



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, 2020 AND 2019

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, 2020 AND 2019

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Required Supplementary Information (Unaudited)	
Management's Discussion and Analysis	3-7
Basic Financial Statements as of and for the Years Ended June 30, 2020 and 2019:	
Government-Wide Financial Statements	
Statements of Net Position (Deficit)	8
Statements of Activities	9
General Fund Financial Statements	
General Fund Balance Sheets	10
Reconciliations of the General Fund Balance Sheets to the Statements of Net Position (Deficit)	11
General Fund Statements of Revenues, Expenditures and Changes in Fund Balance	12
Reconciliations of the General Fund Statements of Revenues, Expenditures and Changes in Fund Balance to the Statements of Activities	13
Notes to Financial Statements	14-24
Required Supplementary Information (Unaudited)	
Schedules of Employer's Required Contributions – Last 10 Fiscal Years	25
Schedules of Employer's Proportionate Share of the Net Pension Liability – Last 10 Fiscal Years	26
Schedules of Employer's Pension Contributions – Last 10 Fiscal Years	27

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 and general fund of NYC School Support Services, Inc. ("NYCSSS"), a component unit of The City of New York, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements which collectively comprise NYCSSS' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express 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 audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of NYCSSS as of June 30, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, the schedules of employer's required contributions on page 25, the schedules of employer's proportionate share of the net pension liability on page 26 and the schedules of employer's pension contributions on page 27 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.

Marks Paneth LLP

New York, NY
September 24, 2020

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2020 AND 2019
(Unaudited)

NYC School Support Services, Inc. (“NYCSSS” or the “Corporation”) has a contract with The City of New York (“City”) that was registered on April 28, 2016, and NYCSSS began operations on May 26, 2016. The original contract, which terminated on June 30, 2020, was renewed and extended through June 30, 2028, with the option to renew for two additional periods of one year. Pursuant to this contract, NYCSSS receives monthly payments equal to 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 NYCSSS for the fiscal years ended June 30, 2020 and 2019. 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) required supplementary information including management’s discussion and analysis (this section), and pension information; (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 and pension obligations, which are 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 the fiscal year ended June 30, 2020 are as follows:

- ❖ 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 \$78,141,915. The unrestricted net position increased by \$14,629,766 from the prior year. This decrease results primarily from the accrual of net pension liability pursuant to GASB Statement No. 68 and the recording of accrued vacation and sick pay liability. These obligations will be satisfied in future years.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020 AND 2019
(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The following summarizes the activities of NYCSSS for the years ended June 30, 2020, 2019 and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
REVENUES:			
Program revenues from The City of New York			
Department of Education	\$ 640,931,894	\$ 637,415,206	\$ 672,887,719
Interest income	<u>1,215,546</u>	<u>2,114,903</u>	<u>753,914</u>
TOTAL REVENUES	<u>642,147,440</u>	<u>639,530,109</u>	<u>673,641,633</u>
EXPENSES:			
Salaries and employee benefits - schools	620,228,987	613,695,748	667,036,024
Salaries and employee benefits - administrative	2,271,563	2,019,960	1,501,164
Professional fees	3,724,679	3,482,934	3,971,092
Occupancy	518,262	506,063	476,246
Insurance	367,481	307,926	256,920
Office and other expenses	<u>406,702</u>	<u>377,859</u>	<u>420,740</u>
TOTAL EXPENSES	<u>627,517,674</u>	<u>620,390,490</u>	<u>673,662,186</u>
CHANGE IN NET POSITION	<u>\$ 14,629,766</u>	<u>\$ 19,139,619</u>	<u>\$ (20,553)</u>

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 the 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 program revenues from the City.

During fiscal year 2020, NYCSSS received \$640.9 million in contractual payments from the City. Program revenue is paid monthly and is based on projected subsequent month expenses. As a result, NYCSSS' net deficit at year-end of \$78,141,915 is equal to accrued vacation and sick pay liability, the net pension liability and related deferred outflows and deferred inflows of resources at year-end.

During fiscal year 2019, NYCSSS received \$637.4 million in contractual payments from the City. As a result, NYCSSS' net deficit at year-end of \$92,771,681 is equal to accrued vacation and sick pay liability, the net pension liability and deferred outflows and deferred inflows of resources at year-end.

