



NYC SCHOOL SUPPORT SERVICES, INC.

(A Component Unit of The City of New York)

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)**

YEARS ENDED JUNE 30, 2018 AND 2017

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of
NYC School Support Services, Inc.

We have audited the accompanying financial statements of the governmental activities of NYC School Support Services, Inc. ("NYCSSS"), a component unit of The City of New York, which comprise the government-wide statements of net position (deficit) as of June 30, 2018 and 2017 and the statements of activities for the years then ended, and the general fund balance sheets as of June 30, 2018 and 2017 and the statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>	
	<u>Year Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Government-Wide Financial Statements	Unmodified	Qualified
General Fund Financial Statements	Unmodified	Unmodified

Basis for Qualified Opinion on 2017 Government-Wide Financial Statements

As of and for the year ended June 30, 2017, NYCSSS had excluded its proportionate share of the pension liability, pension expense, deferred outflows of resources and deferred inflows of resources of the 32BJ School Workers Pension Fund as required by the Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*. In our opinion, accounting principles generally accepted in the United States of America require that such amounts be included in the government-wide financial statements. The amount by which this departure would affect the net position and activities of the government-wide financial statements has not been determined.

Qualified Opinion

In our opinion, except for the effect of the change in recognition of the proportionate share of pension liability described in the "Basis for Qualified Opinion on Government-Wide Financial Statements" paragraph on the financial statements as of and for the year ended June 30, 2017, the financial statements referred to above present fairly, in all material respects, the financial position of the government-wide financial statements of NYCSSS, as of June 30, 2018 and 2017, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund as of June 30, 2018 and 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, the schedules of employer's required contributions on page 23, the schedule of employer's proportionate share of the net pension liability on page 24 and the schedule of employer's proportionate share of the net pension contributions on page 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



New York, NY
September 27, 2018

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017

(Unaudited)

NYCSSS' contract with the City of New York ("City") was registered on April 28, 2016, and NYCSSS began operations on May 26, 2016. The term of the contract is three years terminating on June 30, 2019, with an additional year for renewal through fiscal year 2020. Pursuant to this contract, NYCSSS receives monthly payments that cover its projected expenses for the forthcoming month and these contractual payments are NYCSSS' sole source of revenue.

The following is a narrative overview and analysis of the financial activities of NYC School Support Services, Inc. ("NYCSSS" or the "Corporation") for the fiscal years ended June 30, 2018 and 2017. It should be read in conjunction with NYCSSS' government-wide financial statements, general fund financial statements and the notes to the financial statements. The financial statements consist of four parts: (1) management's discussion and analysis (this section); (2) the government-wide financial statements; (3) the general fund financial statements; and (4) the notes to the financial statements.

The government-wide financial statements, which include the statements of net position (deficit) and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with Governmental Accounting Standards Board ("GASB") standards. This is to provide the reader with a broad overview of NYCSSS' finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

NYCSSS' general fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Expenditures are recognized when the related liability is incurred, except for accrued vacation and sick pay, which is not reflected as a liability in the general fund financial statements as it is not due and payable from current financial resources.

The reconciliations of the general fund balance sheets to the statements of net position (deficit) and the reconciliations of the general fund statements of revenues, expenditures and changes in fund balance to the statements of activities are presented to assist the reader in understanding the differences between the government-wide and general fund financial statements.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS

Key financial highlights for fiscal year ended June 30, 2018 are as follows:

- ❖ For the year ended June 30, 2018, NYCSSS implemented certain provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*. This pronouncement established new accounting and financial reporting requirements associated with NYCSSS' participation in the cost sharing multiple employer pension plans administered by the Local 32BJ School Workers Pension Plan. Under the new standards, cost-sharing employers are required to report in their government-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the employees in the plan. At June 30, 2018, NYCSSS reported in its Statement of Net Position (Deficit) a liability of \$54,671,084 for its proportionate share of the Local 32BJ School Workers Pension Plan net pension liability. More detailed information about NYCSSS' pension plan reporting in accordance with the provisions of GASB Statement No. 68 is presented in the notes to financial statements.

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

- ❖ On the government-wide financial statements, the liabilities and deferred inflows of resources of NYCSSS exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$111,911,300. The unrestricted net position decreased by \$77,069,529 from the prior year. This decrease results primarily from the change in the accrual of pursuant to GASB Statement No. 68 and the recording of accrued vacation and sick pay liability. These obligations will be satisfied in future years.

