NEW YORK CITY HOUSING AUTHORITY

NEW YORK, NEW YORK

NEW YORK CITY
HOUSING
AUTHORITY

A Component Unit of The City of New York

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE
YEARS ENDED
DECEMBER 31, 2016 AND 2015

Shola Olatoye
Chair & Chief Executive Officer

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General Manager

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Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

New York City Housing Authority

New York

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

Jeffrey R. Emer

Executive Director/CEO

New York City Housing Authority

New York, New York

Comprehensive Annual Financial Report

For the Years Ended December 31, 2016 and 2015

TABLE OF CONTENTS

TABLE OF CONTENTS

(continued)

Page No.

STATISTICAL SECTION (UNAUDITED)

Coney Island Groundbreaking, Borough of Brooklyn

August 3, 2016

New Roof at Queensbridge Houses, Borough of Queens

December 1, 2016

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SHOLA OLATOYE
CHAIR & CHIEF EXECUTIVE OFFICER

June 14, 2017

Members of the Authority
New York City Housing Authority
New York, New York

The Real Estate Assessment Center ("REAC") of the U.S. Department of Housing and Urban Development ("HUD") requires that all public housing authorities publish, within nine months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* by a firm of independent certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report ("CAFR") of the New York City Housing Authority (the "Authority" or "NYCHA") for the year ended December 31, 2016.

This report consists of management's representations concerning the finances of the Authority. Consequently, management is responsible for the completeness and reliability of all the information presented in this report. To provide for a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect its assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh its benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority's 2016 financial statements have been audited by independent public accountants, Deloitte & Touche, LLP. The purpose of the independent audit is to provide reasonable assurance that the financial statements of the Authority present fairly, in all material respects, the financial position of the Authority.

The independent audit involved performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority's internal control. 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.

The independent auditors issued an unmodified opinion on the Authority's financial statements for the years ended December 31, 2016 and December 31, 2015, indicating that they were fairly presented, in all material respects, and in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this CAFR.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the independent auditors' report.

Profile of the Authority

The Authority, created in 1934, is a public benefit corporation chartered under New York State Public Housing Law. The Authority is a component unit of The City of New York.

The Authority provides affordable housing to approximately 400,000 low and moderate income New York City residents in 326 housing developments with approximately 176,000 apartments in the five boroughs, housing approximately 397,000 residents. Through the Section 8 Housing Choice Voucher Program, the Authority assists approximately 85,000 families in locating and renting housing in privately owned buildings, housing approximately 204,000 residents. Additionally, the Authority oversees a network of over 400 community-based facilities that include community and senior centers, healthcare terminals, day care centers, and Head Start educational centers.

The Authority's basic financial statements consist of a single enterprise fund, which includes the following programs:

- Low Rent Housing Program
- Public Housing Capital Fund Program
- Section 8 Housing Choice Voucher Program
- Section 8 Rental New Construction Program
- Other Grant Programs

Please refer to Note 1 to the financial statements for a description of Authority programs. For further analysis, we have also included supplemental financial schedules for the programs individually, which can be found following the notes to the basic financial statements.

The Authority's basic financial statements also include the following blended component units:

- NYCHA Public Housing Preservation I, LLC
- NYCHA Public Housing Preservation II, LLC

Please refer to Note 21 to the financial statements for a description of these component units.

Factors Affecting Financial Condition

To assess the Authority's overall financial condition, the following information contained within the Authority's financial statements should be considered in connection with an understanding of the following major factors affecting its financial condition:

Congressional Budget and HUD Policy. As a public housing authority ("PHA"), the Authority's primary source of funding is HUD. The amount of funding received from HUD is affected by Congressional housing legislation and the federal budget. The Authority continually monitors changes and trends in the Congressional Budget and HUD policy and adjusts its strategy and financial planning accordingly.

Operating Fund Rule. HUD's operating fund rule became effective on November 18, 2005. The rule amended the Public Housing Operating Fund Program's regulations and provided a new formula for the distribution of operating subsidies to PHAs. This rule converted public housing to a development-based system of management, accounting and funding. It also required PHAs to convert within five years of the effective date. The change was driven by the real property concept of asset management, in which a property manager considers both the short-term needs and the long-term positioning of real estate assets.

The rule was estimated to reduce the Authority's annual funding by over $60 million. For PHAs which would not benefit from the new formula funding, HUD provided additional incentive funding for early conversion on a sliding scale over a five year period. On December 21, 2008, HUD approved the Authority's Year 2 "Stop-Loss" package, which has the effect of increasing NYCHA's subsidy eligibility by about $46 million annually.

2016 Subsidy. During 2016, the Authority was allocated $912 million or 90 percent of its eligible operating subsidy from HUD, and $393 million in funding from HUD for the Public Housing Capital Fund Program. Also during 2016, the Authority received $1,072 million in subsidies from HUD for the Section 8 Housing Voucher Programs.

2016 Subsidy and the Impact of Proration. If NYCHA were to be awarded 100 percent of its total subsidy eligibility, there would not be an operating deficit in the Authority's Five Year Plan. In fact, NYCHA would have additional resources to meet the needs of residents by supporting critically needed frontline staff, such as maintenance workers, caretakers, and skilled trade persons. However, appropriations have generally fallen short of the funding levels required to fully fund public housing operations in accordance with HUD's eligibility formula. Additionally, while HUD's formula takes location into account, New York City has long advocated that the system is inequitable when one considers the City's uniquely high construction costs as well as higher employment costs in comparison to Authorities across the US. In FY 2016, PHAs nationwide were eligible to receive 4.9 billion. However the amount available for distribution was $4.4 billion, which translates to 90 cents for every dollar needed (effective proration of 90 percent). The FY 2017 Plan assumes a proration of 87 percent with an expected loss of funding of approximately $123 million. Any adverse changes in funding appropriation would have a negative impact on the Authority's funding levels.

Capital Fund Financing Program. On September 10, 2013, the Authority entered into a Loan Agreement with the New York City Housing Development Corporation ("HDC"), borrowing approximately $701 million of bond proceeds issued under the Capital Fund Grant Revenue Bond Program at a weighted average interest rate of 4.8%. The face amount of the bonds consisted of $185,785,000 of Series 2013A bonds ("Series A bonds") and $470,300,000 of Series 2013B ("Series B bonds"). The Series B bonds had two sub-series: Series 2013B-1 $348,130,000 and Series 2013B-2 $122,170,000. The bond premiums were $15,020,118 and $29,695,129 on the Series A bonds and Series B bonds, respectively.

The Series 2013A bonds proceeds were used together with other available funds in the prior Series 2005A bond program as an advance refund of the remaining balance of the pre-existing Series 2005A bonds and to defease the existing debt. The Series 2013 B bond proceeds are available to be used to fund acquisition, construction or rehabilitation, and make capital improvement at up to 39 specified Authority developments. Capital improvements primarily include "building envelope" work on roofs, brickwork, and windows, etc. The proceeds of these bonds that have been loaned to the Authority by HDC were placed in escrow accounts with a Trustee bank. The Authority draws down funds from the Trustee by means of capital fund requisitions as work is completed.

Federalization of New York State and City of New York Developments. Subsidy funding for 21 developments originally built by the State of New York and the City of New York was eliminated by the State in 1998 and by the City in 2003. These unsubsidized public housing units have contributed significantly to NYCHA's structural operating deficit through the years.

A first step in addressing the funding shortfall for these 21 State and City-built developments was taken on September 21, 2008, when the Authority received approval of its management plan for its Section 8 Voluntary Conversion Program. The Section 8 Voluntary Conversion program called for a total of approximately 8,400 unfunded public housing units in the 21 State and City-built developments to be transitioned into the federally subsidized Section 8 program. Through the end of 2016, the Authority had converted over 4,000 units in the State and City-built developments to Section 8 funding. The Authority's 2016 Five Year Operating Plan contains an initiative to accelerate conversion of approximately 300 units annually from 2016 to 2020.

The American Recovery and Reinvestment Act of 2009 (ARRA) presented PHAs across the country with an opportunity to re-invest in and develop public housing units. NYCHA capitalized on this opportunity to seek funding for the 21 State and City-built developments. On February 23, 2010, New York State passed new legislation that authorized the Authority to transfer the 21 State and City-built developments to two ownership entities (NYCHA Public Housing Preservation I, LLC and NYCHA Public Housing Preservation II, LLC). This was a significant event in support of the Authority's Federalization effort. The Governor signed this bill on March 3, 2010.

On March 16, 2010, the Authority closed on the Federalization mixed-finance development plan, through which it has received more than $400 million in public and private funds to address needed capital improvements at the 21 developments. The majority of this funding has been invested in capital improvements at these developments. Through 2015, the investors of NYCHA Public Housing Preservation I, LLC ("LLC I") have provided $228 million of this funding in equity payments in return for low income housing tax credit benefits. The rehabilitation work was completed at all 21 developments during 2013. In addition to the capital funding, NYCHA became eligible to receive approximately $65 million in recurring annual operating and capital subsidies for nearly 12,000 units at these developments. The first operating subsidy payments for these units were effective October 2010, and amounted to $15 million. During 2016, 2015, and 2014 the Authority received $62 million, $63 million, and $56 million, respectively, in operating subsidies for these units. These additional subsidies for previously unfunded public housing units have helped to address NYCHA's structural operating needs.

Financial Results and Outlook

The Authority's *Loss before capital contributions* for 2016 was $411 million, compared to a gain of $39 million for 2015. The increase in the loss for 2016 was mainly the result of an actuarial loss recognized for Other Post-Employment Benefits ("OPEB") due to a change in mortality assumptions and the absence of actuarial gains from the prior year for lower than expected premium increases. Excluding the impact of OPEB, the Authority's loss before capital contributions increased by $134 million largely due to additional maintenance and operations costs. While the Federalization of the State and City-built developments has helped to reduce the Authority's historical budget deficits, ongoing structural operating deficits are projected to continue, primarily attributable to federal underfunding of public housing and increased employee entitlement costs. NYCHA's 2017-2021 Five Year Operating Plan includes initiatives to increase income, contain costs, and reduce the operating deficit. These include:

Increased Revenue. Rent provides a significant portion of the Authority's income. Beginning in 2006, the Authority began phasing in a series of rent increases targeted to residents who were paying less than 30 percent of their income towards rent. In accordance with HUD requirements and changes in federal law, NYCHA started increasing flat rent charged in 2014 to 80 percent of Fair Market Rent (FMR), up to 30% of household income. Flat Rents are the maximum rents charged for rent and are based on rent charged for similar units in the private non-subsidized rental market. It is expected that by the end of 2017 all the HUD-mandated flat rent increases will be completed.

Improve Central Office and Administrative Efficiency. Through the years, the Authority has taken aggressive measures to contain spending through various workforce reduction programs. These actions resulted in a year-end headcount of 11,027, a reduction of over 3,900 positions since 2001. The reduction in headcount is the result of efforts to streamline and reduce redundancy in central office and by working with the City to transition non-core housing functions to other City agencies that provide similar services. During 2015, NYCHA transitioned 24 Community Centers along with 56 staff to our sister agency, the Department of Youth and Community Development. The 2017-2021 Five Year Operating Plan reflects continued City integration and our strategic hiring plan. Although the Authority has been taking measures to control costs, savings have been offset by increases in certain other costs such as employee entitlements including pension, and health insurance. The Authority's OPEB liability at December 31, 2016 is over $2.8 billion, and NYCHA continues to use a "pay-as-you-go" approach to OPEB costs. Due to NYCHA's funding challenges, as with many other governmental entities, this liability remains unfunded, and there is no clear source of future funding.

Energy Conservation. As part of the Authority's strategic capital plan to preserve the NYCHA portfolio, and in support of the Authority's comprehensive sustainability agenda, the Authority is actively pursuing an ambitious, multi-phase energy-conservation program. As a key component of the agenda, NYCHA has partnered with HUD and DOE on the Better Building Challenge and committed to reduce its per-square-foot energy use by 20% by 2025, resulting in avoided emissions of 247,000 tons of

CO2e, equivalent to taking 52,500 cars off the road daily. To achieve this ambitious goal, the Authority plans to perform energy and sustainability retrofits throughout the NYCHA portfolio through private/public partnerships, including $300 million through Energy Performance Contracts and $30 million through other public/private subsidy programs by 2025.

$18 million Energy Performance Contract - In 2012 the Authority developed an $18 million Energy Performance Contract ("EPC") to upgrade lighting at 17 developments and to upgrade heating systems at six developments. This EPC is in its fourth year of performance monitoring, and as in past years, is performing satisfactorily. As of 2016, NYCHA received an additional EPC Rate Reduction Incentive, which in 2016 totaled $1.7 million for the 17 sites.

$300 million Energy Performance Contract Series – In December 2016, NYCHA received HUD approval for a series of large-scale EPCs. The first of the series, a $56 million EPC, "Ameresco-A", is to upgrade lighting at 16 developments, and to provide a comprehensive heating plant replacement and control system upgrade at one development. Construction for Ameresco-A began this March. The second EPC, "BQDM", was submitted for HUD approval on March 31, 2017. Two "Sandy" EPCs are planned to be submitted for HUD approval during the middle of 2017. NYCHA plans to submit "Ameresco-B" to HUD during the third quarter of 2017.

The series of planned EPCs are intended to fund improvements that provide brighter and more efficient lights, consistent and comfortable heating, and new water conserving fixtures. Through those EPCs, NYCHA will:

1. Install indoor temperature controls and energy-efficient lighting fixtures in 75% of large-campus developments by 2020.
2. Upgrade ventilation in all buildings with mechanical exhaust systems, ensuring that stale air and excess moisture are removed from apartments.
3. Implement water conservation retrofits, with support from NYC Department of Environmental Protection.
4. Install Exterior lighting and grounds lighting improvements

DOE Weatherization and Utility Programs - In 2015, NYCHA began to work with energy-efficiency programs that specialize in upgrades to small buildings comprised of one to four family homes, walk-up multifamily buildings, and small elevator buildings. NYCHA worked with the New York State Weatherization Assistance Program ("WAP") to extend the benefits of WAP to NYCHA buildings. As of December 2016, NYCHA has pre-qualified 7,300 apartments, which translates to a multi-year total potential subsidy of $40 million. The agreement for the first $1.3 million WAP pilot project of 222 apartments at two developments was executed in April 2016. NYCHA completed the first phase of construction at Howard Houses and construction on the 2nd phase is anticipated tobegn in mid-2017. As of March 2017, the program has scaled up for the 2017-2018 program year. Six WAP agencies are conducting energy audits at 18 developments, with a total potential subsidy of $12.5 million for 2,338 apartments.

Resident Engagement Programs – The Authority has collaborated with Green City Force ("GCF") to create resident-to-resident engagement efforts to empower residents to save energy through friendly competitions. GCF and their Corps Members, young NYCHA residents in training for careers in sustainability, launched the "Love Where You Live Challenges." GCF members educated residents about energy conservation measures, installed CFLs, performed follow-up surveys and help conduct a unique survey on air conditioning usage at one of our developments. Additionally, in partnership with the NYC Department of Sanitation (DSNY) GCF has conducted outreach blitzes to engage residents around recycling. On each blitz day, representatives from DSNY, Green City Force, and non-profit partner GrowNYC lead door-to-door canvassing and other outreach and education activities to advance the City's waste reduction goals.

In 2015 and 2016, GCF partnered with NYCHA and the Mayor's Office of Criminal Justice (MOCJ) to target GCF training recruitment and service activities in the 15 sites that are the focus on the Mayor's Action Plan to reduce violence in NYCHA. Outside of this special initiative, NYCHA's Office of Resident Economic Empowerment & Sustainability (REES) continues to work closely with GCF on recruiting NYCHA residents citywide into GCF Urban Farm and Energy Corp training opportunities.

Lastly, in 2016 Green City Force built and launched new *Farms at NYCHA* at three housing developments in Brooklyn and East Harlem. The 2016 Corps Member cohort built on the experience of the past Urban Farm Corps that constructed and managed the farm at Red Hook Houses in partnership led collaboration with Added Value Farms. *Farms at NYCHA* is part of *Building Healthy Communities*, a city-wide partnership led by the Mayor's Office of Strategic Partnerships and the Fund for Public Health NYC to improve opportunities for physical activity, expand access to healthy, affordable food, and promote public safety in 12 priority neighborhoods.

Information Technology. In 2016, the Authority continued to advance in the area of information technology to support its NextGeneration NYCHA business goals. These projects support NYCHA's efforts to achieve short term financial stability and diversify funding for the long term; operate as an efficient and effective landlord; and develop best-in-class resident services and resident engagement models. The projects below are examples of enabling information technology activities that the Authority has deployed in support of its NextGen business goals in 2016:

Operate as an Efficient and Effective Landlord

Self Service Initiatives for Public Housing Residents

- **Public Housing Annual Reviews**
  Began phased deployment to NYCHA public housing residents the online self-service Annual Review process developed in 2015

- **Online Self-Service Options**
  Expanded customer access to NYCHA online services by offering these services in languages other than English, and by improving accessibility for people with disabilities

Improve Back Office Operations – Developments

- **Tenant Management and Rent Collection System**
  Began replacement of NYCHA's legacy resident management and rent collection systems.

- **Work Order Management**
  Implemented handheld devices for field work order management.

- **Storeroom Inventory**
  Implemented inventory management at development storerooms through the integration of the work-order management system with the materials management system.

Improve Back Office Operations – Central Office

- **HR Digital Files**
  Began digitizing NYCHA's paper folders and files with a project to image human resources records and implement a document management for HR.

Improve Back Office Operations – Technology Infrastructure

- **On-Premises Systems to the Cloud**
  Migrated on-premises systems to the Cloud, beginning with implementing Microsoft Office 365.

- **Wireless Devices**
  Upgraded obsolete wireless devices across the NYCHA campus, thereby providing support for future Smart Buildings initiatives.

In 2017, the Authority will continue to leverage its investments in advanced technologies in support of the NextGen NYCHA business vision, and to assist in reducing central office costs. Near-term projects include extending NYCHA's online self-service options for applicants, residents, and Section 8 voucher-holders; bringing more services and Spanish language capability to the MyNYCHA mobile and web-based app; and, strengthening the digital tools available to NYCHA's field staff by deploying approximately 3,500 handheld devices to maintenance workers, skilled trades workers, supers and assistant supers. To continue to provide the best possible service to our field staff, to reduce maintenance costs and manage risk, in 2017, the Authority will replace approximately 6,400 outdated and out-of-warranty desktop computers across all field and central offices.

The following are the major initiatives that the Authority will undertake in 2017 in the area of information technology:

Operate as an Efficient and Effective Landlord

Next Gen Office

- **New Computers**
  Beginning in April 2017, IT will install new computers for all Field and Central Office users. The computers will include new software such as Windows 10, Office 365 and the instant messaging (IM) capability of Skype for Business.

- **Expand Bandwidth at Management Offices**
  Several NYCHA field sites still use DSL or T1 and perform poorly when interacting with NYCHA systems like Microsoft Exchange and Maximo. This project will track action plans to ameliorate performance at those locations. Implement Verizon Ethernet Service (E-LAN) – for improved communications links and faster performance. The increased bandwidth will support video conferencing and online learning. Rollout begins February 2017.

- **VoIP Phones for Borough Management and Field Offices**
  Field office users will have direct lines for desk phones, voicemail routed to their Outlook inbox, and call forwarding, among other features.

Self Service Initiatives

- **Public Housing Annual Reviews**
  This ongoing project will complete deployment to all NYCHA public housing residents the online self-service Annual Review process developed in 2015.

- **Tenant Management and Rent Collection System**
  Replacement of NYCHA's legacy tenant management and rent collection systems. Replace antiquated NYCHA Project Information Management Systems (PIMS) with new technology that will enable online self-service as well as improved reporting.

- **Online NYCHA Applications through Self-Service Portal**
  In 2016, NYCHA migrated its Online Self-Service Portal to a new "Open" user interface that enhances user experience and is easily accessible on a mobile platform. Migrate NYCHA's Online Application process to the Open user interface to improve user experience for its applicants.

- **Section 8 Owner App**
  Currently, NYCHA's Section 8 Owners transact a significant portion of their business with NYCHA online. This project will create an app to streamline these transactions, much the same way MyNYCHA has done for resident work requests.

Improve Back Office Operations

- **Resident Files**
  Digitize existing resident paper folders and files; establish a system to continue storing all future resident files electronically and reduce manual labor associated with hardcopy files.

- **Maximo Mobile**
  Complete rollout of handheld devices to skilled trade workers, supervisors of caretakers, and supervisors of grounds workers.

- **Storeroom Inventory**
  Develop an inventory tracking system for materials at the development storerooms.

- **Maximo System Enhancements**
  Implement new functionality for apartments, move-outs and exterminator routine inspections; Improving integration to NYCHA's physical plant asset data with Maximo; and, facilitating data capture for annual HUD-required Physical Needs Assessment.

- **Siebel System Enhancements**
  Various initiatives to support the Leased Housing Department, including Portability process enhancements, streamlining the Transfer process, and processing of annual re-certifications for Section 8 LLC cases.

- **Support for RAD Initiatives**
  In 2017, NYCHA will leverage HUD's Rental Assistance Demonstration program (RAD), to convert Ocean Bay to a Section 8 platform.

- **HR Digital Files**
  Complete the digitizing of HR employee paper folders and files and deploy a system to continue storing all future HR employee files electronically reduce manual labor associated with hardcopy files.

  Later in 2017, NYCHA will begin integrating the "location files," which are local copies of the employee HR folders, which are maintained at the development offices.

- **Legal Case Management System**
  Project will implement a cloud-based case management to replace two systems that do not meet the needs of the Law Department and are no longer supported by the vendors.

- **New Forms Management System**
  Project will replace NYCHA's automated forms submission software (Movaris) with Adobe Experience Manager.

- **Infrastructure to the Cloud (Infrastructure as a Service)**
  Project to analyze feasibility of outsourcing data center operations to a Cloud provider.

- **Floor Switches**
  Technology refresh of aging network switches on all floors at 90 church, 250 Broadway, LIC and Borough Management Offices.

- **Wireless Bridges**
  Technology refresh to replace older models of wireless bridges to address Radio Frequency (RF) saturation. The majority of bridges on the roof tops are over seven years old. They are using outdated radio frequencies that are prone to saturation. The saturation is adversely affecting the monitoring and managing of development building's facilities such as elevators, boilers and CCTV.

- **Resident Broadband Initiatives**
  In collaboration with City Hall and DoITT, support mayoral initiative to bridge the digital divide and provide broadband access to NYCHA residents.

Rebuild, expand, and preserve public and affordable housing stock

- **Primavera Replacement**
  Replaces project management software used by CPD and migrating functionality to a Cloud-based solution.

Control Environment

Audit Committee. The Authority's Audit Committee has been in existence since June 2003. Per the amended and restated Charter, approved by the Board on September 25, 2013, the Committee consists of at least two (2) and not more than seven (7) members. The Chair of NYCHA is responsible for appointing two members of the Board annually, with the approval of a majority of the Board to the Committee. The Chair may select up to five other (5) non-Board members, with the approval of a majority of the Board, who are not NYCHA employees. The Chair of the Audit Committee is selected by the Chair of NYCHA. The Audit Committee currently consists of four members: two are Board members and the other two are independent members (neither NYCHA employees nor Board members). The Audit Committee is co-chaired by two Board members, an independent Board member and a resident Board member. As a result, the Audit Committee now consists of four highly accomplished individuals from outside NYCHA with a diverse range of expertise including regulatory and compliance, resident advocacy, finance, and policy making. Per its Board-approved Charter, the Audit Committee is charged with assisting the Board in overseeing the reliability of financial reporting, the adequacy of internal controls, and compliance with statutory and regulatory requirements. The Audit Committee oversees external audits performed by the Independent Auditor, and reviews the internal annual risk assessment/Annual Audit Plan, and through its co-chairs monitors the internal audit plan for the Department of Internal Audit and Assessment.

Public Housing Assessment System. In 1999, HUD instituted the Public Housing Assessment System ("PHAS") process which measures the performance of PHAs in four categories: Physical Assessment, Financial Condition, Management Operations, and Resident Satisfaction. The Financial component is used to determine if the PHA has sufficient financial resources and is managing those resources effectively to support its operations. During 2011, HUD issued the PHAS Interim Rule, which revised the previous PHAS guidelines. Under the PHAS Interim Rule, the performance of PHAs is measured in the following categories: Physical Assessment, Financial Condition, Management Operations, and Capital Fund Program. One significant change pertains to the financial performance. Under the Interim Rule, HUD will use indicators that cover both the Financial Condition and Management Operations components to assess the financial performance of PHAs. The overall score for 2015, under the Interim Rule, was 84, which designates the Authority as a Standard Performer. The score for the year 2016 will not be received from HUD until after the submission of the audited Financial Data Schedule.

Risk Management. The Authority's risk management program minimizes its exposure to potential losses. The Risk Finance Department's risk control efforts were developed to support the Authority's insurance program and to guard the health and safety of the Authority's staff. Risk Finance and The Office of Safety & Security work collaboratively to create and implement a multi-faceted safety strategy through its efforts with stakeholders both inside and outside the Authority. Mitigation of hazards is addressed through proper identification of high injury rate locations. Focus Groups and safety committees help address safe work practices and ensure safe conditions within the workplace.

The 1,746 reported employee claims in 2016 was the lowest since Risk Finance began tracking this statistic in 1995, when there were 3,520 claims. In 2016, the Authority finished the year with 895 injuries. The 2016 injury rate of 6.7 cases per 200,000 hours worked represents a 26% decrease from 2015.

Except for one significant snowstorm, the 2016 winter season was much milder than the prior year. Furthermore, the Authority revised its snow removal policies and procedures in 2015. There were fewer injuries in 2016 during snow removal operations. Additionally, increases in resident recycling efforts in 2016 reduced the amount of glass in the waste stream. Lacerations from broken glass are a frequent source of injuries to the Authority's Caretakers.

The Authority continues to enhance its Transitional Return to Work Program ("TRTW"). The goals of the TRTW Program include accelerating an employee's ability to return to work by focusing on post-accident capabilities, facilitating transition from a temporary or a modified job assignment back to pre-accident work abilities, increasing productivity by decreasing the number of lost workdays, increasing employee morale by allowing the employee to return and remain at work, and decreasing overall workers' compensation costs. At the end of 2016, 33 employees have participated in this program, thus saving 2,757 days.

