Leonard’s of Yonkers LLC.....	484
Kawasaki Rail Inc.....	418
American Sugar Refining Inc.....	353
Oz Moving and Storage.....	201
FedEx Distribution Center.....	200

<sup>(1)</sup> Excludes hospitals, colleges, institutions and utilities.

<sup>(2)</sup> Due to an Executive Order of the Governor, Empire City was closed from March – September, 2020. Empire City is working on reopening requirements but with reduced capacity and was unable to provide updated employee information as of June 30, 2020.

Source: City Finance Department, June 2020.

## 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.

<b>Year</b>	<b>City<sup>(1)</sup></b>	<b>Westchester County<sup>(1)</sup></b>	<b>New York State<sup>(1)</sup></b>	<b>United States<sup>(2)</sup></b>
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	4.9	5.3
2016.....	5.2	4.3	4.8	4.9
2017.....	5.3	4.5	4.7	4.4
2018.....	4.6	4.0	4.2	3.9
2019.....	4.5	3.8	4.0	3.7
2020 <sup>(3)</sup> .....	12.3	9.2	10.5	8.6

<sup>(1)</sup> 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 (November 2020). US Census Bureau, American Community Survey. 2019: ACS 1-Year Estimates Comparison Profiles, TableID: CP03.

<sup>(2)</sup> Seasonally adjusted.

<sup>(3)</sup> Average rates through September 2020, represents COVID-19 impacts from March 2020 – September 2020.

## Population Characteristics

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 2019.

### POPULATION

<b>Year</b>	<b>City</b>	<b>Westchester County</b>	<b>New York State</b>	<b>United States</b>
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
2019 (estimates).....	200,362	967,506	19,453,561	328,239,523

Source: U.S. Census Bureau, American Community Survey. 2019:ACS 1-Year Estimates Data Profiles, TableID: DP05.

**Personal Income**

**INCOME  
2019**

	<b>City</b>	<b>Westchester County</b>	<b>New York State</b>	<b>United States</b>
Median Household Income .....	\$64,916	\$101,908	\$72,108	\$65,712
Per Capita Income.....	\$36,017	\$60,213	\$41,857	\$35,672

Source: U.S. Census Bureau, American Community Survey. 2019:ACS 1-Year Estimates Detailed Tables, TableIDS19301 .

**MEDIAN HOUSEHOLD INCOME  
2019**

<b>Year</b>	<b>Under- \$24,999</b>	<b>\$25,000- 49,999</b>	<b>\$50,000- 99,999</b>	<b>Over \$100,000</b>
City.....	20.5%	18.2%	29.8%	31.6%
Westchester County.....	13.1	13.2	22.2	51.4
New York State.....	18.8	17.4	27.1	36.7
United States.....	18.1	20.3	30.2	31.4

Source: U.S. Census Bureau, American Community Survey. 2019:ACS 1-Year Estimates Subject Tables, TableIDS1901.

**Construction Activity**

The table below indicates building permits issued for new construction, alterations and repairs for the last ten years and the number of permits issued to date during 2020.

**BUILDING PERMITS  
Calendar Years 2010 - 2020**

<b>Year</b>	<b>Number of Permits</b>	<b>Estimated Value of Construction</b>
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	1,453	92,721,350
2015	1,679	177,492,330
2016	1,663	201,625,142
2017	1,559	263,254,338
2018	1,741	222,439,636
2019	1,956	104,825,976
2020 <sup>(1)</sup>	781	102,902,542

<sup>(1)</sup> Year to date.

Source: FY21 Approved Budget Book Financial Statistics and Department of Housing and Building

## **Development/Redevelopment Activities**

The City continues its Generation Yonkers marketing campaign to drive business and residents to the City. The marketing initiative promotes the natural beauty, cultural diversity, residential and economic development opportunities available in the City through a campaign targeted primarily at millennials and empty-nesters. Originally paid for by the City's Office of Planning and Economic Development the campaign is now sponsored by the Yonkers Industrial Development Agency.

**North West Yonkers.** Three new transit-oriented development ("TOD") were completed recently. Rivertides consisting of 330 residential units opened and is leased up. Stratus on Hudson, consisting of 74 residential units, is open and leased up. Another 55 units at 1177 Warburton is also open and leased up. All were completed in the last two years and all have immediate access to the Hudson Line of Metro North via the Greyston station.

**Ludlow.** Ginsburg Development Corporation ("GDC") responded to a City issued RFP in order to buy 150 Downing street. The proposed development there would be approximately 500 residential units. In order to increase the size of the development's footprint, GDC also purchased the property immediately adjacent to 150 Downing Street which was owned by Westchester Metal Works. Because GDC specializes in TOD projects they also purchased 70 Pier Street from the City of Yonkers. All of these properties are within walking distance of the Hudson Line's Ludlow Train station. The City procured the services of BFJ to draft a masterplan for the area. The masterplan is anticipated to be complete in 2020.

**Bronx River Road.** Bronx River Road ("BRR") is accessible to the Harlem Line of the Metro North Railroad making many developments along the road TOD. Three developments are currently active on BRR. The first is 160 residential units at 697 aka 705 BRR, which just had their ribbon cutting ceremony. . The second is 44 units at 411 BRR which has its certificate of occupancy, celebrated a ribbon cutting and is successfully leasing units. The last is the former Kimball Theater site at 453 BRR which was approved for 220 residential units but will likely be resubmitted with less density.

**Nepperhan Valley.** The Nepperhan Valley is directly to the east of the Choice Neighborhood project area. The City worked 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 to reclassify the district "CMAD", the Carpet Mills Arts District. 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. The City is submitting legislation amending the City's Zoning Code for the Artisans & Industry (A&I) Special District for the purpose of including certain permitted and accessory uses allowed in an industrial, residences excluded ("I") zone.

**Downtown Yonkers Waterfront.** The City continues the revitalization of its Downtown and adjacent waterfront along the Hudson River. Since 2012, thousands of new residential units have been built or approved. Collins sold Hudson Park to Strategic Capital which built the final phase of the development adding 222 new apartments. Mill Creek built and sold the Modera, now the Apex, consisting of 324 residential units. RXR is working to finish both towers of Sawyer Place, consisting of 442 units overlooking Daylighting I. National Resources built and leased up Uno consisting of 100 loft apartments. While National Resources received approvals to build another 197 residential units they recently announced, in September 2019, that they will be partnering with Great Point Media to build a \$100 million-plus production facility for Lions Gate. The Lions Gate project is in full development review. However, the site is currently being prepared for construction and is expected to feature five sound stages, including three which will occupy 20,000 square feet each, and a fully operational back lot.

On Alexander Street, Avalon Bay is working their way through building 590 units. Rose Associates is approved and ready to break ground on 440 units directly to the south of Avalon Bay. Directly to the North of

Avalon Bay Extell has approvals for 1395 new units and is scheduled to break ground in the fall of 2019 as well. Small businesses are beginning to fill-in once vacant stores fronts. Soyo Nails at 50 Main Street and Dock Street Deli on the corner of Woodworth Avenue and Dock Street. 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 in 2014 was a direct result of the Daylighting impact on the local economy. However, in 2016 Mindspark ceased its operations in Yonkers. The City finished 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 business center of the City. The City concluded Phase III of Daylighting in late 2018. The seventeen million dollar investment is located on the corner of Nepperhan Avenue and New Main Street creating a new 1.25 acre gateway park. Phase III like phases I and II has also spurred new investment. Shop Fair, a 20,000 square foot boutique, chain, grocery store, opened at 116 New Main Street.

***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 to bring the total number to 86 stores. 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. In the fall of 2017 Ulta beauty also opened its doors at Cross County. As a result of COVID-19, Sears closed its doors. In October 2020, the retail giant Target signed a 40-year lease to occupy the 130,000 space vacated by Sears. Target is expected to open late 2021.

***The Mall at Cross County.*** This mall underwent a \$10 million dollar renovation starting in early 2017. 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. Due to the COVID-19 pandemic, Century 21 is going out of business.

***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; L.A. Fitness; and The Apple 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. Legoland Discovery Center and Rockin' Jump are open for play. A Lowes Home Center opened in 2017. Finally, the flagship Lord and Taylor department store will be closing its doors as a casualty of the COVID-19 pandemic.

***Empire City at Yonkers Raceway.*** In January 2013, Empire City Casino completed a new \$50 million expansion designed by Studio V Architecture that added 66,000 square feet to the casino. The expansion featured a porte-cochere sculptural entrance; the largest window in the Northeast, a 300-foot long and 27-foot high depiction of the New York City skyline made entirely of nails; a new gaming floor with nearly 700 slot machines; and two new restaurants. In 2018, Empire City was purchased by MGM for \$850 million. The current MGM management team has held community charrettes to determine what the enhanced site should include. The 97-acre site could eventually include a hotel, entertainment venue and an increased gaming floor.

***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.

***Qualified Opportunity Zones.*** In early 2018, three census tracts in the southwest part of the City were designated qualified opportunity zones pursuant to the Tax Cuts and Jobs Act enacted in 2017. The designation as a qualified opportunity zone allows for certain incentives that are designed to spur investment, job creation and economic develop within these zones.

The City has awarded grants and loans to local small businesses through its Yonkers Business Assistance Program (YBAP), collaboration between the Yonkers Industrial development Agency (YIDA) and the Community Development Block Grants (CDBG) managed by the City's Planning and Development Department. The YBAP was created to assist Yonkers businesses that have been negatively impacted by the COVID-19 pandemic. The program has supported more than 30 businesses since it launched in July 2020.

## **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 78 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 five community centers. In addition, the JFK Marina now allows entry access to small crafts and there are docking stations at the City Pier but is undergoing some upgrades. 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, 2,701 for FY19-20 and 2,944 for FY 20-21. The protest period for FY 21-22 commences on November 1, 2020. The City Council has adopted a bond ordinance authorizing the issuance of bonds by the City in an amount not to exceed \$15.0 million for FY 20-21 to finance refunds on tax certiorari claims.

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 20-21 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 or until a city-wide revaluation is undertaken.

## **Bronx River Watershed Administrative Consent Order**

On January 12, 2007, a Consent Judgment was filed against the City to address Inflow/Infiltration in the Bronx River Watershed (the "Consent Judgment"). The Consent Judgment has terminated. Following this and pending transition to solely the MS4 program, the City and DEC entered into an Administrative Consent Order (the "Order") on June 22, 2017. The Order includes a Compliance Schedule which obligates the City to take specific actions by fixed deadlines, including without limitation: setting forth a "Remedial Program" to abate discharges of untreated sewage, identified as of the date of the Order, from the City's storm sewers into the Bronx River; creating a 5-year Capital Improvement Plan which must be submitted as a pre-condition of termination; and enhanced sampling requirements on a going forward basis as a part of the City's Stormwater Management Plan/General Permit. The Order also requires the City to report its progress quarterly to DEC and to schedule and attend semiannual meetings with DEC. The Order is binding upon the City and includes action items that may terminate in four years, after which the City 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

**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/ES1442492.pdf>

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

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**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.

**Bond 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.

FORM OF OPINION OF BOND COUNSEL FOR THE NOTES

December \_\_, 2020

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

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Yonkers (the “City”), in the County of Westchester, a municipal corporation of the State of New York and have examined a record of proceedings relating to the authorization, sale and issuance of the \$65,000,000 Revenue Anticipation Notes-2020/2021 of the City (the “Notes”). Said 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, Special Ordinance No. 19-2020 duly adopted by the City Council and approved by the Mayor on May 29, 2020 (the “Note Ordinance”), the Certificate of Determination executed by the Commissioner of Finance & Management Services in connection with the issuance of the Notes (the “Certificate of Determination”) and 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”). The Notes are entitled to the benefits of the Act, subject to the terms of the Certificate of Determination. Reference is made to the Act and the Certificate of Determination, and any and all modifications thereto, for a description of the nature and extent of such benefits, and the rights and remedies of the holders of the Notes.

