EXISTING ISSUE REOFFERED

In the opinion of Norton Rose Fulbright US LLP, Bond Counsel to the City for Tax Matters, interest on the Bonds will be exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City, and assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended, interest on the Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes. See "SECTION IX: OTHER INFORMATION—Tax Matters" herein for further information.

$74,060,000

The City of New York

General Obligation Bonds, Fiscal 2008 Series J, Subseries J-8

ADJUSTABLE RATE BONDS

Reoffering Date: March 29, 2016	Price: 100%	CUSIP*: 64966KPV9	Due: August 1, 2021

The Bonds are registered in the nominee name of The Depository Trust Company, New York, New York, which acts as securities depository for the Bonds.

The Bonds will bear interest at the Initial Rate through April 5, 2016 and thereafter will bear interest in the Weekly Rate Mode. The first Interest Payment Date is May 2, 2016. Mizuho Securities USA Inc. is the Remarketing Agent. The Bonds are subject to redemption and to optional and mandatory tender under the circumstances described herein. Payment of the Purchase Price on the Bonds tendered for purchase as described herein and not remarketed will be made pursuant and subject to the terms of the Credit Facility described herein provided by Sumitomo Mitsui Banking Corporation, acting through its New York Branch (the "Bank"), which is scheduled to terminate on August 2, 2021. In the event of a failure to remarket the Bonds and a failure by the Bank to purchase such Bonds, the City may, but is not obligated to, purchase such Bonds. Upon any such failure, such Bonds, if not purchased by the City, will continue to be held by the tendering holders and will bear interest at the Maximum Rate.

The Bonds have been initially issued in Authorized Denominations of $100,000 or any integral multiple of $5,000 in excess of $100,000. Other terms of the Bonds including interest rates, interest payment dates, mandatory and optional redemption and tender provisions are described herein.

In connection with the reoffering of the Bonds, certain legal matters will be passed upon by Sidley Austin LLP, New York, New York, Bond Counsel to the City. Certain legal matters will be passed upon for the City by Norton Rose Fulbright US LLP, New York, New York, Bond Counsel to the City for Tax Matters. Certain legal matters will be passed upon for the City by its Corporation Counsel. Certain legal matters in connection with the preparation of this Reoffering Circular will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City. Certain legal matters will be passed upon for the Remarketing Agent by Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Counsel to the Remarketing Agent. It is expected that the Bonds will be available for delivery in New York, New York, on their date of reoffering which is expected to be March 29, 2016.

Mizuho Securities

March 18, 2016

* See footnote on inside front cover.

RATE PERIOD TABLE
FOR ADJUSTABLE RATE BONDS

	Daily Rate	Two-Day Rate	Weekly Rate	Commercial Paper Rate
Interest Payment Date	First Business Day of each calendar month	First Business Day of each calendar month	First Business Day of each calendar month	First Business Day of each calendar month and the Business Day following the last day of the Rate Period
Record Date	Business Day preceding each Interest Payment Date	Business Day preceding each Interest Payment Date	Business Day preceding each Interest Payment Date	Business Day preceding each Interest Payment Date
Reset Date	Not later than 10:00 a.m. on each Business Day	Not later than 10:00 a.m. on the first day of the Rate Period and, thereafter, on each Monday, Wednesday and Friday that is a Business Day	Not later than 10:00 a.m. on the first day of the Rate Period	No later than 12:30 p.m. on the first day of each Commercial Paper Rate Period
Rate Periods	Commencing on one Business Day extending to, but not including, the next succeeding Business Day	Commencing on a Monday, Wednesday or Friday that is a Business Day and extending to, but not including, the next day on which a Two-Day Rate is required to be reset	The Rate Period will be a period of seven days beginning on Wednesday or other day of the week specified therefor	A period of 1 to 365 days
Notice Period for Optional Tenders	Written notice not later than 10:30 a.m. on the Optional Tender Date	Written notice by 3:00 p.m. on a Business Day not less than two Business Days prior to the Optional Tender Date	Written notice by 5:00 p.m. on a Business Day not less than seven days prior to the Optional Tender Date	Not subject to optional tender
Optional Tender Date and Time (after Initial Period)	On any Business Day not later than 1:00 p.m.	On any Business Day not later than 1:00 p.m.	On any Business Day not later than 1:00 p.m.	Not subject to optional tender
Payment Date for Bonds subject to optional tender	Not later than 3:00 p.m. on the Optional Tender Date	Not later than 3:00 p.m. on the Optional Tender Date	Not later than 3:00 p.m. on the Optional Tender Date	Not subject to optional tender
Payment Date for Tendered Bonds upon Mandatory Tender	Not later than 3:00 p.m. on the Mandatory Tender Date	Not later than 3:00 p.m. on the Mandatory Tender Date	Not later than 3:00 p.m. on the Mandatory Tender Date	Not later than 3:00 p.m. on the Mandatory Tender Date

Note: All time references given above refer to New York City time.

The information in this Rate Period Table is provided for the convenience of the Bondholders and is not meant to be comprehensive. See "APPENDIX E—MULTI-MODAL BONDS" for a description of the Adjustable Rate Bonds.

WHILE THE ADJUSTABLE RATE BONDS MAY IN THE FUTURE BE CONVERTED TO AUCTION RATE BONDS, TERM RATE BONDS, FIXED RATE BONDS, INDEX RATE BONDS OR STEPPED COUPON BONDS, THIS REOFFERING CIRCULAR DOES NOT DESCRIBE TERMS SPECIFICALLY APPLICABLE TO BONDS BEARING INTEREST AT RATES OTHER THAN THE DAILY RATE, TWO-DAY RATE, WEEKLY RATE OR COMMERCIAL PAPER RATE, NOR DOES IT DESCRIBE ADJUSTABLE RATE BONDS HELD BY A BANK OR BY ANY REGISTERED OWNER OTHER THAN DTC.

REOFFERING CIRCULAR OF THE CITY OF NEW YORK

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No dealer, broker, salesperson or other person has been authorized by the City or the Remarketing Agent to give any information or to make any representations in connection with the Bonds or the matters described herein, other than those contained in this Reoffering Circular, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Remarketing Agent. This Reoffering Circular does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Reoffering Circular, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof. This Reoffering Circular is submitted in connection with the remarketing of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. The Remarketing Agent may offer and sell Bonds to certain dealers and others at prices lower than the reoffering price stated on the cover page hereof. The offering prices may be changed from time to time by the Remarketing Agent. No representations are made or implied by the City or the Remarketing Agent as to any offering of any derivative instruments.