Awards and Acknowledgements

GFOA. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the Authority for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the thirteenth consecutive year that the Authority achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that demonstrates a constructive "spirit of full disclosure." This report must satisfy both generally accepted accounting principles and applicable legal requirements. A copy of the 2015 *Certificate of Achievement for Excellence in Financial Reporting* can be found at the front of this CAFR.

The Authority has issued its audited financial statements for the year ended December 31, 2016 and accompanying Single Audit Report three months earlier than required by HUD. This timely issuance has once again afforded the Authority the opportunity to compete for the Government Finance Officers Association's *Certificate of Achievement for Excellence in Financial Reporting.* We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's rigorous requirements. NYCHA will submit the CAFR for the year ending December 31, 2016 to the GFOA for award consideration.

New York City Technology Forum and Government Technology Magazine. The New York City Technology Forum is designed to spread best practices and spur innovation in the public sector. The New York City Technology Forum and Government Technology Magazine summit has an advisory board that gathers public sector and private sector leaders to create an agenda designed to make that passion relevant and actionable to the state and local government organizations attending the summit. MyNYCHA was selected as one of this year's winners for Best Mobile Project.

Citizens Budget Commission (CBC). Through the Prize for Public Service Innovation, the Citizens Budget Commission (CBC) seeks to identify and highlight a New York City or State government agency that demonstrates an innovative approach to providing government services. The CBC awards this prize both to celebrate creative thinking and to share government achievements with the public and other agencies.

The CBC Prize for Public Service Innovation was established in 1997 to recognize and promote successful innovations in the delivery of public services. The Trustees of the CBC instituted a prize schedule that alternates annually between New York City and New York State agencies. Recognition was given to NYCHA for the following initiatives:

- MyNYCHA - NYCHA's Mobile App
- Mobile Workforce – NYCHA's Handheld Maintenance Initiative
- NYCHA Self Service Portal
- Mobile Digital Vans for Public Housing

MyNYCHA – NYCHA's Mobile App: MyNYCHA is a free app that puts the repair process in residents' hands by empowering them to create service requests 24/7. MyNYCHA, which works on mobile devices, smartphones, and tablets, can be used to manage work tickets, receive alerts for development outages, select times for repairs, and reschedule repair dates – reducing calls to NYCHA's Customer Call Center (CCC). A web version of the app was deployed for residents seeking to utilize MyNYCHA's features from a computer in their homes, the library, or NYCHA's Digital Vans

Mobile Workforce – NYCHA's Handheld Maintenance Initiative: Digital technology also enables NYCHA employees to spend less time on paperwork and more time assisting residents. The Authority is currently piloting the use of a mobile app on Samsung Galaxy smartphones to better manage maintenance and repairs. Staff are assigned work tickets via the smartphones and can update and close work orders in real time. Full deployment of this mobile system is planned by the end of 2016.

NYCHA Self-Service Portal: As part of the New York City Housing Authority's goal to enhance customer service, NYCHA launched a Self-Service Portal in 2013 – an internet-based site that allows applicants, Public Housing residents, and Section-8 voucher-holders to complete many transactions online, 24 hours a day, 7 days a week. When first deployed, the site enabled residents to file Public Housing applications online, and gave Section 8 voucher holders the ability update their information online. As usage and demand expanded, NYCHA enhanced the Self-Service Portal, streamlining and simplifying many processes.

Mobile Digital Vans for Public Housing: The Digital Vans – computer labs on wheels – bring technology directly to NYCHA communities. The vans are equipped with eight laptops, a printer/scanner, wireless internet and an instructor, and visit 18 developments biweekly. Additionally, the vans provide internet access to residents who may own a digital device, but lack a wireless connection. Residents use the labs to apply for jobs, pay rent, and communicate with family. Digital Van staff also teach residents how to use a computer and software for the first time. Previously, NYCHA's Digital Vans were runners-up for Harvard John F. Kennedy School of Government's Innovations in American Government Award.

First, I want to thank the accounting and finance professionals who work every day on behalf of the residents of NYCHA, comprising the foundation of the Authority's financial accountability and transparency.

The preparation of the CAFR was accomplished through the dedicated service of the entire staff of the Finance Department with contributions by other departments within the Authority. Each contributor has our sincere appreciation for his or her work in the preparation of this document.

I also want to acknowledge the work of members of the Authority's Audit Committee, who serve a vital role assuring the integrity of the independent audit process.

Respectfully submitted,

Karen Caldwell

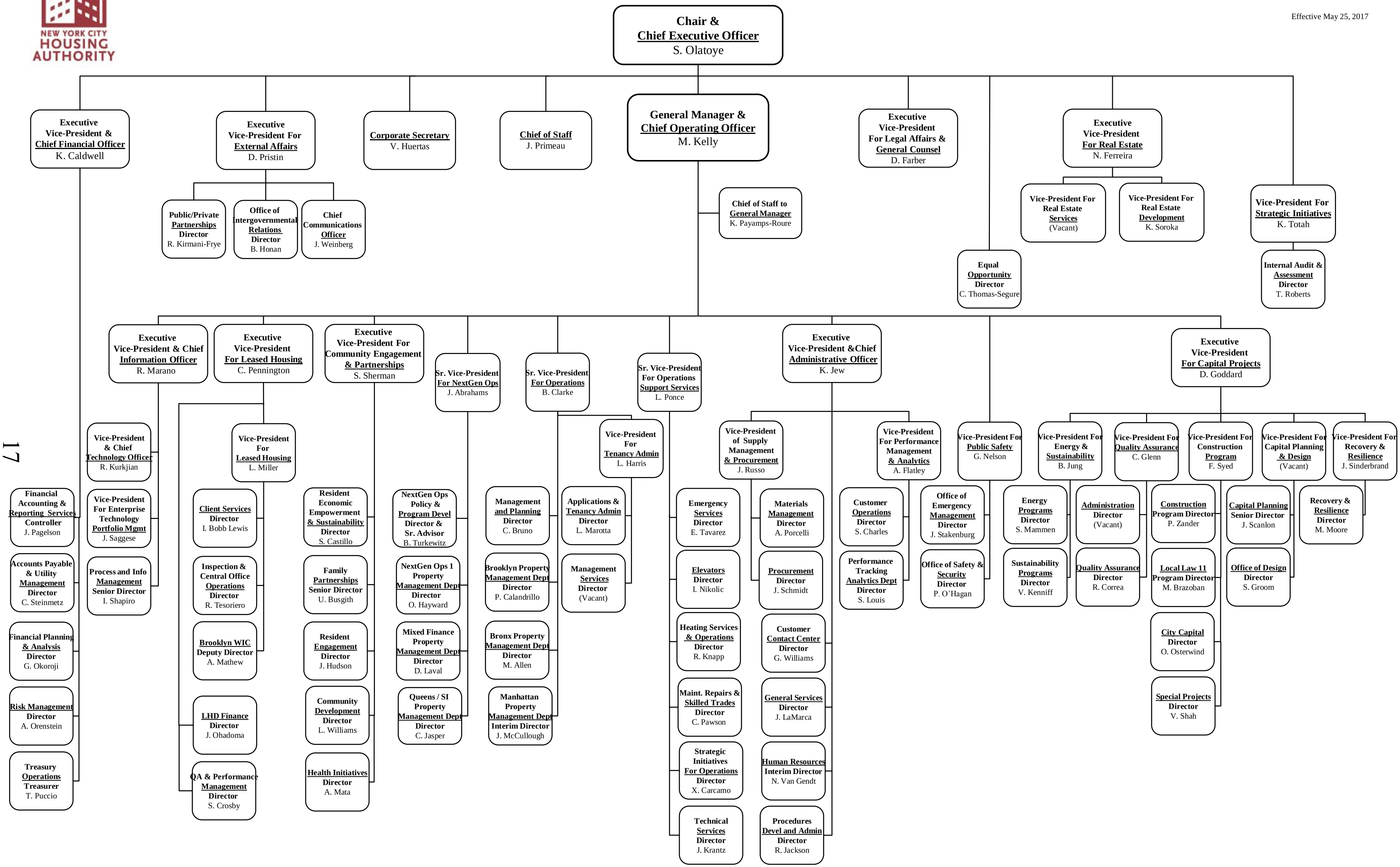
Karen Caldwell
Executive Vice President & Chief Financial Officer

Oceanbay Sandy Recovery Groundbreaking

June 24, 2016

NEW YORK CITY HOUSING AUTHORITY ORGANIZATION CHART

Effective May 25, 2017



NOTE
All work units shown on this chart are Departments unless otherwise noted.

Soundview, Borough of The Bronx

January 18, 2016

NEW YORK CITY HOUSING AUTHORITY
LIST OF PRINCIPAL OFFICIALS
June 14, 2017

NAME	TITLE
NYCHA BOARD	
Shola Olatoye……… ………………………………	Chair & Chief Executive Officer
Jacqueline Arroyo…………………………………	Resident Board Member
Derrick Cephas…………………………………..	Vice Chair
Zaire Dinzey-Flores……………………………...	Board Member
Victor A. Gonzalez………………………………	Resident Board Member
Nnenna Lynch………………………………….......	Board Member
Jacqueline Young………………………………...	Resident Board Member
SENIOR MANAGEMENT	
Michael Kelly…………………………………....	General Manager & Chief Operating Officer
Karen Caldwell………………………………….	Executive Vice-President & Chief Financial Officer
David Pristin…………………………………….	Executive Vice-President for External Affairs
David Farber…………………………………….	Executive Vice-President for Legal Affairs & General Counsel
Nicole Ferreira……………………………….........	Executive Vice-President for Real Estate
Robert Marano…………………………………...	Executive Vice-President & Chief Information Officer
Cathy Pennington………………………………..	Executive-Vice President for Leased Housing
Sideya Sherman………………………………….	Executive Vice President for Community Engagement & Partnerships
Kerri Jew…………………………………………	Executive Vice-President & Chief Administrative Officer
Deborah Goddard………………………………...	Executive Vice-President for Capital Projects
Brian Clarke……………………………………...	Senior Vice-President for Operations
Janet Abrahams…………………………………..	Senior Vice-President for NextGeneration Operations
Luis Ponce……………………………………….	Senior Vice President for Operations Support Services
Karina Totah……………………………………..	Vice-President for Strategic Initiatives

FINANCIAL SECTION

Highbridge, Borough of The Bronx

January 18, 2016

REPORT OF INDEPENDENT AUDITORS

YOMO TORO, BOROUGH OF MANHATTAN

JANUARY 18, 2016

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INDEPENDENT AUDITORS' REPORT

Board of Directors and the Audit Committee of the
New York City Housing Authority

Report on the Financial Statements

We have audited the accompanying statements of net position of the New York City Housing Authority (the "Authority"), a component unit of The City of New York, as of December 31, 2016 and 2015, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2016 and 2015, and the changes in financial position and cash flows thereof 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 31–38, Schedule of Funding Progress on page 111, Schedule of the Authority's Contributions to the New York City Employees' Retirement System (NYCERS) on page 113, and Schedule of the Authority's Proportionate Share of the Net Pension Liability of NYCERS on page 115 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Introductory Section and Statistical Section, listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Deloitte & Touche LLP

June 14, 2017

MANAGEMENT'S DICUSSION AND ANALYSIS

(UNAUDITED)

Wyckoff Gardens Next Generation Neighborhood Meeting

February 24, 2016

The following is a narrative overview and analysis of the Authority's financial activities for the years ended December 31, 2016 and 2015. Please read it in conjunction with the transmittal letter at the beginning of this report, the Authority's financial statements following this section and the notes to the financial statements.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The **Statements of Net Position** present the Authority's *asset*s, *deferred outflows, liabilities,* and *deferred inflows* at the end of the year. *Net position* is the difference between (a) assets and deferred outflows and (b) liabilities and deferred inflows. Over time, increases or decreases in *Net Position* is a useful indicator as to whether the Authority's financial health is improving or deteriorating.

The **Statements of Revenues, Expenses, and Changes in Net Position** report the Authority's operating results and how its Net Position changed during the year. All Revenues, Expenses, and Changes in Net Position are reported on an *accrual basis* of accounting, which reports events as they occur, rather than when cash changes hands (*cash basis* of accounting).

The **Statements of Cash Flows** report how the Authority's cash and cash equivalents increased or decreased during the year. The statement reports how cash and cash equivalents were provided by and used in the Authority's operating, non-capital financing, capital and related financing, and investing activities. The Authority uses the direct method of presenting cash flows, which includes a reconciliation of operating income or loss to cash flows related to operating activities.

The **Notes to the Financial Statements** are an integral part of the financial statements, disclosing information which is essential to a full understanding of the statements.

REQUIRED SUPPLEMENTARY AND STATISTICAL INFORMATION

The **Required Supplementary Information** presents information regarding: (1) the Authority's progress in funding its obligation to provide postemployment benefits other than pensions to its employees, (2) the Authority's contributions to the New York City Employees' Retirement System ("NYCERS"), and (3) the Authority's proportionate share of the Net Pension Liability of NYCERS.

The **Statistical Section** provides information on the Authority's overall economic condition. The major categories presented are: (1) financial trends; (2) revenue capacity; (3) debt capacity; (4) demographic and economic information; and (5) operating information.

FINANCIAL HIGHLIGHTS AND ANALYSIS

On December 29, 2016, the Authority completed a lease transaction involving the redevelopment of Ocean Bay- Bayside (the "Project"), a former public housing property, comprised of 1,395 units, that converted to the Section 8 project-based voucher funding platform and a community center pursuant to the Rental Assistance Demonstration ("RAD") program. The Authority is leasing Parcel A of the Project to Ocean Bay RAD LLC, the tax credit owner, and Parcel B to Bayside Land Lease Corp. and has a 0.005% interest in Parcel A and a 50% interest in Parcel B. The purchase price for Parcel A's leasehold interest is $109 million. The Authority received an upfront payment of $43 million at closing and the remaining $66 million is financed through a Seller Note. The transaction is intended to enable the rehabilitation of the Project by the tax credit owner, including resiliency measures that address damage caused by Superstorm Sandy ("Sandy"). The Authority's interest in the related entity that will perform this work is expected to generate $23 million in developer fees.

On March 22, 2016, the State of New York appropriated $100 million for a modernization and improvement program. This funding is planned to be used for security, quality of life improvements, and appliances at various developments. The Authority has entered into a Construction Management Agreement with the Dormitory Authority of the State of New York for the scope, procurement, and administration of all contracts associated with this funding. Through December 31, 2016, approximately $3 million has been expended.

In December 2016, NYCHA entered into a 20 year Equipment Purchase/Lease Agreement with Banc of America Public Capital Corp ("BAPCC") in the amount of $52 million to finance an Energy Performance Contract ("EPC"). This financing agreement and EPC have enabled NYCHA to upgrade common area and apartment lighting at twenty-four (24) developments and to replace a boiler plant and upgrade a comprehensive heating system at one development. The Equipment Purchase/Lease Agreement with BAPCC will mature in June 2036. This EPC plan provides HUD-sponsored EPC funding at these twenty-four developments, thereby enabling NYCHA to use its Federal Capital funds for other capital improvements pursuant to NYCHA's Five Year Capital Plan.

The Authority's *Loss before capital contributions* for 2016 was $411 million. One of the leading factors in the $451 million unfavorable variance, as compared to 2015, was the increase in *Other post-employment benefits* ("OPEB") of $316 million, due to a change in mortality assumptions and the absence of actuarial gains from the prior year for lower than expected premium increases. Excluding the impact of OPEB, the Authority's *Loss before capital contributions* increased by $135 million.

Operating Expenses, excluding OPEB increased by $91 million. *Maintenance and operations* increased by $88 million, mainly due to operations initiatives including work order reduction, exterminating and tree pruning. *General and administrative* increased by $37 million, comprised of $30 million in pension costs and $28 million due to the forgiveness of PILOT agreed to by The City of New York ("The City") during the prior year, partially offset by a decrease of $13 million in insurance costs, primarily for general liability insurance and decreases of $9 million in Section 8 program housing portability costs. The increases in *Maintenance and operations* and in *General and administrative* expenses are partially offset by a decrease of $40 million in *Utilities,* primarily due to lower rates for heating gas and electricity.

Non-operating revenues and expenses, net, decreased by $95 million. *Subsidies and grants* made up $89 million of this decrease, primarily subsidy from The City to cover collective bargaining general wage increases, due to non-recurring retroactive subsidies, and special initiatives.

Summary of Net Position ($ in thousands)

	2016	2015	2014
Current and other assets	$ 2,406,787	$ 2,032,996	$ 2,181,474
Capital assets, net	6,286,574	5,933,251	5,619,989
Total Assets	**8,693,361**	**7,966,247**	**7,801,463**
Deferred Outflows of Resources	**247,616**	**89,446**	**85,693**
Current liabilities	923,574	762,632	815,719
Non-current liabilities	5,507,287	5,048,265	5,133,493
Total Liabilities	**6,430,861**	**5,810,897**	**5,949,212**
Deferred Inflows of Resources	**129,390**	**93,706**	**259,791**
Net investment in capital assets	5,692,787	5,407,064	5,308,896
Deficit	(3,312,061)	(3,255,974)	(3,630,743)
Total Net Position	**$ 2,380,726**	**$ 2,151,090**	**$ 1,678,153**

December 31, 2016 vs. December 31, 2015 ($ in thousands)

- The Authority's *Net Position* increased by $229,636 from the prior year, comprised of *Capital contributions* of $640,887, net of a *Loss before capital contributions* of $411,251.

- The $373,791 increase in *Current and other assets* is due primarily to increases of $147,427 in Accounts receivable, net (see Note 3), $151,838 in Notes and loans receivable, net, and $76,524 in deposits and investments. The increase in Accounts receivable, net primarily represents $102,682 due from the Federal Emergency Management Agency ("FEMA"), based on a certain funding agreement and $20,395 from Community Development Block Grant Disaster Recovery Funds ("CDBG-DR") in connection with Sandy. The increase in Notes and loans receivable, net primarily consists of $108,012 from the Section 8 Transaction (see Note 4).

- The increase of $353,323 increase in *Capital assets, net* is comprised of the current year additions of $711,559 less Depreciation expense of $357,611, and the net book value of the capital assets sold or retired (see Note 7).

- The increase of $158,170 in *Deferred Outflows of Resources* from $89,446 to $247,616 is due to the increase in the Authority's net pension liability of the NYC Employees' Retirement System due to a change in mortality assumptions and the 2016 net difference between projected and actual earnings on pension plan investments.

- The increase of $160,942 in *Current liabilities* primarily represents $111,956 in funds received from or amounts billed to FEMA (see Note 12) for costs not yet incurred, in accordance with the funding agreement. This amount is partially offset by expenditures of $60,602 relating to emergency costs, protective services and in-kind repair costs for Sandy accrued in prior years (see Note 9).

- The $459,022 increase in *Non-current liabilities* is primarily comprised of increases of $187,500 in the Net pension liability and $143,842 in the OPEB liability, due primarily to changes in mortality rates, and Unearned revenue of $105,206 arising from Development Transactions comprised of $65,517 from the Section 8 Transaction and $39,689 from the RAD transaction (see Note 19), and $10,792 in Long-term debt (see Note 13).

- The *Deferred Inflows of Resources* increase of $35,684 represents a deferred amount of $83,317 on housing assistance payments, partially offset by a decrease of $47,633 in deferred amount on pension, due to the 2016 difference between projected and actual earnings on NYCERS pension investment portfolio, which are required to be netted with deferred outflow of resources.

December 31, 2015 vs. December 31, 2014 ($ in thousands)

- The Authority's *Net Position* increased by $472,937 from the prior year, comprised of *Capital contributions* of $433,505 and of a *Gain before capital contributions* of $39,432.

- The $148,478 decrease in *Current and other assets* is due primarily to decreases of $211,244 in deposits and investments (see Note 2), partially offset by an increase of $55,803 in Accounts receivable, net (see Note 3). The decrease in deposits and investments was primarily related to the use of the proceeds from the New York City Housing Development Corporation ("HDC") loans for capital improvements. The increase in accounts receivable, net reflects the increase in the amounts due from insurance carriers and from other governmental agencies.

- The increase of $313,262 increase in *Capital assets, net* is comprised of the current year additions of $658,148 less *Depreciation expense* of $344,377, and the net book value of the capital assets sold (see Note 7).

- The increase of $3,753 in *Deferred Outflows of Resources* to $89,446 is due to the increase in the Authority's proportionate share of the net pension liability of the NYC Employees' Retirement System.

- The decrease of $53,087 in *Current liabilities* primarily represents a $91,457 reduction in the Sandy liability, and $27,504 due to forgiveness of PILOT by The City, partially offset by the $57,329 advance from the New York County Office of the District Attorney for security initiatives at certain NYCHA developments.

- The $85,228 decrease in *Non-current liabilities* is due primarily to a decrease of $177,919 in the OPEB liability due to an actuarial gain resulting from lower than expected premium increases for Medicare Part B, Welfare fund contributions, and health insurance and $40,008 in Long-term debt (see Note 13), partially offset by an increase of $121,865 in the Net Pension Liability (see Note 15), due to lower than projected earnings on investments. The decrease in long-term debt is primarily due to the payments on existing HDC loans.

- The *Deferred Inflows of Resources* decrease of $166,085 is due to the amortization of greater than projected and actual earnings on NYCERS pension investment portfolio; the amount is amortized over a five-year period.

Summary of Revenues, Expenses, and Changes in Net Position ($ in thousands)

	2016	2015	2014
OPERATING REVENUES:			
Tenant revenue, net	$ 1,041,574	$ 990,524	$ 956,815
Other income	45,744	45,749	48,964
Total Operating Revenues	**1,087,318**	**1,036,273**	**1,005,779**
OPERATING EXPENSES:			
Rent for leased dwellings	940,722	946,968	966,100
General and administrative	847,573	810,374	837,617
Utilities	534,797	575,017	594,579
Maintenance and operations	707,929	619,594	650,957
Depreciation	357,611	344,377	367,176
OPEB expense	218,582	(97,357)	18,508
Protective services	24,640	22,904	20,161
Tenant services	19,307	22,618	25,966
Total Operating Expenses	**3,651,161**	**3,244,495**	**3,481,064**
OPERATING LOSS	**(2,563,843)**	**(2,208,222)**	**(2,475,285)**
NON-OPERATING REVENUES (EXPENSES):			
Subsidies and grants	2,124,415	2,213,763	2,135,245
Insurance recoveries	6,701	45,027	45,361
Investment income	25,231	10,249	7,668
Gain on the sales of capital assets	28,730	12,579	384
Interest expense	(29,169)	(29,911)	(30,463)
Debt financing costs	(185)	(353)	(291)
Change in fair value of investments	(3,131)	(3,700)	(553)
Total Non-Operating Revenues, Net	**2,152,592**	**2,247,654**	**2,157,351**
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	**(411,251)**	**39,432**	**(317,934)**
CAPITAL CONTRIBUTIONS	640,887	433,505	330,548
CHANGE IN NET POSITION	**229,636**	**472,937**	**12,614**
NET POSITION, BEGINNING OF YEAR	2,151,090	1,678,153	1,665,539
NET POSITION, END OF YEAR	**$ 2,380,726**	**$ 2,151,090**	**$ 1,678,153**

2016 vs. 2015 ($ in thousands)

- The *Operating Loss* for the Authority increased $355,621, from $2,208,222 in 2015 to $2,563,843 in 2016, due to a $406,666 increase in *Operating Expenses*, partially offset by a $51,045 increase in *Operating Revenues.*

- The $51,045 increase in *Operating Revenues* is primarily due to an increase in the average rent per unit including households required to pay 30 percent of family income towards rent.

- The $406,666 increase in *Operating Expenses* is led by an increase of $315,939 in *OPEB expense*, comprised of an actuarial loss during the current year due to a change in mortality assumptions plus a gain during the prior year resulting from lower than expected premium increases for Medicare Part B, Welfare fund contributions, and medical premiums (see Note 15). *Maintenance and operations* increased by $88,335 million, mainly due to operations initiatives including work order reduction, exterminating and tree pruning. *General and administrative* increased $37,199 of which $27,508 is due to the forgiveness of PILOT agreed to by the City during the prior year and $29,863 in pension costs, partially offset by a decrease of $12,894 in insurance costs, primarily for general liability insurance. These increases are partially offset by a decrease of $40,220 in *Utilities,* primarily due to lower rates for heating gas and electricity.

- *Non-operating revenues and expenses, net,* decreased by $95,062, primarily representing a decrease of $89,348 in *Subsidies and grants*, primarily subsidy from The City to cover collective bargaining general wage increases due to non-recurring retroactive subsidies, and special initiatives.

- *Capital Contributions* increased $207,382 to $640,887, primarily representing contributions from FEMA and CDBG-DR relating to Sandy.

2015 vs. 2014 ($ in thousands)

- The *Operating Loss* for the Authority decreased $267,063, from $2,475,285 in 2014 to $2,208,222 in 2015, due to a $236,569 decrease in *Operating Expenses* and a $30,494 increase in *Operating Revenues.*

- The $30,494 increase in *Operating Revenues* is primarily due to an increase in the average rent per unit including households required to pay 30 percent of family income towards rent.

- The $236,569 decrease in *Operating Expenses* is led by a decrease of $115,865 in *OPEB expense*, due primarily to an actuarial gain resulting from lower than expected premium increases for Medicare Part B, Welfare fund contributions, and medical premiums (see Note 15). *General and administrative* followed with a decrease of $27,243 of which $55,149 is due to forgiveness of PILOT by the City, and $23,090 is due to a decrease in general liability and workers' compensation insurance (see Note 11), partially offset by an increase of $48,527 in employee benefits, due to increased pension costs. *Maintenance and operations* decreased $31,363, primarily representing a reduction of $33,314 in pollution remediation costs (see Note 10), and the absence of $15,997 in 2014 reductions in inventory related to an inventory liquidation program, partially offset by an increase of $33,844 in labor costs due to collective bargaining settlements. *Utilities* decreased $19,562 due primarily to lower heating costs, attributable to the conversion of boilers from fuel oil to heating gas at Sandy locations, and to lower electricity rates. *Rent for Leased Dwellings* decreased $19,132, reflecting a reduced number of units in the Section 8 Housing Assistance Programs.