The following summarizes the activities of NYCSSS for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
REVENUES:		
Program revenues from The City of New York		
Department of Education	\$ 672,887,719	\$ 548,452,958
Interest income	753,914	142,532
TOTAL REVENUES	<u>673,641,633</u>	<u>548,595,490</u>
EXPENSES:		
Salaries and employee benefits - schools	667,036,024	577,249,129
Salaries and employee benefits - administrative	1,501,164	716,566
Professional fees	3,971,092	4,623,926
Occupancy	476,246	612,936
Insurance	256,920	92,931
Office and other expenses	420,740	141,773
TOTAL EXPENSES	<u>673,662,186</u>	<u>583,437,261</u>
CHANGE IN NET POSITION	<u>\$ (20,553)</u>	<u>\$ (34,841,771)</u>

During fiscal year 2018, NYCSSS received \$673.6 million in contractual payments from the City. Program revenue is paid monthly and is based on projected subsequent month expenses. At the end of the fiscal year, payments and expenses are adjusted to reflect actual costs incurred by NYCSSS. Therefore, NYCSSS' revenues match its expenses, except for the change in the accrued vacation and sick pay liability and net pension liability. The accrued vacation and sick liability and the net pension liability are not due and payable from current financial resources and are not currently funded by the program revenues from the City. As a result, NYCSSS' net deficit at year-end of \$111,911,300 is equal to the accrued vacation and sick pay liability, net pension liability and deferred inflows of resources at year-end.

During fiscal year 2017, NYCSSS received \$548.6 million in contractual payments from the City. Program revenue is paid monthly and is based on projected subsequent month expenses. At the end of the fiscal year, payments and expenses are adjusted to reflect actual costs incurred by NYCSSS. Therefore, NYCSSS' revenues match its expenses, except for the change in the accrued vacation and sick liability. The accrued vacation and sick liability is not due and payable from current financial resources and is not funded by the program revenues from the City. As a result, NYCSSS' net deficit at year-end of \$34,841,771 is equal to the accrued vacation and sick pay liability and net pension liability at year-end.

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Total expenses primarily consisted of salaries and supplemental benefits for union custodial helpers in connection with NYCSSS accomplishing its mission. Expenses incurred during fiscal year 2018 and 2017 were \$677.5 million and \$583.4 million, respectively.

The following summarizes the assets, liabilities, and net position (deficit) as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
ASSETS:		
Cash and cash equivalents	\$ 38,401,536	\$ 11,330,413
Due from The City of New York Department of Education	280,259	25,021,896
Prepaid expenses	<u>1,667,555</u>	<u>-</u>
TOTAL ASSETS	<u>40,349,350</u>	<u>36,352,309</u>
LIABILITIES:		
Accounts payable and accrued expenses	412,546	908,315
Accrued salaries and employee benefits	39,936,804	35,443,994
Accrued vacation and sick pay	38,717,843	34,841,771
Net pension liability	<u>54,671,084</u>	<u>-</u>
TOTAL LIABILITIES	<u>133,738,277</u>	<u>71,194,080</u>
DEFERRED INFLOWS OF RESOURCES	<u>18,522,373</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ (111,911,300)</u>	<u>\$ (34,841,771)</u>

As of June 30, 2018, NYCSSS' assets totaled \$40.3 million. The assets consist of cash and cash equivalents and City of New York Department of Education ("DOE") receivable due to the timing of collection of revenue and payments of program and operating expenditures during the fiscal year. Liabilities as of June 30, 2018 were \$133.7 million, and primarily consisted of accrued salaries and employee benefits of \$39.9 million, accrued vacation and sick pay of \$38.7 million and net pension liability of \$54.7 million. NYCSSS had deferred inflows of resources of \$18.5 million, which are related to the pension obligations.

As of June 30, 2017, NYCSSS' assets totaled \$36.4 million. The assets consist of cash and cash equivalents and DOE receivable due to the timing of collection of revenue and payments of program and operating expenditures during the fiscal year. Liabilities as of June 30, 2017 were \$71.2 million, and primarily consisted of accrued salaries and employee benefits of \$35.4 million and accrued vacation.