The factors affecting the City's financial condition are complex. This Reoffering Circular should be considered in its entirety and no one factor considered less important than any other by reason of its location herein. Where agreements, reports or other documents are referred to herein, reference should be made to such agreements, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof. Any electronic reproduction of this Reoffering Circular may contain computer-generated errors or other deviations from the printed Reoffering Circular. In any such case, the printed version controls.

This Reoffering Circular contains forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions in the City, the inclusion in this Reoffering Circular of such forecasts, projections and estimates should not be regarded as a representation by the City, its independent auditors or the Remarketing Agent that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. If and when included in this Reoffering Circular, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the City. These forward-looking statements speak only as of the date they were prepared. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based between modifications to the City's financial plan required by law.

Deloitte & Touche LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Reoffering Circular. The report of Deloitte & Touche LLP relating to the City's financial statements for the fiscal years ended June 30, 2015 and 2014, which is a matter of public record, is included in this Reoffering Circular. However, Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Reoffering Circular, since the date of such report and has not been asked to consent to the inclusion of its report in this Reoffering Circular.

IN CONNECTION WITH THIS OFFERING, THE REMARKETING AGENT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THIS REOFFERING CIRCULAR AND THE TERMS OF THE REOFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

REOFFERING CIRCULAR
OF
THE CITY OF NEW YORK

This Reoffering Circular provides certain information concerning The City of New York (the "City") in connection with the reoffering by the City of $74,060,000 aggregate principal amount of the City's tax-exempt General Obligation Bonds, Fiscal 2008 Series J, Subseries J-8 (the "Bonds").

By this Reoffering Circular, the Bonds are being reoffered. Such Bonds are expected to be delivered to their purchaser on the Reoffering Date set forth on the cover page hereof (the "Reoffering Date"). Certain capitalized terms used herein and not otherwise defined will have the meanings ascribed thereto in "APPENDIX D—DEFINITIONS".

The factors affecting the City's financial condition described throughout this Reoffering Circular are complex and are not intended to be summarized in the Introductory Statement below. The economic and financial condition of the City may be affected by various financial, social, economic, political, geo-political, environmental and other factors which could have a material effect on the City. This Reoffering Circular should be read in its entirety.

INTRODUCTORY STATEMENT

The Bonds are general obligations of the City for the payment of which the City has pledged its faith and credit. All real property subject to taxation by the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of, applicable redemption premium, if any, and interest on the Bonds.

The City, with an estimated population of approximately 8,500,000, is an international center of business and culture. Its non-manufacturing economy is broadly based, with the banking and securities, insurance, information, publishing, fashion design, retailing, education and health care industries accounting for a significant portion of the City's total employment earnings. Additionally, the City is a leading tourist destination. Manufacturing activity in the City is conducted primarily in apparel and printing.

For each of the 1981 through 2015 fiscal years, the City's General Fund had an operating surplus, before discretionary and other transfers, and achieved balanced operating results as reported in accordance with then applicable generally accepted accounting principles ("GAAP"), after discretionary and other transfers and except for the application of Statement No. 49 of the Governmental Accounting Standards Board ("GASB 49"), as described below. City fiscal years end on June 30 and are referred to by the calendar year in which they end. The City has been required to close substantial gaps between forecast revenues and forecast expenditures in order to maintain balanced operating results. There can be no assurance that the City will continue to maintain balanced operating results as required by New York State (the "State") law without proposed tax or other revenue increases or reductions in City services or entitlement programs, which could adversely affect the City's economic base.

As required by the New York State Financial Emergency Act For The City of New York (the "Financial Emergency Act" or the "Act") and the New York City Charter (the "City Charter"), the City prepares a four-year annual financial plan, which is reviewed and revised on a quarterly basis and which includes the City's capital, revenue and expense projections and outlines proposed gap-closing programs for years with projected budget gaps. The City's current financial plan projects budget balance in the 2016 and 2017 fiscal years in accordance with GAAP except for the application of GASB 49. In 2010, the Financial Emergency Act was amended to waive the budgetary impact of GASB 49 by enabling the City to continue to finance with bond proceeds certain pollution remediation costs. The City's current financial plan projects budget gaps for the 2018 through 2020 fiscal years. A pattern of current year balance and projected future year budget gaps has been consistent through the entire period since 1982, during which the City has achieved an excess of revenues over expenditures, before discretionary transfers, for each fiscal year. For information regarding the current financial plan, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS" and "SECTION VII: FINANCIAL PLAN." For information regarding the June 2010 amendment of the Financial Emergency Act with respect to the application of GASB 49 to the City budget, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS." The City is required to submit its financial plans to the New York State Financial Control Board (the "Control Board"). For further information regarding the Control Board, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Review and Oversight.*"

For its normal operations, the City depends on aid from the State both to enable the City to balance its budget and to meet its cash requirements. There can be no assurance that there will not be delays or reductions in State aid to the City from amounts currently projected; that State budgets for future State fiscal years will be adopted by the April 1 statutory deadline, or interim appropriations will be enacted; or that any such reductions or delays will not have adverse effects on the City's cash flow or expenditures. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS—2016-2020 Financial Plan." In addition, the City has made various assumptions with respect to federal aid. Future federal actions or inactions could have adverse effects on the City's cash flow or revenues.

The Mayor is responsible for preparing the City's financial plan which relates to the City and certain entities that receive funds from the City. The financial plan is modified quarterly. The City's projections set forth in the financial plan are based on various assumptions and contingencies which are uncertain and which may not materialize. Such assumptions and contingencies include the condition of the international, national, regional and local economies, the provision of State and federal aid, the impact on City revenues and expenditures of any future federal or State legislation and policies affecting the City and the cost of pension structures and healthcare. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

Implementation of the financial plan is dependent on the City's ability to market successfully its bonds and notes, including revenue and tax anticipation notes that it may issue under certain circumstances to finance seasonal working capital requirements. Implementation of the financial plan is also dependent upon the ability to market the securities of other financing entities including the New York City Municipal Water Finance Authority (the "Water Authority") and the New York City Transitional Finance Authority ("TFA"). See "SECTION VII: FINANCIAL PLAN—Financing Program." The success of projected public sales of City, Water Authority, TFA and other bonds and notes will be subject to prevailing market conditions. Future developments in the financial markets generally, as well as future developments concerning the City, and public discussion of such developments, may affect the market for outstanding City general obligation bonds and notes.

The City Comptroller and other agencies and public officials, from time to time, issue reports and make public statements which, among other things, state that projected revenues and expenditures may be different from those forecast in the City's financial plans. See "SECTION VII: FINANCIAL PLAN—Certain Reports."