- *Non-operating revenues and expenses, net,* increased by $90,303, primarily representing an increase of $78,518 in *Subsidies and grants*, primarily City subsidies and grants for special initiatives, and $12,195 in *Gain on sales of capital assets,* primarily representing the recognized gain from the December 2014 Section 8 Recap transaction.

- *Capital Contributions* increased $102,957 to $433,505, primarily representing increases in the Capital Fund Program and the City Capital Programs.

Revenues and Expenses on a Gross Basis ($ in thousands)

The following table shows revenues and expenses on a gross basis. Non-operating revenues are included in total program revenues and non-operating expenses are included in total program expenses. The components of this table are explained in the commentary following the Summary of Revenues, Expenses, and Changes in Net Position.

	2016	2015	2014
Program Revenues:			
Subsidies and grants	$ 2,124,415	$ 2,213,763	$ 2,135,245
Operating revenues	1,087,318	1,036,273	1,005,779
Insurance recoveries	6,701	45,027	45,361
Investment income	25,231	10,249	7,668
Gain on the sales of capital assets	28,730	12,579	384
Total Program Revenues	**3,272,395**	**3,317,891**	**3,194,437**
Program Expenses:			
Operating expenses	3,651,161	3,244,495	3,481,064
Interest expense	29,169	29,911	30,463
Debt financing costs	185	353	291
Change in fair value of investments	3,131	3,700	553
Total Program Expenses	**3,683,646**	**3,278,459**	**3,512,371**
Gain (Loss) before Capital Contributions	**(411,251)**	**39,432**	**(317,934)**
Capital Contributions	**640,887**	**433,505**	**330,548**
Change in Net Position	**229,636**	**472,937**	**12,614**
Net Position, Beginning of Year	2,151,090	1,678,153	1,665,539
Net Position, End of Year	**$ 2,380,726**	**$ 2,151,090**	**$ 1,678,153**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets, net and the debt related to capital assets for the three years ended December 31 are as follows:

Net Investment in Capital Assets ($ in thousands)

	2016	2015	2014
Land	$ 689,847	$ 689,847	$ 689,847
Construction in progress	1,050,432	1,338,926	1,030,088
Buildings	3,178,487	3,175,077	3,175,077
Building improvements	8,757,216	7,817,510	7,509,639
Facilities and other improvements	477,498	467,446	458,116
Furniture and equipment	797,444	790,158	759,369
Leasehold improvements	112,994	112,994	112,994
Total Capital Assets	**15,063,918**	**14,391,958**	**13,735,130**
Less accumulated depreciation	8,777,344	8,458,707	8,115,141
Capital Assets, net	**6,286,574**	**5,933,251**	**5,619,989**
Less related debt	593,787	526,187	311,093
Net Investment in Capital Assets	**$ 5,692,787**	**$ 5,407,064**	**$ 5,308,896**

BASIC FINANCIAL STATEMENTS

Tech Up ribbon cutting, Fulton Houses, Borough of Manhattan

February 17, 2016

NEW YORK CITY HOUSING AUTHORITY

STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
	($ in Thousands)	
CURRENT ASSETS:		
Cash and cash equivalents	$ 447,026	$ 401,313
Accounts receivable, net	419,058	271,631
Notes and loans receivable, net	178,921	27,083
Investments	337,797	433,127
Prepaid expenses	103,584	105,249
Inventories, net	13,061	13,394
Total current assets	1,499,447	1,251,797
NON-CURRENT ASSETS:		
Land and construction in progress	1,740,279	2,028,773
Other capital assets, net of depreciation	4,546,295	3,904,478
Cash for claims payable	29,406	9,452
Investments for claims payable	354,745	362,834
Restricted cash and cash equivalents	491,847	377,537
Restricted investments	31,342	31,376
Total non-current assets	7,193,914	6,714,450
Total assets	8,693,361	7,966,247
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	4,767	6,284
Deferred amount on pensions	242,849	83,162
Total deffered outflows of resources	247,616	89,446
CURRENT LIABILITIES:		
Accounts payable	177,242	155,505
Accrued liabilities	284,137	245,692
Claims payable	80,583	81,667
Current portion of long-term debt	35,145	33,637
Accrued leave time	73,962	71,849
Pollution remediation obligations	21,174	30,545
Unearned revenues and other current liabilities	251,331	143,737
Total current liabilities	923,574	762,632
NON-CURRENT LIABILITIES:		
Long-term debt	700,197	689,405
Claims payable	384,151	372,286
Unearned revenue	242,672	137,466
Accrued leave time	117,098	116,826
Net pension liability	1,214,112	1,026,612
OPEB liability	2,833,465	2,689,623
Pollution remediation obligations	3,698	4,255
Other liabilities	11,894	11,792
Total non-current liabilities	5,507,287	5,048,265
Total liabilities	6,430,861	5,810,897
DEFERRED INFLOWS OF RESOURCES:		
Deferred amount on housing assistance payments	83,317	-
Deferred amount on pensions	46,073	93,706
Total deferred inflows of resources	129,390	93,706
NET POSITION:		
Net investment in capital assets	5,692,787	5,407,064
Deficit	(3,312,061)	(3,255,974)
TOTAL NET POSITION	$ 2,380,726	$ 2,151,090

See notes to the financial statements.

NEW YORK CITY HOUSING AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
	($ in Thousands)	
OPERATING REVENUES:		
Tenant revenue, net	$ 1,041,574	$ 990,524
Other income	45,744	45,749
Total operating revenues	1,087,318	1,036,273
OPERATING EXPENSES:		
Rent for leased dwellings	940,722	946,968
General and administrative	847,573	810,374
Utilities	534,797	575,017
Maintenance and operations	707,929	619,594
Depreciation	357,611	344,377
OPEB	218,582	(97,357)
Protective services	24,640	22,904
Tenant services	19,307	22,618
Total operating expenses	3,651,161	3,244,495
OPERATING LOSS	(2,563,843)	(2,208,222)
NON-OPERATING REVENUES (EXPENSES):		
Subsidies and grants	2,124,415	2,213,763
Insurance recoveries	6,701	45,027
Investment income	25,231	10,249
Gain on the sales of capital assets	28,730	12,579
Interest expense	(29,169)	(29,911)
Debt financing costs	(185)	(353)
Change in fair value of investments	(3,131)	(3,700)
Total non-operating revenues, net	2,152,592	2,247,654
GAIN (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(411,251)	39,432
CAPITAL CONTRIBUTIONS	640,887	433,505
CHANGE IN NET POSITION	229,636	472,937
NET POSITION, BEGINNING OF YEAR	2,151,090	1,678,153
NET POSITION, END OF YEAR	$ 2,380,726	$ 2,151,090

See notes to the financial statements.

NEW YORK CITY HOUSING AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
	($ in Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from tenants	$ 1,026,465	$ 1,002,316
Other operating receipts	39,932	45,115
Cash payments to employees	(1,133,228)	(1,251,306)
Cash payments for other operating expenses	(1,940,421)	(1,961,583)
Net cash used in operating activities	(2,007,252)	(2,165,458)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Subsidies and grants received	2,117,909	2,177,083
Insurance recoveries	40,694	8,150
Net cash provided by non-capital financing activities	2,158,603	2,185,233
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Contributions for capital	588,762	481,293
Section 8 financing transaction	134,999	-
Proceeds from the sale of long term debt	51,642	-
Sale of capital assets	5,916	2,105
Development and modernization costs	(658,435)	(645,772)
Notes and Loans Receivable	(151,838)	(7,056)
Interest payments on bonds and mortgages	(34,024)	(35,023)
Payments on long-term debt	(33,637)	(32,942)
Debt financing costs	(185)	(353)
Net cash used in capital and related financing activities	(96,800)	(237,748)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities	(683,549)	(1,069,287)
Proceeds from sale and maturities of investment securities	783,871	910,423
Interest on investments	25,104	10,429
Net cash provided by (used in) investing activities	125,426	(148,435)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	179,977	(366,408)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR:		
Cash and cash equivalents	410,765	627,310
Restricted cash and cash equivalents	377,537	527,400
Total cash and cash equivalents, beginning of year	788,302	1,154,710
CASH AND CASH EQUIVALENTS, END OF YEAR:		
Cash and cash equivalents	476,432	410,765
Restricted cash and cash equivalents	491,847	377,537
Total cash and cash equivalents, end of year	$ 968,279	$ 788,302

See notes to the financial statements.

(continued on the following page)

NEW YORK CITY HOUSING AUTHORITY

STATEMENTS OF CASH FLOWS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
	(in Thousands)	
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
OPERATING LOSS	$ (2,563,843)	$ (2,208,222)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	357,611	344,377
(Increase) decrease in assets and deferred outflows:		
Tenants accounts receivable	(3,111)	(3,501)
Accounts receivable - other	2,409	4,386
Prepaid expenses	1,665	(1,397)
Inventories, net	333	1,490
Deferred outflows on pensions	(159,687)	(5,461)
(Decrease) increase in allowance for doubtful accounts - tenants	(12,576)	6,828
(Decrease) in allowance for doubtful accounts - other, net of non-capital financing activities	(8,232)	(27)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	21,737	29,297
Accrued liabilities, net of interest and capital items	(14,012)	(134,676)
Claims payable	10,781	25,398
Accrued leave time	2,385	3,802
Unearned revenues and other current liabilities, net of prepaid subsidy and current portion of Section 8 Recap unearned revenue	88	12,063
Net pension liability	187,500	121,865
OPEB liability	143,842	(177,919)
Pollution remediation obligations	(9,928)	(16,703)
Other non-current liabilities	102	(973)
Deferred inflows on housing assistance payments	83,317	-
Deferred inflows on pensions	(47,633)	(166,085)
Total adjustments	556,591	42,764
NET CASH USED IN OPERATING ACTIVITIES	$ (2,007,252)	$ (2,165,458)
SUPPLEMENTAL DISCLOSURES OF NON CASH ACTIVITIES:		
Investing activities:		
Unrealized loss on investments	$ (3,131)	$ (3,700)
Capital and related financing activities:		
Amortization of deferred amount on refunding	(1,517)	(1,708)
Amortization of bond premium	5,705	6,371

See notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The New York City Housing Authority (the "Authority"), created in 1934, is a public benefit corporation chartered under New York State Public Housing Law. The Authority develops, constructs, manages and maintains affordable housing for eligible low-income families in the five boroughs of New York City. At December 31, 2016, the Authority maintained 326 housing developments encompassing approximately 176,000 total units, including 168,000 federally funded units, housing approximately 397,000 residents. The Authority also operates a leased housing program, which provides housing assistance payments to approximately 85,000 families, housing approximately 204,000 residents.

Substantial operating losses result from the costs of essential services that the Authority provides exceeding revenues. To meet the funding requirements of these operating losses, the Authority receives subsidies from: (a) the federal government, primarily the U.S. Department of Housing and Urban Development ("HUD"), in the form of annual grants for operating assistance, debt service payments, contributions for capital and reimbursement of expenditures incurred for certain federal housing programs; (b) New York State in the form of debt service and capital payments; and (c) The City of New York in the form of subsidies and capital payments. Subsidies are established through budgetary procedures, which establish amounts to be funded by the grantor agencies.

The Authority maintains its accounting records by program. The following programs are operated by the Authority:

Federal Programs **-** The Authority receives federal financial assistance from HUD in the form of annual contributions for debt service and operating subsidies for public housing developments, as well as rent subsidies for the Section 8 Housing Choice Voucher Program ("HCVP"). In addition, assistance is received under HUD's Public and Indian Housing Development Programs, Capital Fund Program, and other programs.

Funds received are used to provide maintenance, operating, and administrative services to federally aided low rent public housing developments. HCVP funds are used to reimburse private landlords for their participation in providing housing for low-income families at reduced rents. The funds cover the differential between the reduced rents charged to tenants and prevailing fair market rates based on rent reasonableness. Debt service fund contributions provide for the payment of principal and interest on outstanding debt as it matures. Contributions for capital provide for modernization and development costs.

New York State and The City of New York Programs **-** The Authority receives financial assistance from New York State (the "State") in the form of annual contributions for debt service and capital. The Authority also receives financial assistance from the City in the form of subsidies and contributions for capital.

Other Programs - The Authority receives funding for other programs, including Federal assistance from the U.S. Department of Agriculture for child and adult care food and summer food service programs, and from HUD, the State, and the City for several other grant programs.

B. Reporting Entity

The Authority is a component unit of the City, based upon criteria for defining the *reporting entity* as identified and described in the Governmental Accounting Standards Board's ("GASB") *Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600*.

The Authority's operations include two blended component units which are included in the Authority's basic financial statements, in compliance with GASB 61 *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34*. These are legally separate entities with the same governing body as the Authority for which the Authority has operational responsibility and are controlled by the Authority. There is a financial benefit/burden relationship between the Authority and the component units since the Authority is responsible for providing operating and capital subsidies to the component units. The blended component units include:

- NYCHA Public Housing Preservation I, LLC
- NYCHA Public Housing Preservation II, LLC

Additional information relating to these blended component units can be found in Note 24 to the financial statements. NYCHA Public Housing Preservation I, LLC ("LLC I") and NYCHA Public Housing Preservation II, LLC ("LLC II") both issue stand-alone financial reports. These reports can be obtained from The New York City Housing Authority, 250 Broadway, New York, New York, 10007.

C. Basis of Accounting

The Authority's financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the GASB, using the economic resources measurement focus and the accrual basis of accounting wherein revenues are recognized when earned, and expenses are recognized when the liability is incurred.

The Authority's primary source of nonexchange revenue relates to subsidies and grants. Subsidies and grants revenue is recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions.*

The Authority applies Governmental Accounting Standards Board ("GASB") Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section P80, *Proprietary Accounting and Financial Reporting.*

Recently Adopted Accounting Standards

GASB Statement No. 73 ("GASB 73"), *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of GASB Statement No. 73, extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities.

This Statement also clarifies the application of certain provisions of Statement Nos. 67 and 68 with regard to the following issues: 1) Information that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported. 2) Accounting and financial reporting for separately financed specific liabilities of individual employers and non-employer contributing entities for defined benefit pensions. 3) Timing of employer recognition of revenue for the support of non-employer contributing entities not in a special funding situation.

The requirements of Statement No. 73 are effective for fiscal years beginning after June 15, 2016. The Authority early adopted this Statement in December of 2016. The implementation of this standard did not have a significant impact on the Authority's financial statements.

Recently Adopted Accounting Standards (continued)

GASB Statement No. 76 ("GASB 76"), *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.

The requirements of Statement No. 76 are effective for financial statements for periods beginning after June 15, 2015. The Authority adopted this Statement in December of 2016. The implementation of this standard did not have a significant impact on the Authority's financial statements.

GASB Statement No. 77 ("GASB 77"), *Tax Abatement Disclosures.* Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

Financial statement users need information about certain limitations on a government's ability to raise resources. This includes limitations on revenue raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this Statement defines tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

Although many governments offer tax abatements and provide information to the public about them, they do not always provide the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

Recently Adopted Accounting Standards (continued)

The requirements of Statement No. 77 are effective for periods beginning after December 15, 2015. The Authority adopted this Statement in December of 2016. The implementation of this standard did not have a significant impact on the Authority's financial statements.

GASB Statement No. 78 ("GASB 78"), *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of GASB Statement No. 78 is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of GASB Statement No. 78, the requirements of Statement No. 68 applied to the financial statements of all state and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) 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 (3) 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). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The requirements of Statement No. 78 are effective for periods beginning after December 15, 2015. The Authority adopted this Statement in December of 2016. The implementation of this standard did not have a significant impact on the Authority's financial statements.

Recently Adopted Accounting Standards (continued)

GASB Statement No. 79 ("GASB 79"), *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of the net asset value per share of a qualifying external investment pool price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by Statement No. 79, that pool should apply the provisions in paragraph 16 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals.

The requirements of Statement No. 79 are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The Authority adopted this Statement in December of 2016. The implementation of this standard did not have a significant impact on the Authority's financial statements.

Recently Adopted Accounting Standards (continued)

GASB Statement No. 80 (“GASB 80”), *Blending Requirements for Certain Component Units—An Amendment of GASB Statement No. 14*. The objective of GASB Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*.

The requirements of Statement No. 80 are effective for reporting periods beginning after June 15, 2016. The Authority early adopted this Statement in December of 2016. The implementation of this standard did not have a significant impact on the Authority’s financial statements.

GASB Statement No. 81 (“GASB 81”), *Irrevocable Split-Interest Agreements*. The objective of GASB Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of Statement No. 81 are effective for financial statements for periods beginning after December 15, 2016. The Authority early adopted this Statement in December of 2016. The implementation of this standard did not have a significant impact on the Authority’s financial statements.

<u>Accounting Standards Issued But Not Yet Adopted (continued)</u>

<u>GASB Statement No. 74</u> ("GASB 74"), *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures.*

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of Statement No. 74 includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria: 1) Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable. 2) OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms. 3) OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members. This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2016. The Authority has not completed the process of evaluating the impact of GASB 74.

<u>Accounting Standards Issued But Not Yet Adopted (continued)</u>

<u>GASB Statement No. 75</u> ("GASB 75"), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plan*s, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, Statement No. 75, identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria: 1) Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable. 2) OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms. 3) OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2017. The Authority has not completed the process of evaluating the impact of GASB 75.

<u>Accounting Standards Issued But Not Yet Adopted (continued)</u>

<u>GASB Statement No. 82</u> ("GASB 82"), *Pension Issues*. The objective of GASB Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy plan member contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The Authority has not completed the process of evaluating the impact of GASB 82.

<u>GASB Statement No. 83</u> ("GASB 83"), *Certain Asset Retirement Obligations*. The Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Authority has not completed the process of evaluating the impact of GASB 83.

Accounting Standards Issued But Not Yet Adopted (continued)

GASB Statement No. 84 ("GASB 84"), "*Fiduciary Activities*". The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position, An exception to that requirement is provided for as a business-type activity that normally expects to hold custodial assets for three months or less.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Authority has not completed the process of evaluating the impact of GASB 84.

Accounting Standards Issued But Not Yet Adopted (continued)

GASB Statement No. 85 ("GASB 85"), *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation.
- Reporting amounts previously reported as goodwill and "negative" goodwill.
- Classifying real estate held by insurance entities.
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost.
- Timing of the measurement of pension or OPEAB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus.
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB.
- Classifying employee-paid member contributions for OPEB.
- Simplifying certain aspects of the alternative measurement method for OPEB.
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The Authority has not completed the process of evaluating the impact of GASB 85.

D. Cash and Cash Equivalents

Cash includes amounts on deposit with financial institutions, including bank accounts and certificates of deposit. The Authority considers investments in repurchase agreements and investments with a maturity of less than 90 days as cash equivalents. The Authority considers cash and cash equivalents held for the repayment of the non-current portion of Claims payable to be non-current assets.

E. Accounts Receivable

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and due from vacated tenants. An allowance for uncollectable accounts is established to provide for accounts which may not be collected in the future for any reason.

The Authority recognizes receivables from HUD and other governmental agencies for amounts earned and billed but not received and for amounts earned but unbilled as of year-end.

F. Notes Receivable

Notes receivable are recorded based on the principal amount indicated in the underlying note agreement. An allowance is established where there is uncertainty regarding the collection of the note.

G. Investments

Investments with maturities of less than twelve months from the time of acquisition are carried at cost. Investments in guaranteed investment contracts are reported at an amount equal to principal and accrued interest. All other investments are recorded at fair value, which are based on quoted market prices. Income from investments is recognized on the accrual basis. Realized gains or losses on sales of investment securities are accounted for using the *specific identification* method. The Authority combines realized and unrealized gains and losses on investments.

H. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end which will benefit future operations.

I. Inventories

Inventories consist of materials and supplies at the central warehouses, and fuel oil. Materials and supplies are valued using the *average moving cost* method on a first in – first out basis. Fuel oil is valued using *weighted average cost.* Materials and supplies are expensed when shipped from central warehouses to the developments. The Authority maintains an allowance for obsolete inventory.

J. Capital Assets

Capital assets include land, structures and equipment recorded at cost and is comprised of initial development costs, property betterments and additions, and modernization program costs. The Authority depreciates these assets over their estimated useful lives using the straight-line method of depreciation. The Capitalization Policy is as follows:

Capital Asset Category	Capitalization Threshold	Useful Life-Years
Buildings	$50,000	**40**
Building Improvements	$50,000	**25**
Leasehold Improvements	$50,000	**Up to 15**
Facilities & Other Improvements	$50,000	**10**
Computer Software	$50,000	**5**
Telecommunication Equipment	$50,000	**5**
Computer Hardware	$5,000	**5**
Furniture and Equipment	$5,000	**5 to 10**
Ranges and Refrigerators	All	**10**

K. Accrued Liabilities

The Authority recognizes a liability for goods and services received but not paid for as of year-end. The Authority recognizes a liability for wages and fringe benefits relating to expired collective bargaining agreements based on its best estimate of such future payments. These estimates are based on prior patterns and the current status of negotiations among other factors. Accrued expenses include estimates of expenses incurred in relation to Sandy.

L. Claims Payable

The Authority recognizes a liability for general liability and workers' compensation claims based upon an estimate of all probable losses incurred, both reported and not reported. The liability for these claims is reported in the Statement of Net Position at a discounted amount.

M. Accrued Leave Time

Accumulated unpaid leave time is accrued at the estimated amounts of future benefits attributable to services already rendered.

N. Unearned Revenue

The Authority's unearned revenue consists of the prepayment of rent by residents and the receipt of governmental program funding where certain eligibility requirements have not been met. Unearned revenue relating to the Section 8 Transaction and the Ocean Bayside RAD transaction are being recognized over the fifteen year low income housing tax credit compliance period.

O. Premium Amortization

The Authority amortizes debt premium amounts over the life of the bonds using the *effective interest rate through maturity* methodology.

P. Deferred Outflows and Inflows of Resources

In accordance with GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred inflows of Resources, and Net Position,* the Authority reports deferred outflows of resources in the *Statement of Financial Position* in a separate section following Assets and deferred inflows of resources in a separate section following liabilities. Gains and losses in connection with advanced refunding of debt are recorded as either a deferred outflow (loss) or as a deferred inflow (gain) of resources and amortized as a component of interest expense over the shorter of the remaining life of the old or the new debt. Pension contributions made to NYCERS subsequent to the actuarial measurement date and prior to the Authority's fiscal year-end are reported as deferred outflows of resources. Section 8 Housing Choice Voucher Subsidies received prior to the funding period are reported as deferred inflow of resources.

Q. Use of Restricted Net Position

When both restricted and unrestricted resources are available for a particular restricted use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as needed.

R. Operating Revenues and Expenses

The Authority defines its operating revenues as income derived from charges to residents and others for rent and services provided. Its operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies other revenues and expenses as non-operating.

S. Capital Contributions

Capital Contributions are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant requirements.

T. Taxes

The Authority is a public benefit corporation chartered under the New York State Public Housing Law and as such is exempt from income taxes and certain other Federal, state and local taxes.

U. Other Postemployment Benefits

The Authority's Annual OPEB Cost ("AOC") is calculated based on the Annual Required Contribution ("ARC") of the employer, an amount that is actuarially determined (see Note 15).

V. Net Pension Liability

The Authority's proportionate share of the net pension liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the Authority's requirement to contribute to the New York City Employees' Retirement System ("NYCERS") have been determined on the same basis as they are reported by NYCERS.

W. Reclassifications

Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 presentation.

2. DEPOSITS AND INVESTMENTS

Deposits

At December 31, 2016, the Authority's deposits had a carrying amount of $523,325,000 and a bank balance of $518,520,000. These deposits were insured up to $250,000 per bank by the Federal Deposit Insurance Corporation ("FDIC"). Deposits in excess of FDIC coverage were fully collateralized, with the collateral being held in a segregated custodian account in the Authority's name.

Deposits were comprised of the following at December 31, 2016 and 2015 ($ in thousands):

	Bank Balance	
Unrestricted	**2016**	**2015**
FDIC insured	$ 1,792	$ 1,640
Collateralized	115,407	407,996
Subtotal	117,199	409,636
Restricted		
FDIC insured	43,031	44,803
Collateralized	358,290	326,827
Subtotal	401,321	371,630
Total Deposits	$ 518,520	$ 781,266

Unrestricted deposits totaling $117,199,000 are earmarked for funding certain liabilities or future obligations, including self-insurance programs, and consist mostly of deposits to fully collateralized money market deposit accounts and interest-bearing bank accounts. Collateral coverage is monitored and maintained on a daily basis. The maximum exposure of deposits, represented by the highest daily cash balance held in all deposit accounts maintained by the Authority during the year, was $959,634,000.

At December 31, 2016, restricted deposits totaling $401,321,000 include funds held in depository accounts on behalf of Sandy Recovery and escrowed vendor retention, federalization mixed-finance funds held with the Authority, Certificates of Deposit for tenant security payments, and funds held with fiscal agents related to the federalization mixed-finance transaction. The Certificates of Deposits for tenant security maturing on March 31, 2017 are reinvested for one year through March 30, 2018. The liability related to these deposits is included in unearned revenues and other current liabilities (see Note 12).

Investments

In accordance with GASB 72, NYCHA discloses its investments at fair market value. NYCHA invests only in securities that fall under GASB's Level 2 fair market valuation grouping (there are 3 levels in total), as there are comparable and observable traded securities that can be used to accurately value NYCHA's portfolio of securities. NYCHA uses the Bloomberg financial data system to determine the fair market value of its entire portfolio of securities. As of December 31, 2016 and 2015, all of NYCHA's long-term investment holdings were in U.S. agency bonds and GASB 72 requires their fair market value be based on similar bonds that are being traded.

Unrestricted Investments

The Authority's investment policies comply with HUD's guidelines. These policies restrict the Authority's investments to obligations of the U.S. Treasury, U.S. Government agencies, and their instrumentalities. All investments are held in a secured custody account in the name of the Authority. All investments are publicly traded and the market value was based on published quoted values. Accrued interest receivable on unrestricted investments was $1,785,000 and $1,987,000 at December 31, 2016 and 2015.