As previously discussed, NYCSSS' June 30, 2018 and 2017 net deficits of \$111,911,300 and \$34,841,771, respectively, are equal to the accrued vacation and sick pay liability and net pension liability (June 30, 2018) at year end.

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The following summarizes the changes in the general fund ("GF") for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues from The City of New York		
Department of Education	\$ 672,887,719	\$548,452,958
Interest income	753,914	142,532
Total revenues	<u>673,641,633</u>	<u>548,595,490</u>
Expenditures:		
Salaries and employee benefits - schools	667,015,471	542,407,358
Salaries and employee benefits - administrative	1,501,164	716,566
Professional fees	3,971,092	4,623,926
Occupancy	476,246	612,936
Insurance	256,920	92,931
Office and other expenses	420,740	141,773
Total expenditures	<u>673,641,633</u>	<u>548,595,490</u>
Other Financing Sources (Uses):		
Proceeds from short-term loan payable	-	500,000
Repayment of loan payable	-	(500,000)
Total other financing sources	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-
Fund Balance, Beginning of Year	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>

Revenues recorded in the GF are primarily composed of contractual payments from the City each year. Program revenue is paid monthly and is based on actual monthly expenses; as such there are no variances between program revenue and actual expenses.

Total expenses primarily consisted of salaries and supplemental benefits for union custodial helpers in connection with NYCSSS accomplishing its mission. Expenses incurred during fiscal years 2018 and 2017 were \$673.6 million and \$548.6 million, respectively.

Other financing sources consist of a \$500,000 interest-free emergency loan received by NYCSSS in July 2016 from the Fund for the City of New York to cover operating expenses pending the receipt of funds from DOE. The loan was repaid in full in August 2016 upon the receipt of funds from DOE.

The reconciling items between the government-wide financial statements and the general fund financial statements are the accrued vacation and sick liability and the net pension liability. The accrued vacation and sick liability and net pension liability are not reflected as a liability in the general fund financial statements as it is not due and payable from current financial resources.

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018 AND 2017
(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The following summarizes the GF assets, liabilities, and fund balances as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and cash equivalents	\$ 38,401,536	\$ 11,330,413
Due from The City of New York Department of Education	280,259	25,021,896
Prepaid expenditures	1,667,555	-
Total Assets	<u>\$ 40,349,350</u>	<u>\$ 36,352,309</u>
Liabilities:		
Accounts payable and accrued expenses	\$ 412,546	\$ 908,315
Accrued salaries and employee benefits	39,936,804	35,443,994
Total Liabilities	<u>40,349,350</u>	<u>36,352,309</u>
Fund Balance:		
Unassigned	<u>-</u>	<u>-</u>
Total Fund Balance	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 40,349,350</u>	<u>\$ 36,352,309</u>

The GF assets at June 30, 2018 and 2017 were \$40.3 million and \$36.4 million, respectively. The assets recorded in the GF are cash and cash equivalents, prepaid expenditures and DOE receivable due to the timing of collection of revenue and payments of program and operating expenditures during the fiscal year.

The total GF liabilities at June 30, 2018 and 2017 were \$40.3 million and \$36.4 million, respectively, and primarily consisted of accrued salaries and employee benefits.

As Program revenue is paid monthly and is based on actual monthly expenses, there are no variances between program revenue and actual expenses. Therefore, the GF fund balance was zero as of June 30, 2017.

This financial report is designed to provide a general overview of NYCSSS' finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to the Chief Financial Officer, NYC School Support Services, Inc., 321 W. 44th Street, Suite 601, New York, NY 10036.

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NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

STATEMENTS OF NET POSITION (DEFICIT)
AS OF JUNE 30, 2018 AND 2017

	2018	2017
ASSETS:		
Cash and cash equivalents (Note 3)	\$ 38,401,536	\$ 11,330,413
Due from The City of New York Department of Education	280,259	25,021,896
Prepaid expenses	1,667,555	-
TOTAL ASSETS	40,349,350	36,352,309
 LIABILITIES:		
Accounts payable and accrued expenses	412,546	908,315
Accrued salaries and employee benefits	39,936,804	35,443,994
Accrued vacation and sick pay	38,717,843	34,841,771
Net pension liability	54,671,084	-
TOTAL LIABILITIES	133,738,277	71,194,080
 DEFERRED INFLOWS OF RESOURCES:	 18,522,373	 -
 NET POSITION (DEFICIT):		
Unrestricted	(111,911,300)	(34,841,771)
TOTAL NET POSITION (DEFICIT)	\$ (111,911,300)	\$ (34,841,771)