SECTION I: RECENT FINANCIAL DEVELOPMENTS

For the 2015 fiscal year, the City's General Fund had a total surplus of $3.606 billion, before discretionary and other transfers, and achieved balanced operating results in accordance with GAAP, except for the application of GASB 49 as described above, after discretionary and other transfers. The 2015 fiscal year is the thirty-fifth consecutive year that the City has achieved balanced operating results when reported in accordance with GAAP, except for the application of GASB 49.

2016-2020 Financial Plan

On June 26, 2015, the City submitted to the Control Board the financial plan (the "June Financial Plan") for the 2016 through 2019 fiscal years, which was consistent with the City's capital and expense budgets as adopted for the 2016 fiscal year. On November 12, 2015, the City submitted to the Control Board a modification to the

June Financial Plan (the "November Financial Plan"). On January 21, 2016, the Mayor released his preliminary budget for the 2017 fiscal year and the City submitted to the Control Board a modification to the financial plan for the 2016 through 2020 fiscal years (as so modified, the "Financial Plan").

The Financial Plan projects revenues and expenses for the 2016 and 2017 fiscal years balanced in accordance with GAAP, except for the application of GASB 49, and projects gaps of approximately $2.28 billion, $2.94 billion and $2.74 billion in fiscal years 2018 through 2020, respectively. The June Financial Plan had projected revenues and expenses for the 2016 fiscal year balanced in accordance with GAAP, except for the application of GASB 49, and had projected gaps of approximately $1.47 billion, $1.91 billion and $2.85 billion in fiscal years 2017 through 2019, respectively.

The Financial Plan reflects, since the June Financial Plan, increases in projected net revenues of $1.29 billion, $770 million, $1.06 billion and $1.51 billion in fiscal years 2016 through 2019, respectively. Changes in projected revenues include: (i) increases in real property tax revenues of $172 million, $386 million, $655 million and $925 million in fiscal years 2016 through 2019, respectively; (ii) increases in personal income tax revenues of $439 million, $457 million, $550 million and $668 million in fiscal years 2016 through 2019, respectively; (iii) decreases in business tax revenues of $156 million, $137 million, $130 million and $190 million in fiscal years 2016 through 2019, respectively; (iv) increases in sales tax revenues of $44 million, $31 million, $44 million and $96 million in fiscal years 2016 through 2019, respectively; (v) increases in real property transfer and mortgage recording tax revenues of $264 million, $84 million, $37 million and $54 million in fiscal years 2016 through 2019, respectively; (vi) an increase in State School Tax Relief Program (the "STAR Program") revenues of $47 million in fiscal year 2016; (vii) an increase in hotel tax revenue of $9 million in fiscal year 2016 and decreases in hotel tax revenue of $2 million in each of fiscal years 2017 through 2019; (viii) increases in other tax revenues of $33 million, $26 million, $25 million and $23 million in fiscal years 2016 through 2019, respectively; (ix) increases in tax audit revenues of $284 million in fiscal year 2016 and $3 million in each of fiscal years 2017 through 2019; (x) decreases in revenues from the sale of taxi medallions of $107 million, $150 million and $110 million in fiscal years 2017 through 2019, respectively; and (xi) increases in other revenues of $150 million, $29 million, $29 million and $44 million in fiscal years 2016 through 2019, respectively, with the increase in fiscal year 2016 primarily from a deferred prosecution settlement with Credit Agricole and an increase in tobacco settlement revenues from the settlement of a dispute with certain cigarette manufacturers.

The Financial Plan also reflects, since the June Financial Plan, a decrease in projected net expenditures of $1 billion in fiscal year 2016 and increases in projected net expenditures of $1.60 billion, $1.43 billion and $1.60 billion in fiscal years 2017 through 2019, respectively. Changes in projected expenditures include: (i) net increases in agency expenses of $839 million, $770 million, $824 million and $904 million in fiscal years 2016 through 2019, respectively; (ii) increased labor costs of $5 million, $34 million and $85 million in fiscal years 2017 through 2019, respectively, as a result of the phase-in of a $15 minimum wage for City workers by 2018; (iii) increases in pension contributions of $588 million, $681 million, $784 million and $866 million in fiscal years 2016 through 2019, respectively, primarily as a result of adoption by the City's Chief Actuary of updated mortality assumptions; (iv) decreases in debt service of $32 million and $86 million in fiscal years 2016 and 2017, respectively, primarily as a result of lower interest rates and debt refinancing, and increases in debt service of $26 million and $1 million in fiscal years 2018 and 2019; (v) a decrease in the general reserve of $700 million in fiscal year 2016; (vi) a decrease in the capital stabilization reserve of $500 million in fiscal year 2016 and an increase in the capital stabilization reserve of $500 million in fiscal year 2017; and (vii) a decrease of $400 million in fiscal year 2016 reflecting a re-estimate of prior years' expenses and receivables.

In addition, the Financial Plan sets forth a citywide savings program to maintain budget balance in fiscal year 2016, to achieve budget balance in fiscal year 2017 and to reduce previously projected gaps in fiscal years 2018 and 2019. The savings reflect reduced agency expenditures totaling $804 million, $270 million, $235 million and $261 million in fiscal years 2016 through 2019, respectively.

The Financial Plan reflects, since the June Financial Plan, provision for $2.30 billion for the prepayment in fiscal year 2016 of fiscal year 2017 expenses and an expenditure reduction of $2.30 billion in fiscal year 2017.

The Financial Plan also reflects funding to cover the cost of the collective bargaining patterns established in the agreements between the City and the United Federation of Teachers ("UFT"), District Council 37 of AFSME ("DC37") and the Uniformed Superior Officers Coalition ("USOC"), respectively. The City has reached agreements with 95% of its workforce. For further information, see "SECTION VII: FINANCIAL PLAN—Assumptions—Expenditure Assumptions—1. Personal Services Costs."

The Financial Plan assumes that all of the City's costs relating to emergency services and the repair of damaged infrastructure as a result of Superstorm Sandy ("Sandy") will ultimately be paid from non-City sources, primarily the federal government. The current estimate of such costs to the City, the New York City Health and Hospitals Corporation ("HHC") and the New York City Housing Authority ("NYCHA") is approximately $9.9 billion. Of such amount, approximately $2.2 billion represents expense funding for emergency response, debris removal and emergency protective measures, and approximately $7.7 billion represents capital funding of long-term permanent work to repair damaged infrastructure and to make hazard mitigation investments. No assurance can be given that the City will be reimbursed for all of its costs or that such reimbursements will be received within the time periods assumed in the Financial Plan. In addition, the City may incur costs relating to flood insurance that are not reflected in the Financial Plan, which could offset some reimbursements. For further information, see "SECTION IX: OTHER INFORMATION—Environmental Matters."