2. DEPOSITS AND INVESTMENTS (continued)

Unrestricted investments stated at fair value, consist of the following at December 31, 2016 and 2015 ($ in thousands):

Unrestricted	2016	2015
U.S. Government Agency Securities	$ 692,542	$ 795,961
Repurchase Agreements	438,500	-
Total Unrestricted investments, including cash equivalents	1,131,042	795,961
Less amount reported as unrestricted cash equivalents	438,500	-
Total Unrestricted investments	$ 692,542	$ 795,961

Cash equivalents include investments in repurchase agreements. The maximum exposure of investments held in repurchase agreements during the year was $448,000,000. At December 31, 2016, the Authority held $438,500,000 in repurchase agreements yielding 0.40 percent. As of December 31, 2015 there were no holdings in repurchase agreements.

The maturities of the Authority's unrestricted investments at December 31, 2016 and 2015 are as follows ($ in thousands):

	Investment Maturities - December 31, 2016			
Investment Type	**Total**	**<1 year**	**1-5 years**	**>5 years**
U.S. Government Agency Securities	$ 692,542	$ 198,972	$405,377	$ 88,193

	Investment Maturities - December 31, 2015			
Investment Type	**Total**	**<1 year**	**1-5 years**	**>5 years**
U.S. Government Agency Securities	$ 795,961	$ 127,760	$443,101	$225,100

At December 31, 2016 and 2015, the Authority's weighted average term to maturity for unrestricted investments is 2.94 years and 3.47 years, respectively. The Authority determines maturity levels based upon current available interest rates, expectations for future rates and the appropriate amount of liquidity needed for operations. While HUD's policy limits the maturities of investments held by housing authorities to three years, the Authority has received a HUD waiver to invest long-term reserves up to seven years.

The U.S. Government Agency Notes balance is comprised mostly of obligations issued by the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, Federal Farm Credit Bank and the Federal National Mortgage Association. At December 31, 2016 and 2015, fair market value in the amount of $591,277,000 and $559,638,000, respectively, of the Authority's long-term investments was designated to fund amounts to be paid with respect to the Authority's self-insurance programs.

2. DEPOSITS AND INVESTMENTS (continued)

Restricted Investments

At December 31, 2016 and 2015, NYCHA's total restricted funds had a fair market value of $37,796,000 and $36,642,000, respectively. These funds were held by Trustees (fiscal agents) relating to both mixed-finance transactions and HDC loans. Restricted funds were comprised of $31,342,000 in restricted investments and $6,454,000 in restricted cash equivalents at December 31, 2016 and $31,376,000 in restricted investments and $5,266,000 in restricted cash equivalents at December 31, 2015.

Of the $31,342,000 in restricted investments held with fiscal agents, $29,824,000 represents debt service reserves for the 2013 Capital Fund Financing Program, and the remaining $1,518,000 represents debt service reserves for the 2010 mixed finance transaction. Accrued interest receivable on restricted investments was $792,000 and $463,000 at December 31, 2016 and 2015.

Restricted investments stated at fair value, consist of the following at December 31, 2016 and 2015 ($ in thousands):

Restricted	**2016**	**2015**
Forward Delivery Agreement	$ 29,824	$ 29,824
Repurchase Agreements	6,454	5,266
NYC Revenue Bonds	1,518	-
U.S. Government Agency Securities	-	1,552
Total Restricted investments, including cash equivalents	37,796	36,642
Less amount reported as restricted cash equivalents	6,454	5,266
Total Restricted investments	$ 31,342	$ 31,376

The maturities of the Authority restricted investments at December 31, 2016 and 2015 were as follows ($ in thousands):

Investment Maturities - December 31, 2016

Investment Type	**Total**	**>5 years**
Forward Delivery Agreement	$ 29,824	$ 29,824
NYC Revenue Bonds	1,518	1,518
Total	$ 31,342	$ 31,342

Investment Maturities - December 31, 2015

Investment Type	**Total**	**<1 year**	**1 to 5 years**	**>5 years**
Forward Delivery Agreement	$ 29,824	$ -	$ -	$ 29,824
Repurchase Agreements	5,266	5,266	-	-
U.S. Agency Securities	1,552	-	1,552	-
Total	$ 36,642	$ 5,266	$ 1,552	$ 29,824

At December 31, 2016 and 2015, the Authority's weighted average term to maturity for restricted investments is 15.94 years and 14.37 years, respectively. The Fiscal Agents determine maturity levels based upon current available interest rates, expectations for future rates and the appropriate amount of liquidity needed for NYCHA's operations.

2. DEPOSITS AND INVESTMENTS (continued)

Policies governing investments: The Authority has adopted the HUD investment policy outlined in HUD Notice PIH-2002-13 (HA), as its formal investment policy. In accordance with its Annual Contributions Contract (the "ACC") with HUD, the Authority is required to comply with this HUD Notice. These guidelines require the Authority to deposit funds in accordance with the terms of a General Depository Agreement, which must be in a form approved by HUD and executed between the Authority and the depository institutions, and restricts the Authority's investments to HUD–authorized securities, such as those issued by the U.S. Treasury, U.S. Government agencies, and their instrumentalities, and requires that all investments be held in a segregated custody account in the name of the Authority.

The Authority's current investment strategy involves a consideration of the basic risks of fixed-income investing, including interest rate risk, market risk, credit risk, and re-investment risk. In managing these risks, the primary factors considered are safety of principal, yield, liquidity, maturity, and administrative costs.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Authority's investment portfolio. In accordance with the Authority's investment policy, interest rate risk is mitigated by an investment program utilizing mostly U.S. Treasury securities, or securities issued by U.S. Government agencies and their instrumentalities. The Authority's investment policy requires that the cash flows of the selected investments are fixed upon the purchase of the securities and will not fluctuate with changes in interest rates. Further, the investment policy requires the Authority to hold all investments until maturity, thereby mitigating the impact that changes in interest rates will have on the value of securities will increase or decrease with changes in interest rates.

Credit Risk: It is the Authority's policy to limit its investments mostly to HUD-authorized investments issued by the U.S. Government, a government agency or by a government-sponsored agency. The Authority's policy is to invest mostly in Federal agency and U.S. Treasury securities which are AA+ and Aaa rated by Standard and Poor's ("S&P") or Moody's, or in fully collateralized money market deposit accounts and interest-bearing bank accounts at banks rated A or better by Moody's, Fitch or S&P. Depository bank accounts maintaining federal funds are fully collateralized by Treasury and/or Federal agency securities.

Concentration of Credit Risk: The Authority strives to invest in only AA+ and Aaa rated Federal Agency and/or U.S. Treasury securities. Therefore, the Authority's policy does not place a limit on investments with any one issuer. The Authority's cash deposits are maintained in fully collateralized money market deposit accounts and fully collateralized interest-bearing and non-interest bearing (if required) bank accounts. Consequently, the Authority does not limit deposits to any one bank. Nonetheless, the Authority strives to diversify holdings in investments, cash and cash equivalents, whenever possible, to further minimize any potential concentration of credit risk.

2. DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk: The Authority maintains a perfected security interest in the collateral held on its behalf by the custodial agents. Custodial credit risk is the risk that the Authority will not be able to recover its collateral held by a third-party custodian, in the event that the custodian defaults. The Authority has no custodial credit risk due to the Authority's perfected security interest in its collateral in a segregated custodian account, which is registered in the Authority's name. The Authority's policy requires that securities shall be maintained in a third-party custodian account and the manner of collateralization shall provide the Authority with a continuing perfected security interest in the collateral for the full term of the deposit, in accordance with applicable laws and Federal regulations. Such collateral shall, at all times, have a market value at least equal to the amount of deposits so secured.

3. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2016 and 2015 are comprised of the following ($ in thousands):

	2016	2015
U.S. Department of Housing and Urban Development	$ 155,090	$ 139,517
Federal Emergency Management Agency	115,645	12,963
Due from other government agencies	107,367	76,036
Tenants accounts receivable	63,209	60,098
Due from insurance carriers	3,466	37,459
Other	26,102	28,395
Total accounts receivable	470,879	354,468
Less allowance for uncollectable accounts	51,821	82,837
Accounts receivable, net	$ 419,058	$ 271,631

Accrued interest receivable on investments of $2,577,000 and $2,450,000 at December 31, 2016 and 2015, respectively, is included in Other.

The allowance for uncollectable accounts at December 31, 2016 and 2015 consists of the following ($ in thousands):

	2016	2015
Tenants accounts receivable	$ 41,397	$ 53,973
Due from other government agencies	94	808
Other	10,330	28,056
Total allowance for uncollectable accounts	$ 51,821	$ 82,837

The provision for bad debts related to tenant revenue is $8,769,000 and $16,473,000 for 2016 and 2015, respectively.

4. NOTES AND LOANS RECEIVABLE

Notes and Loans Receivable at December 31, 2016 and 2015 are comprised of the following ($ in thousands):

	2016	2015
Section 8 Transaction	$ 158,238	$ 141,303
Ocean Bay - RAD	66,487	-
Randolph	39,682	19,801
Prospect II	11,814	-
Prospect I	9,552	-
Mulifamily Home Ownership Program	8,558	8,558
1070 Washington Avenue	5,064	5,064
Fulton	2,000	-
Other	15,116	12,757
Total Notes and Loans Receivable	316,511	187,483
Less allowance for uncollectable accounts	137,590	160,400
Notes and Loans Receivable, net	$ 178,921	$ 27,083

5. PREPAID EXPENSES

Prepaid expenses at December 31, 2016 and 2015 are comprised of the following ($ in thousands):

	2016	2015
Water charges	$ 86,179	$ 88,380
Insurance premiums	14,547	13,939
Rent, leases and other	2,858	2,930
Total prepaid expenses	$ 103,584	$ 105,249

6. INVENTORIES

Inventories at December 31, 2016 and 2015 are summarized as follows ($ in thousands):

	2016	2015
Supplies inventory	$ 8,673	$ 25,869
Allowance for obsolete inventory	(483)	(18,316)
Supplies inventory (net)	8,190	7,553
Fuel oil inventory	4,871	5,841
Total inventories	$ 13,061	$ 13,394

7. CAPITAL ASSETS, NET

A summary of the changes in capital assets, net, which is comprised of land, structures and equipment, is as follows:

Summary of Changes in Capital Assets, Net ($ in thousands)

Description	January 1, 2016	Additions	Deletions / Transfers	December 31, 2016
Capital Assets not being depreciated:				
Land	$ 689,847	$ -	$ -	$ 689,847
Construction in progress	1,338,926	711,559	(1,000,053)	1,050,432
Total Capital Assets not being depreciated	**2,028,773**	**711,559**	**(1,000,053)**	**1,740,279**
Capital Assets being depreciated:				
Buildings	3,175,077	6,396	(2,986)	3,178,487
Building improvements	7,817,510	964,080	(24,374)	8,757,216
Facilities and other improvements	467,446	10,052	-	477,498
Furniture and equipment	790,158	19,525	(12,239)	797,444
Leasehold improvements	112,994	-	-	112,994
Total Capital Assets being depreciated	**12,363,185**	**1,000,053**	**(39,599)**	**13,323,639**
Less Accumulated Depreciation:				
Buildings	2,890,698	24,041	(2,930)	2,911,809
Building improvements	4,367,515	281,464	(23,815)	4,625,164
Facilities and other improvements	434,416	6,819	-	441,235
Furniture and equipment	673,779	41,838	(12,229)	703,388
Leasehold improvements	92,299	3,449	-	95,748
Total Accumulated Depreciation	**8,458,707**	**357,611**	**(38,974)**	**8,777,344**
Total Capital Assets being depreciated, net	**3,904,478**	**642,442**	**(625)**	**4,546,295**
Capital Assets, Net	**$ 5,933,251**	**$ 1,354,001**	**$ (1,000,678)**	**$ 6,286,574**

7. CAPITAL ASSETS, NET (continued)

Summary of Changes in Capital Assets, Net ($ in thousands)

Description	January 1, 2015	Additions	Deletions/ Transfers	December 31, 2015
Capital Assets not being depreciated:				
Land	$ 689,847	$ -	$ -	$ 689,847
Construction in progress	1,030,088	658,148	(349,310)	1,338,926
Total Capital Assets not being depreciated	**1,719,935**	**658,148**	**(349,310)**	**2,028,773**
Capital Assets being depreciated:				
Buildings	3,175,077	-	-	3,175,077
Building improvements	7,509,639	307,871	-	7,817,510
Facilities and other improvements	458,116	9,330	-	467,446
Furniture and equipment	759,369	32,109	(1,320)	790,158
Leasehold improvements	112,994	-	-	112,994
Total Capital Assets being depreciated	**12,015,195**	**349,310**	**(1,320)**	**12,363,185**
Less Accumulated Depreciation:				
Buildings	2,865,379	25,319	-	2,890,698
Building improvements	4,104,980	262,535	-	4,367,515
Facilities and other improvements	426,647	7,769	-	434,416
Furniture and equipment	630,443	44,147	(811)	673,779
Leasehold improvements	87,692	4,607	-	92,299
Total Accumulated Depreciation	**8,115,141**	**344,377**	**(811)**	**8,458,707**
Total Capital Assets being depreciated, net	**3,900,054**	**4,933**	**(509)**	**3,904,478**
Capital Assets, Net	**$ 5,619,989**	**$ 663,081**	**$ (349,819)**	**$ 5,933,251**

8. ACCOUNTS PAYABLE

Accounts payable at December 31, 2016 and 2015 consist of the following ($ in thousands):

	2016	2015
Contract retentions	$ 57,104	$ 45,197
Vouchers payable	42,123	41,354
Employee benefits	16,042	25,380
Other	61,973	43,574
Total accounts payable	$ 177,242	$ 155,505

9. ACCRUED LIABILITIES

Accrued liabilities at December 31, 2016 and 2015 consist of the following ($ in thousands):

	2016	2015
Operating Programs	$ 90,651	$ 44,820
Wages and payroll taxes	44,576	41,435
Utilities	32,930	34,657
Capital programs	95,006	41,882
Interest	14,694	15,361
Expenses relating to Superstorm Sandy	-	60,602
Other	6,280	6,935
Total accrued liabilities	$ 284,137	$ 245,692

10. POLLUTION REMEDIATION OBLIGATIONS

The Authority accounts for its pollution remediation obligations ("PRO") in accordance with GASB Statement No. 49 ("GASB 49") *Accounting and Financial Reporting for Pollution Remediation Obligations.* As a result, the Authority has recorded in the statements of net position a PRO liability in the amount $24,872,000 and $34,800,000 as of December 31, 2016 and 2015, respectively. The Authority's PRO is measured based on the expected costs of future activities, estimating a reasonable range of potential outlays and multiplying these outlays by their probability of occurring. The estimate of the liability does not include cost components that are not yet reasonably measurable.

The Authority has separated its pollution remediation obligations into two groups: fuel storage tanks and oil spills, and lead based paint and asbestos remediation.

10. POLLUTION REMEDIATION OBLIGATIONS (continued)

Fuel Storage Tanks and Oil Spills

On April 6, 2006, the Authority signed a consent order with the New York State Department of Environmental Conservation ("DEC"), at which point the Authority became a potentially responsible party. To comply with this consent order, the Authority is continuing a program started in 1992 to remediate contaminated soil and to replace fuel storage tanks, as required.

As of December 31, 2016 and 2015, the number of open active fuel oil spills on record with DEC was 80 and 94, respectively. The spills are categorized by the Authority as either Class A spills which are pending closure, Class B spills which require further investigation or Class C spills which have been investigated and have a remedial plan in place. The number of open active fuel oil spills is as follows:

Description of Oil Spills	2016	2015
Pending closure	14	16
Require further investigation	34	45
Have been investigated and have a remedial plan in place	32	33
Total number of spills on record with the DEC	**80**	**94**

In connection with petroleum bulk storage remediation, the Authority's liability was $6,698,000 and $7,255,000 as of December 31, 2016 and 2015, respectively, as shown below, which represents the remaining estimated cost to close the Class A spills, investigate the Class B spills, and remediate and re-investigate the Class C spills.

Liability to Remediate Oil Spills ($ in thousands)

Description of Oil Spills	2016	2015
Pending closure	$ 62	$ 70
Require further investigation	1,596	2,097
Have been investigated and have a remedial plan in place	5,040	5,088
Total Liability to Remediate Oil Spills	**$ 6,698**	**$ 7,255**

The Authority has estimated the remaining cost of outlays and time to remediate the Class C spills based on an evaluation of each oil spill. Using that data, the liability was measured using the expected cash flow technique. The Authority has not recognized any clean-up remediation activity liabilities for Class B spills since those costs are not reasonably estimable. The Authority does not expect any recoveries related to fuel oil spills.

10. POLLUTION REMEDIATION OBLIGATIONS (continued)

Lead Based Paint and Asbestos Remediation

During the course of building rehabilitation and modernization, the exposure of lead based paint or asbestos presents a threat to the health of residents and workers. Upon commencement of the rehabilitation and modernization projects these hazards are identified and remediated, and the remediation costs are expensed. As of December 31, 2016 and 2015, commitments related to the remediation of lead based paint and asbestos portions of active contracts were $18,174,000 and $27,545,000, respectively. A portion of building rehabilitation and modernization outlays are reimbursable from HUD through its Capital Fund Program.

The Authority's total pollution remediation obligations for 2016 and 2015 are summarized as follows ($ in thousands):

Description	TOTAL	Oil Spills	Asbestos & Lead
Liability at December 31, 2014	**$ 51,503**	**$ 8,009**	**$ 43,494**
Current year costs	26,686	2,217	24,469
Payments made during the year	(43,389)	(2,971)	(40,418)
Liability at December 31, 2015	**34,800**	**7,255**	**27,545**
Current year costs	54,619	2,359	52,260
Payments made during the year	(64,547)	(2,916)	(61,631)
Liability at December 31, 2016	**$ 24,872**	**$ 6,698**	**$ 18,174**

The above liability is subject to change due to price increases or reductions, changes in technology, or changes in applicable laws or regulations. The Authority classifies the total pollution remediation obligations as of December 31, 2016 and 2015 as follows ($ in thousands):

Description	2016	2015
Current portion	$ 21,174	$ 30,545
Long-term portion	3,698	4,255
Total pollution remediation obligations	$ 24,872	$ 34,800

11. CLAIMS PAYABLE

General Liability - The Authority maintains a self-insurance program to provide for all claims arising from injuries to persons other than employees. The Authority has insurance to cover all liabilities, in excess of self-insured retention. From January 1, 2015 through July 31, 2015, the Authority's insurance coverage was $101,000,000 per occurrence and $114,000,000 in the aggregate, with a self-insured retention of $1,000,000 per occurrence. From August 1, 2015 through July 31, 2016, the Authority's insurance coverage was $100,000,000 per occurrence and $125,000,000 in the aggregate, with a self-insured retention of $1,000,000 per occurrence. From August 1, 2016 through December 31, 2016, the Authority's insurance coverage was $100,000,000 per occurrence and $130,000,000 in the aggregate with a self-insured retention of $1,000,000 per occurrence. The self-insured retention for Employee Benefits Liability limit (a component of the General Liability program) is $500,000 per occurrence. In addition, contractors performing work for the Authority are required to carry liability insurance protecting the contractor and the Authority.

The general liability program is primarily funded based upon an amount which is actuarially determined and charged to individual developments. In addition, a liability is established based upon an estimate of all probable losses, including an estimate of losses incurred but not yet reported. At December 31, 2016 and 2015, the total liability for such claims was $163,678,000 and 165,926,000, respectively.

At December 31, 2016 and 2015, the liability for these claims was reported at discounted amounts of $157,358,000 using a discount rate of 1.25 percent and $158,203,000 using a discount rate of 1.50 percent, respectively. Payments made for claims amounted to $33,413,000 and $29,507,000 for the years ended December 31, 2016 and 2015, respectively.

Workers' Compensation – The Authority maintains a self-insurance program for workers' compensation claims. The workers' compensation program is primarily funded based upon an amount which is actuarially determined and charged to individual developments. At December 31, 2016 and 2015, the total liability for such claims was $360,773,000 and $352,218,000, respectively.

At December 31, 2016 and 2015, these amounts were reported at discounted amounts of $307,376,000 using a discount rate of 2.25 percent and $295,750,000 using a discount rate of 2.50 percent, respectively. Payments made for claims amounted to $40,361,000 and $39,661,000 for the years ended December 31, 2016 and 2015, respectively.

The Authority's total claims payable for 2016 and 2015 are summarized as follows ($ in thousands):

Summary of Claims Payable ($ in thousands)

Description	TOTAL	General Liability	Workers' Comp.
Claim Reserve at December 31, 2014	**$ 428,555**	**$ 146,304**	**$ 282,251**
Losses incurred during the year	94,566	41,406	53,160
Losses paid during the year	(69,168)	(29,507)	(39,661)
Claim Reserve at December 31, 2015	**453,953**	**158,203**	**295,750**
Losses incurred during the year	84,555	32,568	51,987
Losses paid during the year	(73,774)	(33,413)	(40,361)
Claim Reserve at December 31, 2016	**$ 464,734**	**$ 157,358**	**$ 307,376**

11. CLAIMS PAYABLE (continued)

The claim reserves are reported by management at the 75 percent confidence level for 2016 and 2015. The Authority classifies the estimated claims that will be paid out in the next year as a current liability and the balance as a non-current liability, as shown below for the years ended December 31, 2016 and 2015 ($ in thousands):

Description	Total		General Liability		Workers' Comp.	
	2016	2015	2016	2015	2016	2015
Current	$ 80,583	$ 81,667	$ 36,781	$ 37,770	$ 43,802	$ 43,897
Non-current	384,151	372,286	120,577	120,433	263,574	251,853
Total	**$ 464,734**	**$ 453,953**	**$ 157,358**	**$ 158,203**	**$ 307,376**	**$ 295,750**

12. UNEARNED REVENUES AND OTHER CURRENT LIABILITIES

Unearned revenues and other current liabilities at December 31, 2016 and 2015 are comprised of the following ($ in thousands):

	2016	2015
FEMA - Superstorm Sandy	$ 111,956	$ -
Dormitory Authority - State of New York	42,250	57,329
Tenant security deposits	41,826	41,930
Tenant prepaid rent	20,280	19,704
Development transactions	19,782	10,592
Prepaid subsidy	11,770	7,495
Other	3,467	6,687
Total unearned revenues and other current liabilities	$ 251,331	$ 143,737

13. LONG - TERM DEBT

HDC Loans

On September 10, 2013, the Authority entered into a Loan Agreement with New York City Housing Development Corporation (“HDC”), borrowing approximately $701 million of bond proceeds issued under the Capital Fund Grant Revenue Bond Program at a weighted average interest rate of 4.8%. The face amount of the bonds consisted of $185,785,000 of Series 2013 A bonds (“Series A bonds”) and $470,300,000 of Series 2013 B (“Series B bonds”). The Series B bonds had two sub-series: Series 2013 B-1 $348,130,000 and Series 2013 B-2 $122,170,000. The bond premiums were $15,020,118 and $29,695,129 on the Series A bonds and Series B bonds, respectively. The proceeds of the face amount of these bonds were loaned to the Authority by HDC.

13. LONG-TERM DEBT

HDC Loans (continued)

The Series 2013 A bonds proceeds were issued at a weighted average rate of 4.4% and were used together with other available funds from the prior Series 2005 A bond issuance as an advance refund of the remaining balance of the pre-existing Series 2005 A bonds and to defease the existing debt. The bond proceeds of the new Series 2013 A bonds were deposited in an irrevocable trust with an escrow agent to provide for all remaining debt service payments on the 2005 A Series bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $10,388,000. This difference, a deferred amount on refunding, is being amortized through the year 2025 using the effective-interest method. The Authority completed the advance refunding to reduce total debt service payments over 11 years by $7.0 million and to obtain an economic gain of $2.9 million.

The Series 2013 B bond proceeds were issued at a weighted average rate of 5.0% to fund acquisition, construction or rehabilitation, and to make capital improvement at up to 39 specified Authority developments. Capital improvements primarily include "building envelope" work on roofs, brickwork, and windows, etc. The proceeds of these bonds that have been loaned to the Authority by HDC were placed in escrow accounts with the Trustee banks. The Authority draws down funds from the Trustee by means of capital fund requisitions as work is completed.

Certificates of Indebtedness

The State of New York has loaned the Authority funds to finance the construction of State-aided developments from proceeds of State Housing Bonds. The Authority has acknowledged its indebtedness for such loans by issuance of Certificates of Indebtedness. Debt service requirements are made from funds provided by the State of New York.

Mortgage Loans

As part of the Authority's March 16, 2010 mixed-finance transactions (see Note 21), HDC issued bonds totaling $477,455,000. The bonds issued by HDC were comprised of seven different series as follows: $23,590,000 2009 Series L-1, $68,000,000 2009 Series L-2, $150,000,000 2010 Series B (Bridge Bonds), $140,000,000 2011 Series A (Bridge Bonds), $25,325,000 2010 Series A-1, $3,000,000 2010 Series A-2 (Fixed-Rate Taxable Bonds), and $67,540,000 2012 Series A (Index Floating Rate).

The bond proceeds were used to provide financing in the form of mortgage loans to LLC I and LLC II. Of the seven different series of bonds issued as part of the mixed-finance transactions, three series were outstanding and four series were paid in full during 2013. Specifically, 2009 Series L-1, 2010 Series A-1, and 2010 Series A-2 were outstanding as of December 31, 2016, while 2009 Series L-2, 2010 Series B, 2011 Series A, and 2012 Series A were paid in full. In September 2013, the three remaining loans were converted from construction to permanent loans, with principal and interest payable monthly.

13. LONG-TERM DEBT

Mortgage Loans (continued)

For LLC I, the proceeds from the mortgage issued in connection with the $23,590,000 2009 Series L-1 Bonds were used to finance the acquisition of the developments. These mortgage loans are secured by the net operating income of the respective development's Section 8 rental revenue.

The LLC II financing structure for rehabilitation provided private activity bond proceeds from a long-term bond issue of $25,325,000 2010 Series A-1 Bonds. Similarly, acquisition funds were provided from the proceeds of the $3,000,000 2010 Series A-2 Bonds. These mortgage loans are secured by the net operating income of the respective development's Section 8 rental revenue.