The Act provides, among other things, for the establishment by the City of a special debt service fund (the “Debt Service Fund”), and the deposit in the Debt Service Fund of (a) certain percentages of the tax on real property levied and assessed by the City based upon valuation (the “Ad Valorem Real Property Tax”) upon receipt of such tax by the City (such percentages to be determined in accordance with the Act) and (b) the one percent sales and use tax imposed pursuant to Section 1210 of the Tax Law, constituting Chapter 60 of said Consolidated Laws, and collected on behalf of the City by the State, upon receipt by the Comptroller of the State (the “State Comptroller”) after deduction therefrom of the reasonable costs of the State in the collection, administration and distribution thereof (such tax after such deduction being herein called the “Sales Tax”). The Act also provides procedures with respect to budgetary appropriations and receipts and certain other matters related to the financial management of the City, and that the State Comptroller shall be the fiscal agent (the “Fiscal Agent”) to maintain the Debt Service Fund (and other capital accounts of the City into which proceeds of bonds or notes are deposited). In addition, the Act authorizes and directs the inclusion in the Note Ordinance of a pledge and agreement of the State (the “State Pledge and Agreement”) with respect to the Act, the Note Ordinance and the State Pledge and Agreement, as more particularly set forth in the Act (including, among other things, (i) a pledge that the State will not repeal, reduce or suspend (a) the power or duty of the City to perform its responsibilities under the Act pursuant to the Note Ordinance or (b) the rights and remedies of the registered owners of the Notes to enforce the Note Ordinance or to enforce the State Pledge and Agreement, (ii) a grant to any benefited holder of the right to sue the State to enforce the State Pledge and Agreement and (iii) a waiver by the State of all rights of defense based upon sovereign immunity or sovereign power in such an action or suit).

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 Laws of 2011 of the State of New York, as amended. 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.

(2) 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 its date of execution and delivery, 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 containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City represents 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 2, 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.

(3) 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 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.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Notes any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the City which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in said Notes.

Very truly yours,

Very truly yours,

**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 \$65,000,000\* Revenue Anticipation Notes-2020/2021, dated December 10, 2020, maturing on June 30, 2021, 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;

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\* Preliminary, subject to change.

- (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 December 10, 2020.

CITY OF YONKERS, NEW YORK

By: \_\_\_\_\_  
Commissioner of Finance and  
Management Services

**APPENDIX F**

**FOUR YEAR FINANCIAL PLAN FOR THE FY2020-2021 THROUGH FY2023-2024**

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**Mayor Mike Spano**

# **City of Yonkers**

## **Four Year Financial Plan**

**Fiscal Year 2021 - Fiscal Year 2024**

**Prepared by the  
Office of Management and Budget  
June 2020**

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# **Overview and Discussion**

## **Section A**

# City of Yonkers Financial Plan FY21 - FY24 Overview and Discussion (Section A)



## Overview

For all nine 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 municipal budget in New York State. The FY21 Budget was adopted on May 29<sup>th</sup>, 2020, ahead of the June 1<sup>st</sup> Charter Deadline. In FY20, prior to the effect of the Covid-19 shutdown, the city had been experiencing strong 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, Mortgage Recording Tax, and Housing Permits. This trend was consistent with activity from prior years of the administration, where stronger revenues and cost efficiencies allowed the City to increase its unassigned General Fund fund balance from \$8.9 million at the end of FY11 to \$41 million by the close of FY19. Covid-19 interrupted this upward revenue trend and although the city has reached Phase 3 opening status at the time of writing, lost revenue from the shutdown and the lingering effects of the virus have had a profound effect on the city's revenues. From the projected levels of revenue in February, it was estimated in the FY20 3<sup>rd</sup> Quarter Projection and the FY21 Adopted Budget that the city has or will have lost approximately \$41.2 million in economically-sensitive revenues over FY20 and FY21 budgeted. The amounts of available reserves built up during the current administration and the appropriation of \$33 million in fund balance allowed the city's general fund to weather the storm without substantial loss of service to city general fund operations. The same cannot be said for the school district. Although the city's contribution to education increased by \$4 million to a record \$269.6 million during a time of \$41.2 in estimated revenue loss (above) due to the virus and while remaining in compliance with the 2% property tax cap, a decrease in educational NYS funding from the governor's January Executive Proposed FY21 budget (caused by a decline in cash receipts from NY State sales tax and income tax declines) primarily led to approximately 160 position removals in order to balance the Yonkers Public Schools FY21 Adopted Budget.

As shown below, the city has experienced continued growth in economically-sensitive revenues over the past several years up to the point of the virus shutdown. Column FY20 (Feb) represents projections prior to the shutdown while Column FY20 Projected represents adjusted projections. As you can see, just in these four revenue sources, over \$13m was dropped in a few months bringing the projected FY totals down to levels last seen during the FY17 and FY18 years. To illustrate the strength of the economic backdrop of Yonkers, these virus affected totals are still approximately \$29 million, or 24% greater than FY13 totals.

Revenues (\$mil)	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20 (Feb)	FY20 Projected
Sales & Use Tax	68.3	70.4	72.8	73	75.1	78.4	80.9	84.3	77.9
Real Estate Transfer Tax	8.2	8.4	9.9	10.1	12.9	14.0	23.8	12.5	11.4
Personal Income Tax	39.9	41.3	47.7	50.8	50.0	53.0	57.9	57.4	51.9
Mortgage Recording Tax	5.2	4.9	5.9	8.5	7.1	8.2	8.9	9.4	9.1
<b>Total</b>	<b>121.6</b>	<b>125</b>	<b>136.3</b>	<b>142.4</b>	<b>145.1</b>	<b>153.6</b>	<b>171.5</b>	<b>163.6</b>	<b>150.3</b>

In past years, financial plans had the challenge of balancing more easily quantifiable projected revenues against increasing expenditures that are to be expected for a city that has grown in both population and economic development. Due to the uncertainty of the virus' effect on both revenue and the need for services (city and school), the challenge for the FY21-FY24 Financial Plan is even greater. In addition, the NYS FY21 Adopted budget allows for reductions to all forms of State Aid to municipalities and school districts. In the latest NYS Financial Plan, a reduction in Aid to Localities in the amount of \$8.2 billion was included as a "Budget Control Action" to keep the NYS budget balanced in light of decreased revenues due to the virus. This potential action hangs over all NY local governments like the "Sword of Damocles." The FY21 - FY24 Financial Plan uses the FY21 Adopted Budget as the basis for the FY22 through FY24 yearly projections and does not include scenario analyses of NYS aid reductions. The FY21 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: 80% of the available amount, or \$33 million unassigned fund balance from the City's General Fund and the entire \$12.8 million available fund balance from the City's Education Fund. The FY21 includes a Contingent

# City of Yonkers Financial Plan FY21 - FY24 Overview and Discussion (Section A)



Reserve of \$3.0 million for unforeseen costs and potential revenue shortfalls. The FY21 Budget increases the Maintenance of Effort (MOE) for the School District budget by approximately \$2.0 million.

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.

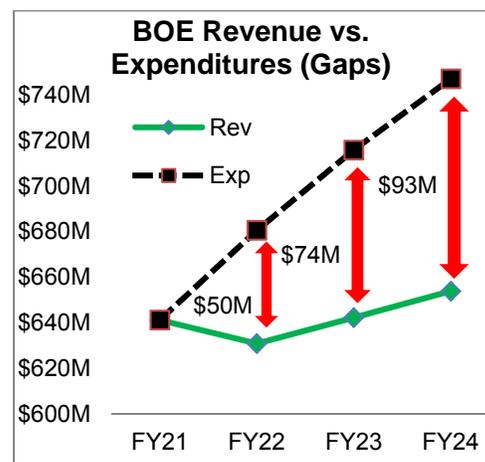
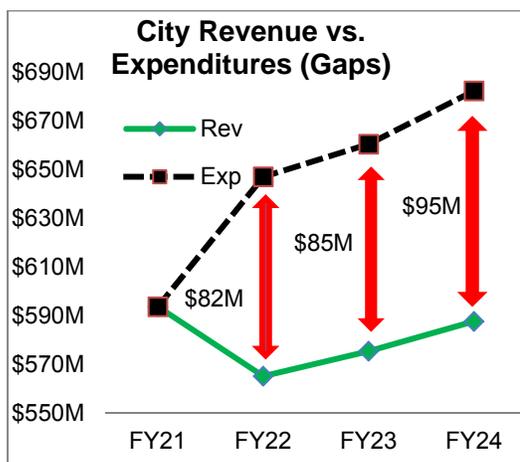
Investors should note that the City's bondholders are afforded the unusual protection of having a significant portion of the City revenues intercepted by the State Comptroller, who controls the City's bond proceeds, to provide for annual debt service payments. As well, a similar ability is available 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 FY22 - FY24 budget gaps of \$81.9 million, \$85.1 million, and \$94.7 million, while the School District budget gaps over the same period are projected at \$49.7 million, \$73.5 million, and \$93.1 million, respectively.** 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 FY22 - FY24 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.



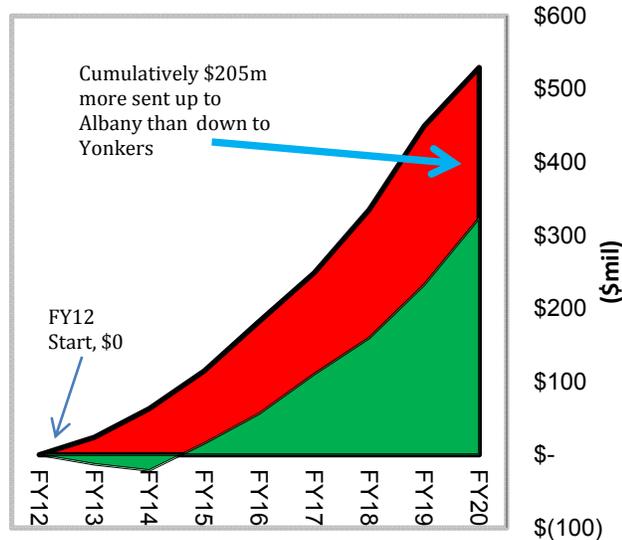
# City of Yonkers Financial Plan FY21 - FY24 Overview and Discussion (Section A)



## Revenues

In the \$1.235 billion FY21 Adopted Budget, the major sources of revenue for combined City and School District operations are State and Federal Aid (\$465.7 million or 37.71%) and Property Taxes (\$391.8 million or 31.73%). City-anticipated State and Federal Aid is \$108.8 million (8.81% of total revenue) for FY21. 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 funds back to the City, through both AIM and education funding for the school district, has not been commensurate. For example, the chart below is a comparison of extrapolated New York State portion of Yonkers Personal Income Tax and Sales Tax versus increases to AIM and NYS education funding over the last eight years. The red area represents the cumulative fund flow loss to Yonkers.

**Comparison of cumulative extrapolated NYS PIT and Sales Tax from Yonkers and (AIM & Education Aid received) vs. FY12 Run Rates**



School District State and Federal Aid for FY21 is \$356.9 million (28.9% of total revenue). This is an increase of \$3.3 million above FY20 projected. An increase to projected reimbursable expense aid through Charter School Transitional Aid, High Cost Excess Cost Aid, Career Education Aid, and Public Excess Cost Aid, make up the bulk of the \$3.3 million.

Beyond the above 69.4% of revenue from State and Federal Aid and Property Taxes, the remaining 30.6% of revenues are comprised mainly of Sales Tax (7.78%), Income Tax Surcharge (4.40%), Water and Sewer revenues (4.02%), Departmental Revenues (3.52%), and Appropriated Fund Balance (4.43%). 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 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. The issue with becoming more reliant on these types of revenues is that for the most part 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

# City of Yonkers Financial Plan FY21 - FY24 Overview and Discussion (Section A)



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. In FY21, Yonkers adopted a budget which had a Property Tax Levy that was \$1.7 million below the maximum (which included a \$2.1m rollover amount from FY20) that could be levied under the annual NYS Property Tax Cap calculation.

For FY22, the Financial Plan assumes an allowable tax levy growth of 1.0%: outer years FY23 and FY24 assume 1.5% and 2.0% growth, respectively. 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 \$3.14 million in FY22, \$5.25 million in FY23, and \$7.44 million in FY24. 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 increase back to pre-Covid19 levels by FY24 of the Financial Plan, increasing by 2.4%, 2.3% and 2.3% in FY22, FY23 and FY24, respectively. City Sales Tax and Education Sales Tax revenue increase in FY22- FY24, by an average \$1.9 million and \$384k per year, respectively. The Plan's average 2.3% growth is greater than the average City's sales and use tax growth from FY16 through the FY20 projection (1.68%) due to the FY20 impact from Covid19, but less than the New York State FY2020 Enacted Budget Financial Plan projections for sales and use tax growth in Fiscal Years 2022 through 2024.<sup>1</sup> 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) when applicable.

## **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 FY21 Adopted amount of \$8.07 million with no growth in the outer years.

## **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 \$12.1 million in FY20. The FY21 transfer tax is budgeted at \$12.2 million. Pre-Covid19, actual transfer tax collections were fueled by a strong residential housing resale market and housing/commercial development and have increased steadily over the last few years, from \$5.9 million in FY12 to the projected \$11.4 million in FY20, or average annual growth of 14.53% over the period. The FY21 Adopted Budget assumes that recent activity will continue at its very strong pace and the Financial Plan is conservative with no additional growth in the outer years.