The Governor's Executive Budget, released on January 13, 2016, contains proposals which would, if enacted, have a total cost to the City of approximately $123.0 million, $1.28 billion, $1.29 billion, $1.37 billion and $1.33 billion in fiscal years 2016 through 2020, respectively, primarily by shifting certain costs from the State to the City and by reducing the payment of certain sales tax revenues to the City. The proposals would shift responsibility for 30% of the operating cost of senior colleges of the City University of New York ("CUNY") from the State to the City. Based on current operating costs, this would be $485 million in fiscal year 2017, but could grow in future years as operating costs increase. Additionally, the Governor's Executive Budget also proposed to shift to the City a portion of Medicaid expenses previously funded by the State. The enactment of such a proposal would increase City-funded Medicaid expenses by an estimated $299 million, $504 million, $617 million and $734 million in fiscal years 2017 through 2020, respectively. In addition, the Governor's Executive Budget proposed the payment to the State of a total of $600 million of sales tax revenues in fiscal years 2016 through 2019 that would otherwise be payable to the City, in order to provide the State with the benefit of savings from the refinancing of debt in October, 2014 by the Sales Tax Asset Receivable Corporation. Such payments would be $50 million in fiscal year 2016, $200 million in each of fiscal years 2017 and 2018 and $150 million in fiscal year 2019. The Governor's Executive Budget would also result in education aid which is $52 million and $196 million less in fiscal years 2016 and 2017, respectively, than is reflected in the City's Financial Plan. The impact of such proposals is not reflected in the Financial Plan. Subsequent to the release of the Governor's Executive Budget, the Governor stated that, through a collaborative process to achieve cost savings and efficiencies, the Medicaid and CUNY proposals will not have a financial impact on the City. The Governor's Executive Budget is subject to enactment by the State Legislature.

On February 4, 2016, the Mayor announced a plan to build the Brooklyn-Queens Connector, a street car line which would run along the East River waterfront between Astoria, Queens and Sunset Park, Brooklyn. Construction is not expected to begin prior to 2019. The direct costs of the project, which are estimated to be $2.5 billion, are not reflected in the Financial Plan or the Ten Year Capital Strategy. The City expects to pay for such costs by capturing a portion of projected increases in revenues resulting from improvement of property values of existing and new development along the route.

From time to time, the City Comptroller, the Control Board staff, the Office of the State Deputy Comptroller for the City of New York ("OSDC"), the Independent Budget Office ("IBO") and others issue reports and make public statements regarding the City's financial condition, commenting on, among other matters, the City's financial plans, projected revenues and expenditures and actions by the City to eliminate projected operating deficits. It is reasonable to expect that reports and statements will continue to be issued and to engender public comment. For information on reports issued on the November Financial Plan and to be issued on the Financial Plan by the City Comptroller and others reviewing, commenting on and identifying various risks therein, see "SECTION VII: FINANCIAL PLAN—Certain Reports."

The State

The State ended the 2014-2015 fiscal year with a general fund balance of $7.3 billion, reflecting the impact of monetary settlements with financial institutions. The State Legislature completed action on the $142 billion budget for the 2015-2016 fiscal year on April 1, 2015 (the "Enacted Budget"). The Enacted Budget provides for balanced operations on a cash basis in the State's General Fund (the "General Fund"), as required by law. The State released its Annual Information Statement, which reflects the Enacted Budget and the State's financial plan for fiscal years 2016-2019, on June 3, 2015 (the "Annual Information Statement"). The State released updates to the Annual Information Statement in August, 2015 and November, 2015 (the "November Update"). The State released its third quarterly update to the Annual Information Statement, which reflects the State Financial Plan (as defined below), on March 1, 2016.

The State's Fiscal Year 2017 Executive Budget Financial Plan, as amended (the "State Financial Plan"), estimates that the State's General Fund will remain in balance in fiscal year 2017, consistent with the Enacted Budget described in the Annual Information Statement. General Fund receipts, including transfers from other funds, are expected to total $70.3 billion in fiscal year 2016, an increase of $700 million compared to the November Update, primarily due to an increase in monetary settlements. The State forecasts ending fiscal year 2016 with a General Fund balance of $5.0 billion, an increase of $426 million compared to the November Update. The State forecasts ending fiscal year 2017 with a General Fund balance of $3.2 billion, a decrease of $1.8 billion from the fiscal year 2016 closing balance, primarily due to the transfers of monetary settlements. The State projects General Fund surpluses in fiscal years 2018, 2019 and 2020 of $522 million, $98 million and $948 million, respectively, if all of the proposed tax actions are approved by the State Legislature. The proposed tax actions consist of lower taxes on small businesses, the establishment of education tax credits and toll tax credits, among others.

The State Financial Plan projections for fiscal year 2017-2018 and thereafter reflect an assumption that the Governor will continue to propose, and the State Legislature will continue to enact, balanced budgets in future years that limit annual growth in State operating funds to no greater than 2 percent. The Governor's 2017 Executive Budget is a proposal and there can be no assurance that the State Legislature will not make changes that have an adverse impact on the budgetary projections contained therein or that it will take final action in the Governor's 2017 Executive Budget prior to the start of the State's fiscal year 2017 on April 1, 2016.

The Annual Information Statement, as updated, and the State Financial Plan identify a number of risks inherent in the implementation of the budget and the State Financial Plan. Such risks include, but are not limited to, the strength and duration of the economic recovery; the impact of federal deficit reduction measures; the performance of the national and State economies; the impact of international events on consumer confidence, oil supplies and oil prices; changes in the size of the State's workforce; the realization of the projected rate of return for pension fund assets and current assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the impact of behavioral changes concerning financial sector profitability and the structure of financial sector bonuses, as well as any future legislation governing the structure of compensation; the impact of financial and real estate market developments on bonus income and capital gains realizations; shifts in monetary policy affecting interest rates and the financial markets; the impact of consumer spending on State tax collections; increased demand in entitlement-based and claims-based programs such as Medicaid, public assistance and general public health; the ability of the State to successfully market its securities; litigation against the State; actions taken by the federal government, including audits, disallowances, and changes in aid levels; changes to Medicaid rules; environmental and weather related events; and risks concerning the implementation of gap-closing actions, including reductions in State agency spending.

SECTION II: THE BONDS

General

The Bonds are general obligations of the City issued pursuant to the Constitution and laws of the State, including the Local Finance Law (the "LFL"), and the City Charter and in accordance with bond resolutions of the Mayor and a certificate of the Deputy Comptroller for Public Finance (with related proceedings, the "Certificate"). The Bonds mature and bear interest as described on the cover page of this Reoffering Circular and contain a pledge of the City's faith and credit for the payment of the principal of, redemption premium, if any, and interest on the Bonds. The State Constitution requires that the City pledge its faith and credit to the payment of its bonds and notes. All real property subject to taxation by the City is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Bonds. The City is not permitted by the State Constitution to issue revenue bonds.