2013 Equipment Purchase/Lease Agreement

In January 2013, NYCHA entered into a 13 year Equipment Purchase/Lease Agreement with Banc of America Public Capital Corp ("BAPCC") in the amount of $18,046,000 to finance an Energy Performance Contract ("EPC"). This financing agreement and EPC have enabled NYCHA to upgrade or repair boilers, instantaneous hot water heaters, apartment temperature sensors, and upgrade computerized heating automated systems at six developments, and upgrade an apartment convector at one of these six developments. The Equipment Purchase/Lease Agreement with BAPCC will mature in 2026. This EPC plan provides HUD-sponsored EPC funding for boiler replacement projects at these six developments, which were previously earmarked to be funded with Federal Capital subsidies, thereby enabling NYCHA to use its Federal Capital funds for other capital improvements pursuant to NYCHA's Five Year Capital Plan.

2016 Equipment Purchase/Lease Agreement

In December 2016, NYCHA entered into a 20 year Equipment Purchase/Lease Agreement with Banc of America Public Capital Corp ("BAPCC") in the amount of $51,548,000 to finance an Energy Performance Contract ("EPC"). This financing agreement and EPC have enabled NYCHA to upgrade common area and apartment lighting at twenty-four (24) developments and to replace a boiler plant and upgrade a comprehensive heating system at one development. The Equipment Purchase/Lease Agreement with BAPCC will mature in June 2036. This EPC plan provides HUD-sponsored EPC funding at these twenty-four developments, thereby enabling NYCHA to use its Federal Capital funds for other capital improvements pursuant to NYCHA's Five Year Capital Plan.

2016 Unsecured Line of Credit / Loan Agreement

In December 2016, NYCHA enter into a Loan Agreement with the NY Green Bank, a division of New York State Energy Research and Development Authority providing NYCHA with an $11 million unsecured line of credit. The term of the loan will be 12 months, with cumulative draws totaling approximately $11 million, exclusive of interest and fees. The proceeds of this loan will be used to partially finance energy efficiency upgrades at up to 25 developments associated with two EPCs operated by HUD. This financing agreement will enable NYCHA to complete lighting installations that reduce the Authority's electricity demand in the Brooklyn and Queens boroughs of New York. The installation and other associated work are scheduled to be completed and verified by May 2017. In addition, the Authority is eligible to receive funds from Con Edison in the amount of approximately $8 million based on energy savings. This loan matures on December 2017.

13. LONG - TERM DEBT (continued)

The tables that follow provide information about the change in long term debt over the past two years for the Authority and its blended comp007Aonent units ($ in thousands):

Description of Long Term Debt	Jan. 1, 2016	Proceeds	Payments & Amortization	Dec. 31, 2016	Due Within One Year
Bonds:					
State Guaranteed Certificates of Indebtedness Outstanding (State Program) four issues remaining bearing interest of 3.5% to 3.875% per annum maturing annually through July 2024.	$ 13,014	$ -	$ (2,225)	$ 10,789	$ 2,225
State Guaranteed Certificates of Indebtedness Outstanding (incorporated into the Federal Housing Program), three issues remaining bearing interest of 3.5% to 4.75% per annum, maturing annually through July 2024.	1,886	-	(244)	1,642	244
Loans Funded by:					
HDC Capital Fund Program Revenue Bonds, Series 2013 A ($185,785,000); Loan Agreement with an interest rate of 3.0% to 5.0% per annum, maturing annually through July 2025.	163,790	-	(13,235)	150,555	13,740
HDC Capital Fund Program Revenue Bonds, Series 2013 B-1 ($348,130,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2033.	325,985	-	(15,825)	310,160	16,625
HDC Capital Fund Program Revenue Bonds, Series 2013 B-2 ($122,170,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2032.	122,170	-	-	122,170	-
Loan Payable - 2013 Equipment Lease/Purchase Agreement with BAPCC for Energy Performance Contract ($18,045,580) at an interest rate of 1.98% per annum, maturing January 19, 2026.	16,408	-	(1,268)	15,140	1,329
Loan Payable - 2016 Equipment Lease/Purchase Agreement with BAPCC for Energy Performance Contract ($51,548,356) at an interest rate of 3.27% per annum, maturing June 28, 2036.	-	51,548	-	51,548	-
Loan Payable - NY Green Bank multi-draw term loan facility in the amount of ($11,000,000) with the rate of 3.5% per annum on the used portion and of 0.50% per annum on the unused portion, maturing December 31, 2017.	-	94		94	94
HDC 2009 Series L-1 Bonds ($23,590,000); Permanent Mortgage Loan at an interest rate of 6.3% per annum, maturing November 2043; secured by mortgage.	22,949	-	(315)	22,634	336
HDC 2010 Series A-1 Bonds ($25,325,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing November 2041; secured by mortgage.	24,352	-	(469)	23,883	494
HDC 2010 Series A-2 Bonds ($3,000,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing May 2041; secured by mortgage.	2,885	-	(56)	2,829	58
Long Term Debt (before Premium)	**693,439**	51,642	(33,637)	**711,444**	35,145
Add Premium on HDC Revenue Bond Loan Agreements	29,603	-	(5,705)	23,898	-
TOTAL LONG TERM DEBT	**$ 723,042**	$ 51,642	$ (39,342)	**$ 735,342**	$ 35,145

13. LONG TERM DEBT (continued)

Description of Long Term Debt	Jan. 1, 2015	Payments & Amortization	Dec. 31, 2015	Due Within One Year
Bonds:				
State Guaranteed Certificates of Indebtedness Outstanding (State Program) four issues remaining bearing interest of 3.5% to 3.875% per annum maturing annually through July 2024.	$ 15,927	$ (2,913)	$ 13,014	$ 2,225
State Guaranteed Certificates of Indebtedness Outstanding (incorporated into the Federal Housing Program), three issues remaining bearing interest of 3.5% to 4.75% per annum, maturing annually through July 2024.	2,218	(332)	1,886	244
Loans Funded by:				
HDC Capital Fund Program Revenue Bonds, Series 2013 A ($185,785,000); Loan Agreement with an interest rate of 3.0% to 5.0% per annum, maturing annually through July 2025.	176,630	(12,840)	163,790	13,235
HDC Capital Fund Program Revenue Bonds, Series 2013 B-1 ($348,130,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2033.	341,190	(15,205)	325,985	15,825
HDC Capital Fund Program Revenue Bonds, Series 2013 B-2 ($122,170,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2032.	122,170	-	122,170	-
Loan Payable - 2013 Equipment Lease/Purchase Agreement with BAPCC for Energy Performance Contract ($18,045,580) at an interest rate of 1.98% per annum, maturing January 19, 2026.	17,265	(857)	16,408	1,268
HDC 2009 Series L-1 Bonds ($23,590,000); Permanent Mortgage Loan at an interest rate of 6.3% per annum, maturing November 2043; secured by mortgage.	23,245	(296)	22,949	315
HDC 2010 Series A-1 Bonds ($25,325,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing November 2041; secured by mortgage.	24,798	(446)	24,352	469
HDC 2010 Series A-2 Bonds ($3,000,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing May 2041; secured by mortgage.	2,938	(53)	2,885	56
Long Term Debt (before Premium)	**726,381**	(32,942)	**693,439**	33,637
Add Premium on HDC Revenue Bond Loan Agreements	35,974	(6,371)	29,603	-
TOTAL LONG TERM DEBT	**$ 762,355**	$ (39,313)	**$ 723,042**	$ 33,637

13. LONG TERM DEBT (continued)

Pledged Revenue

***CFFP Series 2013A & B Bonds* -** As security for the Series 2013 A, B-1, and B-2 CFFP Bonds which were issued by HDC, the Authority pledged future HUD Capital Fund Program grant revenue to service the bond debt (thereby satisfying NYCHA's loans payable to HDC). With HUD's approval, the Authority pledged as sole security for the bonds, a portion of its annual appropriation from HUD. The bonds are payable with pledged revenue through 2033. The Authority has committed to appropriate capital contributions of the Capital Fund Program in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2016 and 2015, by the Authority was $59,517,000 and $59,343,000, respectively. As of December 31, 2016, total principal and interest remaining on the combined debt for Series 2013 A, B-1, and B-2 are $582,885,000 and $263,397,000, respectively, with annual debt service ranging from $59,529,000 in 2017 to $38,792,000 in 2033.

***2013 Equipment Purchase/Lease Agreement* -** As security for the Equipment Purchase/Lease Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as sole security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2026. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. Total principal and interest paid for 2016 and 2015, by the Authority was $1,586,000 and $1,197,000 respectively. As of December 31, 2016, total principal and interest remaining on the Equipment Purchase/Lease Agreement are $15,140,000 and $1,578,000, with annual debt service ranging from $1,622,000 in 2017 to $853,000 in the final year, 2026.

***2016 Equipment Purchase/Lease Agreement* -** As security for the Equipment Purchase/Lease Agreement with Banc of America Public Capital Corp, the Authority pledged HUD Operating Subsidy revenue to service the loan debt. With HUD's approval, the Authority pledged as sole security, a portion of its annual appropriation from HUD that consists of HUD Financial Incentive Payments. The loan is payable with pledged revenue through 2036. The Authority has committed to appropriate HUD Operating Subsidy revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt. As of December 31, 2016, total principal and interest remaining on the Equipment Purchase/Lease Agreement are $51,548,000 and $21,892,000, with no annual debt service payments due during 2017 to $2,439,000 in the final year, 2036. Debt service payments will begin in December 2018.

13. LONG-TERM DEBT (continued)

Combined Debt of the Authority

Future principal and interest payments of all the Authority's outstanding long-term debt (excluding amortizable bond premium) at December 31, 2016 are payable as follows ($ in thousands):

	Years	Principal	Interest	Total
Current portion	2017	$ 35,145	$ 34,282	$ 69,427
Long-term portion:				
	2018	35,803	32,684	68,487
	2019	37,478	30,983	68,461
	2020	41,201	29,134	70,335
	2021	43,223	27,198	70,421
	2022-2026	222,002	104,028	326,030
	2027-2031	175,963	57,259	233,222
	2032-2036	103,007	13,974	116,981
	2037-2041	14,726	3,070	17,796
	2042-2043	2,896	170	3,066
Total long-term portion		676,299	298,500	974,799
Total payments		**$ 711,444**	**$ 332,782**	**$ 1,044,226**

Interest rates on outstanding debt range from 1.98 percent to 6.30 percent. During 2016 and 2015, principal repayments totaled $33,637,000 and $32,942,000, respectively.

14. ACCRUED LEAVE TIME

Accumulated unpaid leave time is accrued at estimated amounts of future benefits attributable to services already rendered. The liability for compensated absences is calculated for all active employees and is based upon the leave time policy of the Authority, of which two of the major policy factors are retirement eligibility requirements and days eligible for payment.

The liability is comprised of three components: (1) liability for unused leave time (days and hours), (2) liability for bonus retirement leave for employees currently eligible to retire, and (3) liability for bonus retirement leave for employees not currently eligible to retire.

The liability for those employees who are retirement eligible is classified as a current liability, while the liability of those employees not currently eligible to retire is classified as a long-term liability.

14. ACCRUED LEAVE TIME (continued)

The changes in accrued leave time for the years ending December 31, 2016 and 2015 are as follows:

Summary of Accrued Leave Time ($ in thousands)

Description of Liability	Dec. 31, 2014	Increases	Decreases	Dec. 31, 2015	Increases	Decreases	Dec. 31, 2016
Unused leave time	$ 95,243	$ 12,027	$ (12,258)	$ 95,012	$ 12,614	$ (11,421)	$ 96,205
Bonus:							
Retirement eligible	30,676	8,525	(5,067)	34,134	6,227	(5,555)	34,806
Not retirement eligible	45,816	7,064	(6,718)	46,162	6,494	(6,070)	46,586
Total Bonus	76,492	15,589	(11,785)	80,296	12,721	(11,625)	81,392
Subtotal	171,735	27,616	(24,043)	175,308	25,335	(23,046)	177,597
Employer FICA	13,138	2,068	(1,839)	13,367	1,859	(1,763)	13,463
Leave Time Liability	**$ 184,873**	**$ 29,684**	**$ (25,882)**	**$ 188,675**	**$ 27,194**	**$ (24,809)**	**$ 191,060**

The current and long-term portions of leave time liability as of December 31, 2016 and 2015 are as follows ($ in thousands):

Description of Liability	2016	2015
Current portion	$ 73,962	$ 71,849
Long-term portion	117,098	116,826
Total accrued leave time	**$ 191,060**	**$ 188,675**

15. EMPLOYEE BENEFITS

Deferred Compensation Plan

The Authority does not have its own Deferred Compensation Plan. The Authority’s employees participate in The City of New York Deferred Compensation Plan, which offers a 457 Plan, a 401(k) Plan, and a Roth 401(k) Plan, through payroll deductions. Employees may choose to make pre-tax contributions and/or Roth (after-tax) contributions in the 457 Plan. The plan allows employees to save regularly, in certain cases, with before-tax dollars while deferring federal, state and local income taxes. The pre-tax contributions will remain tax deferred until withdrawn through plan benefit payments.

Pension Plan

The Authority follows the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement establishes financial reporting standards for state and local governments for pensions (see Note 1).

Plan Description. Authority employees are members of the New York City Employees' Retirement System, a multiple employer, cost-sharing, public employee retirement system. NYCERS provides retirement, as well as death and disability benefits. The NYCERS plan combines the features of a defined benefit pension plan with those of a defined contribution pension plan, but is considered a defined benefit plan for financial reporting purposes. NYCERS administers the New York City Employees Retirement System qualified pension plan.

NYCERS issues a stand-alone financial report, which is included in The City of New York Comprehensive Annual Financial Report as a pension trust fund. This financial report may be obtained from the New York City Employees' Retirement System, 335 Adams Street, Suite 2300, Brooklyn, N.Y. 11201-3724, or from the website of NYCERS at http://nycers.org.

All persons holding permanent civil service positions in the competitive or labor class are required to become members of the system six months after their date of appointment, but may voluntarily elect to join the system prior to their mandated membership date. All other eligible employees have the option of joining the system upon appointment or anytime thereafter.

Tier 1 - All members who joined prior to July 1, 1973.

Tier 2 - All members who joined on or after July 1, 1973 and before July 27, 1976.

Tier 3 - Only certain members who joined on or after July 27, 1976 and prior to April 1, 2012.

Tier 4 - All members (with certain member exceptions) who joined on or after July 27, 1976 but prior to April 1, 2012. Members who joined on or after July 27, 1976 but prior to September 1, 1983 retain all rights and benefits of Tier 3 membership.

Tier 6 – Members who joined on or after April 1, 2012.

The 63/10 Retirement Plan ("Tier 6 Basic Plan"), changed the vesting period from five years of credited service to ten years of credited service.

NYCERS provides three main types of retirement benefits: Service Retirements, Ordinary Disability Retirements, which are non-job-related disabilities, and Accident Disability Retirements, which are job-related disabilities, to participants generally based on salary, length of service, and member Tiers. The Service Retirement benefits provided to Tier 1 participants fall into four categories according to the level of benefits provided and the years of service required. Three of the four categories provide annual benefits of 50% to 55% of final salary after 20 or 25 years of service, with additional benefits equal to a specified percentage per year of service, currently 1.2% to 1.7%, of final salary. The fourth category has no minimum service requirement and instead provides an annual benefit for each year of service equal to a specified percentage, currently 0.7% to 1.53%, of final salary.

Pension Plan (continued)

Funding Policy. Benefit and contribution provisions, which are contingent upon the time at which the employee last entered qualifying service, salary, and length of credited service, are established by State law and may be amended only by the State Legislature. The plan has contributory and non-contributory requirements, with retirement age of 55 or older depending upon when an employee last entered qualifying service, except for employees in physically taxing titles and those who can retire at age 50 with proper service.

Employees entering qualifying service on or before June 30, 1976 are enrolled in a non-contributory plan. Employees entering qualifying service after June 30, 1976, but before June 29, 1995, are enrolled in a plan which required a 3 percent contribution of their salary. This 3 percent required contribution was eliminated for employees who reached 10 years of service, effective October 1, 2000. Employees entering qualifying service after June 28, 1995 are enrolled in a plan which requires a 4.85 percent contribution of their salary, or a 6.83 percent contribution for physically taxing positions.

Under the Tier 6 Basic Plan, employees who joined NYCERS between April 1, 2012 and March 31, 2013 are required to contribute 3 percent of gross wages. On April 1, 2013 a new contribution structure took effect which ranges from 3 percent to 6 percent dependent upon annual wages earned during the “plan year”. The Authority’s contributions for the years ended December 31, 2016 and 2015 were $174,206,763 and $159,265,987 respectively. The Authority’s contractually required contributions for the years ended December 31, 2016 and 2015 as a percentage of covered payroll were 22.86% and 20.17%, respectively.

Pension Plan (continued)

Net Pension Liability. As of December 31, 2016 and 2015, the Authority reported a liability of $1,214,112,000 and $1,026,612,000, respectively, for its proportionate share of NYCERS's net pension liability, as calculated by the New York City Office of the Actuary. The net pension liability was measured as of June 30, 2016 and June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2014 and June 30, 2013, respectively. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016 and 2015 the Authority's proportion of net pension liability was 4.997% and 5.072%, respectively. For the years ended December 31, 2016 and 2015, the Authority recognized pension expense of $154,387,000 and $109,566,000, respectively. At December 31, 2016 and 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources - 2016		Deferred Inflows of Resources - 2016	
Net difference between projected and actual earnings on pension plan investments	$ 65,678,000	Difference between expected and actual experience	$ 34,462,000
Change of assumptions	89,616,000		
Changes in proportion and differences between contributions subsequent to the measurement date	4,809,000		
Total contributions subsequent to the measurement date	82,746,000	Changes in proportion and differences between contributions subsequent to the measurement date	11,611,000
Total	**$ 242,849,000**		**$ 46,073,000**

Deferred Outflows of Resources - 2015		Deferred Inflows of Resources - 2015	
Changes in proportion and differences between contributions subsequent to the measurement date	$ 6,462,000	Difference between expected and actual experience	$ 10,294,000
Total contributions subsequent to the measurement date	76,700,000	Net difference between projected and actual earnings on pension fund investments	83,412,000
Total	**$ 83,162,000**		**$ 93,706,000**

Pension Plan (continued)

Deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date of $82,746,000 will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Total
2017	$ 3,624
2018	24,027
2019	59,804
2020	26,575
Total	**$ 114,030**

Actuarial Methods and Assumptions. The total pension liability in the June 30, 2014 and June 30, 2013 actuarial valuations used, respectively, by the Authority in 2016 and in 2015 were both determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7% per annum, net of investment expenses
Salary Increases	3.0% per annum general, merit and promotion increases plus assumed general wage increases
Cost of Living Adjustments	1.5% and 2.5% per annum for certain tiers

Mortality tables for service and disability pensioners were developed from an experience study of NYCERS. The mortality tables for beneficiaries were developed from an experience review. For more detail, see reports entitled “Proposed Changes in Actuarial Assumptions and Methods for Determining Employer Contributions for Fiscal Years Beginning on or After July 1, 2011,” known as “Silver Books.” Electronic versions of the Silver Books are available on the New York City Office of the Actuary website (www.nyc.gov/actuary) under Pension Information.

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems (“NYCRS”) are conducted every two years.

Pension Plan (continued)

Expected Rate of Return on Investments. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
U.S. Public Market Equities	32.60%	6.60%
International Public Market Equities	10.00%	7.00%
Emerging Public Market Equities	6.90%	7.90%
Private Market Equities	7.00%	9.90%
Fixed Income	33.50%	2.70%
Alternatives (Real Assets, Hedge Funds)	10.00%	4.00%
Total	100.00%	

The City has determined its long-term expected rate of return on investments to be 7%. This is based upon an expected real rate of return from investments of 5.39% and a long-term Consumer Price Inflation assumption of 2.5% per year, which is reduced by investment related expenses.

Discount Rate. The discount rate used to measure the total pension liability was 7% as of June 30, 2016 and June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, the NYCERS fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active NYCERS members. Therefore, the long-term expected rate of return on NYCERS investments was applied to all periods of projected payments to determine the total pension liability.

The following presents the Authority's proportionate share of the net pension liability as of December 31, 2016 and 2015, calculated using the discount rate of 7%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6%) or one-percentage point higher (8%) than the current rate ($ in thousands):

NYCHA's proportionate share of the net pension liability	1% decrease (6%)	Discount rate (7%)	1% increase (8%)
2016	$ 1,664,672	$ 1,214,112	$ 836,741
2015	$ 1,419,784	$ 1,026,612	$ 661,391

The fiduciary net position and additions to and deductions from the fiduciary net position have been determined on the same basis as reported by NYCERS. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the Plan; investments are reported at fair value.

Other Postemployment Benefits

The Authority follows the provisions of GASB Statement No. 45 ("GASB 45") *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Statement established standards for the measurement, recognition, and display of OPEB costs/contributions and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers (see Note 1).

Plan Description. The Authority is a component unit of The City and a member of the New York City Health Benefits Program. The New York City Health Benefits Program (the "Plan") is a single-employer defined benefit healthcare plan which provides OPEB to eligible retirees and beneficiaries. OPEB includes health insurance, Medicare Part B reimbursements, and welfare fund contributions.

Funding Policy. The Administrative Code of The City of New York ("ACNY") defines OPEB to include Health Insurance and Medicare Part B reimbursements; Welfare Benefits stem from the Authority's many collective bargaining agreements. The Authority is not required by law or contractual agreement to provide funding for OPEB other than the pay-as-you go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. For the calendar years ended December 31, 2016 and 2015, the Authority paid $74.7 million and $80.6 million, respectively, to the Plan. Based on current practice, (the Substantive Plan which is derived from ACNY), the Authority pays the full cost of basic coverage for non-Medicare-eligible/Medicare-eligible retiree participants. The costs of these benchmark plans are reflected in the annual June 30th actuarial valuations by using age-adjusted premium amounts. Plan retiree participants who opt for other basic or enhanced coverage must contribute 100% of the incremental costs above the premiums for the benchmark plans. The Authority also reimburses covered employees 100% of the Medicare Part B premium rate applicable to a given year. The Authority pays per capita contributions to the welfare funds the amounts of which are based on negotiated contract provisions. There is no retiree contribution to the welfare funds.

Annual OPEB Cost and Net OPEB Obligation. The Authority's annual OPEB cost is calculated based on the annual required contribution of the employer, an amount that was actuarially determined by using the Entry Age Actuarial Cost Method. Under this method, the actuarial present value of the projected benefits of each individual is allocated on a level basis over the earnings of each individual from hire through age of exit. This method is unchanged from the actuarial cost method used in the prior OPEB actuarial valuation.

Other Postemployment Benefits (continued)

The following table shows the elements of the Authority's annual OPEB cost, the amount actually paid on behalf of the Plan, and changes in the Authority's net OPEB obligation to the Plan for the years ended December 31, 2016 and 2015 ($ in thousands):

	2016	2015
Entry Age Normal Cost	$ 104,523	$ 95,388
Adjustment to the Unfunded Actuarial Accrued Liability	14,705	(287,752)
Interest to the end of the year	112,354	107,007
Annual OPEB expense before Implicit Rate Subsidy Adjustment	231,582	(85,357)
Implicit Rate Subsidy	(13,000)	(12,000)
Annual OPEB expense	218,582	(97,357)
Payments made	74,740	80,562
Increase (decrease) in net OPEB obligation	143,842	(177,919)
Net OPEB obligation - beginning of year	2,689,623	2,867,542
Net OPEB obligation - end of year	$ 2,833,465	$ 2,689,623

The Unfunded Actuarial Accrued Liability ("UAAL"), including the initial UAAL at transition in 2006 of $1,391,154,454 is being amortized over an open one-year period for purposes of calculating the ARC, with the exception of a change in the Actuarial Cost Method. The impact of the change, a reduction of $703,911,213 of the Actuarial Accrued Liability, is being amortized over a closed 10-year period using level dollar amortization.

The Unfunded Actuarial Accrued Liability adjustments for 2016 and 2015 were an increase of $14,705,000 and a decrease of $287,752,000, respectively. The increase for 2016 is due to a change in post-retirement mortality assumptions of $114,102,000, partially offset by the amortization of $83,448,000 due to a change in the actual cost method in 2013 and other actuarial gains of $15,949,000. The decrease for 2015 is comprised primarily of $204,304,000 in favorable variances between actual and expected premium payments for Medicare Part B, Welfare fund contributions, and medical premiums, plus the amortization of $83,448,000. The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the calendar years ended December 31, 2016, 2015, and 2014 were as follows ($ in thousands):

Year Ended	**OPEB Cost**	**Annual OPEB Cost Contributed**	**Net OPEB Obligation**
12/31/2016	$ 218,582	34.2 %	$ 2,833,465
12/31/2015	$ (97,357)	(82.7)%	$ 2,689,623
12/31/2014	$ 18,508	225.8 %	$ 2,867,542

Other Postemployment Benefits (continued)

Financial Impact of GASB 45. The financial impact of GASB 45 to the Authority's financial statements is an incremental expense (credit) of $152,914,000 and $(162,699,000) for 2016 and 2015, respectively, as illustrated below ($ in thousands):

Description	2016	2015
Annual OPEB Expense (Credit)	$ 218,582	$ (97,357)
Less Retiree Benefits:		
Health	49,650	50,039
Welfare	16,018	15,273
Total Retiree Benefits	65,668	65,312
Incremental Expense (Credit)	$ 152,914	$ (162,669)

In accordance with union collective bargaining agreements, the Authority provides certain health care benefits to 8,720 retirees. Substantially all of the Authority's employees may become eligible for these benefits. The cost of retiree health premiums covering certain retired personnel equaled $49,650,000 and $50,039,000 for the years ended December 31, 2016 and 2015, respectively. The cost to union welfare funds for retiree welfare contributions covering certain retired personnel equaled $16,018,000 and $15,273,000 for the years ended December 31, 2016 and 2015, respectively.