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUES:		
Program revenues from The City of New York Department of Education	\$ 672,887,719	\$ 548,452,958
Interest income	753,914	142,532
Total revenues	<u>673,641,633</u>	<u>548,595,490</u>
EXPENSES:		
Salaries and employee benefits - schools (Note 6)	667,036,024	577,249,129
Salaries and employee benefits - administrative	1,501,164	716,566
Professional fees	3,971,092	4,623,926
Occupancy (Note 5)	476,246	612,936
Insurance	256,920	92,931
Office and other expenses	<u>420,740</u>	<u>141,773</u>
Total expenses	<u>673,662,186</u>	<u>583,437,261</u>
Change in net position	(20,553)	(34,841,771)
Net position (deficit) - beginning of year	<u>(34,841,771)</u>	<u>-</u>
Cumulative Effect of Change in Accounting Principle	<u>(77,048,976)</u>	<u>-</u>
Net position (deficit) - end of year	<u>\$ (111,911,300)</u>	<u>\$ (34,841,771)</u>

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

GENERAL FUND BALANCE SHEETS
AS OF JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS:		
Cash and cash equivalents	\$ 38,401,536	\$ 11,330,413
Due from The City of New York Department of Education	280,259	25,021,896
Prepaid expenditures	<u>1,667,555</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 40,349,350</u>	<u>\$ 36,352,309</u>
 LIABILITIES:		
Accounts payable and accrued expenses	\$ 412,546	\$ 908,315
Accrued salaries and employee benefits	<u>39,936,804</u>	<u>35,443,994</u>
TOTAL LIABILITIES	<u>40,349,350</u>	<u>36,352,309</u>
 FUND BALANCE:		
Unassigned	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 40,349,350</u>	<u>\$ 36,352,309</u>

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

**RECONCILIATION OF THE GENERAL FUND BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION (DEFICIT)
AS OF JUNE 30, 2018 AND 2017**

	2018	2017
Total fund balance - general fund	\$ -	\$ -
<p>Amounts reported for governmental activities in the statement of net position (deficit) are different because:</p> <p style="padding-left: 40px;">Some liabilities are not due and payable in the current period from currently available financial resources and therefore are not reported in the general fund financial statements. These liabilities consist of:</p>		
Accrued vacation and sick pay	(38,717,843)	(34,841,771)
Pension obligations	(73,193,457)	-
Net position (deficit) of governmental activities	\$ (111,911,300)	\$ (34,841,771)

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

**GENERAL FUND STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

REVENUES:	<u>2018</u>	<u>2017</u>
Program revenues from The City of New York		
Department of Education	\$ 672,887,719	\$ 548,452,958
Interest income	<u>753,914</u>	<u>142,532</u>
Total revenues	<u>673,641,633</u>	<u>548,595,490</u>
EXPENDITURES:		
Salaries and employee benefits - schools	667,015,471	542,407,358
Salaries and employee benefits - administrative	1,501,164	716,566
Professional fees	3,971,092	4,623,926
Occupancy	476,246	612,936
Insurance	256,920	92,931
Office and other expenses	<u>420,740</u>	<u>141,773</u>
Total expenditures	673,641,633	548,595,490
OTHER FINANCING SOURCES (USES):		
Proceeds from short-term loan payable	-	500,000
Repayment of short-term loan payable	<u>-</u>	<u>(500,000)</u>
Total other financing sources	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

**RECONCILIATION OF THE GENERAL FUND STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
Net change in fund balance - general fund	\$ -	\$ -
Amounts reported in the statement of activities are different because:		
Accrued vacation and sick pay is reported in the statement of activities on the accrual basis, but is reported as an expenditure in the general fund when the outlay of financial resources is required.	(3,876,072)	(34,841,771)
Net pension liability expenses reported in the statement of activities of not require the use of current financial resources and, therefore, are not reported as expenditures in the general fund.	<u>3,855,519</u>	<u>-</u>
Change in net position - governmental activities	<u>\$ (20,553)</u>	<u>\$ (34,841,771)</u>