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 2020 and 2019 were \$627.5 million and \$620.4 million, respectively. Increases in salaries and employee benefits are predominantly driven by the increase in the net pension liability, as well as general increases in the cost of fringe benefits. As a result of the COVID-19 pandemic vacation time was less utilized causing an increase in the amount of expenses related to accrued vacation and sick time.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020 AND 2019
(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The following summarizes the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (deficit) as of June 30, 2020, 2019 and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
ASSETS:			
Cash and cash equivalents	\$ 37,865,238	\$ 35,678,032	\$ 38,401,536
Due from The City of New York Department of Education	699,551	-	280,259
Prepaid expenses	-	-	1,667,555
TOTAL ASSETS	<u>38,564,789</u>	<u>35,678,032</u>	<u>40,349,350</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>27,667,136</u>	<u>2,802,242</u>	<u>-</u>
LIABILITIES:			
Accounts payable and accrued expenses	17,276	341,172	412,546
Unearned revenue	-	3,076,000	-
Accrued salaries and employee benefits	38,547,513	32,260,860	39,936,804
Accrued vacation and sick pay	33,742,798	32,542,333	38,717,843
Net pension liability	59,866,451	49,027,453	54,671,084
TOTAL LIABILITIES	<u>132,174,038</u>	<u>117,247,818</u>	<u>133,738,277</u>
DEFERRED INFLOWS OF RESOURCES	<u>12,199,802</u>	<u>14,004,137</u>	<u>18,522,373</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (78,141,915)</u>	<u>\$ (92,771,681)</u>	<u>\$ (111,911,300)</u>

As of June 30, 2020, NYCSSS' assets totaled \$38.6 million. Assets increased because of increased cash positions due to the general timing of payments as well as an increase in the amount owed from the Department of Education. Liabilities as of June 30, 2020 were \$132.2 million, and primarily consisted of accrued salaries and employee benefits of \$38.5 million, accrued vacation and sick pay of \$33.7 million and net pension liability of \$59.9 million. NYCSSS had deferred outflows of resources of \$27.7 million and deferred inflows of resources of \$12.2 million, as of June 30, 2020 and 2019, respectively, which are related to the pension obligations.

As of June 30, 2019, NYCSSS' assets totaled \$35.7 million. Liabilities as of June 30, 2019 were \$117.2 million, and primarily consisted of accrued salaries and employee benefits of \$32.3 million, accrued vacation and sick pay of \$32.5 million and net pension liability of \$49.0 million. NYCSSS recognized unearned revenue for the cash received in excess of expenditures recognized in 2019, as compared to 2020 where NYCSSS recognized a receivable for the amount of cash due from the Department of Education. NYCSSS had deferred outflows of resources of \$2.8 million and deferred inflows of resources of \$14.0 million, as of June 30, 2020 and 2019, respectively, which are related to the pension obligations.

As previously discussed, NYCSSS' June 30, 2020 and 2019 net deficits of \$78,141,915 and \$92,771,681, respectively, are equal to the accrued vacation and sick pay liability, pension liability and deferred outflows and deferred inflows at year-end.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2020 AND 2019
(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, 2020, 2019 and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues:			
Program revenues from The City of New York			
Department of Education	\$640,931,894	\$637,415,206	\$672,887,719
Interest income	1,215,546	2,114,903	753,914
Total revenues	<u>642,147,440</u>	<u>639,530,109</u>	<u>673,641,633</u>
Expenditures:			
Salaries and employee benefits - schools	634,858,753	632,835,367	667,015,471
Salaries and employee benefits - administrative	2,271,563	2,019,960	1,501,164
Professional fees	3,724,679	3,482,934	3,971,092
Occupancy	518,262	506,063	476,246
Insurance	367,481	307,926	256,920
Office and other expenses	406,702	377,859	420,740
Total expenditures	<u>642,147,440</u>	<u>639,530,109</u>	<u>673,641,633</u>
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<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 expenditures as such there is no change in fund balance created.