Funding Status and Funding Progress. As of December 31, 2015, the most recent roll-forward actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was $2,266,883,000, all of which is unfunded and therefore resulting in an unfunded actuarial accrued liability ("UAAL") of $2,266,883,000. The covered payroll (annual payroll of active employees covered by the Plan) was $645,980,000 and the ratio of the UAAL to the covered payroll was 350.9%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The calculated actuarial valuations of OPEB provided under the Plan incorporated the use of demographic and salary increase assumptions among others as reflected below. While the use of estimating techniques and the reliance on available data were required to meet legally-imposed deadlines for early implementation of GASB 45 for calendar year 2006, equivalent results for future years reflect refinements to the data and a reduction in the use of estimations. Amounts calculated regarding the funded status of the Plan and the annual required contributions of the Authority are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Other Postemployment Benefits (continued)

Actuarial Methods and Assumptions. Certain demographic assumptions used in the June 30, 2015 and 2014 OPEB actuarial valuations are classified as those used in the New York City Retirement Systems ("NYCRS") pension valuations and those specific to the OPEB valuations. NYCRS consist of (1) New York City Employees' Retirement System; (2) New York City Teachers' Retirement System; (3) New York City Board of Education Retirement System ("BERS"); (4) New York City Police Pension Fund; and (5) New York Fire Department Pension Fund. For purposes of determining pension obligations, the demographic assumptions requiring NYCRS Board approval were adopted by each respective Board of Trustees during fiscal year 2012. Those actuarial assumptions that required New York State legislation were enacted, effective for fiscal year 2012 and later, as Chapter 3 of the Laws of 2013 (Chapter 3/13). The NYCRS pension actuarial assumptions used in the June 30, 2015 OPEB actuarial valuation are unchanged from the June 30, 2014 OPEB actuarial valuation except for post-retirement mortality as prepared by the Actuary and adopted by each NYCRS Board of Trustees during Fiscal Year 2016. The new tables of post-retirement mortality are based primarily on the experience of each system and the application of Mortality Improvement Scale MP-2015 published by the Society of Actuaries in October 2015. Scale MP-2015 applied on a generational basis replaced Mortality Improvement Scale AA which was applied on a static projection basis.

The OPEB-specific actuarial assumptions primarily used in the June 30, 2015 and 2014 OPEB actuarial valuations of the Plan are as follows:

Valuation Dates	June 30, 2015 rolled forward to December 31, 2015 for NYCHA; June 30, 2014 rolled forward to December 31, 2014 for NYCHA.
Discount Rate	4.0% per annum (2.5% CPI, 1.5% real rate of return on short-term investments).
Actuarial Cost Method	Entry Age calculated on an individual basis with the Actuarial Value of Projected Benefits allocated on a level basis over earnings from hire through age of exit.
Per-Capita Claims Costs	HIP HMO and GHI/EBCBS benefit costs reflect age adjusted premiums for June 30, 2015 and June 30, 2014 valuations. For June 30, 2015 valuation, Other HMOs reflect age adjusted premiums. GHI/EBCBS non-Medicare premiums adjusted for Health Savings Agreement changes. Age adjustments based on assumed age distribution of covered population used for non-Medicare retirees and HIP HMO Medicare retirees. Age adjustment based on actual age distribution of the GHI/EBCBS Medicare covered population. For June 30, 2014 valuation, insured premiums without age adjustment for other basic coverage. All reported premiums assumed to include administrative costs.

Other Postemployment Benefits (continued)

Per-Capita Claims Costs (cont.)

Employer premium contribution schedules for the month of July 2015 and January 2016 were reported by the City's Office of Labor Relations. In most cases, the premium contributions remained the same throughout the year. Other HIP HMO Medicare rates varied by date and by specific Plan option. These variations are the result of differing Medicare Advantage reimbursements. The various monthly rates were blended by proportion of enrollment. For other rates, where the January 2016 premium rate was different than the July 2015 premium rate, the valuation assumed that the January 2016 premium rate was more representative of the long–range cost of the arrangement.

Initial monthly premium rates used in the June 30, 2015 and June 30, 2014 valuations are shown in the following tables:

Plan		**June 30, 2015**	**(A)**		**June 30, 2014**	**(B)**
HIP HMO						
Non-Medicare						
Single	$	603.02		$	586.10	
Family		1,477.41			1,435.95	
Medicare		160.05			157.55	
GHI/EBCBS:						
Non-Medicare						
Single	$	524.44	(C)	$	497.39	(C)
Family		1,376.15	(C)		1,292.81	(C)
Medicare		160.75			160.86	
Others:						
Non-Medicare Single	$	923.23	(D)	$	586.10	(D)
Non-Medicare Family		2,010.43	(D)		1,435.95	(D)
Medicare Single		245.19	(D)		160.86	(D)
Medicare Family		501.71	(D)		321.72	(D)

(A) used in roll-forward actuarial valuation of December 31, 2015

(B) used in roll-forward actuarial valuation of December 31, 2014

(C) for June 30, 2015 valuation, GHI / EBCBS Pre-Medicare premiums decreased 2.48% to reflect fiscal year 2016 Health Savings agreement changes. For June 30, 2014 valuation, GHI/EBCBS Pre-Medicare premiums decreased 2.05%.

(D) for June 30, 2015 valuation, Other HMO premiums is total premium for (not prescription) coverage including retiree contributions. For June 30, 2014, Other HMO premium is net employer contribution.

Other Postemployment Benefits (continued)

Welfare Funds

For the June 30, 2015 and June 30, 2014 valuation, the Welfare Fund contribution reported for Fiscal Year 2016 (including any reported retroactive amounts) was used as the per capita cost for valuation purposes. The amount used included the $25 increase effective July 1, 2015 under the 2014 MLC-NYC Health Savings Agreement, $100 for Fiscal Year 2016 under further negotiations (reflected in the June 30, 2015 valuation) as well as further $25 annual increases effective July 1, 2016 and July 1, 2017. It is assumed that all Welfare Funds will ultimately be subject to those agreements, whether or not the union running the particular Welfare Fund has currently signed.

Reported annual contribution amounts for the last three years are shown in Appendix B, Tables 2a to 2e of the Eleventh Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program, dated September 23, 2016. The amounts shown for Fiscal Year 2016 as of June 30, 2015, increased by $25 as of July 1, 2015, plus an additional $100, are used for current retirees. For current retirees in the June 30, 2014 valuation, the valuation reflected the Fiscal Year 2015 values shown as of June 30, 2014 increased by $25 as of July 1, 2014.

Welfare Fund rates based on actual reported Union Welfare Fund code for current retirees. Where Union Welfare Fund code was missing, the most recently reported union code was reflected.

Other Postemployment Benefits (continued)

Welfare Funds (continued)

Weighted average annual contribution rates for future retirees are shown in the following table. These averages were developed based on Welfare Fund enrollment of recent retirees (during the five years prior to the valuation):

	Annual Rate	
	June 30, 2015	**June 30, 2014**
NYCERS	$ 1,692	$ 1,693
BERS	1,677	1,677

Contributions were assumed to increase by Medicare Plans trend rates. For the June 30, 2014 OPEB actuarial valuation, the assumed increases were replaced by the negotiated $25 increase for the next three fiscal years. For the June 30, 2015 valuation, the assumed increase is replaced by the negotiated $25 increase for the next 2 fiscal years. In addition to current increasing payments an expected one time $100 increase was reflected for Fiscal Year 2016.

For Welfare Fund contribution amounts reflected in the June 30, 2014 OPEB actuarial valuation for current retirees, see the Tenth Annual OPEB Report.

Medicare Part B Premiums

Calendar Year	**Monthly Premium**
2012	$ 99.90
2013	104.90
2014	104.90
2015	104.90
2016	109.97 *

* Reflected only in June 30, 2015 actuarial valuation

2016 Medicare Part B premiums assumed to increase by Medicare Part B trend rates.

Medicare Part B Prem. (cont.)

Medicare Part B Premium reimbursement amounts have been updated to reflect actual premium rates announced for calendar years through 2016, including changes adopted as of the Bipartisan Budget Act of 2015. Due to there being no cost-of-living increase in Social Security benefits for Calendar Year 2016, most Medicare Part B participants will not be charged the Medicare Part B premium original projected or ultimately announced for 2016. The initially projected Medicare Part B premium was artificially increased so that the overall amount collected by the Center for Medicare and Medicaid Services (CMS) would be sufficient for the needs of the Medicare Part B program. The Bipartisan Budget Act allowed for certain borrowing of funds, but still resulted in a stated Part B premium amount in excess of the amount sufficient for the Part B Program if collected for all participants. These changes for Calendar Year 2016 are reflected in the valuation. Thus, for the June 30, 2015 OPEB actuarial valuation the annual premium used of $1,289.22 equals six months of the Calendar Year 2015 premium plus six months of:

- 70% of the Calendar Year 2015 monthly premium (i.e. $104.90), representing the approximate percentage of the overall U.S. Medicare population that will pay the frozen amount, and
- 30% of the announced Calendar Year 2016 monthly premium (i.e., $121.80), representing the approximate percentage of the overall U.S. Medicare population that will pay the Calendar Year 2016 amount.

Future Calendar Year Medicare Part B Premium rates are predicted from the Calendar Year 2016 rate of $121.80 using the assumed Medicare Part B Premium trend.

Medicare Part B Prem. (cont.)

Overall Medicare Part B Premium amounts are assumed to increase by the following percentages to reflect the income-related increases in Medicare Part B Premiums for high income individuals. The percentages assumed have been increased to reflect revisions to the income-related Part B Premium provisions as adopted in the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). Percentages assumed based on CMS income distribution published statistics and provisions of Social Security Act related to Medicare Part B Premium amounts, both before and after MACRA changes.

	Income-Related Part B Increase	
Fiscal Year	**June 30, 2015 Valuation**	**June 30, 2014 Valuation**
2015	N/A	3.8%
2016	3.9%	3.9%
2017	4.0%	4.0%
2018	4.5%	4.5%
2019	5.0%	5.0%
2020	5.2%	5.2%
2021	5.3%	5.3%
2022	5.4%	5.4%
2023	5.5%	5.5%
2024	5.6%	5.6%
2025	5.8%	5.8%
2026	5.9%	5.9%
2027 and later	6.0%	6.0%

Medicare Part B
Reimbursement Assumption

For the June 30, 2015 OPEB actuarial valuation, 90% of Medicare participants are assumed to claim reimbursement (unchanged from last year). Percentage based on claim counts reported by OLR for calendar years 2007 through 2013.

Health Care Cost Trend Rate (HCCTR)

Covered medical expenses are assumed to increase by the following percentages (unchanged from the last valuation). For purposes of measuring entry age calculations, actual historic plan increases are reflected to the extent known, with further historic trend rates based on the trend assumed for Fiscal Year 2016 (initial trend).

HCCTR ASSUMPTIONS

Year Ending	Pre-Medicare Plans	Medicare Plans	Medicare Part B Premium
2016*	8.5%	5.0%	5.5%
2017 **	8.0%	5.0%	5.0%
2018	7.5%	5.0%	5.0%
2019	7.0%	5.0%	5.0%
2020	6.5%	5.0%	5.0%
2021	6.0%	5.0%	5.0%
2022	5.5%	5.0%	5.0%
2023 and later	5.0%	5.0%	5.0%

* For the June 30, 2015 OPEB actuarial valuation, rates shown for 2016 were not reflected since actual values for the fiscal year 2016 per capita costs, fiscal year 2016 Welfare Fund contribututions and calendar year 2016 Medicare Part B Premium amounts were used.

** For the June 30, 2015 OPEB actuarial valuation, HIP and Other HMO Pre-Medicare trend assumed to be 4.88% based on 2014 Health Care Savings Agreement initiatives. For the June 30, 2014 OPEB actuarial valuation, HIP and HMO Pre-Medicare trend assumed to be 2.89% based on 2014 Health Care Savings Agreement initiatives.

Welfare Fund contribution rates assumed to increase based on current pattern bargaining until Fiscal Year 2018, and for the June 30, 2015 valuation assumed to increase 3.5% each future fiscal year (5.0% for June 30, 2014 valuation).

Other Postemployment Benefits

Participation

Active participation assumptions are based on current retiree elections. Actual elections are used for current retirees. Portions of current retirees not eligible for Medicare are assumed to change elections upon attaining age 65 based on patterns of elections of Medicare-eligible retirees. Detailed assumptions appear in the following table (the participation assumptions were the same in both years).

June 30, 2015 and June 30, 2014 Valuations
Plan Participation Assumptions

Benefits:	**NYCERS**	**BERS**
Pre-Medicare		
GHI/EBCBS	65%	73%
HIP HMO	22%	16%
Other HMO	8%	3%
Waiver	5%	8%
Medicare		
GHI	72%	78%
HIP HMO	21%	16%
Other HMO	4%	2%
Waiver	3%	4%
Post-Medicare Migration		
Other HMO to GHI	50%	33%
HIP HMO to GHI	0%	0%
Pre-Med. Waiver		
** to GHI @ 65	13%	50%
** to HIP @ 65	13%	0%

Waivers are assumed to include participants who do not qualify for coverage because they were working less than 20 hours a week at termination.

Demographic Assumptions

The same assumptions that were used to value the pension benefits of the NYCERS for determining employer contributions for fiscal years beginning 2016.

Cadillac Tax

Effective June 30, 2012, the OPEB actuarial valuation includes an explicit calculation of the high cost plan excise tax (“Cadillac Tax”) that will be imposed beginning in 2020 under the National Health Care Reform.

16. OPERATING REVENUES

Operating revenues include tenant revenue, net and other income and are comprised of the following for the years ended December 31, 2016 and 2015 are ($ in thousands):

DESCRIPTION	2016	2015
Tenant revenue, net:		
Rental revenue, net	$ 1,022,549	$ 971,869
Other	19,025	18,655
Total tenant revenue, net	1,041,574	990,524
Other income:		
Commercial and community center revenue	13,262	13,362
Insurance and benefits reimbursements	11,179	8,919
Developer fees	5,704	-
Sub-let income	4,168	3,655
Energy rebates	3,084	2,695
Section 8 income	1,224	10,699
Other	7,123	6,419
Total other income	45,744	45,749
Total operating revenues	$ 1,087,318	$ 1,036,273

17. SUBSIDIES AND GRANTS

Subsidies include operating subsidies to fund all the Authority's programs, as well as to fund interest on outstanding debt. Subsidies to fund operations are received periodically and recorded when due. Grants are awarded by the federal, state or city governments to provide funding for administration and program operations. Subsidies and grants for the years ended December 31, 2016 and 2015 are as follows ($ in thousands):

DESCRIPTION	2016	2015
Section 8 Housing Assistance Programs	$ 1,072,420	$ 1,082,587
Federal Operating Subsidy	912,057	937,554
Federal Capital Funds used for operating purposes	48,986	54,569
City of New York Subsidies	85,425	149,660
Other	5,527	(10,607)
Total subsidies and grants	$ 2,124,415	$ 2,213,763

The Authority participates in a number of programs, funding for which is provided by Federal, State and City agencies. These grant programs are subject to financial and compliance audits by the grantors or their representatives

18. OPERATING EXPENSES

Operating expenses for the years ended December 31, 2016 and 2015 are as follows ($ in thousands):

DESCRIPTION	2016	2015
Personnel services	$ 1,336,744	$ 1,002,159
Program costs	1,956,806	1,897,959
Depreciation	357,611	344,377
Total operating expenses	$ 3,651,161	$ 3,244,495

Operating expenses include general and administrative, utilities, and maintenance and operations in the following amounts for the years ended December 31, 2016 and 2015 ($ in thousands):

DESCRIPTION	2016	2015
General and administrative:		
Salaries	$ 233,800	$ 238,312
Employee benefits	384,934	360,472
Claims and insurance expense	114,324	127,218
Rental and lease expense	40,305	40,226
Contracts	28,788	25,073
Professional services	22,248	15,671
Payments in lieu of taxes	-	(27,508)
Other	23,174	30,910
	$ 847,573	$ 810,374
Utilities:		
Water	$ 185,466	$ 184,651
Heating gas	158,647	172,645
Electricity	149,730	168,852
Fuel oil	9,905	16,758
Cooking gas	8,643	9,016
Steam	6,890	7,414
Labor	15,516	15,681
	$ 534,797	$ 575,017
Maintenance and operations:		
Labor	$ 464,440	$ 463,625
Contract costs	166,530	94,024
Materials	76,959	61,945
	$ 707,929	$ 619,594

19. DEVELOPMENT TRANSACTIONS

Section 8 Transaction

On December 23, 2014, the Authority completed a transaction, referred to as "Section 8 Recap", in which six project-based Section 8 developments, comprising 875 housing units, were sold to a newly formed limited liability company, Triborough Preservation LLC ("Triborough"), in which NYCHA retains a 0.005% membership interest.

The total amount of the transaction was $300 million. Triborough paid $158,882,000 in cash at the closing and issued a Purchase Money Note (the "Note") for the remaining portion of $141,118,000. The Note bears simple interest at 6% per annum. There is no required annual payment of principal and interest, except to the extent of cash flow, however, the entire principal plus unpaid interest is immediately due and payable on the maturity date of December 2044. The transaction gain will be recognized as cash is received.

The cash received at closing is non-refundable. The transaction agreements contain put options that can require the Authority to repurchase the property after the expiration of the fifteen year low income tax credit compliance period. Due to this continuing involvement, the Authority will recognize the cash received as revenue over the fifteen year compliance period, in accordance with GASB Statement No. 62. During 2016 and 2015, the Authority recognized $16,946,000 and $10,592,000, respectively as revenue from this transaction. The resulting unearned revenue is as follows ($ in thousands):

Description of Liability	2016	2015
Current portion	$ 16,946	$ 10,592
Long-term portion	202,983	137,466
Unearned revenue from Section 8 Recap	$219,929	$148,058

On March 3, 2017, cash of $109,147,000 was received by NYCHA, consisting of the following:

- $95,311,000 – Note Principal
- $12,701,000 – Note Interest
- $ 1,135,000– Developer Fee

In accordance with GASB Codification Section 2250.110, the Note Principal and Interest as well as the Developer Fee were not previously recognized since these items were contingent on events that may not have materialized. However, now these estimates are being adjusted with effect in 2016. The $95,310,669 Seller Note Principal payment will be recognized as gain on sale over the fifteen year tax credit compliance period beginning December 23, 2014.

The $12,701,000 of interest income and the $1,135,000 Developer Fee were fully recognized as income in 2016.

19. DEVELOPMENT TRANSACTIONS

Section 8 Transaction (continued)

NYCHA has been granted a Right of First Refusal which states that at the end of the fifteen year Compliance Period and for the twelve months thereafter, Triborough will not sell or otherwise dispose of the property without first offering it to NYCHA for a period of thirty days.

This Section 8 Recap transaction is intended to result in the rehabilitation of these developments by the new owner. A separate developer for this rehabilitation is a newly formed limited liability company, of which the Authority has a 50% interest. The rehabilitation work on the developments is anticipated to generate $46,611,000 in developer fees, of which the Authority's share is $23,306,000.

Rental Assistance Demonstration Program

On December 29, 2016, the Authority completed a transaction in which Ocean Bay – Bayside, comprising 1,395 units and a community center (Parcel A) was leased to a newly formed limited liability company, Ocean Bay RAD, LLC, in which NYCHA retains a 0.005% membership interest. Concurrently, in a related transaction, the Authority entered into a lease agreement with a newly formed corporation, Bayside Land Lease Corporation, in which NYCHA retains a 50% ownership interest for the purpose of making improvements to the land (Parcel B) funded by FEMA proceeds.

The total amount of the transaction was $470,319,000. The funds will be used for property acquisition costs of $109,233,000, construction costs of $235,500,000, financing costs of $61,650,000, developers' fees of $43,600,000 million and $20,337,000 of third party costs and reserve and contingency funds. The transaction is permanently funded by a combination of $169,872,000 in Low-Income Housing Tax Credit equity and $105,425,000 FEMA funds received by NYCHA connection with Sandy, $83,300,000 of tax-exempt bond proceeds, a $66,460,000 Seller Note, a mortgage loan, and deferred developer's fees and interest charges. The Seller's note is secured by Purchase Money Mortgage, for the land, buildings and improvements, as defined by the transaction agreements. The gain from the transaction will be recognized as cash is received. NYCHA, through its wholly owned entity, NYCHA III Housing Development Fund Corporation, is entitled to 50% of the Developer's fees.

The Authority also holds certain rights to repurchase the leasehold interest held by the owner as set forth in the Right of First Refusal and Purchase Option Agreement. Under the Authority's right of first refusal, the owner cannot sell or transfer Parcel A to a third-party without first offering it to the Authority for one hundred twenty days at a price equal to the outstanding debt plus taxes attributable to the sale. If the Authority notifies the owner that it is exercising its right of first refusal, the sale must take place within one hundred twenty days after the Authority provides notice. The Authority's right of first refusal terminates five years following the close of the tax credit compliance period. In accordance with the Parcel B lease, the Parcel B lease will terminate upon the Authority's exercise of its Right of First Refusal and Purchase Option Agreement. The transaction agreements contain put options that can require the Authority to repurchase the property after the expiration of the fifteen year low income tax credit compliance period. Due to this continuing involvement, the Authority will recognize the cash received as revenue over the fifteen year compliance period, in accordance with GASB Statement No. 62.

19. DEVELOPMENT TRANSACTIONS

Rental Assistance Demonstration Program (continued)

The resulting unearned revenue as of December 31, 2016 is as follows: ($ in thousands)

Description of Liability		2016
Current portion	$	2,836
Long-term portion		39,689
Unearned Revenue from RAD	$	42,525

20. SUPERSTORM SANDY

On October 29, 2012, Sandy made landfall, causing significant damage in New York City as well as other states and cities along the U.S. eastern seaboard. Certain Authority developments sustained substantial damage to buildings and equipment, including their infrastructure and mechanical and electrical systems. Expenses, comprised of emergency costs, permanent costs based on in-kind cost of repairs and rent abatement, were $332,500,000. The Authority anticipates expenditures for building restoration, electrical, mechanical, and plumbing systems, and grounds restoration to protect physical assets from future storm damage and to better serve its residents. These expenditures are estimated at $2,887,000,000 and will be capitalized as work is completed.

Costs incurred and continuing to be incurred, but not reflected as Sandy costs include excess fuel costs and other costs relating to temporary boilers and generators. These costs incurred through December 31, 2016 are included in ordinary operating expenses. The majority of these costs remain eligible for insurance and FEMA recovery purposes.

Substantially all costs related to Sandy are expected to be reimbursed by insurance recoveries, FEMA and other sources. NYCHA has insurance coverage of up to $509,750,000 from its commercial and flood insurance carriers. To date, the Authority has received $325,694,000 from its insurance carriers, of which $6,701,000 and $45,027,000 was reported in 2016 and 2015, respectively. Insurance recoveries are reported as non-operating revenue.

21. RELATED PARTY TRANSACTIONS

<u>Mixed-Finance Transactions</u>

On March 16, 2010, the Authority closed two mixed-finance transactions in which 21 NYCHA developments, comprising 20,139 housing units, were sold to two newly-created, limited liability companies. Thirteen developments, containing 14,465 dwelling units, were sold to NYCHA Public Housing Preservation I, LLC, in which NYCHA I Housing Development Fund Corporation, a component unit of NYCHA, is the sole managing member and has a 0.01% membership interest in LLC I. LLC I is a Low Income Housing Tax Credit LLC. Eight developments, containing 5,674 dwelling units, were sold to NYCHA Public Housing Preservation II, in which NYCHA II Housing Development Fund Corporation, a component unit of NYCHA, is the sole managing member and has a 49.9% membership interest in LLC II.

The LLCs were created in connection with the mixed-finance transactions and are considered blended component units for financial reporting purposes. The Authority served as developer and continues to be the property manager for both LLCs.

The total acquisition price for the developments sold to LLC I was $590,250,000. At closing, LLC I paid $53,733,000 in cash using a combination of mortgage proceeds of $32,809,000 and equity contributions of $20,924,000 from the equity investor limited partner. NYCHA issued a Seller Note to LLC I for the remaining portion of $536,517,000, with interest on the Note accruing at 2.69%. As of December 31, 2016 there is an outstanding balance of $57,045,000, including interest of $32,799,000 on the Seller Note, which has been reported as a Note receivable in the Condensed Combining Information (see Note 24).

The total acquisition price for the developments sold to LLC II was $3,000,000, which was paid entirely at the closing using the proceeds from a $3,000,000 mortgage.

The two mixed-finance transactions were structured and closed in a manner which allowed the Authority to utilize financing opportunities available under the provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA") in order to qualify for certain federal funding. At the time of the closing, NYCHA qualified to receive an annual allocation of HUD federal operating and capital funding for a portion of the dwelling units. Additional HUD federal operating subsidies for 2016 and 2015 were $61,720,000 and $62,938,000, respectively.

Financing Summary - As a result of the transactions, the LLCs have received more than $400 million in permanent public and private funding from ARRA funds (the "ARRA loans"), State of New York modernization funds, and the sale of long-term bonds and tax credits. The majority of this funding has been invested in capital improvements at the 21 developments and for funding operating reserves. The LLC I transaction also included approximately $360 million of short-term bridge financing to fund the acquisition price and rehabilitation costs, all of which was prepaid in July 2013.

21. RELATED PARTY TRANSACTIONS

<u>Mixed-Finance Transactions (continued)</u>

LLC I was structured to provide its 99.99% investor member the benefit of the low-income housing tax credits. The investor members provided $228 million in equity payments through December 31, 2016, in return for tax credit benefits.

NYCHA holds a substantial amount of indebtedness from the LLCs upon completion of the rehabilitation of the developments. Funds received from the ARRA loans were provided to the LLCs as permanent loans from NYCHA. At December 31, 2016, outstanding ARRA loans payable to NYCHA from LLC I and LLC II, respectively, are $75,780,000 and $32,077,000.

In addition to the ARRA loans, the Authority provided additional loans (“Loan A”) and (“Loan C”) to the LLC’s, to enable them to carry out rehabilitation work at the developments and to provide a source of funding to redeem the Bridge Bonds at maturity. As of December 31, 2016, outstanding Loan A payable to NYCHA from LLC I was $476,956,000 and from LLC II was $2,681,000. Loan A interest from LLC I, charged at a rate of 2.69% per annum, was $61,364,000. Outstanding Loan C payable to NYCHA as of December 31, 2016 was $42,000,000.

In September 2013, NYCHA converted the remaining construction-period financing for both LLC I and LLC II from construction loans to permanent loans due to HDC. The permanent loans for LLC I and LLC II are $22,634,000 and $26,712,000, respectively, as of December 31, 2016 (see Note 13).