<sup>1</sup> See <https://www.budget.ny.gov/pubs/archive/fy21/enac/fy21-enacted-fp.pdf> Page 80.

# City of Yonkers Financial Plan FY21 - FY24

## Overview and Discussion (Section A)



### **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 \$5.9 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 but picked back up in FY18 at \$8.2 million and in FY19 at \$8.9 million. Revenue is projected at \$7.9 million for FY20, which is a \$1.0 million decrease due primarily to the FY20 fiscal impact of Covid19. The FY21 Adopted Budget is \$8.9 million. The Financial Plan maintains conservativeness by projecting no additional growth in the outer years FY22 to FY24.

### **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 was \$1.1 and \$1.0 million in FY18 and FY19, respectively. Hotel tax revenue is projected at \$747,000 in FY20, with the \$253,000 decrease due to the FY20 fiscal impact of Covid19. The FY21 Adopted Budget is \$525,000 and assumes a rebound in revenue in the second half of the fiscal year. The Financial Plan assumes an increase in revenues in outer years achieving pre-Covid19 hotel tax revenue levels in FY24.

### **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 FY20, the City's income tax surcharge receipts grew from \$29.6 million to \$52.0 million, a total increase of 75.3% and an average annual increase of 6.80%. 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 9 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 on 3.5% expected growth off the FY16 projection) and a decline in receipts from FY16 of \$831k. However, Yonkers PIT recovered strongly in FY18 increasing by 6% above FY17 Actuals (\$3.01 million) and in FY19 increasing by 9.2% above FY18 Actuals (\$4.90 million). The City's income tax surcharge is projected to decrease 10% in FY20 (\$5.92 million) due to the FY20 fiscal impact of Covid19. The FY21 Budget was budgeted at \$54.4 million. The Financial Plan for the City's income tax surcharge assumes that revenues will increase steadily to pre-Covid19 levels in FY24 with the assumption of 2.58%, 2.52% and 2.46% growth in outer years FY22, FY23, and FY24, respectively.

### **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 FY21 Budget is \$19.2 million for parking, red light camera, and code violation fines. The Department of Housing and Buildings (DHB) who in the prior year had legislative increases

# City of Yonkers Financial Plan FY21 - FY24

## Overview and Discussion (Section A)



to various permits, fees and fines, is projected to generate \$8.0 million in FY21. Both Parking Violations and Housing and Building Permits revenue has been affected by the virus. The FY21 Adopted amounts for these revenues were greatly reduced from pre-virus FY20 projections and over time the city expects these revenues to return to pre-virus levels. The Police Department's FY21 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.

The FY21 Adopted Budget for Total Department Revenues is \$43.1 million. Financial plan projects an increase of \$1.1 million in FY22, a decline of \$0.2 million in FY23, and projects revenue to remain flat for FY24. Other than the effect of economic conditions returning to pre-virus levels over time for Parking Violations and Housing Permits, Civil Service Department revenues also vary with the timing of expected uniform exams.

### **Metered Water Sales and Sewer Rents**

In the Financial Plan, metered Water Sales and Sewer Rents increase annually in amounts that offset corresponding forecasted 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 3.5% annual increase in Foundation Aid (largest component of State Education Aid), which represents approximate Foundation Aid increases over the recent State FYs not affected by the virus.

School District State Funding that is reimbursed based on expenditure levels is adjusted in the Financial Plan based on expected prior year 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 \$13.3 million.

Overall, School District State Funding is projected to increase by \$1.5 million (0.22%) in FY22, increase by \$9.8 million (2.75%) in FY23, and increase by \$9.5 million (2.6%) in FY24. Please note that in FY21 Adopted Budget, the District is set to receive \$12.0 million in State "Bullet Aid." The Financial Plan assumes no "Bullet Aid" in outer years FY22-FY24.

### **Expenditures**

The major uses of the combined \$1.234 billion operating funds in the FY21 Adopted Budget are the Board of Education (51.9% of total expenditures or \$641.3 million when debt service for education is included), City Departmental Expenses (27.0% or \$332.8 million), and Fringe Benefits for City employees (14.1% or \$173.9 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 (4.55% excluding the education component) and Special Items (2.7%).

Personnel costs - hourly/salary wages, overtime, special pay, and employee fringe benefits - comprise the majority of operating budget expense. In the FY21 Adopted Budget, Municipal payroll (\$268.0 million) plus employee fringe benefits (\$173.9 million) combine for \$441.9 million or 74.6% of the City's \$593.5 million operating budget. School District payroll (\$326.8 million) plus employee fringe benefits (\$160.7 million) combine for \$487.4 million or 76.01%

# City of Yonkers Financial Plan FY21 - FY24 Overview and Discussion (Section A)



of the School District's \$641.2 million operating budget. Combined, personnel costs comprise 75.3% of the \$1.234 billion City operating budget.

## City Departmental

In the Financial Plan, City Departmental expenses are expected to increase \$5.5 million in FY22, \$2.8 million in FY23, and \$3.6 million in FY24. In the City Departmental section, only settled labor contract wage amounts are reflected: The City Departmental section of the FY21 Adopted Budget Book does not include a cost escalation provision for any of the eight unions. For department other-than-personal-services expenses, outyear increases are applied to 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 5.3% or \$9.8 million annually for FY22 through FY24. 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 Plan, pay amortized rates equal to the FY21 rates plus 0.5% for FY22 through FY24, and make all annual debt installment payments due under the plan. The plan projects increases to the weighted normal rates of 3% in FY22, and 0.5% for FY23 and FY24, offset by an estimate for increased Tier 6 wages, to compute annual borrowing spreads. For Life, Health, and Dental Costs, the plan assumes an annual increase of 7.9%, or \$6.0 million annually for FY22 through FY24. Social Security Taxes: Based on expected eligible wages for FY22 through FY24, a 6.56% estimated tax rate is projected. Workers Compensation: A projected 5.0% annual increase in Workers Compensation for FY22 through FY24 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.

<b>Capital Improvement &amp; Bond Issuance Plan (\$mil)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
City Capital Improvement	30.0	30.0	30.0	30.0
Tax Certioraris	15.0	-	-	-
Library Capital Improvement	0.4	0.4	0.4	0.4
Museum Capital Improvement	0.1	0.1	0.1	0.1
Water Capital Improvement	5.0	5.0	5.0	5.0
Sewer Capital Improvement	2.0	2.0	2.0	2.0
<b>Total City</b>	<b>52.5</b>	<b>37.5</b>	<b>37.5</b>	<b>37.5</b>
BOE Capital Improvement	25.0	25.0	25.0	25.0
BOE Equipment /Textbooks	4.6	-	-	-
Joint School Construction*	-	-	24.0	-
<b>Total BOE</b>	<b>29.6</b>	<b>25.0</b>	<b>49.0</b>	<b>25.0</b>
<b>Total Bond Issuance Plan</b>	<b>82.1</b>	<b>62.5</b>	<b>86.5</b>	<b>62.5</b>

\* Costs for Joint School Construction Borrowing are located under Special Items "Transfer to IDA for School Construction"

The Financial Plan projection assumes that Yonkers will cease its practice of bonding for Tax Certiorari Payments, and BOE Textbooks and Equipment in FY22. 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.

# City of Yonkers Financial Plan FY21 - FY24 Overview and Discussion (Section A)



The FY21 Adopted Debt Service budget is \$82.2 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 FY22 - FY24 of \$81.6 million, \$85.5 million, and \$90.2 million, respectively. Joint School Construction debt service costs appear in Special Items as a "Transfer to IDA for School Construction."

## 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 Special Local Finance and Budget 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; and termination pay of unused leave time.

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 \$10.0 million in the General Fund for years FY22 through FY24. \$9.5 million above FY21 Adopted
- Termination Payments: an 11% increase in FY22 and flat thereafter reflecting a conservative projection on a normal retirement environment
- Contingent Reserve: a factor, as described below.
- Litigation Expense, and most other Special Items: held flat through the Plan.
- Transfer to IDA for School Construction: An appropriation of \$1.4 million in FY23 and FY24 based on expected timing and cost net of building aid reimbursement for the IDA bonding for construction of the St. Denis School.

The FY21 Special Items Adopted Budget is \$30.5 million. In FY22, Special Items are projected to increase by \$41.4 million to \$72.0 million primarily because of the following assumptions (a) a \$9.5 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 and (b) an increase in the contingent reserve of \$31.4 million to fund additional unforeseen expenses, future mandates, potential revenue shortages, and to build fund balance to help smooth out future budget gaps and restore structural balance. Special Items are projected to decline \$2.7 million in FY23 but increase by \$5.4 million in FY24.

## Board of Education (BOE) Basic Operating Expenditures

The BOE FY21 Adopted Budget for basic operating expenditures is \$615.2 million. In the Plan, BOE basic operating expenditures increase \$39.4 million (6.14%) in FY22, \$35.2 million (5.49%) in FY23, and \$31.2 million (4.87%) in FY24. Included in operating expenditures for outer years FY22 through FY24 is an appropriation of \$4.6 million for the purchase of Textbooks, Library Books, Software and Equipment which had previously been bonded over the past several years. Projections for reimbursement via State Aid for those expenses are included in the BOE Revenue Section. Also, included in operating expenditures is a Contingent Reserve of \$8 million for FY22 and \$16.6 million for FY23, and \$24.9 million in FY24 reflecting, among other things, amounts to cover unforeseen costs, state mandates, potential revenue shortfalls, and to build fund balance to help smooth out future budget gaps and restore structural balance.

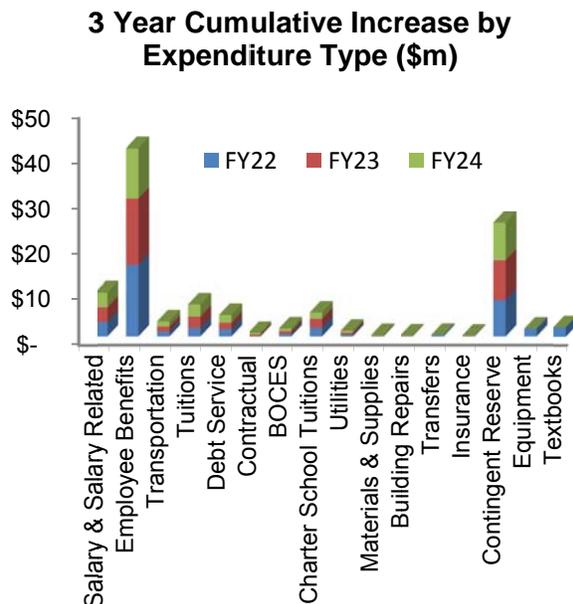
The BOE negotiates with four employee labor organizations: the Yonkers Federation of Teachers (YFT), the Yonkers Council of Administrators (YCA), the Civil Service Employees Association (CSEA), and Teamsters Local 456 (White Collar). All units have settled labor contracts through FY21.

# City of Yonkers Financial Plan FY21 - FY24 Overview and Discussion (Section A)



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

<b>BOE Plan Increases over Prior Year (mil)</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>
Salaries	\$3.18	\$3.21	\$3.24
Employee Benefits	15.56	14.81	11.09
Transportation	1.07	1.10	1.14
Tuitions	1.87	2.48	2.70
Debt Service	1.59	1.42	1.73
Contractual	0.05	0.36	0.36
BOCES	0.56	0.58	0.61
Charter School Tuitions	1.91	1.98	1.37
Utilities	0.39	0.41	0.43
Materials & Supplies	0.10	0.11	0.11
Building Repairs	0.07	0.08	0.08
Transfers	0.35	0.00	0.00
Insurance	0.06	0.06	0.06
Contingent Reserve	8.00	8.60	8.30
Equipment	1.71	0.00	0.00
Textbooks	2.11	0.00	0.00
Other	0.79	0.01	0.01
<b>Total</b>	<b>\$39.37</b>	<b>\$35.20</b>	<b>\$31.24</b>



Salary and Salary-related increases are based on the terms of settled labor contracts and projected step increases for all outer years. Fringe Benefit increases are projected to be 9.7% in FY22, 8.4% in FY23, and 5.8% in FY24 reflecting an expectation of increased Teachers' Retirement System rate increases and a 7.4% annual increase in projected employee health insurance expense under NYSHIP for all outer years. The cost to provide out of district Special Education type services, Public/Private Tuitions and BOCES are projected to increase based on recent expenditure trends and anticipated enrollment growth by 9% and 4%, respectively. With the continuing increase in the number of Charter School Students attending both in-city and out-of-city charters schools and an expected increase in tuition costs, Charter School Tuition Costs are projected to increase by 12.9% for FY22, 11.8% for FY23, and 7.3% for FY24. The remaining increases include annual projected growth in transportation, utilities, heating oil, and other areas.