Adjustable Rate Bonds

For additional terms of the Bonds not included in this SECTION II, see the cover page, the inside cover page, "APPENDIX D—DEFINITIONS" and "APPENDIX E—MULTI-MODAL BONDS." All or a portion of the Bonds of a Subseries may be converted to other Rate Modes as described in "APPENDIX E—MULTI-MODAL BONDS—Conversion to an Alternate Rate Mode." Any such Conversion, except with respect to Conversions of all (but not less than all) of a Subseries between the Daily Rate Mode, Weekly Rate Mode and Two-Day Mode, would result in a mandatory tender of the Bonds being so converted. This Reoffering Circular only describes the Bonds bearing interest at a Daily Rate, Two-Day Rate, Weekly Rate or Commercial Paper Rate. The initial Credit Facility only supports the Bonds bearing interest at a Weekly Rate. Under the Certificate, it is a condition to Conversion to a Daily Rate Mode, Weekly Rate Mode, Two-Day Mode or Commercial Paper Mode that the City provide a Standby Agreement covering the Bonds in such Mode. It is currently anticipated that, should any Bonds be Converted to a Term Rate, Fixed Rate, Stepped Coupon Rate, Index Rate or Auction Rate, a remarketing circular will be distributed describing such Term Rate, Fixed Rate, Stepped Coupon Rate, Index Rate or Auction Rate.

Payment Mechanism

Pursuant to the Financial Emergency Act, a general debt service fund (the "General Debt Service Fund" or the "Fund") has been established for City bonds and certain City notes. Pursuant to the Act, payments of the City real estate tax must be deposited upon receipt in the Fund, and retained under a statutory formula, for the payment of debt service (with exceptions for debt service, such as principal of seasonal borrowings, that is set aside under other procedures). The statutory formula has in recent years resulted in retention of sufficient real estate taxes to comply with the City Covenants (as defined in "—Certain Covenants and Agreements"). If the statutory formula does not result in retention of sufficient real estate taxes to comply with the City Covenants, the City will comply with the City Covenants either by providing for early retention of real estate taxes or by making cash payments into the Fund. The principal of and interest on the Bonds will be paid from the Fund until the Act expires, and thereafter from a separate fund maintained in accordance with the City Covenants. Since its inception in 1978, the Fund has been fully funded at the beginning of each payment period.

If the Control Board determines that retentions in the Fund are likely to be insufficient to provide for the debt service payable therefrom, it must require that additional real estate tax revenues be retained or other cash resources of the City be paid into the Fund. In addition, the Control Board is required to take such action as it determines to be necessary so that the money in the Fund is adequate to meet debt service requirements. For information regarding the termination date of the Act, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Emergency Act and City Charter.*"

Enforceability of City Obligations

As required by the State Constitution and applicable law, the City pledges its faith and credit for the payment of the principal of and interest on all City indebtedness. Holders of City debt obligations have a contractual right to full payment of principal and interest when due. If the City fails to pay principal or interest, the holder has the right to sue and is entitled to the full amount due, including interest to maturity at the stated rate and at the rate authorized by law thereafter until payment. Under the New York General Municipal Law, if the City fails to pay any money judgment, it is the duty of the City to assess, levy and cause to be collected amounts sufficient to pay the judgment. Decisions indicate that judicial enforcement of statutes such as this provision in the New York General Municipal Law is within the discretion of a court. Other judicial decisions also indicate that a money judgment against a municipality may not be enforceable against municipal property devoted to public use.

The rights of the owners of Bonds to receive interest, principal and applicable redemption premium, if any, from the City could be adversely affected by a restructuring of the City's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of City securities (including the Bonds) to payment from money retained in the Fund or from other sources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such money might then be available for the payment of all City creditors generally. Judicial enforcement of the City's obligation to make payments into the Fund, of the obligation to retain money in the Fund, of the rights of holders of bonds and notes of the City to money in the Fund, of the obligations of the City under the City Covenants and of the State under the State Pledge and Agreement (in each case, as defined in "—Certain Covenants and Agreements") may be within the discretion of a court. For further information concerning rights of owners of Bonds against the City, see "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities."

Certain Covenants and Agreements

The City will covenant that: (i) a separate fund or funds for the purpose of paying principal of and interest on bonds and interest on notes of the City (including required payments into, but not from, City sinking funds) shall be maintained by an officer or agency of the State or by a bank or trust company; and (ii) not later than the last day of each month, there shall be on deposit in a separate fund or funds an amount sufficient to pay principal of and interest on bonds and interest on notes of the City due and payable in the next succeeding month. The City currently uses the debt service payment mechanism described above to perform these covenants. The City will further covenant in the Bonds to provide a general reserve for each fiscal year to cover potential reductions in its projected revenues or increases in its projected expenditures during each such fiscal year, to comply with the financial reporting requirements of the Act, as in effect from time to time, to limit its issuance of bond anticipation notes as required by the Act, as in effect from time to time, to include as terms of the Bonds the applicable variable rate provisions and to comply with such provisions and with the statutory restrictions on variable rate bonds in effect from time to time.

The State pledges and agrees in the Financial Emergency Act that the State will not take any action that will impair the power of the City to comply with the covenants described in the preceding paragraph (the "City Covenants") or any right or remedy of any owner of the Bonds to enforce the City Covenants (the "State Pledge and Agreement"). The City will covenant to make continuing disclosure with respect to the Bonds (the "Undertaking") to the extent summarized in "SECTION IX: OTHER INFORMATION—Continuing Disclosure Undertaking." In the opinion of Bond Counsel, the enforceability of the City Covenants, the Undertaking and the State Pledge and Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases. The City Covenants, the Undertaking and the State Pledge and Agreement shall be of no force and effect with respect to any Bond if there is a deposit in trust with a bank or trust company of sufficient cash or equivalents to pay when due all principal of, applicable redemption premium, if any, and interest on such Bond.

Credit Facility

Sumitomo Mitsui Banking Corporation, acting through its New York Branch, has agreed to provide a Credit Facility in the form of an irrevocable letter of credit with respect to the Bonds. The Credit Facility provides coverage for the principal of the tendered Bonds and up to 35 days accrued interest on such Bonds at a maximum interest rate of 9%. The Bonds are subject to mandatory tender upon a failure by the City to pay the principal or interest on such Bonds when due. The scheduled expiration date for the Credit Facility is listed on the cover page hereof. For a description of certain provisions of the Credit Facility, see "APPENDIX E—MULTI-MODAL BONDS." The form of the Letter of Credit issued pursuant to the terms and conditions of the Reimbursement Agreement, dated as of March 1, 2016, between the City and the Bank is attached hereto as "APPENDIX I—THE CREDIT FACILITY." For information regarding the Bank, see "APPENDIX H—THE BANK.