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

NYC School Support Services, Inc. (“NYCSSS”) is a Type C not-for-profit corporation organized under the Not-For-Profit Corporation Law of the State of New York (the “State”). NYCSSS is governed by a Board of Directors. The Board consists of five members, two *ex officio* Directors comprised of the individuals holding the following offices who are appointed as Directors of the Corporation by virtue of holding such position; the Chancellor or Acting Chancellor of the City School District of The City of New York or his/her designee; the Director of Management and Budget of The City of New York or his/her designee; and three additional Directors appointed by the Chancellor of the City School District of The City of New York, one of whom shall be a parent representative to the Department of Education. Although legally separate from The City of New York (the “City”), NYCSSS is an instrumentality of the City and, accordingly, is included in the City’s financial statements as a blended component unit in accordance with GASB standards.

NYCSSS was incorporated for the purpose of providing staffing of custodial helpers for The City of New York Department of Education (“DOE”).

NYCSSS’ contract with the City was registered on April 28, 2016, and NYCSSS began operations on May 26, 2016. The term of the contract is three years terminating on June 30, 2019, with an additional year for renewal through fiscal year 2020. Pursuant to this contract, NYCSSS receives monthly payments that cover its projected expenses for the forthcoming month and these contractual payments are NYCSSS’ sole source of revenue.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

The government-wide financial statements of NYCSSS, which include the statements of net position (deficit) and the statements of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB standards. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

NYCSSS’ general fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal year. Revenues are generally considered available if expected to be received within one year after year end. Expenditures are recognized when the related liability is incurred.

The reconciliations of the general fund balance sheets to the statements of net position (deficit) and the reconciliation of the general fund statements of revenues, expenditures, and changes in the fund balances to the statements of activities are presented to assist the reader in understanding the differences between the government-wide and general fund financial statements.

B. *Fund Balances*

NYCSSS uses a general fund (“GF”) to report its activities. The GF is used to account for all financial resources and activities that relate to NYCSSS’ administrative and operating expenditures.

NYC SCHOOL SUPPORT SERVICES, INC.
(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board of Directors (the “Board”) of NYCSSS constitutes NYCSSS’ highest level of decision-making authority. If and when resolutions are adopted by the Board that constrain fund balances for a specific purpose, such resources are accounted for and reported as committed for such purpose unless and until a subsequent resolution altering the commitment is adopted by the Board.

If and when fund balances are constrained for use for a specific purpose based on the direction of any officer of NYCSSS who is duly authorized to direct the movement of such funds are accounted for and reported as assigned for such purpose, unless or until a subsequent authorized action by the same or another duly authorized officer, or by the Board, is taken which removes or changes the assignment.

Resources that are not constrained are reported as unrestricted in the statements of net position (deficit) and unassigned in the general fund balance sheets.

When both restricted and unrestricted resources are available for use for a specific purpose, it is NYCSSS’ policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, it is NYCSSS’ policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

C. *Investments*

Investments are reported at fair value as of the reporting date.

D. *Property and Equipment*

Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. NYCSSS capitalizes property and equipment with a cost of \$35,000 or more and a useful life of greater than five years. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

E. *Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires NYCSSS’ management to make estimates and assumptions in determining the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

F. *Reclassification*

Certain line items in the 2017 financial statements were reclassified to conform to the 2018 presentation.

NYC SCHOOL SUPPORT SERVICES, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *New Accounting Pronouncements*

As a component unit of the City, NYCSSS implements new GASB standards in the same fiscal year as they are implemented by the City. The following are discussions of the standards implemented in the current year and standards that may impact NYCSSS in future years.