Total expenditures primarily consisted of salaries and supplemental benefits for union custodial helpers in connection with NYCSSS accomplishing its mission. Expenditures incurred during fiscal years 2020 and 2019 were \$642.1 million and \$639.5 million, respectively. Overall, the increase is relatively flat and accounts for contractual increases in salaries and the cost of fringe benefits increasing year over year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020 AND 2019
(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The following summarizes the GF assets, liabilities, and fund balances as of June 30, 2020, 2019 and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:			
Cash and cash equivalents	\$ 37,865,238	\$ 35,678,032	\$ 38,401,536
Due from The City of New York Department of Education	699,551	-	280,259
Prepaid expenditures	-	-	1,667,555
Total Assets	<u>\$ 38,564,789</u>	<u>\$ 35,678,032</u>	<u>\$ 40,349,350</u>
Liabilities:			
Accounts payable and accrued expenses	\$ 17,276	\$ 341,172	\$ 412,546
Unearned revenue	-	3,076,000	-
Accrued salaries and employee benefits	38,547,513	32,260,860	39,936,804
Total Liabilities	<u>38,564,789</u>	<u>35,678,032</u>	<u>40,349,350</u>
Fund Balance:			
Unassigned	-	-	-
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 38,564,789</u>	<u>\$ 35,678,032</u>	<u>\$ 40,349,350</u>

The GF assets at June 30, 2020 and 2019 were \$38.6 million and \$35.7 million, respectively. The assets recorded in the GF are 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.

The total GF liabilities at June 30, 2020 and 2019 were \$38.6 million and \$35.7 million, respectively, and primarily consisted of accrued salaries and employee benefits.

As program revenue is paid monthly and is based on actual monthly expenditures, the GF fund balance was zero as of June 30, 2020 and 2019.

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.

* * * *

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

STATEMENTS OF NET POSITION (DEFICIT)
AS OF JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash and cash equivalents (Note 3)	\$ 37,865,238	\$ 35,678,032
Due from The City of New York Department of Education	<u>699,551</u>	<u>-</u>
TOTAL ASSETS	<u>38,564,789</u>	<u>35,678,032</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension related	<u>27,667,136</u>	<u>2,802,242</u>
LIABILITIES:		
Accounts payable and accrued expenses	17,276	341,172
Unearned revenue	-	3,076,000
Accrued salaries and employee benefits	38,547,513	32,260,860
Accrued vacation and sick pay	33,742,798	32,542,333
Net pension liability	<u>59,866,451</u>	<u>49,027,453</u>
TOTAL LIABILITIES	<u>132,174,038</u>	<u>117,247,818</u>
DEFERRED INFLOWS OF RESOURCES:		
Pension related	<u>12,199,802</u>	<u>14,004,137</u>
NET POSITION (DEFICIT):		
Unrestricted	<u>(78,141,915)</u>	<u>(92,771,681)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (78,141,915)</u>	<u>\$ (92,771,681)</u>

The accompanying notes are an integral part of these financial statements.

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

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUES:		
Program revenues from The City of New York Department of Education	\$ 640,931,894	\$ 637,415,206
Interest income	1,215,546	2,114,903
Total revenues	642,147,440	639,530,109
EXPENSES:		
Salaries and employee benefits - schools (Note 5)	620,228,987	613,695,748
Salaries and employee benefits - administrative	2,271,563	2,019,960
Professional fees	3,724,679	3,482,934
Occupancy (Note 4)	518,262	506,063
Insurance	367,481	307,926
Office and other expenses	406,702	377,859
Total expenses	627,517,674	620,390,490
Change in net position	14,629,766	19,139,619
Net position (deficit) - beginning of year	(92,771,681)	(111,911,300)
Net position (deficit) - end of year	\$ (78,141,915)	\$ (92,771,681)

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

GENERAL FUND BALANCE SHEETS
AS OF JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash and cash equivalents	\$ 37,865,238	\$ 35,678,032
Due from The City of New York Department of Education	<u>699,551</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 38,564,789</u>	<u>\$ 35,678,032</u>
 LIABILITIES:		
Accounts payable and accrued expenses	\$ 17,276	\$ 341,172
Unearned revenue	-	3,076,000
Accrued salaries and employee benefits	<u>38,547,513</u>	<u>32,260,860</u>
TOTAL LIABILITIES	<u>38,564,789</u>	<u>35,678,032</u>
 FUND BALANCE:		
Unassigned	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 38,564,789</u>	<u>\$ 35,678,032</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, 2020 AND 2019**

	2020	2019
Total fund balance - general fund	\$ -	\$ -
<p>Amounts reported for governmental activities in the statements 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	(33,742,798)	(32,542,333)
Pension related items, net	(44,399,117)	(60,229,348)
Net position (deficit) of governmental activities	\$ (78,141,915)	\$ (92,771,681)