Optional Redemption

The Bonds are subject to redemption (or purchase in lieu thereof if permitted by the Certificate) prior to maturity, at a redemption price equal to the principal amount thereof, plus accrued interest, without premium, at the option of the City, in whole or in part, on any Optional Redemption Date, which, for Bonds in the Daily Rate Mode, Two-Day Mode or the Weekly Rate Mode is any Business Day, upon 30 days' written notice to Bondholders.

The City may select the amount of Bonds for optional redemption in its sole discretion. In the event that less than all the Bonds are to be redeemed, the Bonds shall be selected for redemption as prescribed by the Certificate.

On and after any redemption date, interest will cease to accrue on the Bonds called for redemption.

Mandatory Redemption

The Bonds are Term Bonds subject to mandatory redemption upon 30 days' (but not more than 60 days') notice to Bondholders, by lot within each stated maturity, on each August 1 (or other Mandatory Redemption Date specified for the applicable Rate Mode) at a redemption price equal to the principal amount thereof, plus accrued interest, without premium, in the amounts set forth below:

Subseries J-8

August 1	Amount
2020	$45,160,000
2021*	28,900,000

* *Stated maturity.*

At the option of the City, there shall be applied to or credited against any of the required amounts the principal amount of any such Term Bonds that have been defeased, purchased or redeemed and not previously so applied or credited.

Defeased Term Bonds shall, at the option of the City, no longer be entitled, but may be subject, to the provisions thereof for mandatory redemption.

Notice of Redemption

When Bonds are redeemed, the City will give notice of redemption only to DTC (not to the Beneficial Owners of the Bonds) not less than 30 nor more than 60 days prior to the date fixed for redemption.

Mandatory and Optional Tender

The Bonds are subject to mandatory and optional tender as described in "APPENDIX E—MULTI-MODAL BONDS."

Special Considerations Relating to the Bonds

The information under this caption "Special Considerations Relating to the Bonds" was provided by the Remarketing Agent and is not the responsibility of the City.

The Remarketing Agent is Paid By the City. The responsibilities of the Remarketing Agent include determining the interest rate from time to time and remarketing the Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Certificate and the Remarketing Agreement), all as further described in this Reoffering Circular. The Remarketing Agent is appointed by the City and is paid by the City for its services. As a result, the interests of the Remarketing Agent may differ from those of existing Holders and potential purchasers of Bonds.

The Remarketing Agent Routinely Purchases Bonds for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Bonds for its own account and, in its sole discretion, may routinely acquire such tendered Bonds in order to achieve a successful remarketing of the Bonds (i.e., because there otherwise are not enough buyers to purchase the Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Bonds by routinely purchasing and selling Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Bonds. The Remarketing Agent may also sell any Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Bonds. The purchase of Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the Bonds in the market than is actually the case. The practices described above also may result in fewer Bonds being tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date Including an Interest Rate Determination Date. Pursuant to the Certificate and the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Bonds it remarkets at par plus accrued interest, if any, on the applicable interest rate determination date. The interest rate will reflect, among other factors, the level of market demand for such Bonds (including whether the Remarketing Agent is willing to purchase Bonds for its own account). There may or may not be Bonds tendered and remarketed on an interest rate determination date, the Remarketing Agent may or may not be able to remarket any Bonds tendered for purchase on such date at par and the Remarketing Agent may sell Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Bonds it remarkets at the remarketing price. In the event the Remarketing Agent owns any Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Bonds on any date, including the interest rate determination date, at a discount to par to some investors.

The Ability to Sell the Bonds Other Than Through the Tender Process May Be Limited. The Remarketing Agent may buy and sell Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require Holders that wish to tender their Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Bonds other than by tendering the Bonds in accordance with the tender process. The Credit Facility is only available to purchase the Bonds tendered in accordance with the tender process.

The Remarketing Agent May Cease Remarketing the Bonds. Under certain circumstances the Remarketing Agent may cease remarketing the Bonds, subject to the terms of the Remarketing Agreement.

Supplemental Certificates

For any one or more of the following purposes and at any time or from time to time, the City may enter into a supplement to the Certificate:

(a) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision relating to the Adjustable Rate Bonds;

(b) to identify particular Adjustable Rate Bonds for purposes not inconsistent with the Certificate, including credit or liquidity support, remarketing, serialization and defeasance; or

(c) to insert such provisions with respect to the Adjustable Rate Bonds as are necessary or desirable and are not to the prejudice of the Bondholders.

Each supplement is conditioned upon delivery to the City of a Favorable Opinion of Bond Counsel.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, acts as securities depository for the Bonds. Reference to the Bonds under this caption "Book-Entry Only System" shall mean all Bonds held through DTC. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds of a series or subseries, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions, in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission.

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

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption notices will be sent to DTC. If less than all of the Bonds within a series, subseries, maturity or interest rate are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series, subseries, maturity or interest rate to be redeemed.

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

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent and the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Tender Agent's DTC account.

The services of DTC as securities depository with respect to the Bonds of a series or subseries may be discontinued at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates of such series or subseries will be printed and delivered.

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

No assurance can be given by the City that DTC will make prompt transfer of payments to the Participants or that Participants will make prompt transfer of payments to Beneficial Owners. The City is not responsible or liable for payment by DTC or Participants or for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or Participants.

For every transfer and exchange of the Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other charge that may be imposed in relation thereto.

Unless otherwise noted, certain of the information contained under this caption "Book-Entry Only System" has been extracted from information furnished by DTC. Neither the City nor the Remarketing Agent make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

SECTION III: GOVERNMENT AND FINANCIAL CONTROLS

Structure of City Government

The City of New York is divided into five counties, which correspond to its five boroughs. The City, however, is the only unit of local government within its territorial jurisdiction with authority to levy and collect taxes, and is the unit of local government primarily responsible for service delivery. Responsibility for governing the City is currently vested by the City Charter in the Mayor, the City Comptroller, the City Council, the Public Advocate and the Borough Presidents.

— *The Mayor.* Bill de Blasio, the Mayor of the City, took office on January 1, 2014. The Mayor is elected in a general election for a four-year term and is the chief executive officer of the City. The Mayor has the power to appoint the commissioners of the City's various departments. The Mayor is responsible for preparing and administering the City's annual Expense and Capital Budgets (as defined below) and financial plan. The Mayor has the power to veto local laws enacted by the City Council, but such a veto may be overridden by a two-thirds vote of the City Council. The Mayor has powers and responsibilities relating to land use and City contracts and all residual powers of the City government not otherwise delegated by law to some other public official or body. The Mayor is also a member of the Control Board.