## 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

# City of Yonkers Financial Plan FY21 - FY24

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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 FY21 Adopted Budget exhausts 79.9% or \$313.1 million of the \$392.8 CTL, which translates to \$78.7 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 FY21 special equalization ratio as provided by ORPTS and taxable valuation fixed at FY levels.

The constitutional tax margin (without closing gap) based on the annual increase in property tax levy, changes as follows in the financial plan:

	FY21	FY22	FY23	FY24
Constitutional Tax Margin (mil)	\$ 78.72	\$ 95.24	\$ 98.80	\$ 96.14
% CTL Exhausted	79.91%	76.40%	75.81%	76.48%

### 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 all eight municipal unions expired either in FY19 or FY20. For each 1.0% increase in contractual wages under new agreements with all eight collective bargaining units for FY20 and FY21, total salary and employee fringe benefits, including amortized pension liability, would cost an additional \$6.5 million in FY21 and additional additive annual increases of \$3.6 million for FY22, FY23 and FY24. These amounts do not include any retroactive amounts.

School District union contracts expire at the end of FY21. For each 1% increase in contractual wages under new agreements with all four unions for FY22, total salary and employee fringe benefits, including amortized pension liability, would cost an additional \$4.2 million in FY22, and additional additive annual increases of \$4.3 million and \$4.4 for FY23 and FY24. Salary and salary-related increases for School District personnel under signed labor agreements are incorporated into the Plan for FY21.

### Economically Sensitive Revenues

City operations are supported by taxes that fluctuate with known and unknown economic conditions and can be subject to exogenous shocks or mid-year vector reversals. Although the upward trend in the city's economically sensitive revenues has been undeniably strong, 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 virtually 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

# City of Yonkers Financial Plan FY21 - FY24

## Overview and Discussion (Section A)



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 2.87% in FY17, 4.5% in FY18, and 3.2% in FY19. More than offsetting the rebound in sales tax revenue in FY17 was the shortfall in personal income tax surcharge receipts which inexplicably declined by \$800k despite strong job and income data from Yonkers. Apparently it was a statewide issue. According to NY State in its FY18 Enacted Financial Plan, tax collections were \$2.8 billion below the initial FY17 budget.<sup>2</sup>

Although the city has rebounded from these aforementioned “hiccups” in the past, the current exogenous shock of COV-19 is of a much larger multitude of any ephemeral “hiccup” experienced in the past in both size and duration. The potential for continued “openings” to our local economy will serve as a strong backdrop for economic restoration but the plan projects that it will take multiple years to get back to the run rates experienced earlier in the 2020 Calendar year.

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 previously, 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. Other than the Contingent Reserve, the largest expense of the Special Items, the Reserve for Uncollected Taxes, must be calculated based on a formula specified by the Special Local Finance and Budget Act of 1976 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 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

<sup>2</sup> See <https://www.budget.ny.gov/pubs/archive/fy18archive/enactedfy18/FY2018EnactedFP.pdf>, Page 133.

# City of Yonkers Financial Plan FY21 - FY24 Overview and Discussion (Section A)



approximately generate an additional \$6.6 million in annual revenue with an additional first fiscal year amount if made retroactive to January 1.

## **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 million annually, providing that real estate sales trends continue and the increase doesn't affect purchaser or seller behavior. (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**

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 \$3.8 million in annual revenue.

## **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. For example, a pilot program using the provider Aetna was recently introduced for a select number of retirees at rates lower than previously paid under NYSHIP. The City will continue to evaluate the success of this program going forward.

## **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 \$9.5 million above the FY21 level in outer years FY22 through FY24. A full revaluation project, along with the continued improvement in market values, could reduce the need to pay the annual cost of successful certiorari challenges, save the City approximately 50% or \$5 million annually and also help control property tax increases on single family homeowners. With a small portion of the funds needed to perform a full revaluation project having been bonded in FY13, the City of Yonkers Assessment Department has implemented the use of tablets to collect property data. Additional funding to complete a citywide revaluation was adopted in the FY19 capital improvement plan but the window to bond for the project ended without any approved bond ordinance by City Council.

## **Additional 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.

# City of Yonkers Financial Plan FY21 - FY24

## Overview and Discussion (Section A)



- 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 \$174.3 million from \$431.7 million in FY08 to \$606.0 million in FY19 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 18 years (FY04-FY21), the City's annual transfer to Education has doubled from \$135 million to \$270 million leaving Yonkers at nearly 80% of its Constitutional Property Tax Margin Levy Limit. A possible solution to the annual structural imbalance in the School Districts' budget is a legislative increase in the Foundation Aid State Sharing Ratio to 75% with a 3 year full phase in of the formula amount. This would still leave Yonkers lower than the other three sister cities who are at the cap of 90% but would increase the FASSR from 55% to 75%, or 20%. The 3 year full phase in will help solve near term gaps while the top line formula increase will allow for greater year over year phase ins thus helping to cover annual expenditure increases in perpetuity.
- Lobby State for Block Grant to pay for the Local Cost Share of the "Rebuild Yonkers Schools" Initiative.

### 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.

# **Supporting Schedules**

## **Section B**

# City of Yonkers Financial Plan FY21 - FY24 Supporting Schedules (Section B)



## City of Yonkers Financial Plan Summary

	FY 2021 Adopted	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection
City Budget	\$ 593,561,198	\$ 646,918,454	\$ 660,339,834	\$ 682,189,744
School District Budget	\$ 641,247,726	\$ 680,621,892	\$ 715,824,376	\$ 747,062,816
<b>Total Budget</b>	<b>\$ 1,234,808,924</b>	<b>\$ 1,327,540,346</b>	<b>\$ 1,376,164,210</b>	<b>\$ 1,429,252,560</b>
<b>Budget Surplus/(Gap) (before Gap Closing measures)</b>	<b>\$ -</b>	<b>\$ (131,582,262)</b>	<b>\$ (158,586,546)</b>	<b>\$ (187,783,947)</b>
City Budget Details	FY 2021 Adopted	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection
City Expenditures	\$ 593,561,198	\$ 646,918,454	\$ 660,339,834	\$ 682,189,744
City Revenues	\$ 610,201,576	\$ 581,681,952	\$ 592,064,574	\$ 604,701,893
Less Sales Tax for Education	\$ 16,640,378	\$ 16,640,378	\$ 16,784,026	\$ 17,167,972
<b>City Budget Gap (before Gap Closing measures)</b>	<b>\$ -</b>	<b>\$ (81,876,880)</b>	<b>\$ (85,059,285)</b>	<b>\$ (94,655,823)</b>
School District Budget Details	FY 2021 Adopted	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection
School District Expenditures	\$ 641,247,726	\$ 680,621,892	\$ 715,824,376	\$ 747,062,816
School District Revenues	\$ 371,605,457	\$ 359,586,771	\$ 369,404,226	\$ 378,932,086
City Contribution to Education	\$ 253,001,891	\$ 254,689,361	\$ 256,108,863	\$ 257,834,635
Plus Sales Tax for Education	\$ 16,640,378	\$ 16,640,378	\$ 16,784,026	\$ 17,167,972
<b>School District Budget Gap (before Gap Closing measures)</b>	<b>\$ -</b>	<b>\$ (49,705,382)</b>	<b>\$ (73,527,261)</b>	<b>\$ (93,128,123)</b>

The City projects outyear FY22 - FY24 budget gaps of \$81.9 million, \$85.1 million, and \$94.7 million, while the School District budget gaps over the same period are estimated at \$49.7 million, \$73.5 million, and \$93.1 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 FY22 - FY24 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 Financial Plan FY21 - FY24  
Supporting Schedules (Section B)



**City of Yonkers  
Revenue and Expenditure Summary**

	<b>FY 2021 Adopted</b>	<b>FY 2022 Projection</b>	<b>FY 2023 Projection</b>	<b>FY 2024 Projection</b>
<b>Revenues</b>				
Property Taxes	\$ 391,815,589	\$ 394,956,311	\$ 400,206,880	\$ 407,650,434
Special Taxes	181,330,568	185,301,524	189,167,480	192,970,436
State & Federal Funding	108,778,272	108,778,272	108,778,272	108,778,272
City Departments	43,128,329	44,192,375	43,993,615	43,993,615
Other Revenues	46,498,234	47,362,982	48,402,277	49,595,469
Appr. Fund Balance (General)	33,021,887	-	-	-
<b>Total Revenues - General Fund</b>	<b>\$ 804,572,879</b>	<b>\$ 780,591,464</b>	<b>\$ 790,548,524</b>	<b>\$ 802,988,226</b>
Library Fund	555,952	83,000	80,280	78,104
Water Fund	47,354,804	45,120,311	46,719,685	48,377,454
Sewer Fund	10,719,832	10,576,539	10,824,949	11,092,744
<b>Total City Revenue</b>	<b>\$ 863,203,467</b>	<b>\$ 836,371,313</b>	<b>\$ 848,173,437</b>	<b>\$ 862,536,528</b>
Board of Education	371,605,457	359,586,771	369,404,226	378,932,086
<b>Total Revenues - All Funds</b>	<b>\$ 1,234,808,924</b>	<b>\$ 1,195,958,084</b>	<b>\$ 1,217,577,664</b>	<b>\$ 1,241,468,614</b>
<b>Expenditures</b>				
City Departments	\$ 332,849,987	\$ 338,305,210	\$ 341,118,611	\$ 344,757,882
Fringe Benefits	173,947,089	182,642,875	193,380,965	203,306,346
Special Items	30,544,953	71,982,671	69,310,272	74,710,180
Board of Education	615,238,420	653,021,719	686,804,701	716,317,369
<b>Subtotal</b>	<b>\$ 1,152,580,449</b>	<b>\$ 1,245,952,475</b>	<b>\$ 1,290,614,550</b>	<b>\$ 1,339,091,776</b>
Debt Service	\$ 82,228,475	81,587,871	85,549,660	90,160,784
<b>Total Expenditures</b>	<b>\$ 1,234,808,924</b>	<b>\$ 1,327,540,346</b>	<b>\$ 1,376,164,210</b>	<b>\$ 1,429,252,560</b>
<b>Revenues vs. Expenditures</b>	<b>\$ -</b>	<b>\$ (131,582,262)</b>	<b>\$ (158,586,546)</b>	<b>\$ (187,783,947)</b>

# City of Yonkers Financial Plan FY21 - FY24

## Supporting Schedules (Section B)



### City of Yonkers Revenue Summary

	FY 2021 Adopted	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection
<b>Property Taxes</b>	<b>\$ 391,815,589</b>	<b>\$ 394,956,311</b>	<b>\$ 400,206,880</b>	<b>\$ 407,650,434</b>
<b>Special Taxes</b>				
Sale and Use Tax	80,082,594	82,002,372	83,922,150	85,841,928
Sale and Use Tax - Education	16,016,134	16,400,080	16,784,026	17,167,972
Utilities Gross Receipts	8,069,000	8,069,000	8,069,000	8,069,000
Supplemental Real Estate Tax	600,000	600,000	600,000	600,000
Real Estate Transfer Tax	12,182,000	12,182,000	12,182,000	12,182,000
O.T.B. Surcharge	84,000	84,000	84,000	84,000
Multiple Unit Dwelling Tax	145,000	145,000	145,000	145,000
E.T.P.A. Adm. Charge	340,000	340,000	340,000	340,000
City & State Mortgage Tax	8,912,000	8,912,000	8,912,000	8,912,000
Hotel Room & Occupancy Tax	525,000	787,500	945,000	1,039,500
Income Tax Surcharge	54,374,840	55,779,572	57,184,304	58,589,036
<b>Total - Special Taxes</b>	<b>\$ 181,330,568</b>	<b>\$ 185,301,524</b>	<b>\$ 189,167,480</b>	<b>\$ 192,970,436</b>
<b>State &amp; Federal Funding</b>				
AIM Funding	108,215,479	108,215,479	108,215,479	108,215,479
Veterans Services	12,793	12,793	12,793	12,793
Court Facilities	350,000	350,000	350,000	350,000
County of West. - CMHB	200,000	200,000	200,000	200,000
<b>Total - State and Federal Funding</b>	<b>\$ 108,778,272</b>	<b>\$ 108,778,272</b>	<b>\$ 108,778,272</b>	<b>\$ 108,778,272</b>
<b>City Departments</b>				
Executive	196,300	196,300	196,300	196,300
City Clerk	242,000	242,000	242,000	242,000
Corporation Counsel	34,000	34,000	34,000	34,000
Finance and Mgt. Services	97,015	97,015	97,015	97,015
Parking Violations Bureau	19,218,750	20,000,000	20,000,000	20,000,000
Consumer Protection	1,348,070	1,348,070	1,348,070	1,348,070
Civil Service	267,860	770,000	80,000	80,000
Planning and Development	68,000	68,000	68,000	68,000
Police	5,380,034	4,759,449	4,759,449	4,759,449
Fire	3,445,000	3,445,000	3,445,000	3,445,000
Public Works	523,750	523,750	523,750	523,750
Engineering	646,361	646,361	646,361	646,361
Parks	2,773,119	2,773,119	2,773,119	2,773,119
Housing and Buildings	8,012,519	8,413,760	8,905,000	8,905,000
Courts Fines	875,551	875,551	875,551	875,551
<b>Total - City Departments</b>	<b>\$ 43,128,329</b>	<b>\$ 44,192,375</b>	<b>\$ 43,993,615</b>	<b>\$ 43,993,615</b>