- In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the criteria detailed above in the description of Statement No. 67. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans within the scope of the Statement. The requirements of GASB Statement No. 68 are effective for fiscal year beginning after June 15, 2014. The adoption of GASB 68 resulted in the restatement of NYCSSS' financial statements to reflect the reporting of net pension liabilities for its qualified pension plan. Net position as of July 1, 2017 was decreased by \$77,048,976 reflecting the cumulative retrospective effect of the adoption of GASB Statement No. 68. Refer to Note 6 for more information regarding NYCSSS' pensions.
- In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, ("GASB 83"). GASB 83 addresses accounting and financial reporting for certain asset retirement obligations. This statement establishes criteria for determining the timing and pattern of recognition of a liability and corresponding deferred outflow of resources for asset retirement obligations. The requirements of GASB 83 are effective for fiscal years beginning after June 15, 2018. NYCSSS has not completed the process of evaluating GASB 83, but does not expect it to have an impact on NYCSSS' financial statements.
- In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*, ("GASB 84"). The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of GASB 84 are effective for fiscal years beginning after December 15, 2018. NYCSSS has not completed the process of evaluating GASB 84, but does not expect it to have an impact on NYCSSS' financial statements, as it does not enter in fiduciary activities.
- In March 2017, GASB issued Statement No. 85, *Omnibus 2017*, ("GASB 85"). The objective of GASB 85 is to address practice issues that have been identified during implementation and application of certain GASB statements. The requirements of GASB 85 are effective for fiscal years beginning after June 15, 2017. The adoption of GASB 85 did not have an impact on NYCSSS' financial statements.
- In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, ("GASB 86"). The primary objective of GASB 86 is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets are acquired with only existing resources – resources other than the proceeds of refunding debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished. The requirements of GASB 86 are effective for fiscal years beginning after June 15, 2017. The adoption of GASB 86 did not have an impact on NYCSSS' financial statements.

NYC SCHOOL SUPPORT SERVICES, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In June 2017, GASB issued Statement No. 87, *Leases*, (“GASB 87”). The objective of GASB 87 is to improve accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of GASB 87 are effective for fiscal years beginning after December 15, 2019. NYCSSS has not completed the process of evaluating GASB 87.
- In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, (“GASB 88”). The objective of GASB 88 is to improve consistency in the information that is disclosed in notes to government financial statements related to debt by defining debt for the purpose of note disclosure and establishes additional note disclosure requirements related to debt obligations of governments, including direct borrowing and direct placements. The requirements of GASB 88 are effective for fiscal years beginning after June 15, 2018. NYCSSS has not completed the process of evaluating GASB 88, but does not expect it to have an impact on NYCSSS’ financial statements.
- In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, (“GASB 89”). The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and cost of borrowing for a reporting period and to simplify accounting for certain interest costs by requiring interest costs incurred before the end of a construction period to be recognized as an expense/expenditure in governmental fund and government-wide financial statements. The requirements of GASB 89 are effective for fiscal years beginning after December 15, 2019. NYCSSS has not completed the process of evaluating GASB 89, but does not expect it to have an impact on NYCSSS’ financial statements.
- In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendments of GASB Statements No. 14 and No. 61*, (“GASB 90”). The objectives of GASB 90 are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of GASB 90 are effective for fiscal years beginning after December 15, 2018. NYCSSS has not completed the process of evaluating GASB 90, but does not expect it to have an impact on NYCSSS’ financial statements.

NOTE 3 – CASH AND CASH EQUIVALENTS

As of June 30, 2018 and 2017, NYCSSS’ cash was comprised of unrestricted bank deposits in the amounts of approximately \$38,151,000 and \$1,017,000. Of these cash deposits, only \$250,000 was covered by Federal Deposit Insurance Corporation (“FDIC”) insurance, and the remaining balance of approximately \$38,229,000 and \$767,000 was uncollateralized as of June 30, 2018 and 2017, respectively.

NYC SCHOOL SUPPORT SERVICES, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

As of June 30, 2018 and 2017, NYCSSS's cash equivalents were comprised of Money Market Funds in the amount of \$250,000 and \$12,046,000, respectively. NYCSSS categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. NYCSSS's Money Market Funds are valued based on various market and industry inputs (Level 2 inputs).

NOTE 4 – LOAN PAYABLE

In July 2016, NYCSSS received a \$500,000 interest-free emergency loan from the Fund for the City of New York to cover operating expenses pending the receipt of funds from the DOE. The loan was repaid in full in August 2016 upon the receipt of funds from DOE.

NOTE 5 – LEASE COMMITMENTS

NYCSSS executed a lease agreement effective December 2016 for office space. This lease agreement expires in June 2022. Rental expense totaled approximately \$476,000 and \$612,000 during the years ended June 30, 2018 and 2017 and is included in occupancy costs in the accompanying statement of activities.