— *The City Comptroller.* Scott M. Stringer, the Comptroller of the City, took office on January 1, 2014. The City Comptroller is elected in a general election for a four-year term and is the chief fiscal officer of the City. The City Comptroller has extensive investigative and audit powers and responsibilities which include keeping the financial books and records of the City. The City Comptroller's audit responsibilities include a program of performance audits of City agencies in connection with the City's management, planning and control of operations. In addition, the City Comptroller is required to evaluate the Mayor's budget, including the assumptions and methodology used in the budget. The Office of the City Comptroller is responsible under the City Charter and pursuant to State law and City investment guidelines for managing and investing City funds for operating and capital purposes. The City Comptroller is also a member of the Control Board and is a trustee, the custodian and the delegated investment advisor of the City's five pension systems.

— *The City Council.* The City Council is the legislative body of the City and consists of the Public Advocate and 51 members elected for four-year terms who represent various geographic districts of the City. Under the City Charter, the City Council must annually adopt a resolution fixing the amount of the real estate tax and adopt the City's annual Expense Budget and Capital Budget. The City Council does not, however, have the power to enact local laws imposing other taxes, unless such taxes have been authorized by State legislation. The City Council has powers and responsibilities relating to franchises and land use and as provided by State law.

— *The Public Advocate.* Letitia James, the Public Advocate, took office on January 1, 2014. The Public Advocate is elected in a general election for a four-year term. The Public Advocate is first in the line of succession to the Mayor in the event of the disability of the Mayor or a vacancy in the office, pending an election to fill the vacancy. The Public Advocate appoints a member of the City Planning Commission and has various responsibilities relating to, among other things, monitoring the activities of City agencies, the investigation and resolution of certain complaints made by members of the public concerning City agencies and ensuring appropriate public access to government information and meetings.

— *The Borough Presidents.* Each of the City's five boroughs elects a Borough President who serves for a four-year term concurrent with other City elected officials. The Borough Presidents consult with the

Mayor in the preparation of the City's annual Expense Budget and Capital Budget. Five percent of discretionary increases proposed by the Mayor in the Expense Budget and, with certain exceptions, five percent of the appropriations supported by funds over which the City has substantial discretion proposed by the Mayor in the Capital Budget, must be based on appropriations proposed by the Borough Presidents. Each Borough President also appoints one member to the Panel for Educational Policy (as defined below) and has various responsibilities relating to, among other things, reviewing and making recommendations regarding applications for the use, development or improvement of land located within the borough, monitoring and making recommendations regarding the performance of contracts providing for the delivery of services in the borough and overseeing the coordination of a borough-wide public service complaint program.

On November 2, 2010, the City Charter was amended to provide that no person shall be eligible to be elected to or serve in the office of Mayor, Public Advocate, Comptroller, Borough President or Council member if that person has previously held such office for two or more consecutive full terms, unless one full term or more has elapsed since that person last held such office. Such term limit applies only to officials first elected to office on or after November 2, 2010.

City Financial Management, Budgeting and Controls

The Mayor is responsible under the City Charter for preparing the City's annual expense and capital budgets (as adopted, the "Expense Budget" and the "Capital Budget," respectively, and collectively, the "Budgets") and for submitting the Budgets to the City Council for its review and adoption. The Expense Budget covers the City's annual operating expenditures for municipal services, while the Capital Budget covers expenditures for capital projects, as defined in the City Charter. Operations under the Expense Budget must reflect the aggregate expenditure limitations contained in financial plans.

The City Council is responsible for adopting the Expense Budget and the Capital Budget. Pursuant to the City Charter, the City Council may increase, decrease, add or omit specific units of appropriation in the Budgets submitted by the Mayor and add, omit or change any terms or conditions related to such appropriations. The City Council is also responsible, pursuant to the City Charter, for approving modifications to the Expense Budget and adopting amendments to the Capital Budget beyond certain latitudes allowed to the Mayor under the City Charter. However, the Mayor has the power to veto any increase or addition to the Budgets or any change in any term or condition of the Budgets approved by the City Council, which veto is subject to an override by a two-thirds vote of the City Council, and the Mayor has the power to implement expenditure reductions subsequent to adoption of the Expense Budget in order to maintain a balanced budget. In addition, the Mayor has the power to determine the non-property tax revenue forecast on which the City Council must rely in setting the property tax rates for adopting a balanced City budget.

Office of Management and Budget

The City's Office of Management and Budget ("OMB"), with a staff of approximately 340, is the Mayor's primary advisory group on fiscal issues and is also responsible for the preparation, monitoring and control of the City's Budgets and four-year financial plans. In addition, OMB is responsible for the preparation of a Ten-Year Capital Strategy.

State law and the City Charter require the City to maintain its Expense Budget balanced when reported in accordance with GAAP. For fiscal years 2009 and 2010, the City was authorized to phase in implementation of GASB 49 for budgetary purposes. In June 2010, the Financial Emergency Act was amended to permanently waive the budgetary impact of GASB 49 by allowing the City to include certain pollution remediation costs in its capital budget and to finance such costs with the issuance of bonds. In addition to the Budgets, the City prepares a four-year financial plan which encompasses the City's revenue, expenditure, cash flow and capital projections. All Covered Organizations (as defined below) are also required to maintain budgets that are balanced when reported in accordance with GAAP. From time to time certain Covered Organizations have had budgets providing for operations on a cash basis but not balanced under GAAP.

To assist in achieving the goals of the financial plan and budget, the City reviews its financial plan periodically and, if necessary, prepares modifications to incorporate actual results and revisions to projections and assumptions to reflect current information. The City's revenue projections are continually reviewed and periodically updated with the benefit of discussions with a panel of private economists analyzing the effects of changes in economic indicators on City revenues and information from various economic forecasting services.

Office of the Comptroller

The City Comptroller is the City's chief fiscal officer and is responsible under the City Charter for reviewing and commenting on the City's Budgets and financial plans, including the assumptions and methodologies used in their preparation. The City Comptroller, as an independently elected public official, is required to report annually to the City Council on the state of the City's economy and finances and periodically to the Mayor and the City Council on the financial condition of the City and to make recommendations, comments and criticisms on the operations, fiscal policies and financial transactions of the City. Such reports, among other things, have differed with certain of the economic, revenue and expenditure assumptions and projections in the City's financial plans and Budgets. See "SECTION VII: FINANCIAL PLAN—Certain Reports."