# City of Yonkers Financial Plan FY21 - FY24

## Supporting Schedules (Section B)



### City of Yonkers Revenue Summary

	FY 2021 Adopted	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection
<b>Other Revenues</b>				
Prior Year Tax Payments	8,274,822	8,371,601	8,533,394	8,762,762
Interest on Investment	685,000	685,000	795,000	927,000
Interest on Taxes	4,308,000	3,961,400	3,961,400	3,961,400
Cable Television Fees	3,600,000	3,312,000	3,047,040	2,803,277
Rent on City Property	115,000	115,000	115,000	115,000
Maintenance of State/Co. Roads	488,698	488,698	488,698	488,698
Payments in Lieu of Taxes	25,914,520	26,951,099	28,029,141	29,150,307
Yonkers Raceway Impact Fees	1,000,000	1,500,000	1,500,000	1,500,000
County Prisoner Processing	417,498	417,498	417,498	417,498
Sale of Property	300,000	300,000	300,000	300,000
Miscellaneous	1,010,000	1,010,000	1,010,000	1,010,000
QSCB Interest	298,168	250,686	205,106	159,527
Appropriated Fund Balance (Debt Svc)	86,528	-	-	-
<b>Subtotal</b>	<b>\$ 46,498,234</b>	<b>\$ 47,362,982</b>	<b>\$ 48,402,277</b>	<b>\$ 49,595,469</b>
Appropriated Fund Balance (General)	33,021,887	-	-	-
<b>Total - Other Revenues</b>	<b>\$ 79,520,121</b>	<b>\$ 47,362,982</b>	<b>\$ 48,402,277</b>	<b>\$ 49,595,469</b>
<b>Library Fund</b>				
Rental of Real Property	9,000	9,000	9,000	9,000
Fees and Fines	17,000	13,600	10,880	8,704
Miscellaneous Library	7,010	7,010	7,010	7,010
State Funding	53,390	53,390	53,390	53,390
<b>Subtotal</b>	<b>\$ 86,400</b>	<b>\$ 83,000</b>	<b>\$ 80,280</b>	<b>\$ 78,104</b>
Appropriated Fund Balance (Library)	469,552	-	-	-
<b>Total - Library Fund</b>	<b>\$ 555,952</b>	<b>\$ 83,000</b>	<b>\$ 80,280</b>	<b>\$ 78,104</b>
<b>Water Fund</b>				
Water Frontage Tax	3,753,997	3,753,997	3,753,997	3,753,997
Metered Water Sales	35,788,363	40,182,814	41,782,188	43,439,957
Sundries and Interest	1,183,500	1,183,500	1,183,500	1,183,500
<b>Subtotal</b>	<b>\$ 40,725,860</b>	<b>\$ 45,120,311</b>	<b>\$ 46,719,685</b>	<b>\$ 48,377,454</b>
Appropriated Fund Balance (Water)	6,628,944	-	-	-
<b>Total - Water Fund</b>	<b>\$ 47,354,804</b>	<b>\$ 45,120,311</b>	<b>\$ 46,719,685</b>	<b>\$ 48,377,454</b>
<b>Sewer Fund</b>				
Sewer Rents	8,756,496	10,391,539	10,639,949	10,907,744
Other	185,000	185,000	185,000	185,000
<b>Subtotal</b>	<b>\$ 8,941,496</b>	<b>\$ 10,576,539</b>	<b>\$ 10,824,949</b>	<b>\$ 11,092,744</b>
Appropriated Fund Balance (Sewer)	1,778,336	-	-	-
<b>Total - Sewer Fund</b>	<b>\$ 10,719,832</b>	<b>\$ 10,576,539</b>	<b>\$ 10,824,949</b>	<b>\$ 11,092,744</b>

City of Yonkers Financial Plan FY21 - FY24  
Supporting Schedules (Section B)



**City of Yonkers  
Revenue Summary**

	<b>FY 2021 Adopted</b>	<b>FY 2022 Projection</b>	<b>FY 2023 Projection</b>	<b>FY 2024 Projection</b>
<b>Board of Education</b>				
State Funding - Basic	311,207,186	324,002,924	333,820,379	343,348,239
State Funding - Categorical	13,277,347	13,277,347	13,277,347	13,277,347
State Funding for VLTs	19,600,000	19,600,000	19,600,000	19,600,000
State Funding - Additional Aid	12,000,000	-	-	-
State Funding - Prior Year Adj	-	-	-	-
State Funding - Bullet Aid	-	-	-	-
Federal Aid	814,900	814,900	814,900	814,900
Department	350,000	350,000	350,000	350,000
Interfund Rev./Indirect Cost	340,000	340,000	340,000	340,000
Misc. Departmental	1,201,600	1,201,600	1,201,600	1,201,600
Approp. Fund Balance (Debt Svc Restr )	-	-	-	-
Approp. Fund Balance (Edu Debt Svc)	96,603	-	-	-
<b>Subtotal</b>	<b>\$ 358,887,636</b>	<b>\$ 359,586,771</b>	<b>\$ 369,404,226</b>	<b>\$ 378,932,086</b>
Appr. Fund Balance - G./F.	12,717,821	-	-	-
<b>Total - Board of Education</b>	<b>\$ 371,605,457</b>	<b>\$ 359,586,771</b>	<b>\$ 369,404,226</b>	<b>\$ 378,932,086</b>
<b>Total Revenues</b>	<b>\$ 1,234,808,924</b>	<b>\$ 1,195,958,084</b>	<b>\$ 1,217,577,664</b>	<b>\$ 1,241,468,614</b>

City of Yonkers Financial Plan FY21 - FY24  
Supporting Schedules (Section B)



Yonkers Board of Education  
Consolidated Revenue by Account

Fund	Acct	Descriptions	FY20.21 Adopted	FY21.22 Projection	FY22.23 Projection	FY23.24 Projection
450	B3005	Academic Enhancement Aid	17,500,000	17,500,000	17,500,000	17,500,000
450	B3006	Video Lottery Terminal Rev. Sharing	19,600,000	19,600,000	19,600,000	19,600,000
450	B3007	Basic Form Excess Cost (Pub & Pvt)	44,404,011	45,232,822	46,098,978	47,004,184
450	B3008	Basic Formula Aid	217,120,266	227,577,853	235,485,471	243,351,958
450	B3102	Transportation Aid	26,547,901	27,344,338	28,164,668	29,009,608
450	B3240	Computer Hardware Aid	427,591	427,591	427,591	427,591
450	B3251	Computer Software Aid	431,079	431,079	431,079	431,079
450	B3260	Textbook Aid	1,789,615	1,789,615	1,789,615	1,789,615
450	B3263	Library Materials Aid	179,856	179,856	179,856	179,856
450	B3303	Bullet Aid	12,000,000	-	-	-
450	B3313	Charter School Supplemental Basic	431,494	543,021	601,421	659,821
450	B3008	Charter School Transitional Aid	2,375,373	2,976,749	3,141,700	2,994,527
450	B4001	Impact Aid	14,900	14,900	14,900	14,900
450	B4701	Federal Medicaid Assistance	800,000	800,000	800,000	800,000
450	B6001	City of Yonkers	245,363,218	245,381,611	245,525,259	245,909,205
450	B6140	Summer School Tuition	4,000	4,000	4,000	4,000
450	B6261	Other Charges/Services	1,000	1,000	1,000	1,000
450	B6280	Day School Tuition-Other Districts	5,000	5,000	5,000	5,000
450	B6281	Tuition-Foster Other Districts	180,000	180,000	180,000	180,000
450	B6320	Health Services-Other Districts	160,000	160,000	160,000	160,000
450	B6362	Rental of Buildings - Pool	90,000	90,000	90,000	90,000
450	B6380	Rental of Buildings - Individual	180,000	180,000	180,000	180,000
450	B6660	Insurance Recoveries	1,600	1,600	1,600	1,600
450	B6741	Refund Pr Yr Exp-Misc	850,000	850,000	850,000	850,000
450	B6840	Other Misc Revenue	80,000	80,000	80,000	80,000
450	B6940	490 Interfund Rev-Indr Cost	340,000	340,000	340,000	340,000
450	B6941	451 Interfund Rev-Indr Cost	106,344	106,344	106,344	106,344
450	B5037	Appropriated General Fund Balance	12,717,821	-	-	-
		<b>Total General Fund</b>	<b>603,701,069</b>	<b>591,797,379</b>	<b>601,758,482</b>	<b>611,670,288</b>
451	B3303	Universal Pre-K	12,111,980	12,111,980	12,111,980	12,111,980
451	B3303	Health Services	1,165,367	1,165,367	1,165,367	1,165,367
451	B6941	451 Interfund Rev-Indr Cost	(106,344)	(106,344)	(106,344)	(106,344)
				-	-	-
460	B6001	City of Yonkers	24,279,051	25,948,128	27,367,630	29,093,402
460	B5037	Debt Svc Fund Balance	96,603	-	-	-
		<b>Total Consolidated Fund Revenue</b>	<b>641,247,726</b>	<b>630,916,510</b>	<b>642,297,115</b>	<b>653,934,693</b>

# City of Yonkers Financial Plan FY21 - FY24

## Supporting Schedules (Section B)



### City of Yonkers Expenditure Summary

	FY 2021 Adopted	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection
<b>City Departments</b>				
Executive	\$ 2,131,556	\$ 2,150,725	\$ 2,170,236	\$ 2,190,098
Legislative	3,125,383	3,167,373	3,210,361	3,254,376
Corporation Counsel	2,661,562	2,680,873	2,700,458	2,720,324
Finance and Mgt. Services	16,794,789	16,971,470	17,151,803	17,335,892
Human Resources	4,409,167	5,606,247	4,916,798	4,970,238
Information Technology	7,588,179	7,711,530	7,838,049	7,967,825
Planning and Development	1,532,187	1,542,033	1,551,993	1,562,070
Police	107,818,962	108,469,516	109,126,499	109,790,036
Fire	74,369,758	74,798,259	75,230,497	75,666,536
Public Works	78,875,448	81,372,702	83,090,878	84,867,690
Engineering	3,287,862	3,308,157	3,328,649	3,349,340
Parks	13,904,848	14,024,303	14,145,773	14,269,309
Housing and Buildings	4,387,157	4,416,011	4,445,212	4,474,768
Constituent Services	1,134,014	1,151,450	1,169,326	1,187,653
Inspector General	729,000	739,089	749,421	760,004
Veterans Services	460,994	466,479	472,086	477,818
Human Rights	115,000	117,550	120,172	122,868
Library	9,249,121	9,336,443	9,425,400	9,516,037
Museum	275,000	275,000	275,000	275,000
<b>Total - Departmental Expenditures</b>	<b>\$ 332,849,987</b>	<b>\$ 338,305,210</b>	<b>\$ 341,118,611</b>	<b>\$ 344,757,882</b>
<b>Fringes Benefits</b>				
Employee Retirement	\$ 16,467,017	\$ 16,728,347	\$ 19,052,163	\$ 20,799,541
Police & Fire Retirement	45,287,336	46,450,352	47,516,266	47,808,848
Social Security	18,271,072	19,048,542	19,410,994	19,780,601
Workers' Compensation	14,502,793	15,227,933	15,989,329	16,788,796
Life/Health/Dental Ins.	70,671,609	76,259,860	82,293,213	88,807,139
Trust & Welfare Payments	5,407,174	5,407,174	5,407,174	5,407,174
Local Pension Plan	38,500	38,500	38,500	38,500
Unemployment Insurance	310,000	341,000	375,100	412,610
Fire 207A Supple. Pension	2,991,588	3,141,167	3,298,226	3,463,137
<b>Total - Fringe Benefits</b>	<b>\$ 173,947,089</b>	<b>\$ 182,642,875</b>	<b>\$ 193,380,965</b>	<b>\$ 203,306,346</b>
<b>Special Items</b>				
Taxes on City Property	\$ 3,104,883	\$ 3,174,268	\$ 3,235,500	\$ 3,301,440
Tax Remission	900,000	900,000	900,000	900,000
Senior Citizens Tax Exempt	550,000	550,000	550,000	550,000
Res. for Uncollected Taxes	12,073,551	12,170,330	12,332,123	12,561,491
YMCA-SNUG Grant	200,000	200,000	200,000	200,000
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	340,000	340,000	340,000	340,000
Judgments and Claims	1,000,000	1,000,000	1,000,000	1,000,000
Tax Certiorari Payments	500,000	10,000,000	10,000,000	10,000,000
Contractual Settlements	-	-	-	-
Termination Payments	4,033,000	4,500,000	4,500,000	4,500,000
Fiscal Agent Bank Fee	30,000	30,000	30,000	30,000
Grant Cash Match	44,794	44,794	44,794	44,794
Litigation Expenses	2,500,000	2,500,000	2,500,000	2,500,000
Police Vehicles	-	-	-	-