Responsibilities and Obligations **–** NYCHA has certain responsibilities and obligations under separate agreements with the LLCs including (i) continuing to manage the operations of the developments; (ii) served as developer for the rehabilitation work at the developments; (iii) providing operating and capital subsidies to the LLCs; and (iv) providing operating deficit and completion guarantees. The operating deficit guarantee will terminate if specified operating income conditions are met.

As of December 31, 2016, the balance due to NYCHA from LLC I and LLC2 was $7,976,000 and $6,907,000 for reimbursable costs in managing the operation of the developments. In 2016, NYCHA provided operating subsidies and capital contributions of $20,568,000 to LLC I and $32,644,000 to LLC II under the mixed -finance transaction agreements.

NYCHA has retained the right to reacquire the developments of LLC I in the future. The right of first refusal terminates fifteen (15) years after the first day following the expiration of the final year of the tax credit period with respect to each development.

For LLC II, NYCHA was granted a call option (the “Call Option”) with respect to the membership interest of the other participating member on the following terms: (i) the Call Option is exercisable by notice from the managing member to the other participating member; (ii) the closing date shall be the date selected by the managing member, provided that such date must be on or after the date which is the five (5) year anniversary of the admission of the other participating member to the Company; (iii) the purchase price under the Call Option shall equal fifty percent (50%) of the distributions made to the other participating member during the calendar year preceding the closing under the Call Option; and (iv) such purchase price shall be paid in immediately available funds. The Authority has not exercised the Call Option as of December 31, 2016.

21. RELATED PARTY TRANSACTIONS (continued)

The City of New York

As described in Note 1A, the Authority is a component unit of The City of New York. During 2016 and 2015, The City provided operating subsidies and grants to the Authority of $85,425,000 and $149,660,000, respectively. In addition, during 2016 and 2015, The City provided $118,536,000 and $37,806,000, respectively, in capital contributions to NYCHA to fund modernization costs.

The City also provides certain services to the Authority. The total cost for these services, most of which is for the cost of water, was $186,841,000 and $158,800,000, respectively, for 2016 and 2015. At December 31, 2016 and 2015, the Authority had amounts due to The City for services of $1,127,000 and $1,215,000, respectively. Pursuant to a Cooperation Agreement dated July 1, 2015, The City has waived acceptance of payments in lieu of taxes from the Authority beginning January 1, 2015 through June 30, 2025.

22. NET POSITION

The Authority's Net Position represents the excess of assets over liabilities and consists of the following:

a. *Net investment in capital assets:* net capital assets less the outstanding bonds payable used to finance these assets

b. *Deficit:* net position with no statutory restrictions

Below is net position by type as of December 31, 2016 and 2015 ($ in thousands):

DESCRIPTION	2016	2015
Net investment in capital assets	$ 5,692,787	$ 5,407,064
Deficit	(3,312,061)	(3,255,974)
Net position	$ 2,380,726	$ 2,151,090

23. COMMITMENTS AND CONTINGENCIES

Lease Commitments - The Authority rents office space under operating leases, which expire at various dates. Future minimum lease commitments under these leases as of December 31, 2016 are ($ in thousands):

Year	Amount
2017	$ 28,546
2018	28,672
2019	29,512
2020	19,743
2021	19,644
2022-2026	67,019
2027-2030	16,077
Total lease commitments	$ 209,213

Rental expense, which includes certain related operating costs, was $40,305,000 and $40,226,000 for the years ended December 31, 2016 and 2015, respectively.

Pending Litigation - The Authority is a defendant in a number of lawsuits arising from claims for personal injury, property damage, breach of contract, civil rights and personnel matters. Management believes that the ultimate resolution of these matters will not have a material adverse impact on the financial position of the Authority.

Obligations under Purchase Commitments – The Authority is involved in modernization and other contracted programs. At December 31, 2016, outstanding obligations under purchase commitments were approximately $966,806,000, compared to $876,336,000 at December 31, 2015.

24. CONDENSED COMBINING INFORMATION

The following are Condensed Statements of Net Position as of December 31, 2016 and 2015, Condensed Statements of Revenues, Expenses and Changes in Net Position for the Years Ended December 31, 2016 and 2015, and Condensed Statements of Cash Flows for the Years Ended December 31, 2016 and 2015, for the Authority and its component units, the LLCs.

New York City Housing Authority
Condensed Statement of Net Position
December 31, 2016
($ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
ASSETS					
Current assets	$ 1,404,535	$ 99,135	$ 10,660	$ (14,883)	$ 1,499,447
Capital assets, net	5,854,717	374,866	99,678	(42,687)	6,286,574
Restricted assets	521,652	698	839	-	523,189
Notes receivable	747,903	-	-	(747,903)	-
Other assets	384,151	-	-	-	384,151
TOTAL ASSETS	**8,912,958**	**474,699**	**111,177**	**(805,473)**	**8,693,361**
DEFERRED OUTFLOWS OF RESOURCES	**247,616**	-	-	-	**247,616**
LIABILITIES					
Current liabilities	912,851	16,076	9,530	(14,883)	923,574
Long-term debt	651,740	22,298	26,159	-	700,197
Notes payable	-	713,145	34,758	(747,903)	-
Pension liability	1,214,112	-	-	-	1,214,112
OPEB liability	2,833,465	-	-	-	2,833,465
Other liabilities	759,513	-	-	-	759,513
TOTAL LIABILITIES	**6,371,681**	**751,519**	**70,447**	**(762,786)**	**6,430,861**
DEFERRED INFLOWS OF RESOURCES	**129,390**	-	-	-	**129,390**
NET POSITION					
Net investment in capital assets	5,495,076	(211,605)	46,333	362,983	5,692,787
Unrestricted deficit	(2,835,573)	(65,215)	(5,603)	(405,670)	(3,312,061)
TOTAL NET POSITION	**$ 2,659,503**	**$ (276,820)**	**$ 40,730**	**$ (42,687)**	**$ 2,380,726**

New York City Housing Authority
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2016
($ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Operating Revenues	$ 969,823	$ 85,058	$ 32,437	$ -	$ 1,087,318
Operating Expenses	3,483,847	190,251	75,377	(98,314)	3,651,161
Operating Loss	**(2,514,024)**	**(105,193)**	**(42,940)**	**98,314**	**(2,563,843)**
Non-Operating Revenues, net	2,116,127	83,649	36,540	(83,724)	2,152,592
Gain (Loss) Before Capital Contributions	(397,897)	(21,544)	(6,400)	14,590	(411,251)
Capital Contributions	622,144	18,282	12,925	(12,464)	640,887
Change in Net Position	**224,247**	**(3,262)**	**6,525**	**2,126**	**229,636**
Net Position - Beginning	2,435,256	(273,558)	34,205	(44,813)	2,151,090
Net Position - Ending	**$ 2,659,503**	**$ (276,820)**	**$ 40,730**	**$ (42,687)**	**$ 2,380,726**

24. CONDENSED COMBINING INFORMATION (continued)

New York City Housing Authority
Condensed Statement of Cash Flows
For the Year Ended December 31, 2016
($ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Net cash provided (used) by					
Operating activities	$ (1,998,401)	$ (72,543)	$ (34,622)	$ 98,314	$ (2,007,252)
Non-capital financing activities	2,106,275	98,156	37,896	(83,724)	2,158,603
Capital and related financing activities	(61,564)	(17,127)	(3,519)	(14,590)	(96,800)
Investing activities	125,131	263	32	-	125,426
Net increase (decrease)	**171,441**	**8,749**	**(213)**	**-**	**179,977**
Beginning cash and cash equivalents	699,909	81,210	7,183	-	788,302
Ending cash and cash equivalents	**$ 871,350**	**$ 89,959**	**$ 6,970**	**$ -**	**$ 968,279**

New York City Housing Authority
Condensed Statement of Net Position
December 31, 2015
($ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
ASSETS					
Current assets	$ 1,157,230	$ 90,286	$ 10,400	$ (6,119)	$ 1,251,797
Capital assets, net	5,521,684	364,689	91,691	(44,813)	5,933,251
Restricted assets	407,356	707	850	-	408,913
Notes receivable	734,582	-	-	(734,582)	-
Other assets	372,286	-	-	-	372,286
TOTAL ASSETS	**8,193,138**	**455,682**	**102,941**	**(785,514)**	**7,966,247**
DEFERRED OUTFLOWS OF RESOURCES	**89,446**	**-**	**-**	**-**	**89,446**
LIABILITIES					
Current liabilities	754,703	6,782	7,266	(6,119)	762,632
Long-term debt	640,059	22,634	26,712	-	689,405
Notes payable	-	699,824	34,758	(734,582)	-
Pension liability	1,026,612				1,026,612
OPEB liability	2,689,623	-	-	-	2,689,623
Other liabilities	642,625	-	-	-	642,625
TOTAL LIABILITIES	**5,753,622**	**729,240**	**68,736**	**(740,701)**	**5,810,897**
DEFERRED INFLOWS OF RESOURCES	**93,706**	**-**	**-**	**-**	**93,706**
NET POSITION					
Net investment in capital assets	5,227,889	(222,098)	38,290	362,983	5,407,064
Unrestricted deficit	(2,792,633)	(51,460)	(4,085)	(407,796)	(3,255,974)
TOTAL NET POSITION	**$ 2,435,256**	**$ (273,558)**	**$ 34,205**	**$ (44,813)**	**$ 2,151,090**

24. CONDENSED COMBINING INFORMATION (continued)

New York City Housing Authority
Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2015
($ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Operating Revenues	$ 924,305	$ 81,171	$ 30,797	$ -	$ 1,036,273
Operating Expenses	3,114,154	165,375	70,235	(105,269)	3,244,495
Operating Loss	**(2,189,849)**	**(84,204)**	**(39,438)**	**105,269**	**(2,208,222)**
Non-Operating Revenues, net	2,216,968	82,867	38,971	(91,152)	2,247,654
Gain (Loss) Before Capital Contributions	27,119	(1,337)	(467)	14,117	39,432
Capital Contributions	418,356	17,106	10,034	(11,991)	433,505
Change in Net Position	**445,475**	**15,769**	**9,567**	**2,126**	**472,937**
Net Position - Beginning	1,989,781	(289,327)	24,638	(46,939)	1,678,153
Net Position - Ending	**$ 2,435,256**	**$ (273,558)**	**$ 34,205**	**$ (44,813)**	**$ 2,151,090**

New York City Housing Authority
Condensed Statement of Cash Flows
For the Year Ended December 31, 2015
($ in Thousands)

	NYCHA	LLC I	LLC II	Eliminations	Total
Net cash provided (used) by					
Operating activities	$ (2,176,304)	$ (60,324)	$ (34,099)	$ 105,269	$ (2,165,458)
Non-capital financing activities	2,138,330	97,685	40,370	(91,152)	2,185,233
Capital and related financing activities	(221,867)	199	(1,963)	(14,117)	(237,748)
Investing activities	(148,520)	71	14	-	(148,435)
Net increase (decrease)	**(408,361)**	**37,631**	**4,322**	**-**	**(366,408)**
Beginning cash and cash equivalents	1,108,270	43,579	2,861	-	1,154,710
Ending cash and cash equivalents	**$ 699,909**	**$ 81,210**	**$ 7,183**	**$ -**	**$ 788,302**

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

Woodlands and Council Towers VII Ribbon Cutting

May 31, 2016

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
($ in thousands)

Roll-forward Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll (b-a)/c
12/31/15	$0	$ 2,266,833	$ 2,266,833	0.0%	$ 645,980	350.9%
12/31/14	$0	$ 2,078,931	$ 2,078,931	0.0%	$ 646,221	321.7%
12/31/13	$0	$ 2,144,750	$ 2,144,750	0.0%	$ 644,608	332.7%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS TO THE NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM (NYCERS)
($ in thousands)

	For the Years Ended December 31,	
	2016	2015
Contractually Required Contribution	$174,207	$159,266
Contributions in relation to the contractually required contribution	$174,207	$159,266
Contribution Deficiency	-	-
Authority covered-employee payroll	$762,086	$789,540
Contributions as percentage of covered-employee payroll	22.86%	20.17%

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF NYCERS
($ in thousands)

	For the Years Ended June 30,	
	2016	**2015**
NYCHA's proportion of the net pension liability	5.00%	5.07%
NYCHA's proportionate share of the net pension liability	$1,214,112	$1,026,612
NYCHA's covered-employee payroll (Note A)	616,479	624,615
NYCHA's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	196.94%	164.36%
Plan fiduciary net position as a percentage of the total pension liability	69.57%	73.13%

Note A: NYCHA's covered-employee payroll represents the total covered-employee payroll of NYCERS multiplied by NYCHA's share of the Net Pension Liability.

STATISTICAL SECTION

(UNAUDITED)

South Beach Houses, Borough of Staten Island

Smith Houses, Borough of Manhattan

New York City Housing Authority

STATISTICAL SECTION (UNAUDITED)

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health. The following are the categories of the schedules that are included in this Section:

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

Revenue Capacity

This schedule contains information to help the reader assess the Authority's most significant revenue source.

Debt Capacity

This schedule presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

SCHEDULES OF FINANCIAL TRENDS

NEW YORK CITY HOUSING AUTHORITY
COMPARATIVE OPERATING AND NON-OPERATING REVENUES AND EXPENSES
($ in thousands)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
OPERATING REVENUE:										
Tenant revenue, net	$ 1,041,574	$ 990,524	$ 956,815	$ 919,973	$ 905,457	$ 895,864	$ 870,977	$ 830,148	$ 791,092	$ 729,154
Other income	45,744	45,749	48,964	48,917	42,084	42,977	27,893	33,686	29,533	29,072
Total operating revenue	**$ 1,087,318**	**$ 1,036,273**	**$ 1,005,779**	**$ 968,890**	**$ 947,541**	**$ 938,841**	**$ 898,870**	**$ 863,834**	**$ 820,625**	**$ 758,226**
OPERATING EXPENSES:										
Rent for leased dwellings	$ 940,722	$ 946,968	$ 966,100	$ 964,451	$ 952,269	$ 944,704	$ 989,506	$ 949,652	$ 818,059	$ 726,689
General and administrative	847,573	810,374	837,617	848,730	837,610	774,525	720,397	728,549	673,782	679,543
Utilities	534,797	575,017	594,579	590,007	542,933	566,173	572,549	538,790	546,981	504,102
Maintenance and operations	707,929	619,594	650,957	565,197	513,273	518,297	532,088	473,313	483,101	456,676
Depreciation	357,611	344,377	367,176	345,481	351,388	342,378	319,615	318,204	312,479	307,834
OPEB Expense	218,582	(97,357)	18,508	161,308	144,030	394,263	327,575	116,805	218,739	202,444
Protective services	24,640	22,904	20,161	71,162	87,094	86,679	87,467	85,380	81,041	75,737
Tenant services	19,307	22,618	25,966	33,133	29,913	29,597	29,200	28,972	36,312	39,472
Expenses relating to Superstorm Sandy	-	-	-	-	224,104	-	-	-	-	-
Total operating expenses	**$ 3,651,161**	**$ 3,244,495**	**$ 3,481,064**	**$ 3,579,469**	**$ 3,682,614**	**$ 3,656,616**	**$ 3,578,397**	**$ 3,239,665**	**$ 3,170,494**	**$ 2,992,497**
OPERATING LOSS	(2,563,843)	(2,208,222)	(2,475,285)	(2,610,579)	(2,735,073)	(2,717,775)	(2,679,527)	(2,375,831)	(2,349,869)	(2,234,271)
NON-OPERATING REVENUES (EXPENSES):										
Subsidies and Grants	$ 2,124,415	$ 2,213,763	$ 2,135,245	$ 2,010,903	$ 1,987,986	$ 2,069,796	$ 2,163,495	$ 1,825,990	$ 1,689,909	$ 1,813,220
Insurance recoveries	6,701	45,027	45,361	122,319	-	-	-	-	-	-
Investment income	25,231	10,249	7,668	4,517	4,406	6,360	8,256	11,666	36,751	61,278
Gain (loss) on the sales of capital assets	28,730	12,579	384	13,258	1,717	3,163	13,969	(14,522)	(3,812)	3,847
Interest expense	(29,169)	(29,911)	(30,463)	(19,839)	(20,117)	(20,113)	(17,349)	(8,931)	(2,071)	(2,490)
Change in fair value of investments	(3,131)	(3,700)	(553)	(167)	(2)	60	13	(360)	791	9,434
Debt financing costs	(185)	(353)	(291)	(6,432)	(5,244)	(6,934)	-	-	-	-
Total non-operating revenues, net	**$ 2,152,592**	**$ 2,247,654**	**$ 2,157,351**	**$ 2,124,559**	**$ 1,968,746**	**$ 2,052,332**	**$ 2,168,384**	**$ 1,813,843**	**$ 1,721,568**	**$ 1,885,289**
CAPITAL CONTRIBUTIONS	**$ 640,887**	**$ 433,505**	**$ 330,548**	**$ 504,226**	**$ 336,814**	**$ 470,895**	**$ 561,992**	**$ 443,537**	**$ 269,919**	**$ 361,669**
CHANGE IN NET POSITION	**$ 229,636**	**$ 472,937**	**$ 12,614**	**$ 18,206**	**$ (429,513)**	**$ (194,548)**	**$ 50,849**	**$ (118,451)**	**$ (358,382)**	**$ 12,687**

Source: Annual Financial Statements

NEW YORK CITY HOUSING AUTHORITY
NET POSITION BY CATEGORY
($ In thousands)

CATEGORY	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net investment in capital assets	$ 5,692,787	$ 5,407,064	$ 5,308,896	$ 5,371,385	$ 5,336,914	$ 5,349,279	$ 5,236,899	$ 5,060,566	$ 4,976,964	$ 5,023,714
Restricted	-	-	-	-	16,340	51,740	14,130	14,289	185,418	257,996
Unrestricted (Deficit)	(3,312,061)	(3,255,974)	(3,630,743)	(3,705,846)	(2,525,793)	(2,144,045)	(1,810,964)	(1,685,639)	(1,654,715)	(1,389,948)
TOTAL NET POSITION	**$ 2,380,726**	**$ 2,151,090**	**$ 1,678,153**	**$ 1,665,539**	**$ 2,827,461**	**$ 3,256,974**	**$ 3,440,065**	**$ 3,389,216**	**$ 3,507,667**	**$ 3,891,762**

SOURCE: Annual Financial Statements

NEW YORK CITY HOUSING AUTHORITY
CAPITAL ASSETS BY CATEGORY
($ in thousands)

CATEGORY	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Land	$ 689,847	$ 689,847	$ 689,847	$ 689,847	$ 689,847	$ 689,847	$ 689,873	$ 689,873	$ 690,070	$ 690,243
Buildings	3,178,668	3,181,654	3,181,655	3,196,901	3,201,594	3,201,356	3,208,298	3,201,744	3,269,487	3,275,041
Building improvements	9,694,139	9,056,789	8,436,033	8,127,997	7,876,321	7,653,405	7,153,298	6,669,648	6,334,338	6,071,361
Facilities and other improvements	494,724	488,892	479,726	475,253	463,823	458,894	453,881	448,524	435,835	426,529
Furniture and equipment	893,387	861,623	834,716	795,199	759,766	804,901	844,126	793,224	690,364	655,305
Leasehold improvements	113,153	113,153	113,153	113,069	112,992	113,002	112,897	111,840	109,992	108,604
Total Capital Assets	**$ 15,063,918**	**$ 14,391,958**	**$ 13,735,130**	**$ 13,398,266**	**$ 13,104,343**	**$ 12,921,405**	**$ 12,462,373**	**$ 11,914,853**	**$ 11,530,086**	**$ 11,227,083**
Less Accumulated Depreciation:										
Buildings	$ 2,911,809	$ 2,890,698	$ 2,865,379	$ 2,852,796	$ 2,825,036	$ 2,790,789	$ 2,758,603	$ 2,721,779	$ 2,724,788	$ 2,687,728
Building improvements	4,625,164	4,367,515	4,104,980	3,835,281	3,589,624	3,351,413	3,104,580	2,880,108	2,656,809	2,441,823
Facilities and other improvements	441,235	434,416	426,647	417,144	405,541	391,506	374,536	354,968	333,736	307,956
Furniture and equipment	703,388	673,779	630,443	590,810	547,179	558,611	598,868	566,928	539,014	514,257
Leasehold improvements	95,748	92,299	87,692	81,538	74,682	67,734	60,808	54,036	47,084	40,327
Total Accumulated Depreciation	**8,777,344**	**8,458,707**	**8,115,141**	**7,777,569**	**7,442,062**	**7,160,053**	**6,897,395**	**6,577,819**	**6,301,431**	**5,992,091**
Net Capital Assets	**$ 6,286,574**	**$ 5,933,251**	**$ 5,619,989**	**$ 5,620,697**	**$ 5,662,281**	**$ 5,761,352**	**$ 5,564,978**	**$ 5,337,034**	**$ 5,228,655**	**$ 5,234,992**
Related Debt	593,787	526,187	311,093	249,312	325,367	412,073	328,079	276,468	251,691	211,278
Net Investment in Capital Assets	**$ 5,692,787**	**$ 5,407,064**	**$ 5,308,896**	**$ 5,371,385**	**$ 5,336,914**	**$ 5,349,279**	**$ 5,236,899**	**$ 5,060,566**	**$ 4,976,964**	**$ 5,023,714**

Capital assets are not classified as *being depreciated* and *not being depreciated* since construction in progress is not shown as a separate category, but rather classified over the categories to which it belongs.

Source: Annual Financial Statements

SCHEDULE OF
REVENUE CAPACITY

NEW YORK CITY HOUSING AUTHORITY
REVENUES ON A GROSS BASIS
($ in thousands)

DESCRIPTION	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues (Gross):										
Subsidies and Grants	$ 2,124,415	$ 2,213,763	$ 2,135,245	$ 2,010,903	$ 1,987,986	$ 2,069,796	$ 2,163,495	$ 1,825,990	$ 1,689,909	$ 1,813,220
Operating Revenues	1,087,318	1,036,273	1,005,779	968,890	947,541	938,841	898,870	863,834	820,625	758,226
Insurance recoveries	6,701	45,027	45,361	122,319	-	-	-	-	-	-
Investment Income	25,231	10,249	7,668	4,517	4,406	6,360	8,256	11,666	36,751	61,278
Gain on the sales of capital assets	28,730	12,579	384	13,258	1,717	3,163	13,969	-	-	3,847
Change in fair value of investments	-	-	-	-	-	60	13	-	791	9,434
Total Revenues	**$ 3,272,395**	**$ 3,317,891**	**$ 3,194,437**	**$ 3,119,887**	**$ 2,941,650**	**$ 3,018,220**	**$ 3,084,603**	**$ 2,701,490**	**$ 2,548,076**	**$ 2,646,005**

Source: Annual Financial Statements

SCHEDULE OF DEBT CAPACITY

NEW YORK CITY HOUSING AUTHORITY
LONG TERM DEBT
($ in thousands, except per capita)

Description of Long Term Debt	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Bonds:										
State Guaranteed Certificates of Indebtedness Outstanding (State Program) four issues remaining bearing interest from 3.50% to 3.875%, per annum maturing annually through July 2024.	$ 10,789	$ 13,014	$ 15,927	$ 18,840	$ 22,059	$ 26,385	$ 31,129	$ 35,873	$ 40,619	$ 45,815
State Guaranteed Certificates of Indebtedness Outstanding (incorporated into the Federal Housing Program), three issues remaining bearing interest from 3.50% to 4.75% per annum, maturing annually through July 2024.	1,642	1,886	2,218	2,550	3,345	4,177	5,464	6,750	8,798	10,846
City Guaranteed Bonds Payable (City Program) bearing interest at 4.0% per annum, maturing annually through January 2010	-	-	-	-	-	-	-	926	1,816	2,672
Multi-family Housing Refunding Bonds payable, principal and interest at 5.65% per annum, maturing annually through July 2010	-	-	-	-	-	-	-	3,165	6,155	8,950
Loans Funded by:										
HDC Capital Fund Program Revenue Bonds, Series 2005 A ($281,610,000); Loan Agreement with an interest rate of 3.0% to 5.0% per annum, defeased September 2013.	-	-	-	-	213,990	225,410	236,275	246,615	256,455	265,810
HDC Capital Fund Program Revenue Bonds, Series 2013 A ($185,785,000); Loan Agreement with an interest rate of 2.0% to 5.0% per annum, maturing annually through July 2025.	150,555	163,790	176,630	185,785	-	-	-	-	-	-
HDC Capital Fund Program Revenue Bonds, Series 2013 B-1 ($348,130,000); Loan Agreement with an interest rate of 2.0% to 5.25% per annum, maturing annually through July 2033.	310,160	325,985	341,190	348,130	-	-	-	-	-	-
HDC Capital Fund Program Revenue Bonds, Series 2013 B-2 ($122,170,000); Loan Agreement with an interest rate of 5.0% to 5.25% per annum, maturing annually through July 2032.	122,170	122,170	122,170	122,170	-	-	-	-	-	-
Loan Payable - 2013 Equipment Lease/Purchase Agreement with BAPCC for Energy Performance Contract ($18,045,580) at an interest rate of 1.98% per annum, maturing January 19, 2026.	15,140	16,408	17,265	17,736	-	-	-	-	-	-
Loan Payable - 2016 Equipment Lease/Purchase Agreement with BAPCC for Energy Performance Contract ($51,548,356) at an interest rate of 3.27% per annum, maturing June 28, 2036.	51,548	-	-	-	-	-	-	-	-	-
Loan Payable - NY Green Bank multi-draw term loan facility in the amount of ($11,000,000) with the rate of 3.50% per annum on the used portion and of 0.50% per annum on the unused portion, maturing December 31, 2017	94	-	-	-	-	-	-	-	-	-

NEW YORK CITY HOUSING AUTHORITY
LONG TERM DEBT
($ in thousands, except per capita)

Description of Long Term Debt	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Loans Funded by: (continued)										
HDC 2009 Series L-1 Bonds ($23,590,000); Permanent Mortgage Loan at an interest rate of 6.3% per annum, maturing November 2043; secured by mortgage.	22,634	22,949	23,245	23,523	23,590	23,590	23,590	-	-	-
HDC 2009 Series L-2 Bonds ($68,000,000); Subordinate Loan at interest rate of 2.25% per annum, matured in September 2013; secured by mortgage.	-	-	-	-	68,000	68,000	68,000	-	-	-
HDC 2010 Series B Bonds ($150,000,000); Mortgage Loan at interest rate of 2.125% per annum, prepaid in July 2013; secured by mortgage.	-	-	-	-	19,825	110,050	150,000	-	-	-
HDC 2011 Series A Bonds ($140,000,000); Mortgage Loan at an interest rate of 3.25% per annum, prepaid in July 2013; secured by mortgage.	-	-	-	-	47,955	140,000	-	-	-	-
HDC 2012 Series A Bonds ($67,540,000); Mortgage Loan at an interest rate of SIFMA +1.1% per annum, prepaid in July 2013; secured by mortgage.	-	-	-	-	16,821	-	-	-	-	-
HDC 2010 Series A-1 Bonds ($25,325,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing November 2041; secured by mortgage.	23,883	24,352	24,798	25,222	25,325	25,325	25,325	-	-	-
HDC 2010 Series A-2 Bonds ($3,000,000); Permanent Mortgage Loan at an interest rate of 5.1% per annum, maturing May 2041; secured by mortgage.	2,829	2,885	2,938	2,988	3,000	3,000	3,000	-	-	-
Long Term Debt (before Premium)	**$ 711,444**	**$ 693,439**	**$ 726,381**	**$ 746,944**	**$ 443,910**	**$ 625,937**	**$ 542,783**	**$ 293,329**	**$ 313,843**	**$ 334,093**
Add Premium on HDC Revenue Bond Loan Agreements	23,898	29,603	35,974	42,637	6,919	8,075	9,348	10,740	12,254	13,891
TOTAL LONG TERM DEBT	**$ 735,342**	**$ 723,042**	**$ 762,355**	**$ 789,581**	**$ 450,829**	**$ 634,012**	**$ 552,131**	**$ 304,069**	**$ 326,097**	**$ 347,984**
Less current portion	35,145	33,637	32,942	20,563	84,020	16,578	16,896	20,461	20,514	20,250
LONG TERM DEBT, NET	**$ 700,197**	**$ 689,405**	**$ 729,413**	**$ 769,018**	**$ 366,809**	**$ 617,434**	**$ 535,235**	**$ 283,608**	**$ 305,583**	**$ 327,734**
Percentage of Personal Income	**17.34%**	**17.49%**	**18.74%**	**19.42%**	**11.13%**	**15.75%**	**13.56%**	**7.47%**	**8.25%**	**9.04%**
Per Capita	**$ 1,854**	**$ 1,805**	**$ 1,901**	**$ 1,959**	**$ 1,117**	**$ 1,572**	**$ 1,367**	**753**	**$ 810**	**$ 858**

Note A
See Note 13 on Long Term Debt for more details

Note B
Percentage of Personal Income and Per Capita calculations are based on total long term debt using demographic information for NYCHA's residents (see NYCHA's Demographic and Economic Statistics-Ten Year Trend).