The following is a schedule of future minimum rental payments required under operating leases having initial or remaining noncancelable lease terms in excess of one year:

2019	\$ 527,000
2020	539,000
2021	551,000
2022	<u>564,000</u>
	<u>\$ 2,181,000</u>

NOTE 6 – PENSION PLANS

A. Local 32BJ School Workers Pension Fund

Plan Description – NYCSSS' eligible employees are provided with pension benefits through the 32BJ School Workers Pension Fund (the "32BJ Fund"). The 32BJ Fund is a cost-sharing, multiple-employer defined benefit pension plan administered by Regine Breton, Director of Retirement Services. The 32BJ Fund issues annual financial statements which are available for download on its website (<https://www.32bjfunds.org/>).

Benefits Provided – The 32BJ Fund provides retirement benefits to vested members, none of which are government employees. The local 32BJ members are provided retirement, disability and death benefits as participants in the 32BJ Fund. Participants accrue \$44 per month for each pension credit up to a maximum of 25 pension credits. For participants with 30 or more pension credits, an additional \$100 is added to the benefit.

NYC SCHOOL SUPPORT SERVICES, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 6 – PENSION PLANS (Continued)

Contribution and Funding Policy – Pension benefits contributions are determined pursuant to a collective bargaining agreement that expires June 30, 2020, and are calculated based on a negotiated hourly rate for hours worked. The hourly contribution rate for the year ended June 30, 2018 was a blended rate of \$7.5 up to 40 hours per week.

Information on the Employer’s Proportionate Share of the Collective Net Pension Liability

At June 30, 2018, NYCSSS reported a liability of \$54,671,084 for its proportionate share of the net pension liability of the 32BJ Fund. The net pension liability was measured as of July 1, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. NYCSSS’ proportionate share of the net pension liability was based on the July 1, 2016 through June 30, 2017 actual employer contributions as provided by the 32BJ Fund. As June 30, 2018, NYCSSS’ proportion was 93.72%.

NYCSSS obtained an actuarial valuation measured as of July 1, 2017 for June 30, 2018. The valuation did not provide amounts for net pension liabilities in the prior year. Therefore, there was not sufficient information available to record the change against pension expense and such amounts are not reflected in the accompanying financial statements.

For the year ended June 30, 2018, NYCSSS recognized pension expense in the government-wide financial statements of \$14,048,427. Pension expenditures of \$17,903,946 were recorded in the fund financial statements.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projects and actual earnings on pension plan investments	-	18,522,373
Changes in proportion and differences between NYCSSS contributions and proportionate share of contributions	-	-
NYCSSS contributions subsequent to the measurement date	-	-
	\$ -	\$ 18,522,373

NYC SCHOOL SUPPORT SERVICES, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 6 – PENSION PLANS (Continued)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to the 32BJ Fund will be recognized in pension expense as follows:

2019	\$ 3,704,475
2020	3,704,475
2021	3,704,475
2022	3,704,475
2023	3,704,473

The total pension liability as of June 30, 2018 and 2017, that was measured by the actuarial valuation as of July 1, 2017, used the following significant actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.25%
Inflation	Building block approach was used that reflects inflation expectations
Mortality Rates	
Non-annuitant:	RP-2014 Blue Collar Employee Mortality Table with generational projection using Scale MP 2017 from 2014
Healthy annuitant:	TP-2014 Blue Collar Healthy Annuitant Mortality Table with generational projection using Scale MP 2017 from 2014
Disabled annuitant:	RP-2014 Disabled Retiree Mortality Table with generational projection using Scale MP 2017 from 2014
Termination Rates	Termination rates and disability rates were based on historical and current demographic data, adjusted to reflect estimated future experience and professional judgment.
Annual Administrative Expenses	\$2,000,000 payable monthly

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

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	53.5%	6.40%
Global Equity	24.0%	7.40%
Real Estate	7.5%	5.10%
Hedge Fund	5.0%	4.10%
Fixed Income	<u>10.0%</u>	1.75%
Total	<u>100.0%</u>	

NYC SCHOOL SUPPORT SERVICES, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 6 – PENSION PLANS (Continued)

The discount rates used to measure the total pension liability was 7.25% as of July 1, 2017. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be based on bargained contribution rates. For this purpose, only employer contributions that are intended to fund benefits for the current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the plan fiduciary net position was projected to be available to make all projected future benefits payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of July 1, 2017.