# City of Yonkers Financial Plan FY21 - FY24

## Supporting Schedules (Section B)



### City of Yonkers Expenditure Summary

	FY 2021 Adopted	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection
Administrative Income Tax	370,000	370,000	370,000	370,000
Yonkers Historical Society	10,000	10,000	10,000	10,000
MTA Payroll Tax	925,547	930,101	934,677	939,277
Board of Ethics	-	-	-	-
Green Task Force	-	-	-	-
Affordable Housing Subsidies	50,000	50,000	50,000	50,000
Buena Vista Parking Garage	178,478	178,478	178,478	178,478
Special Projects - Census	-	-	-	-
Annual City Audit	497,700	497,700	497,700	497,700
Teen Pregnancy Prevention	40,000	40,000	40,000	40,000
Transfer to IDA for School Construction	-	-	1,400,000	1,400,000
Contingent Reserve	3,000,000	34,300,000	30,000,000	35,100,000
<b>Total - Special Items</b>	<b>\$ 30,544,953</b>	<b>\$ 71,982,671</b>	<b>\$ 69,310,272</b>	<b>\$ 74,710,180</b>
<b>Board of Education</b>				
Basic Operating Expend.	\$ 615,238,420	\$ 653,021,719	\$ 686,804,701	\$ 716,317,369
<b>Debt Service</b>				
Debt Service - General Fund	\$ 45,386,301	\$ 43,835,718	\$ 45,821,855	\$ 48,065,447
Debt Service - Education Fund	26,009,306	27,600,173	29,019,675	30,745,447
Debt Service - Library Fund	1,031,273	968,983	1,002,809	1,099,279
Debt Service - Museum Fund	1,288,493	2,174,310	2,174,604	2,179,468
Debt Service - Water Fund	4,859,129	4,025,068	4,408,609	4,796,342
Debt Service - Sewer Fund	3,653,973	2,983,619	3,122,108	3,274,801
<b>Total - Debt Service</b>	<b>\$ 82,228,475</b>	<b>\$ 81,587,871</b>	<b>\$ 85,549,660</b>	<b>\$ 90,160,784</b>
<b>Total Expenditures</b>	<b>\$ 1,234,808,924</b>	<b>\$ 1,327,540,346</b>	<b>\$ 1,376,164,210</b>	<b>\$ 1,429,252,560</b>

City of Yonkers Financial Plan FY21 - FY24  
Supporting Schedules (Section B)



**City of Yonkers**  
**Department Operating Expenditures**

Department	Account Class	FY 2021 Adopted	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection
<b>Executive</b>	100's	\$ 1,767,001	\$ 1,775,836	\$ 1,784,715	\$ 1,793,639
	200's	-	-	-	-
	300's	60,286	61,492	62,722	63,976
	400's	304,269	313,397	322,799	332,483
	<b>Total</b>	<b>\$ 2,131,556</b>	<b>\$ 2,150,725</b>	<b>\$ 2,170,236</b>	<b>\$ 2,190,098</b>
<b>Legislative</b>	100's	\$ 2,063,057	\$ 2,073,372	\$ 2,083,739	\$ 2,094,158
	200's	15,000	15,450	15,914	16,391
	300's	19,500	19,890	20,288	20,694
	400's	1,027,826	1,058,661	1,090,421	1,123,133
	<b>Total</b>	<b>\$ 3,125,383</b>	<b>\$ 3,167,373</b>	<b>\$ 3,210,361</b>	<b>\$ 3,254,376</b>
<b>Corporation Counsel</b>	100's	\$ 2,415,123	\$ 2,427,199	\$ 2,439,335	\$ 2,451,531
	200's	-	-	-	-
	300's	15,800	16,116	16,438	16,767
	400's	230,639	237,558	244,685	252,025
	<b>Total</b>	<b>\$ 2,661,562</b>	<b>\$ 2,680,873</b>	<b>\$ 2,700,458</b>	<b>\$ 2,720,324</b>
<b>Finance and Mgt. Services</b>	100's	\$ 13,056,510	\$ 13,121,793	\$ 13,187,402	\$ 13,253,339
	200's	6,500	6,695	6,896	7,103
	300's	75,040	76,541	78,072	79,633
	400's	3,656,739	3,766,441	3,879,434	3,995,817
	<b>Total</b>	<b>\$ 16,794,789</b>	<b>\$ 16,971,470</b>	<b>\$ 17,151,803</b>	<b>\$ 17,335,892</b>
<b>Human Resources</b>	100's	\$ 3,684,030	\$ 3,948,165	\$ 3,967,906	\$ 3,987,745
	200's	-	250,000	262,500	275,625
	300's	11,200	11,424	11,652	11,886
	400's	713,937	1,396,658	674,740	694,982
	<b>Total</b>	<b>\$ 4,409,167</b>	<b>\$ 5,606,247</b>	<b>\$ 4,916,798</b>	<b>\$ 4,970,238</b>
<b>Information Technology</b>	100's	\$ 4,138,396	\$ 4,159,088	\$ 4,179,883	\$ 4,200,783
	200's	-	-	-	-
	300's	83,400	85,068	86,769	88,505
	400's	3,366,383	3,467,374	3,571,396	3,678,538
	<b>Total</b>	<b>\$ 7,588,179</b>	<b>\$ 7,711,530</b>	<b>\$ 7,838,049</b>	<b>\$ 7,967,825</b>
<b>Planning and Development</b>	100's	\$ 1,443,187	\$ 1,450,403	\$ 1,457,655	\$ 1,464,943
	200's	-	-	-	-
	300's	4,000	4,080	4,162	4,245
	400's	85,000	87,550	90,177	92,882
	<b>Total</b>	<b>\$ 1,532,187</b>	<b>\$ 1,542,033</b>	<b>\$ 1,551,993</b>	<b>\$ 1,562,070</b>

City of Yonkers Financial Plan FY21 - FY24  
Supporting Schedules (Section B)



**City of Yonkers**  
**Department Operating Expenditures**

Department	Account Class	FY 2021 Adopted	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection
<b>Police</b>	100's	\$ 102,915,903	\$ 103,430,483	\$ 103,947,635	\$ 104,467,373
	200's	-	-	-	-
	300's	1,111,763	1,133,998	1,156,678	1,179,812
	400's	3,791,296	3,905,035	4,022,186	4,142,852
	<b>Total</b>	<b>\$ 107,818,962</b>	<b>\$ 108,469,516</b>	<b>\$ 109,126,499</b>	<b>\$ 109,790,036</b>
<b>Fire</b>	100's	\$ 71,822,665	\$ 72,181,778	\$ 72,542,687	\$ 72,905,401
	200's	23,500	24,205	24,931	25,679
	300's	702,500	716,550	730,881	745,499
	400's	1,821,093	1,875,726	1,931,998	1,989,957
	<b>Total</b>	<b>\$ 74,369,758</b>	<b>\$ 74,798,259</b>	<b>\$ 75,230,497</b>	<b>\$ 75,666,536</b>
<b>Public Works</b>	100's	\$ 36,809,653	\$ 36,993,701	\$ 37,178,670	\$ 37,364,563
	200's	130,000	133,900	137,917	142,055
	300's	8,999,775	9,179,771	9,363,366	9,550,633
	400's	32,936,020	35,065,331	36,410,925	37,810,439
	<b>Total</b>	<b>\$ 78,875,448</b>	<b>\$ 81,372,702</b>	<b>\$ 83,090,878</b>	<b>\$ 84,867,690</b>
<b>Engineering</b>	100's	\$ 3,077,843	\$ 3,093,232	\$ 3,108,698	\$ 3,124,242
	200's	-	-	-	-
	300's	139,450	142,239	145,084	147,985
	400's	70,569	72,686	74,867	77,113
	<b>Total</b>	<b>\$ 3,287,862</b>	<b>\$ 3,308,157</b>	<b>\$ 3,328,649</b>	<b>\$ 3,349,340</b>
<b>Parks</b>	100's	\$ 11,695,173	\$ 11,753,649	\$ 11,812,417	\$ 11,871,479
	200's	14,000	14,420	14,853	15,298
	300's	531,150	541,773	552,608	563,661
	400's	1,664,525	1,714,461	1,765,895	1,818,871
	<b>Total</b>	<b>\$ 13,904,848</b>	<b>\$ 14,024,303</b>	<b>\$ 14,145,773</b>	<b>\$ 14,269,309</b>
<b>Housing and Buildings</b>	100's	\$ 4,097,607	\$ 4,118,095	\$ 4,138,686	\$ 4,159,379
	200's	5,000	5,150	5,305	5,464
	300's	32,050	32,691	33,345	34,012
	400's	252,500	260,075	267,877	275,914
	<b>Total</b>	<b>\$ 4,387,157</b>	<b>\$ 4,416,011</b>	<b>\$ 4,445,212</b>	<b>\$ 4,474,768</b>
<b>Constituent Services</b>	100's	\$ 660,845	\$ 664,149	\$ 667,470	\$ 670,807
	200's	-	-	-	-
	300's	6,300	6,426	6,555	6,686
	400's	466,869	480,875	495,301	510,160
	<b>Total</b>	<b>\$ 1,134,014</b>	<b>\$ 1,151,450</b>	<b>\$ 1,169,326</b>	<b>\$ 1,187,653</b>

City of Yonkers Financial Plan FY21 - FY24  
Supporting Schedules (Section B)



**City of Yonkers**  
**Department Operating Expenditures**

Department	Account Class	FY 2021 Adopted	FY 2022 Projection	FY 2023 Projection	FY 2024 Projection
<b>Inspector General</b>	100's	\$ 470,231	\$ 472,582	\$ 474,945	\$ 477,320
	200's	-	-	-	-
	300's	2,519	2,569	2,621	2,673
	400's	256,250	263,938	271,856	280,011
	<b>Total</b>	<b>\$ 729,000</b>	<b>\$ 739,089</b>	<b>\$ 749,421</b>	<b>\$ 760,004</b>
<b>Veterans Services</b>	100's	\$ 330,744	\$ 332,398	\$ 334,060	\$ 335,730
	200's	-	-	-	-
	300's	7,600	7,752	7,907	8,065
	400's	122,650	126,330	130,119	134,023
	<b>Total</b>	<b>\$ 460,994</b>	<b>\$ 466,479</b>	<b>\$ 472,086</b>	<b>\$ 477,818</b>
<b>Human Rights</b>	100's	\$ 36,000	\$ 36,180	\$ 36,361	\$ 36,543
	200's	-	-	-	-
	300's	-	-	-	-
	400's	79,000	81,370	83,811	86,325
	<b>Total</b>	<b>\$ 115,000</b>	<b>\$ 117,550</b>	<b>\$ 120,172</b>	<b>\$ 122,868</b>
<b>Library</b>	100's	\$ 7,516,964	\$ 7,554,549	\$ 7,592,322	\$ 7,630,283
	200's	100,000	103,000	106,090	109,273
	300's	222,756	227,211	231,755	236,390
	400's	1,409,401	1,451,683	1,495,234	1,540,091
	<b>Total</b>	<b>\$ 9,249,121</b>	<b>\$ 9,336,443</b>	<b>\$ 9,425,400</b>	<b>\$ 9,516,037</b>
<b>Museum</b>	100's	\$ -	\$ -	\$ -	\$ -
	200's	-	-	-	-
	300's	-	-	-	-
	400's	275,000	275,000	275,000	275,000
	<b>Total</b>	<b>\$ 275,000</b>	<b>\$ 275,000</b>	<b>\$ 275,000</b>	<b>\$ 275,000</b>
<b>Total</b>	100's	\$ 268,000,932	\$ 269,586,652	\$ 270,934,585	\$ 272,289,258
	200's	294,000	552,820	574,405	596,887
	300's	12,025,089	12,265,591	12,510,903	12,761,121
	400's	52,529,966	55,900,148	57,098,719	59,110,617
	<b>Total</b>	<b>\$ 332,849,987</b>	<b>\$ 338,305,210</b>	<b>\$ 341,118,611</b>	<b>\$ 344,757,882</b>