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, 2020 AND 2019**

REVENUES:	<u>2020</u>	<u>2019</u>
Program revenues from The City of New York		
Department of Education	\$ 640,931,894	\$ 637,415,206
Interest income	<u>1,215,546</u>	<u>2,114,903</u>
Total revenues	<u>642,147,440</u>	<u>639,530,109</u>
 EXPENDITURES:		
Salaries and employee benefits - schools	634,858,753	632,835,367
Salaries and employee benefits - administrative	2,271,563	2,019,960
Professional fees	3,724,679	3,482,934
Occupancy	518,262	506,063
Insurance	367,481	307,926
Office and other expenses	<u>406,702</u>	<u>377,859</u>
Total expenditures	642,147,440	639,530,109
 NET CHANGE 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, 2020 AND 2019**

	2020	2019
Net change in fund balance - general fund	\$ -	\$ -
Amounts reported in the statements of activities are different because:		
Accrued vacation and sick pay is reported in the statements of activities on the accrual basis, but is reported as an expenditure in the general fund when the outlay of financial resources is required.	(1,200,465)	6,175,510
Net pension liability expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the general fund.	15,830,231	12,964,109
Change in net position - governmental activities	\$ 14,629,766	\$ 19,139,619

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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. NYCSSS follows Governmental Accounting Standards Board (“GASB”) accounting standards due to the appointment of the Board by a local government, the City School District of The City of New York. 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 original contract, which terminated on June 30, 2020, was renewed, and extended through June 30, 2028, with the option to renew for two additional periods of one year. 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.

NYCSSS recognizes program revenues equal to the amount of expenditures incurred. Amounts received from the DOE more than expenditures are reported as unearned revenues and applied to the subsequent fiscal year. Any amounts owed from the DOE are recognized as receivables.

The reconciliation 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 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 are 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 (U.S GAAP) 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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 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. The adoption of GASB 84 does not have an impact on NYCSSS’ financial statements.
- 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 were originally effective for fiscal years beginning after December 15, 2019, however because of GASB 95 the effective date has been postponed to fiscal years beginning after June 15, 2021. NYCSSS has not completed the process of evaluating GASB 87.
- In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment 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 were originally effective for fiscal years beginning after December 15, 2018, however because of GASB 95 the effective date has been postponed to fiscal years beginning after December 15, 2019. The adoption of GASB 90 does not have an impact on NYCSSS’ financial statements.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. New Accounting Pronouncements (Continued)

- In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. Conduit debt obligations are debt instruments issued by state and local governments to provide financing for a third party, which is primarily liable for repaying the debt instrument. GASB 91 updates Interpretation No. 2, “Disclosure of Conduit Debt Obligations,” which allowed for variations with the option for government issuers to either recognize conduit debt obligations as their own debt or to disclose them. GASB 91 identifies what a conduit debt obligation is and eliminating the option for government issuers to recognize conduit debt obligations, thereby providing a single method of reporting. The requirements of GASB 91 were originally effective for reporting periods beginning after December 15, 2020, however because of GASB 95 the effective date has been postponed to fiscal years beginning after December 15, 2021 and is not expected to have an impact on NYCSSS’ financial statements.
- In January 2020, GASB issued Statement No. 92, *Omnibus*, (“GASB 92”). This standard address comparability and consistency in accounting and financial reporting related to a variety of GASB Statements including: Leases, Other Postemployment Benefit Plans, Pensions, Fiduciary Activities, Asset Retirement Obligations, Public Entity Risk Pools, Fair Value Measurements, and Derivative Instruments. The requirements of GASB 92 are effective for fiscal years beginning after June 15, 2021, as amended. GASB 92 is not expected to have an impact on NYCSSS’ financial statements.
- In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, (“GASB 93”). The objective of this statement is to address those and other accounting and financial reporting implications from the replacement of the interbank offered rate (“IBOR”). The requirements of GASB 93 were originally effective for fiscal years beginning after June 15, 2020, however because of GASB 95 the effective date has been postponed to fiscal years beginning after June 15, 2021. GASB 93 is not expected to have an impact on NYCSSS’ financial statements.
- In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payments Arrangements* (“GASB 94”). GASB 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements, or “PPPs”. The requirements for GASB 94 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. NYCSSS has not completed the process of evaluating GASB 94 but does not expect it to have an impact on NYCSSS’ financial statements.
- In May 2020, GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, (“GASB 95”). GASB 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. New Accounting Pronouncements (Continued)

- In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, (“GASB 96”). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government and users (governments). The requirements of GASB 96 are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. NYCSSS has not completed the process of evaluating GASB 96.