The following presents NYCSSS' proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what NYCSSS' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (<u>6.25%</u>)	Current Assumption (<u>7.25%</u>)	1% Increase (<u>8.25%</u>)
NYCSSS' proportionate share of the net pension liability (asset)	<u>\$103,547,767</u>	<u>\$54,671,084</u>	<u>\$13,876,410</u>

The components of the collective net pension liability as of the July 1, 2017 measurements date were as follows:

Total pension liability	\$448,265,285
Fiduciary net position	<u>389,931,499</u>
Employers' net pension liability	<u>\$ 58,333,786</u>
Fiduciary net position as a Percentage of total pension liability	<u>86.99%</u>

B. Central Pension Fund of the International Operating Engineers and Participating Employers

Plan Description – NYCSSS's eligible employees are provided with pension benefits through the Central Pension Fund of the International Operating Engineers and Participating Employers (the "Local 94 Fund"). The Local 94 Fund is a cost-sharing, multiple-employer defined benefit pension plan administered by Michael R. Fanning CEO of the Plan. The Local 94 Fund issues annual financial statements which are available for download on their website (<http://www.cpfuoe.org/>).

The Local 94 Fund provides retirement benefits to vested members, none of which are government employees. Pension benefits contributions are determined pursuant to a collective bargaining agreement that expires December 31, 2018 and are calculated based on a negotiated hourly rate for hours worked. The hourly contribution rate for the years ended June 30, 2018 and 2017 was \$3.85 and \$3.75, respectively, for every hour paid.

NYC SCHOOL SUPPORT SERVICES, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

NOTE 6 – PENSION PLANS (Continued)

Contributions to the Local 94 Fund amounted to \$13,495,013 and \$10,824,395 for the years ended June 30, 2018 and 2017, respectively, and are included in salaries and employee benefits – schools in the accompanying statements of activities.

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan) – the collective net pension liability. An employer’s proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability. A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

During the implementation of GASB 68, an issue arose regarding the ability of state and local governmental employers to obtain necessary information related to pensions that are provided through certain multiple-employer defined benefit pension plans. Therefore, in December 2015 the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* (“GASB 78”).

GASB 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). GASB 78 requires pension expense to be recognized equal to the employer’s required contributions to the pension plan for the year, and a payable should be reported for unpaid required contributions at the end of the year.

The Local 94 Fund satisfies each of the above criteria for reporting under GASB 78. Therefore, NYCSSS is not required to recognize a liability for its proportionate share of the net pension liability of the Local 94 Fund.

C. 403(b) Plan

Effective July 1, 2017, NYCSSS adopted a 403(b) plan (the “Plan”) for all eligible employees, as defined by the Plan. NYCSSS will contribute 3% of each participant’s compensation to the Plan and participants are fully vested in both their employee and employer contributions to the Plan.

NOTE 7 –CONTINGENCIES

NYCSSS is a party to certain employment-related legal claims, the outcome of which cannot presently be determined.

NYC SCHOOL SUPPORT SERVICES, INC.
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER'S REQUIRED CONTRIBUTIONS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017 (UNAUDITED)

**Local 94 - Central Pension Fund of the International
Operating Engineers and Participating Employers:**

	2018	2017
Employer's required contribution	\$ 13,495,013	\$ 10,824,395
Actual contribution	\$ 13,495,013	\$ 10,824,395
Contribution deficiency (excess)	\$ -	\$ -

NOTE:

A schedule of the employer's required contributions for each of the 10 most recent fiscal years should be presented as required supplementary information. However, as NYCSSS commenced operations in fiscal year 2017 this data is presented only for those years for which information is available.

NYC SCHOOL SUPPORT SERVICES, INC.
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS* (UNAUDITED)

	<u>2018</u>
Employer's proportion of the net pension liability	<u>93.72%</u>
Employer's proportionate share of the net pension liability	<u>\$ 54,671,084</u>
Employer's covered-employee payroll	<u>\$ 480,005,325</u>
Employer's proportionate share of the net pension liability as percentage of its covered employee payroll	<u>11.39%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.99%</u>

* This data is presented for those years for which information is available.

NYC SCHOOL SUPPORT SERVICES, INC.
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS* (UNAUDITED)

	<u>2018</u>
Actuarially determined contribution	\$ 17,903,946
Contribution in relation to the actuarially determined contribution	<u>(17,903,946)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Employer's covered-employee payroll	<u>\$ 480,005,325</u>
Contribution as a percentage of covered- employee payroll	<u>3.73%</u>

* This data is presented for those years for which information is available.