City of Yonkers Financial Plan FY21 - FY24  
Supporting Schedules (Section B)



**Yonkers Board of Education  
Expenditures by Type**

<b>Expenditure</b>	<b>FY2020.21 Adopted</b>	<b>FY2021.22 Projection</b>	<b>FY2022.23 Projection</b>	<b>FY2023.24 Projection</b>
Salary	\$ 326,756,982	\$ 329,932,429	\$ 333,139,637	\$ 336,378,916
Employee Benefits	160,684,495	176,245,010	191,050,333	202,142,646
Administration - 403b	3,500	3,570	3,641	3,714
Civil Service Retirement	11,837,760	12,287,859	14,281,098	15,799,519
Dental, Life & Vision	61,636	61,636	61,636	61,636
Health Insurance	94,749,494	101,713,877	109,200,588	117,248,803
Social Security	24,140,399	24,859,086	25,107,677	25,358,754
Teachers' Retirement	24,161,902	32,727,350	37,671,190	38,808,860
Unemployment Insurance	1,352,224	87,602	90,230	92,937
Welfare Fund Contribution	4,377,580	4,504,030	4,634,273	4,768,423
Transportation	35,679,754	36,750,146	37,852,650	38,988,229
Tuitions	27,852,854	29,720,598	32,202,143	34,903,652
Debt Service	26,009,306	27,600,173	29,019,675	30,745,447
Contractual	19,379,088	19,428,697	19,785,290	20,149,011
BOCES	14,053,136	14,615,261	15,199,871	15,807,866
Charter School Tuitions	14,850,385	16,759,030	18,735,968	20,109,140
Utilities	7,871,645	8,265,227	8,678,488	9,112,413
Materials & Supplies	2,581,193	2,683,930	2,790,773	2,901,899
Building Repairs	2,451,950	2,525,509	2,601,274	2,679,312
Transfers	1,495,200	1,845,200	1,845,200	1,845,200
Insurance	1,178,889	1,237,833	1,299,725	1,364,711
Postage	200,000	210,000	220,500	231,525
Travel	72,925	72,925	72,925	72,925
Equipment	129,924	1,843,924	1,843,924	1,843,924
Textbooks	-	2,110,000	2,110,000	2,110,000
Library Books	-	206,000	206,000	206,000
Computer Software	-	570,000	570,000	570,000
Contingent Reserve	-	8,000,000	16,600,000	24,900,000
<b>Total Expenditures</b>	<b>\$ 641,247,726</b>	<b>\$ 680,621,892</b>	<b>\$ 715,824,376</b>	<b>\$ 747,062,816</b>

City of Yonkers Financial Plan FY21 - FY24  
Supporting Schedules (Section B)



**City of Yonkers  
Combined Property Tax Levy Components**

	<b>FY 2021 Adopted</b>	<b>FY 2022 Projection</b>	<b>FY 2023 Projection</b>	<b>FY 2024 Projection</b>
<b>2% Constitutional Limit</b>	<b>\$ 391,782,842</b>	<b>\$ 403,506,664</b>	<b>\$ 408,484,169</b>	<b>\$ 408,811,315</b>
Property Tax Levy for CTL:				
Property Tax Levy	\$ 391,815,589	\$ 394,956,311	\$ 400,206,880	\$ 407,650,434
B.I.D. Levy	1,001,993	1,001,993	1,001,993	1,001,993
<b>Total Property Tax Levy for CTL</b>	<b>\$ 392,817,582</b>	<b>\$ 395,958,304</b>	<b>\$ 401,208,873</b>	<b>\$ 408,652,427</b>
Less Exclusions:				
Debt Service Exclusion	\$ 78,127,407	\$ 76,561,952	\$ 80,385,252	\$ 84,843,683
City Operating Capital	130,000	132,600	135,252	137,957
Tax Certiorari Payments	500,000	10,000,000	10,000,000	10,000,000
Judgment & Claims	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total Exclusions</b>	<b>\$ 79,757,407</b>	<b>\$ 87,694,552</b>	<b>\$ 91,520,504</b>	<b>\$ 95,981,640</b>
<b>Property Tax Levy Subject to 2% Limit</b>	<b>\$ 313,060,175</b>	<b>\$ 308,263,752</b>	<b>\$ 309,688,369</b>	<b>\$ 312,670,787</b>
<b>Constit. Tax Margin</b>	<b>\$ 78,722,667</b>	<b>\$ 95,242,912</b>	<b>\$ 98,795,800</b>	<b>\$ 96,140,528</b>
<b>% of CTL Exhausted</b>	<b>79.91%</b>	<b>76.40%</b>	<b>75.81%</b>	<b>76.48%</b>

# City of Yonkers Financial Plan FY21 - FY24 Supporting Schedules (Section B)



## City of Yonkers 2% Constitutional Tax Limit Calculator

Fiscal Year	Property	Franchise	City Taxable A.V.	Vet Exempt.	School Taxable A.V.	Special Ratio %	Full Value
FY 2017	\$ 445,287,692	\$ 27,289,654	\$ 472,577,346	\$ 1,992,028	\$ 474,569,374	2.71%	\$ 17,511,785,018
FY 2018	\$ 442,589,486	\$ 29,189,585	\$ 471,779,071	\$ 500,697	\$ 472,279,768	2.46%	\$ 19,198,364,553
FY 2019	\$ 442,751,554	\$ 27,010,908	\$ 469,762,462	\$ 575,579	\$ 470,338,041	2.31%	\$ 20,360,954,156
FY 2020	\$ 438,773,399	\$ 24,469,377	\$ 463,242,776	\$ 560,586	\$ 463,803,362	2.27%	\$ 20,431,866,167
FY 2021	\$ 435,554,674	\$ 23,929,452	\$ 459,484,126	\$ 477,538	\$ 459,961,664	2.25%	\$ 20,442,740,622
FY 2022	\$ 435,554,674	\$ 23,929,452	\$ 459,484,126	\$ 477,538	\$ 459,961,664	2.25%	\$ 20,442,740,622
FY 2023	\$ 435,554,674	\$ 23,929,452	\$ 459,484,126	\$ 477,538	\$ 459,961,664	2.25%	\$ 20,442,740,622
FY 2024	\$ 435,554,674	\$ 23,929,452	\$ 459,484,126	\$ 477,538	\$ 459,961,664	2.25%	\$ 20,442,740,622
					FY 2021 2% of Five Year Rolling Average	\$	391,782,842
					FY 2022 2% of Five Year Rolling Average	\$	403,506,664
					FY 2023 2% of Five Year Rolling Average	\$	408,484,169
					FY 2024 2% of Five Year Rolling Average	\$	408,811,315

A.V. = Assessed Value

# City of Yonkers Financial Plan FY21 - FY24 Overview and Discussion (Section B)



## City of Yonkers Large Revenues FY13 to FY24 Projected



**CASH FLOW STATEMENTS**

CITY OF YONKERS  
ACTUAL CASH FLOW STATEMENT  
BUDGET PERIOD JULY 1, 2019 - JUNE 30, 2020

	Monthly JULY	Monthly AUGUST	Monthly SEPTEMBER	Monthly OCTOBER	Monthly NOVEMBER	Monthly DECEMBER	Monthly JANUARY	Monthly FEBRUARY	Monthly MARCH	Monthly APRIL	Monthly MAY	Monthly JUNE	TOTAL
<b>Beginning Cash Balance</b>	\$62,246,361	\$88,229,252	\$64,321,035	\$123,636,400	\$99,102,394	\$50,590,861	\$116,526,799	\$121,884,565	\$74,740,213	\$118,032,769	\$123,893,040	\$155,264,619	\$62,246,361
<b>Receipts</b>													
Prior Yr. Taxes	767,059	667,505	894,218	1,765,290	443,238	1,129,320	406,326	579,364	677,424	5,829	529,165	663,248	8,527,987
City Taxes	91,224,902	35,395,103	38,754,585	73,302,608	2,826,803	66,266,144	39,356,369	2,449,270	1,117,219	1,091,576	888,789	25,463,636	378,137,006
<b>OTHER TAX ITEMS</b>													
Interest on Taxes	152,207	227,204	374,940	674,908	188,581	341,146	422,827	334,159	246,771	152,449	265,052	200,809	3,581,054
Pilots	676,760	486,089	347,391	1,151,085	6,549,547	8,081,293	1,202,299	1,161,825	1,478,480	1,049,868	1,914,944	838,898	24,938,477
Transfer Taxes	1,000,583	1,087,307	1,803,604	908,774	1,389,876	1,381,256	843,525	859,894	626,231	1,156,714	537,027	616,378	12,211,169
Star	0	0	0	0	0	0	32,927,356	0	0	0	0	0	32,927,356
	1,829,550	1,800,600	2,525,935	2,734,766	8,128,003	9,803,694	35,396,008	2,355,879	2,351,481	2,359,032	2,717,023	1,656,084	73,658,056
<b>NON PROPERTY TAXES</b>													
Income Tax Surcharge	3,800,239	4,708,358	4,306,475	4,100,005	2,500,000	4,974,465	5,968,585	4,007,078	4,605,462	4,196,648	2,874,965	5,049,521	51,091,801
Sales Taxes	4,686,209	6,530,754	6,532,727	8,207,424	6,397,774	9,447,602	5,105,365	7,715,525	6,506,797	6,654,769	4,418,369	6,297,906	78,501,221
Sales Taxes - BOE	895,000	1,300,000	1,240,000	1,505,000	1,240,000	1,940,000	1,095,000	1,420,000	1,235,000	1,520,000	901,437	1,426,632	15,718,070
OTB	9,622	6,050	7,654	7,938	11,845	4,097	7,972	1,306	14,496	1,079	5,886	2,000	79,944
Raceway Admis	4,025	1,911	4,157	0	0	477	0	0	0	0	0	0	10,570
Utilities Tax	15,322	88,894	1,660,913	102,020	327	1,455,909	166,093	9,681	2,313,623	19,095	1	1,765,375	7,597,253
Cable	0	976,066	0	8,343	930,214	0	0	942,218	0	0	925,587	0	3,782,428
Mortgage Tax	1,466,292	0	0	1,189,702	0	2,578,159	1,247,730	0	0	929,527	0	2,176,942	9,588,352
Hotel Occupancy Tax	279,216	0	0	248,503	67,436	0	0	265,505	0	107,984	13,881	51,198	1,033,723
	11,155,925	13,612,032	13,751,926	15,368,936	11,147,597	20,400,708	13,590,744	14,361,313	14,675,378	13,429,101	9,140,127	16,769,574	167,403,361
<b>DEPT INCOME</b>	3,429,763	3,659,800	3,871,744	3,670,487	3,206,394	3,243,759	4,376,220	3,484,132	3,669,874	1,590,708	2,339,937	2,671,633	39,214,450
<b>USE OF MONEY</b>	5,204	298,353	0	147,245	446,826	108,985	136,433	246,481	231,742	75,451	59,006	52,890	1,808,617
<b>STATE AID CITY</b>	5,098	11,534	251,792	3,311,194	13,382	7,863,874	7,140	5,009,707	224,128	14,173	1,445	77,958,730	94,672,198
<b>RACEWAY IMPACT FEES</b>	750,000	0	0	250,000	0	250,000	0	0	0	250,000	0	0	1,500,000
<b>WATER/SEWER</b>	3,153,237	3,730,169	2,850,973	3,760,888	2,754,834	3,647,552	3,164,829	3,056,887	3,968,195	2,627,727	3,387,664	2,526,794	38,629,749
<b>OTHER</b>	1,075,444	419,761	470,583	1,888,578	285,593	996,906	2,027,863	83,158	768,848	31,217	13,401,402	631,517	22,080,870
<b>BD OF ED</b>	8,495,768	8,656,724	69,787,586	20,622,792	13,053,061	18,771,258	7,092,573	4,606,576	100,914,355	21,615,279	61,242,893	42,666,694	377,525,558
<b>COUNTY TAXES</b>	384,771	296,647	224,179	443,204	156,729	216,257	0	7,363	17,644,043	55,101,681	3,384,162	2,984,866	80,843,903
<b>REIMBURSE CAPITAL</b>	6,599,704	44,531	6,025,515	6,301,789	6,234,023	8,653,118	0	13,188,056	9,523,085	2,124,683	4,712,534	9,316,288	72,723,326
<b>RAN</b>	0	0	0	0	0	80,225,400	0	0	0	0	0	0	80,225,400
<b>FISCAL AGENT</b>	0	0	0	0	0	0	10,000,000	0	0	0	0	0	10,000,000
<b>TOTAL RECEIPTS</b>	128,876,424	68,592,758	139,409,036	133,567,780	48,696,484	221,576,976	115,554,506	49,428,188	155,765,773	100,316,457	101,804,146	183,361,953	1,446,950,480
<b>Disbursements</b>													
City Payroll	20,542,712	22,140,596	22,823,036	29,488,095	20,672,435	23,852,713	21,375,174	22,836,907	21,858,433	29,117,895	19,199,539	22,937,932	276,845,468
Bd. of Ed. Payroll	15,178,435	13,680,392	27,815,677	28,660,774	28,583,435	32,398,022	28,139,118	28,890,529	29,595,851	28,282,879	29,745,268	56,816,047	347,786,426
<b>Total</b>	35,721,147	35,820,988	50,638,713	58,148,869	49,255,870	56,250,735	49,514,292	51,727,436	51,454,284	57,400,774	48,944,808	79,753,979	624,631,894
City Vendor Checks	20,055,863	20,513,288	11,165,240	21,232,611	18,490,697	70,352,403	23,485,889	18,345,992	23,602,432	18,166,711	9,664,881	28,471,385	283,547,391
Bd. of Ed. Vendor Cks.	31,958,898	22,372,272	10,765,758	31,445,177	26,925,695	25,238,565	35,129,771	22,600,048	34,835,902	16,163,777	10,049,609	39,291,423	306,776,895
<b>Total</b>	52,014,760	42,885,561	21,930,998	52,677,788	45,416,392	95,590,968	58,615,661	40,946,039	58,438,334	34,330,488	19,714,491	67,762,807	590,324,286
<b>Transfer to Fiscal Agent</b>													
1% Sales Tax	1,860,403	2,610,251	2,590,909	3,237,475	2,535,755	3,799,335	2,066,788	3,045,175	2,580,599	2,724,923	1,773,269	2,581,472	31,406,354
Property Taxes	13,297,223	11,184,175	4,933,052	12,286,690	0	0	0	0	0	0	0	4,261,210	45,962,350
Credit to D/S	0	0	0	0	0	0	0	0	0	0	0	0	0
Payback	0	0	0	0	0	0	0	853,889	0	0	0	80,000,000	80,853,889
<b>Total Transfers</b>	15,157,626	13,794,426	7,523,961	15,524,165	2,535,755	3,799,335	2,066,788	3,899,064	2,580,599	2,724,923	1,773,269	86,842,682	158,222,593
<b>COUNTY TAX PAY</b>	0	0	0	31,750,964	0	0	0	0	0	0	0	49,316,524	81,067,488
	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Disbursements</b>	102,893,533	92,500,975	80,093,671	158,101,786	97,208,017	155,641,037	110,196,740	96,572,540	112,473,217	94,456,186	70,432,567	283,675,992	1,454,246,262
<b>Ending Cash Balance</b>	\$88,229,252	\$64,321,035	\$123,636,400	\$99,102,394	\$50,590,861	\$116,526,799	\$121,884,565	\$74,740,213	\$118,032,769	\$123,893,040	\$155,264,619	\$54,950,579	\$54,950,579