NOTE 3 – CASH AND CASH EQUIVALENTS

As of June 30, 2020 and 2019, NYCSSS’ cash was comprised of unrestricted bank deposits in the amounts of approximately \$750,000 and \$3,005,570, respectively. Of these cash deposits, only \$250,000 was covered by Federal Deposit Insurance Corporation (“FDIC”) insurance. Cash deposits in excess of the \$250,000 coverage were fully collateralized by securities held by the pledging institution at June 30, 2020 and 2019.

As of June 30, 2020 and 2019, NYCSSS’ cash equivalents were also held in Money Market Funds in the amounts of \$37,354,117 and \$32,988,231, 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’ Money Market Funds are valued based on various market and industry inputs (Level 2 inputs).

NOTE 4 – LEASE COMMITMENTS

NYCSSS executed a lease agreement effective December 2016 for office space. This lease agreement expires in June 2022. Rental expense totaled approximately \$518,000 and \$506,000 during the years ended June 30, 2020 and 2019, respectively, and is included in occupancy costs in the accompanying statements 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:

2021	\$ 551,000
2022	<u>564,000</u>
	<u>\$ 1,115,000</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 5 – 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 the 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. That amount increased to \$49 per month for each pension credit up to a maximum of 25 pension credits, effective July 1, 2019. For participants with 30 or more pension credits, an additional \$100 is added to the benefit.

Contribution and Funding Policy – Pension benefit contributions are determined pursuant to a collective bargaining agreement extended through June 30, 2021 and are calculated based on a negotiated hourly rate for hours worked. The hourly contribution rate for the year ended June 30, 2020 is \$2.177 up to 40 hours per week.

Information on the Employer's Proportionate Share of the Net Pension Liability

At June 30, 2020 and 2019, NYCSSS reported a liability of \$59,866,451 and \$49,027,453, respectively, for its proportionate share of the net pension liability of the 32BJ Fund. The net pension liability was measured as of June 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For June 30, 2020, NYCSSS' proportionate share of the net pension liability was based on the July 1, 2018 through June 30, 2019 actual employer contributions as provided by the 32BJ Fund. For June 30, 2019, NYCSSS' proportionate share of the net pension liability was based on the July 1, 2017 through June 30, 2018 actual employer contributions as provided by the 32BJ Fund. As of June 30, 2020 and 2019, NYCSSS' proportion was 96.87%.

NYCSSS obtained an actuarial valuation measured as of July 1, 2019 for June 30, 2020, and as of July 1, 2018 for June 30, 2019.

For the years ended June 30, 2020 and 2019, NYCSSS recognized pension expense in the government-wide financial statements of \$23,726,416 and \$5,959,675, respectively, while pension expenditures of \$19,494,525 and \$18,923,784 were recorded in the fund financial statements, respectively.

At June 30, 2020, NYCSSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 5 – PENSION PLANS (Continued)

A. Local 32BJ School Workers Pension Fund (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,059,589
Net difference between projected and actual earnings on pension plan investments	6,373,953	7,657,879
Changes of assumptions or other inputs	-	1,482,334
Changes in proportion and differences between NYCSSS contributions and proportionate share of contributions	1,231,061	-
Contributions made subsequent to the measurement date	20,062,122	-
	\$ 27,667,136	\$ 12,199,802

At June 30, 2019, 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	\$ -	\$ 2,517,664
Net difference between projected and actual earnings on pension plan investments	1,021,107	11,486,473
Changes in proportion and differences between NYCSSS contributions and proportionate share of contributions	1,781,135	-
	\$ 2,802,242	\$ 14,004,137

The amount reported as deferred outflows of resources related to contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year.

The amounts reported as deferred outflows of resources and deferred inflows of resources related to the 32BJ Fund, with the exception of contributions made subsequent to the measurement date, will be recognized in pension expense as follows in the years ending June 30:

2021	\$ (3,422,421)
2022	\$ (3,422,421)
2023	\$ 848,029
2024	\$ 1,402,025

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 5 – PENSION PLANS (Continued)

A. *Local 32BJ School Workers Pension Fund (Continued)*

The total pension liability as of June 30, 2020 and 2019 that was measured by the actuarial valuation as of July 1, 2019 and July 1, 2018, respectively, 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:	Pri-2012 Blue Collar Employee Amount-Weighted Mortality Table with generational projection using Scale MP-2019 from 2012
Healthy annuitant:	Pri-2012 Blue Collar Healthy Retiree Amount-Weighted Mortality Table with generational projection using Scale MP 2019 from 2012
Disabled annuitant:	Pri-2012 Disabled Retiree Amount-Weighted Mortality Table with generational projection using Scale MP-2019 from 2012
Surviving spouse:	Pri-2012 Contingent Survivor Blue Collar Amount-Weighted Mortality Table with generational projection using Scale MP-2019 from 2012
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	\$2,500,000