Source: Annual Financial Statements

PLEDGED REVENUE COVERAGE
($ in thousands)

Description of Loan Payable: Equipment Purchase/Lease Agreement with Bank of America for Energy Performance Contract

Year	Source of Revenue	Net Available Revenues	Principal and Interest Requirements	Coverage Ratio
2013	HUD Operating Subsidy	$ 407	$ 407	1.0
2014	HUD Operating Subsidy	$ 819	$ 819	1.0
2015	HUD Operating Subsidy	$ 1,197	$ 1,197	1.0
2016	HUD Operating Subsidy	$ 1,586	$ 1,586	1.0

Notes:

1. Net Available Revenues represent the annual debt service for the current year. The Authority has committed to appropriate HUD Operating revenue in amounts sufficient to cover the scheduled principal and interest requirements of the debt.

2. Details regarding the Authority's outstanding debt can be found in the notes to the financial statements.

PLEDGED REVENUE COVERAGE
($ in thousands)

Description of Bond: NYC Housing Development (HDC)
Capital Fund Program Revenue Bonds, Series 2013 A and 2013 B

Year	Source of Revenue	Net Available Revenues	Principal and Interest Requirements	Coverage Ratio
2014	Capital Fund 2014	$ 98,746	$ 41,655	2.4
2015	Capital Fund 2015	$ 102,119	$ 59,343	1.7
2016	Capital Fund 2016	$ 106,244	$ 59,517	1.8

Notes:

1. Net Available Revenues represent 33 1/3 percent of the Capital Fund grant, which is the maximum amount available for principal and interest requirements.

2. Details regarding the Authority’s outstanding debt can be found in the notes to the financial statements.

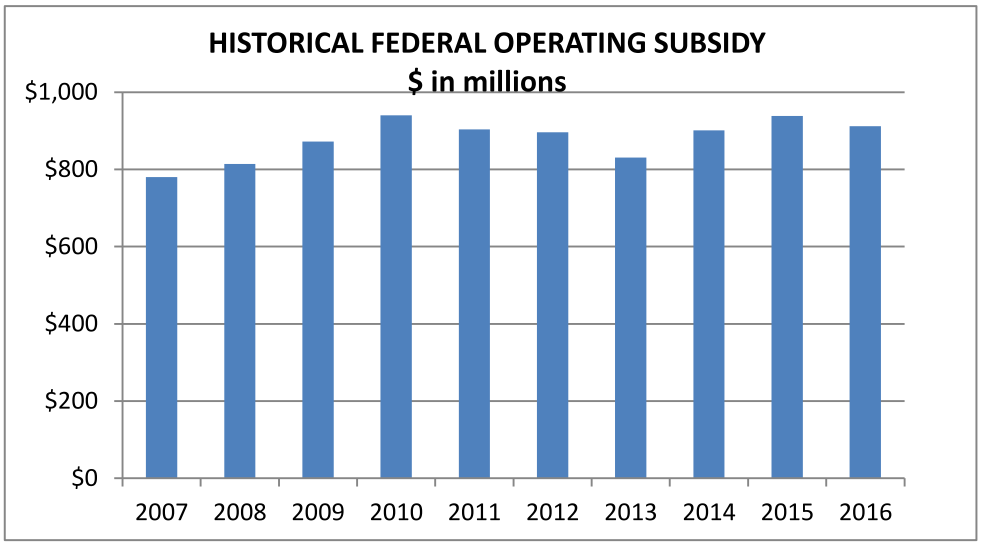
3. The 2013 Series A bond proceeds were used in part to defease the remaining debt on the 2005 A bonds in September of 2013.

NEW YORK CITY HOUSING AUTHORITY

HISTORICAL FEDERAL OPERATING SUBSIDY

($ in millions)

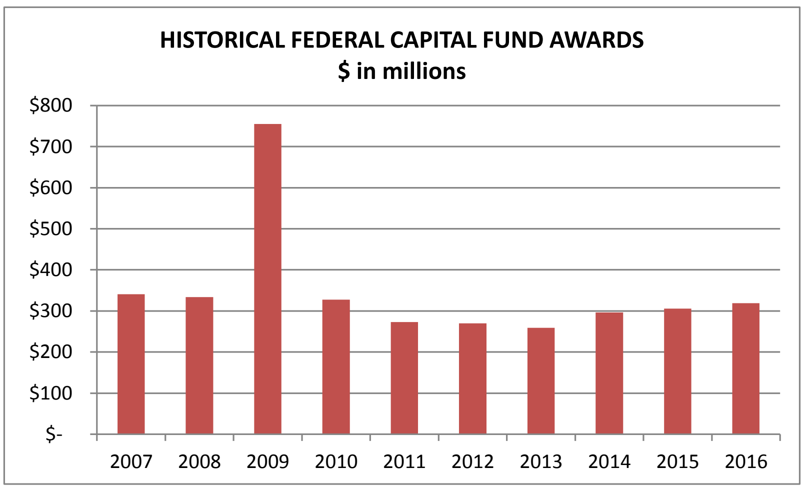
Year	Congressional Appropriation	NYCHA Funding
2007	$ 3,864	$ 780
2008	$ 4,200	$ 814
2009	$ 4,455	$ 872
2010	$ 4,775	$ 940
2011	$ 4,617	$ 903
2012	$ 3,962	$ 896
2013	$ 4,054	$ 830
2014	$ 4,400	$ 901
2015	$ 4,440	$ 938
2016	$ 4,500	$ 912



Source: New York City Housing Authority, Finance Department

NEW YORK CITY HOUSING AUTHORITY
HISTORICAL FEDERAL CAPITAL FUND AWARDS
($ in millions)

Capital Fund Grant Year	Congressional Appropriation	NYCHA Funding
2007	$ 2,439	$ 341
2008	$ 2,439	$ 334
2009	$ 5,435	$ 755
2010	$ 2,500	$ 327
2011	$ 2,500	$ 273
2012	$ 2,405	$ 270
2013	$ 2,070	$ 259
2014	$ 1,875	$ 296
2015	$ 1,925	$ 306
2016	$ 1,900	$ 319



Source: New York City Housing Authority, Finance Department

SCHEDULES OF DEMOGRAPHIC AND ECONOMIC INFORMATION

NEW YORK CITY HOUSING AUTHORITY
RESIDENT DEMOGRAPHICS - OPERATING PROGRAMS

ALL PROGRAMS	DECEMBER 31, 2016 TOTAL	
NUMBER OF FAMILIES	174,282	
POPULATION	396,581	
AVERAGE FAMILY SIZE	2.3	
AVERAGE TENURE IN PUBLIC HOUSING	21.8 YEARS	

AVERAGE FAMILY ANNUAL INCOME	$ 24,336	
AVERAGE MONTHLY RENT	$ 509	

		Percentage of Population
NUMBER OF SENIOR RESIDENTS (AGE 62 OR MORE):	79,007	19.9%
NUMBER OF SINGLE SENIOR RESIDENTS (AGE 62 OR MORE):	37,079	9.3%
NUMBER OF MINORS UNDER 18:	107,228	27.0%

		Percentage of Households
NUMBER OF WORKING FAMILIES:	82,090	47.1%
NUMBER OF FAMILIES RECEIVING PUBLIC ASSISTANCE:	22,710	13.0%
NUMBER OF SINGLE PARENT FAMILIES WITH MINORS UNDER 18:	49,110	28.2%
NUMBER OF SENIOR (AGE 62 OR MORE) HEAD OF HOUSEHOLDS:	66,424	38.0%
HOUSEHOLDS BELOW POVERTY LEVEL	86,856	49.8%

NEW YORK CITY HOUSING AUTHORITY

RESIDENT DEMOGRAPHICS - HOUSING CHOICE VOUCHER PROGRAM

AS OF DECEMBER 31, 2016

BOROUGH

	Bronx	Brooklyn	Manhattan	Queens	Staten Island	Outside the 5 Boroughs Portables	Total
NUMBER OF HOUSEHOLDS	36,999	28,104	9,035	7,150	1,865	1,687	84,840
NUMBER OF HOUSEHOLDS PERCENTAGE	43.61%	33.13%	10.65%	8.43%	2.20%	1.99%	100.00%

RACE and ETHNICITY

	Unknown	American Indian/ Native Alaskan	Asian/ Native Hawaiian/ Other Pacific Islander	Black	Hispanic	White	Total
NUMBER OF HOUSEHOLDS	724	260	2,453	24,637	41,489	15,277	84,840
NUMBER OF HOUSEHOLDS PERCENTAGE	0.85%	0.31%	2.89%	29.04%	48.90%	18.01%	100.00%

APARTMENT SIZE (NUMBER OF BEDROOMS)

	Unknown	0	1	2	3	4	5 or more	Total
NUMBER OF HOUSEHOLDS	450	3,969	26,045	31,777	18,895	3,077	627	84,840
NUMBER OF HOUSEHOLDS PERCENTAGE	0.53%	4.68%	30.70%	37.46%	22.27%	3.63%	0.74%	100.00%

Source: Performance Tracking and Analytics Department

Demographic and Economic Statistics - Ten Year Trend

POPULATION - TEN YEAR TREND

2006 - 2015*

Year	United States	Percentage Change from Prior Period	City of New York	Percentage Change from Prior Period
2006	298,379,912	0.97%	7,993,906	(0.24%)
2007	301,231,207	0.96	8,013,775	0.25
2008	304,093,966	0.95	8,068,195	0.68
2009	306,771,529	0.88	8,131,574	0.79
2010	309,347,057	0.84	8,192,426	0.75
2011	311,721,632	0.77	8,287,000	1.15
2012	314,112,078	0.77	8,365,069	0.94
2013	316,497,531	0.76	8,436,047	0.85
2014	318,857,056	0.75	8,495,194	0.70
2015	321,467,160	0.82	8,550,405	0.65

POPULATION OF NEW YORK CITY BY BOROUGH

	2015	2010	2000	1990	1980	1970
Bronx	1,455,444	1,388,264	1,333,854	1,203,789	1,168,972	1,471,701
Brooklyn	2,636,735	2,510,335	2,465,812	2,300,664	2,230,936	2,602,012
Manhattan	1,644,518	1,588,609	1,540,373	1,487,536	1,428,285	1,539,233
Queens	2,339,150	2,235,573	2,229,895	1,951,598	1,891,325	1,987,174
Staten Island	474,558	469,645	445,414	378,977	352,121	295,443
Total	8,550,405	8,192,426	8,015,348	7,322,564	7,071,639	7,895,563
Percentage Increase (Decrease) from Prior Decade	4.4%	2.2%	9.5%	3.5%	(10.4%)	1.5%

Demographic and Economic Statistics - Ten Year Trend

2006 - 2015*

Year	Personal Income (in thousands) United States	City of New York	New York City as a Percentage of United States	Per Capita Personal Income (in thousands) United States	City of New York	New York City as a Percentage of United States
2006	$11,381,350,000	$380,684,225	3 %	$38,144	$47,621	125 %
2007	11,995,419,000	418,255,355	3	39,821	52,191	131
2008	12,492,705,000	425,697,585	3	41,082	52,764	128
2009	12,079,444,000	412,881,106	3	39,376	50,772	129
2010	12,459,613,000	436,177,698	4	40,277	53,244	132
2011	13,233,436,000	462,064,264	3	42,453	55,758	131
2012	13,904,485,000	479,029,044	3	44,266	57,266	129
2013	14,064,468,000	486,231,183	3	44,438	57,638	130
2014	14,683,147,000	507,270,936	3	46,049	59,714	130
2015	15,324,108,725	NA	NA	47,669	NA	NA

Source: U.S. Department of Commerce, Bureau of Economic Analysis

* Amounts as of March 24, 2016
N/A = data not available

New York City Housing Authority

Demographic and Economic Statistics - Ten Year Trend

POPULATION - TEN YEAR TREND
2007 - 2016

Year	NYCHA	Change from Prior Period
2007 ……………………….	405,794	(0.75) %
2008 ……………………….	402,722	(0.76) %
2009 ……………………….	403,665	0.23 %
2010 ……………………….	403,995	0.08 %
2011 ……………………….	403,357	(0.16) %
2012 ……………………….	403,736	0.09 %
2013 ……………………….	403,120	(0.15) %
2014 ……………………….	401,093	(0.50) %
2015………………………..	400,474	(0.20) %
2016………………………..	396,581	(0.97) %

New York City Housing Authority

Demographic and Economic Statistics - Ten Year Trend

2007 - 2016

Year	Personal Income (in thousands) NYCHA
2007 ……………………….	$ 3,850,962
2008 ……………………….	3,953,354
2009 ……………………….	4,068,739
2010 ……………………….	4,070,320
2011 ……………………….	4,024,487
2012 ……………………….	4,052,026
2013 ……………………….	4,064,839
2014 ……………………….	4,068,376
2015 ……………………….	4,133,013
2016 ……………………….	4,241,327

Source: New York City Housing Authority, Resident Demographics - Operating Programs

City of New York - Persons Receiving Public Assistance - Ten Year Trend

2007- 2016
(annual averages in thousands)

Year	Public Assistance	SSI (a)
2007	358	406,375
2008	341	409,821
2009	346	414,923
2010	346	420,878
2011	356	423,707
2012	353	425,991
2013	357	425,034
2014	337	402,529
2015	360	398,856
2016	370	NA

(a) The SSI data is for December of each year.
N/A: Not Available

Sources: The City of New York, Human Resources Administration and the U.S. Social Security Administration.

New York City Housing Authority

Persons Receiving Public Assistance - Ten Year Trend

2007- 2016

Year	Public Assistance
2007	24,305
2008	22,216
2009	20,829
2010	20,094
2011	20,028
2012	19,561
2013	20,055
2014	20,379
2015	21,214
2016	22,710

Source: New York City Housing Authority, Research and Management Analysis Department

Nonagricultural Wage and Salary Employment - Ten Year Trend

2007–2016

(average annual employment in thousands)

	2016 (b)	2015	2014	2013	2012	2011	2010	2009	2008	2007
Private Employment:										
Services (a)	2,427	2,369	2,285	2,190	2,113	2,044	1,974	1,935	1,960	1,917
Wholesale Trade	148	146	144	142	141	140	138	139	149	150
Retail Trade	345	351	350	340	328	314	303	292	300	295
Manufacturing	79	78	77	76	76	76	76	82	96	101
Financial Activities	458	460	450	438	439	440	429	434	465	468
Transportation, Warehousing and Utilities	135	132	126	123	122	122	120	122	126	125
Construction	142	138	129	122	116	112	113	121	133	127
Total Private Employment	3,734	3,674	3,561	3,431	3,335	3,248	3,153	3,125	3,229	3,183
Government	550	550	545	544	546	551	558	567	564	559
Total	4,284	4,224	4,106	3,975	3,881	3,799	3,711	3,692	3,793	3,742
Percentage Increase (Decrease) from Prior Year	1.4%(b)	2.9%	3.3%	2.4%	2.2%	2.4%	0.5%	(2.7%)	1.4%	5.3%

(a) Includes rounding adjustment.
(b) Six months average.

Notes: This schedule is provided in lieu of a schedule of principal employees because it provides more meaningful information. Other than the City of New York, no single employer employs more than 2 percent of total nonagricultural employees.

Data are not seasonally adjusted.

Source: New York State Department of Labor, Division of Reseach and Statistics.

Employment Status of the Resident Population - Ten Year Trend

2006-2015

	Civilian Labor Force (in thousands)		Unemployment Rate	
	New York City Employed	New York City Unemployed(a)	New York City	United States
2006	3,627	190	5.0 %	4.6 %
2007	3,664	194	5.0	4.6
2008	3,706	221	5.6	5.8
2009	3,592	369	9.3	9.3
2010	3,574	377	9.5	9.6
2011	3,603	360	9.1	8.9
2012	3,656	377	9.3	8.1
2013	3,728	360	8.8	7.4
2014	3,846	299	7.2	6.2
2015	3,960	237	5.7	5.3

(a) Unemployed persons are all civilians who had no employment during the survey week, were available for work, except for temporarily illness, and had made efforts to find employment some time during the prior four weeks. This includes persons who were waiting to be recalled to a job from which they were laid off of were waiting to report to a new job within 30 days.

Note: Employment and unemployment information is not seasonally adjusted.
Sources: U.S. Department of Labor, Bureau of Labor Statistics, and Office of the Comptroller, Fiscal and Budget Studies.

SCHEDULES OF OPERATING INFORMATION

NEW YORK CITY HOUSING AUTHORITY
PUBLIC HOUSING ASSESSMENT SYSTEM (PHAS) - INTERIM RULE

The table below shows the New York City Housing Authority's actual calculations for the three components that constitute the Financial Condition Indicator:

SCORING COMPONENTS (FINANCIAL CONDITION INDICATORS)	MEASUREMENT	CALCULATION METHODOLOGY	YEAR 2016	2015	2014	2013	2012
Quick Ratio	Liquidity	Current Assets* / Current Liabilities ***Excluding restricted assets and inventory**	3.56	2.99	2.37	1.94	1.81
Months Expendable Net Assets Ratio	Adequacy of Reserves	Unrestricted Resources / Average Monthly Operating & Other Expenses	7.24	6.49	5.07	5.04	4.01
Debt Service Coverage Ratio	Capacity to Cover Debt	Adjusted Operating Income / Annual Debt Service Excluding CFFP Debt ***Includes projects with Debt Service only**	19.80	23.20	19.23	7.37	9.30

The table below shows the New York City Housing Authority's actual calculations for the three components that constitute the Manangement Operations Indicator (MASS):

SCORING COMPONENTS (MANAGEMENT OPERATIONS INDICATORS)	MEASUREMENT	CALCULATION METHODOLOGY	YEAR 2016	2015	2014	2013	2012
Occupancy Rate	Project Performance in Keeping Available Units Occupied	Units Months Leased / Units Months Available	99.40%	99.41%	99.32%	98.94%	99.26%
Tenant Accounts Receivable	Amount of Tenant Accounts Receivable Against Tenant Revenue	Accounts Receivable-Tenants / Total Tenant Revenue* *** Includes rents and other charges to the tenants**	5.90	5.84	5.89%	5.99%	5.95%
Accounts Payable	Total Vendor Accounts Payable, Both Current and Past due Against Total Monthly Operating Expenses	Total Accounts Payable / Total Operating Expenses / 12	0.55	0.69	0.46	.28	.29

Note 1: On February 23, 2011, HUD published the Interim PHAS Rule in the Federal Register. The Interim Rule makes changes to the Public Housing Assessment Scoring (PHAS) methodology begining with the year 2011 and classifies the financial indicators under separate scoring components (Financial Condition and Management Operations)

Note 2: REAC's assessment and analysis is based upon the Financial Data Schedule (FDS) submitted electronically by the PHA using the Financial Assessment Subsystem (FASS). This financial data is required to be reported in accordance with generally accepted accounting principles (GAAP), as mandated by the Uniform Financial Reporting Standards Rule.

Source: HUD Financial Data Schedule

SUMMARY OF PUBLIC HOUSING DEVELOPMENTS

DEVELOPMENT DATA	DEVELOPMENTS IN FULL OPERATION PROGRAM			
	FEDERAL	LLC I	LLC II	TOTAL
NUMBER OF DEVELOPMENTS	305	13	8	326
NUMBER OF CURRENT APARTMENTS	155,936	14,461	5,669	176,066
NUMBER OF SECTION 8 TRANSITION APARTMENTS	-	2,547	1,403	3,950
TOTAL NUMBER OF APARTMENTS	156,522	14,476	5,694	176,692
RESIDENTIAL BUILDINGS	2,243	155	64	2,462
NON-RESIDENTIAL BUILDINGS	102	8	4	114
POPULATION* PUBLIC HOUSING	350,483	26,660	9,024	386,167
POPULATION* SECTION 8 LLC1 LLC2	-	6,942	3,472	10,414
TOTAL POPULATION*	350,483	33,602	12,496	396,581

* Population as of January 1, 2017

Source: Development Data Book - 2017
New York City Housing Authority, Performance Tracking and Analytics Department

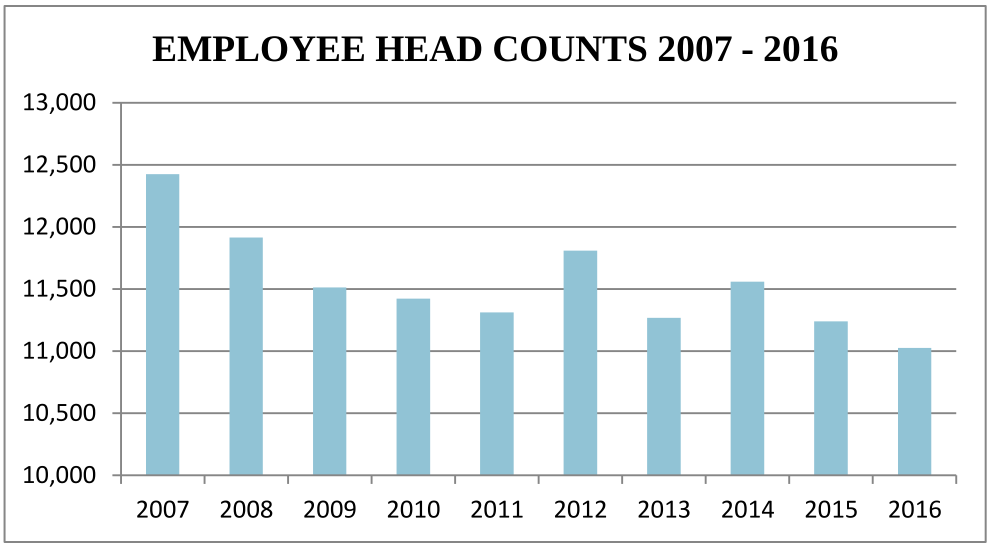
NEW YORK CITY HOUSING AUTHORITY
LEASE COMMITMENTS
($ in thousands)

LESSOR	YEAR OF EXPIRATION	ANNUAL RENTAL 2016	FUTURE MINIMUM ANNUAL RENTS	FACILITY
250 Broadway Associates	2019	$ 14,096	$ 26,021	Office Building
90 Church Street Limited Partnership	2024	12,888	94,602	Office Building
Fordham Renaissance	2030	3,187	36,691	Office Building
Bridgedale LLC	2016	2,876	-	Office Building
Vanderbilt Associates Owner LP	2030	2,288	27,306	Office Building
LIC 73 Owner LLC	2020	1,907	6,660	Office Building
Hutch Metro Center I LLC	2026	1,867	17,933	Office Building
N.Y.S. Industries for the Disabled	2017	425	319	Office Building
Sutphin LLC	2016	293	-	Office Building
Other		478	-	Office Building
TOTAL		**$ 40,305**	**$ 209,532**	

Source: New York City Housing Authority
Department of Accounting and Fiscal Services, Finance Department

NEW YORK CITY HOUSING AUTHORITY
EMPLOYEE HEAD COUNTS 2007 - 2016

Year	Full Time	Part Time	Total
2007	12,209	215	12,424
2008	11,723	192	11,915
2009	11,323	191	11,514
2010	11,222	201	11,423
2011	11,115	197	11,312
2012	11,591	217	11,808
2013	11,107	162	11,269
2014	11,401	158	11,559
2015	11,079	160	11,239
2016	10,624	403	11,027



Note: Includes only employees who are active and receiving bi-weekly pay.

Source: New York City Housing Authority
Department of Human Resources