**CITY OF YONKERS**  
**ACTUAL/PROJECTED CASH FLOW STATEMENT**  
**BUDGET PERIOD JULY 1, 2020 - JUNE 30, 2021**  
**(ACTUALS THROUGH OCTOBER)**

	Monthly JULY	Monthly AUGUST	Monthly SEPTEMBER	Monthly OCTOBER	Monthly NOVEMBER	Monthly DECEMBER	Monthly JANUARY	Monthly FEBRUARY	Monthly MARCH	Monthly APRIL	Monthly MAY	Monthly JUNE	TOTAL
<b>Beginning Cash Balance</b>	\$54,950,579	\$113,857,235	\$62,656,092	\$136,203,820	\$91,103,345	\$50,364,916	\$86,813,954	\$86,443,353	\$25,357,948	\$67,079,058	\$99,378,521	\$42,930,479	\$54,950,579
<b>Receipts</b>													
<b>Prior Yr. Taxes</b>	846,085	561,265	497,918	570,563	1,990,000	1,055,000	460,000	530,000	605,000	310,000	1,210,000	480,000	9,115,830
<b>City Taxes</b>	104,568,764	2,742,157	62,146,491	49,838,959	2,300,000	63,600,000	50,700,000	2,000,000	625,000	1,000,000	775,000	800,000	341,096,371
<b>OTHER TAX ITEMS</b>													
<b>Interest on Taxes</b>	215,250	171,258	180,414	333,172	160,000	200,000	475,000	370,000	300,000	200,000	385,000	220,000	3,210,094
<b>Pilots</b>	1,442,284	504,029	504,174	519,110	259,004	17,766,514	723,338	507,770	509,285	705,688	1,687,984	870,097	25,999,276
<b>Transfer Taxes</b>	558,855	1,107,344	874,729	1,454,982	1,390,000	1,370,000	735,000	860,000	625,000	1,150,000	545,000	560,000	11,230,910
<b>Star</b>	0	0	0	0	0	0	29,192,986	0	0	0	0	0	29,192,986
	2,216,388	1,782,632	1,559,317	2,307,264	1,809,004	19,336,514	31,126,324	1,737,770	1,434,285	2,055,688	2,617,984	1,650,097	69,633,267
<b>NON PROPERTY TAXES</b>													
<b>Income Tax Surcharge</b>	9,936,069	3,000,000	4,008,780	4,866,163	3,700,000	5,000,000	5,950,000	4,000,000	4,600,000	4,700,000	4,650,000	4,800,000	59,211,011
<b>Sales Taxes</b>	3,572,997	5,546,574	5,766,969	10,075,550	5,896,000	8,536,000	5,000,000	8,000,000	6,800,000	6,900,000	5,100,000	5,000,000	76,194,089
<b>Sales Taxes - BOE</b>	960,000	1,340,000	1,360,000	1,664,000	1,179,200	1,707,200	1,000,000	1,600,000	1,360,000	1,380,000	1,020,000	1,000,000	15,570,400
<b>OTB</b>	5,323	2,985	3,640	1,256	13,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	75,204
<b>Utilities Tax</b>	66,342	11,273	1,804,018	54,042	30,000	1,510,000	175,000	10,000	2,510,000	20,000	90,000	1,650,000	7,930,674
<b>Cable</b>	0	916,874	0	0	900,000	0	0	900,000	0	0	900,000	0	3,616,874
<b>Mortgage Tax</b>	886,826	0	0	1,176,113	0	2,750,000	1,800,000	0	0	1,000,000	0	850,000	8,462,939
<b>Hotel Occupancy Tax</b>	88,575	0	0	157,593	0	0	131,250	0	0	131,250	0	0	508,668
	15,516,131	10,817,706	12,943,407	17,994,716	11,718,200	19,510,200	14,063,250	14,517,000	15,277,000	14,138,250	11,767,000	13,307,000	171,569,860
<b>DEPT INCOME</b>	3,464,943	3,055,799	3,347,317	2,969,311	3,100,000	3,700,000	3,600,000	3,400,000	3,200,000	3,500,000	3,400,000	3,500,000	40,237,370
<b>USE OF MONEY</b>	0	36,227	29,413	18,085	96,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	578,724
<b>STATE AID CITY</b>	3,773	214,229	276,641	2,324,582	0	6,291,099	0	0	0	200,700	11,138,169	86,309,544	106,758,737
<b>RACEWAY IMPACT FEES</b>	750,000	0	0	250,000	0	250,000	0	0	0	250,000	0	0	1,500,000
<b>WATER/SEWER</b>	3,554,451	3,923,509	3,246,628	3,515,028	2,700,000	3,700,000	3,000,000	3,000,000	4,000,000	2,600,000	3,400,000	3,175,000	39,814,616
<b>OTHER</b>	295,856	391,169	58,429	72,964	450,000	225,000	225,000	225,000	225,000	225,000	225,000	225,000	2,843,418
<b>BD OF ED</b>	3,058,996	6,126,438	70,024,744	4,783,260	13,659,000	14,300,000	7,000,000	4,500,000	104,000,000	37,000,000	43,000,000	53,000,000	360,452,439
<b>COUNTY TAXES</b>	694,304	223,251	277,066	204,920	135,000	220,000	0	0	18,770,000	56,550,000	2,100,000	980,000	80,154,541
<b>REIMBURSE CAPITAL RAN</b>	4,075,491	4,347,344	13,950,334	0	7,847,392	4,000,000	3,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	62,220,561
						65,000,000							65,000,000
<b>TOTAL RECEIPTS</b>	139,045,182	34,221,727	168,357,705	84,849,651	45,804,597	201,244,813	113,231,574	34,966,770	153,193,285	122,886,638	84,690,153	168,483,641	1,350,975,736
<b>Disbursements</b>	14,239,616												
<b>City Payroll</b>	20,069,088	20,477,531	29,934,072	20,647,439	23,295,931	26,842,175	20,702,175	24,252,175	29,952,175	23,227,175	20,702,175	24,311,075	284,413,186
<b>Bd. of Ed. Payroll</b>	15,285,342	13,324,171	27,489,798	28,033,749	27,254,480	28,950,000	27,150,000	27,400,000	28,300,000	27,200,000	28,300,000	60,300,000	338,987,540
<b>Total</b>	35,354,429	33,801,702	57,423,870	48,681,188	50,550,411	55,792,175	47,852,175	51,652,175	58,252,175	50,427,175	49,002,175	84,611,075	623,400,725
<b>City Vendor Checks</b>	8,554,722	17,256,083	19,516,265	15,016,682	17,150,000	75,680,000	29,950,000	17,700,000	26,500,000	11,800,000	14,300,000	12,160,000	265,583,752
<b>Bd. of Ed. Vendor Cks.</b>	12,578,217	31,261,305	7,584,894	20,919,929	16,484,215	31,000,000	33,800,000	23,500,000	24,000,000	25,600,000	25,000,000	28,200,000	279,928,559
<b>Total</b>	21,132,939	48,517,387	27,101,158	35,936,610	33,634,215	106,680,000	63,750,000	41,200,000	50,500,000	37,400,000	39,300,000	40,360,000	545,512,310
<b>Transfer to Fiscal Agent</b>													
<b>1% Sales Tax</b>	1,513,329	2,296,164	2,376,387	3,932,371	2,358,401	2,323,600	2,000,000	3,200,000	2,720,000	2,760,000	2,040,000	1,991,600	29,511,853
<b>Property Taxes</b>	22,137,828	807,616	7,908,561	8,522,274	0	0	0	0	0	0	0	0	39,376,280
<b>Credit to D/S</b>	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Payback</b>	0	0	0	0	0	0	0	0	0	0	0	65,000,000	0
<b>Total Transfers</b>	23,651,157	3,103,781	10,284,948	12,454,645	2,358,400	2,323,600	2,000,000	3,200,000	2,720,000	2,760,000	2,040,000	1,991,600	68,888,131
<b>COUNTY TAX PAY</b>	0	0	0	32,877,683	0	0	0	0	0	0	50,796,020	0	83,673,703
	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Disbursements</b>	80,138,526	85,422,871	94,809,976	129,950,126	86,543,026	164,795,775	113,602,175	96,052,175	111,472,175	90,587,175	141,138,195	191,962,675	1,386,474,870
<b>Ending Cash Balance</b>	\$113,857,235	\$62,656,092	\$136,203,820	\$91,103,345	\$50,364,916	\$86,813,954	\$86,443,353	\$25,357,948	\$67,079,058	\$99,378,521	\$42,930,479	\$19,451,445	\$19,451,445