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%	7.05%
Real Estate	7.5%	4.50%
Hedge Fund	5.0%	3.32%
Fixed Income	<u>10.0%</u>	1.15%
Total	<u>100.0%</u>	

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 5 – PENSION PLANS (Continued)

A. *Local 32BJ School Workers Pension Fund (Continued)*

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed 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, 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 both June 30, 2019 and June 30, 2018.

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 one percentage point lower (6.25%) or one 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	<u>\$114,854,640</u>	<u>\$59,866,451</u>	<u>\$13,834,890</u>

The components of the collective net pension liability as of the July 1, 2019 and 2018 measurements date were as follows:

	<u>July 1, 2019</u>	<u>July 1, 2018</u>
Total pension liability	\$483,614,797	\$458,059,884
Fiduciary net position	<u>421,813,991</u>	<u>407,446,780</u>
Employers' net pension liability	<u>\$ 61,800,806</u>	<u>\$ 50,613,104</u>
Fiduciary net position as a Percentage of total pension liability	<u>87.22%</u>	<u>88.95%</u>

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

Plan Description – NYCSSS' 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 the CEO of the Plan. The Local 94 Fund issues annual financial statements which are available for download on their website (<http://www.cpfioe.org/>).

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 5 – PENSION PLANS (Continued)

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

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, 2022, and are calculated based on a negotiated hourly rate for hours worked. The hourly contribution rate for the years ended June 30, 2020 and 2019 was \$4.05 and \$3.95, respectively, for every hour paid.

Contributions to the Local 94 Fund amounted to \$12,547,493 and \$12,717,904 for the years ended June 30, 2020 and 2019, 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 5 – PENSION PLANS (Continued)

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 a minimum of 3% of each participant's compensation and an additional 6% based on each participant's employee contribution to the Plan and participants are fully vested in both their employee and employer contributions to the Plan.

NOTE 6 – CONTINGENCIES

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

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

During the COVID-19 pandemic, NYCSSS' services have generally been considered essential in nature and have not been materially interrupted. As the situation continues to evolve, NYCSSS is closely monitoring the impact of the COVID-19 pandemic on all aspects of the business, including how it impacts customers, subcontractors, suppliers, vendors and employees, in addition to how the COVID-19 pandemic impacts its ability to provide services to customers. NYCSSS believes the ultimate impact of the COVID-19 pandemic on its operating results, cash flows and financial condition is likely to be determined by factors which are uncertain, unpredictable and outside of our control. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely impact the business.

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER'S REQUIRED CONTRIBUTIONS
LAST 10 FISCAL YEARS* (UNAUDITED)

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's required contribution	\$ 12,547,493	\$ 12,717,904	\$ 13,495,013	\$ 10,824,395
Actual contribution	\$ 12,547,493	\$ 12,717,904	\$ 13,495,013	\$ 10,824,395
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -

*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.
(A Component Unit of The City of New York)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS* (UNAUDITED)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's proportion of the net pension liability	<u>96.87%</u>	<u>96.87%</u>	<u>93.72%</u>
Employer's proportionate share of the net pension liability	<u>\$ 59,866,451</u>	<u>\$ 49,027,453</u>	<u>\$ 54,671,084</u>
Employer's covered-employee payroll	<u>\$ 445,274,792</u>	<u>\$ 450,582,748</u>	<u>\$ 480,005,325</u>
Employer's proportionate share of the net pension liability as percentage of its covered employee payroll	<u>13.44%</u>	<u>10.88%</u>	<u>11.39%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>87.22%</u>	<u>88.95%</u>	<u>86.99%</u>

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

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYER'S PENSION CONTRIBUTIONS
LAST 10 FISCAL YEARS* (UNAUDITED)

	2020	2019	2018
Actuarially determined contribution	\$ 19,494,525	\$ 18,923,784	\$ 17,903,946
Contribution in relation to the actuarially determined contribution	(19,494,525)	(18,923,784)	(17,903,946)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$445,274,792	\$450,582,748	\$480,005,325
Contribution as a percentage of covered-employee payroll	4.38%	4.20%	3.73%

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