The Office of the City Comptroller establishes the City's accounting and financial reporting practices and internal control procedures. The City Comptroller is also responsible for the preparation of the City's annual financial statements, which, since 1978, have been required to be reported in accordance with GAAP.

The Comprehensive Annual Financial Report of the Comptroller (the "CAFR") for the 2015 fiscal year, which includes, among other things, the City's financial statements for the 2015 fiscal year, was issued on October 30, 2015. The CAFR for the 2014 fiscal year received the Government Finance Officers Association award of the Certificate of Achievement for Excellence in Financial Reporting, the thirty-fifth consecutive year the CAFR has won such award.

All contracts for goods and services requiring the expenditure of City moneys must be registered with the City Comptroller. No contract can be registered unless funds for its payment have been appropriated by the City Council or otherwise authorized. The City Comptroller also prepares vouchers for payments for such goods and services and cannot prepare a voucher unless funds are available in the Budgets for its payment.

The City Comptroller is also required by the City Charter to audit all City agencies and has the power to audit all City contracts. The Office of the Comptroller conducts both financial and management audits and has the power to investigate corruption in connection with City contracts or contractors.

The Mayor and City Comptroller are responsible for the issuance of City indebtedness. The City Comptroller oversees the payment of such indebtedness and is responsible for the custody of certain sinking funds.

Financial Reporting and Control Systems

Since 1978, the City's financial statements have been required to be audited by independent certified public accountants and to be presented in accordance with GAAP. The City has completed thirty-five consecutive fiscal years with a General Fund surplus when reported in accordance with then applicable GAAP, except with regard to the application of GASB 49.

In fiscal year 2014, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"). The adoption of GASB 68 resulted in the restatement of the City's Fiscal Year 2013 government-wide financial statements. The City implemented GASB 68 concurrently with the implementation by the five major actuarial pension systems of GASB Statement No. 67 ("GASB 67"), Financial Reporting for Pension Plans. For further information about the implementation of GASB 67 and GASB 68 and the resulting impact on the City's financial statements, see "SECTION IX: OTHER INFORMATION—Pensions."

Both OMB and the Office of the Comptroller utilize a financial management system which provides comprehensive current and historical information regarding the City's financial condition. This information, which is independently evaluated by each office, provides a basis for City action required to maintain a balanced budget and continued financial stability.

The City's operating results and forecasts are analyzed, reviewed and reported on by each of OMB and the Office of the Comptroller as part of the City's overall system of internal control. Internal control systems are reviewed regularly, and the City Comptroller requires an annual report on internal control and accountability from each agency. Comprehensive service level and productivity targets are formulated and monitored for each agency by the Mayor's Office of Operations and reported publicly in a semiannual management report.

The City has developed and utilizes a cash forecasting system which forecasts its daily cash balances. This enables the City to predict its short-term borrowing needs and maximize its return on the investment of available cash balances. Monthly statements of operating revenues and expenditures, capital revenues and expenditures and cash flow are reported after each month's end, and major variances from the financial plan are identified and explained.

City funds held for operating and capital purposes are managed by the Office of the City Comptroller, with specific guidelines as to investment vehicles. The City invests primarily in obligations of the United States Government, its agencies and instrumentalities, high grade commercial paper and repurchase agreements with primary dealers. The repurchase agreements are collateralized by United States Government treasuries, agencies and instrumentalities, held by the City's custodian bank and marked to market daily.

More than 97% of the aggregate assets of the City's five defined benefit pension systems are managed by outside managers, supervised by the Office of the City Comptroller, and the remainder is held in cash or managed by the City Comptroller. Allocations of investment assets are determined by each fund's board of trustees. As of January 31, 2016, aggregate pension assets were allocated approximately as follows: 33.2% U.S. equity; 30.7% fixed income; 16.1% international equity; 6.6% private equity; 4.7% real assets; 2.5% opportunistic fixed income; 2.9% cash; 1.8% hedge funds; and 1.6% real estate investment trusts (percentages may not add to 100% due to rounding).

Financial Emergency Act and City Charter

The Financial Emergency Act requires that the City submit to the Control Board, at least 50 days prior to the beginning of each fiscal year (or on such other date as the Control Board may approve), a financial plan for the City and certain State governmental agencies, public authorities or public benefit corporations which receive or may receive monies from the City directly, indirectly or contingently (the "Covered Organizations") covering the four-year period beginning with such fiscal year. The New York City Transit Authority and the Manhattan and Bronx Surface Transit Operating Authority (collectively, "New York City Transit" or "NYCT" or "Transit Authority"), HHC and NYCHA are examples of Covered Organizations. The Act requires that the City's four-year financial plans conform to a number of standards. Subject to certain conditions, the Financial Emergency Act and the City Charter require the City to prepare and balance its budget covering all expenditures other than capital items so that the results of such budget will not show a deficit when reported in accordance with GAAP. Provision must be made, among other things, for the payment in full of the debt service on all City securities. The budget and operations of the City and the Covered Organizations must be in conformance with the financial plan then in effect.

From 1975 to June 30, 1986, the City was subject to a Control Period, as defined in the Act, which was terminated upon the satisfaction of the statutory conditions for termination, including the termination of all federal guarantees of obligations of the City, a determination by the Control Board that the City had maintained a balanced budget in accordance with GAAP for each of the three immediately preceding fiscal years and a certification by the State and City Comptrollers that sales of securities by or for the benefit of the City satisfied its capital and seasonal financing requirements in the public credit markets and were expected to satisfy such requirements in the 1987 fiscal year. With the termination of the Control Period, certain Control Board powers were suspended including, among others, its power to approve or disapprove certain contracts (including collective bargaining agreements), long-term and short-term borrowings, and the four-year financial plan and modifications thereto of the City and the Covered Organizations. Pursuant to the Act and the City Charter, the City is required to develop a four-year financial plan each year and to modify the plan as changing circumstances require. Under current law, prior to July 1, 2008, the Control Board was required to reimpose a Control Period upon the occurrence or substantial likelihood and imminence of the occurrence of any one of certain events specified in the Act. These events were (i) failure by the City to pay principal of or interest on any of its notes or bonds when due or payable, (ii) the existence of a City operating deficit of more than $100 million, (iii) issuance by the City of notes in violation of certain restrictions on short-term borrowing imposed by the Act, (iv) any violation by the City of any provision of the Act which substantially impaired the ability of the City to pay principal of or interest on its bonds or notes when due and payable or its ability to adopt or adhere to an operating budget balanced in accordance with the Act, or (v) joint certification by the State and City Comptrollers that they could not at that time make a joint certification that sales of securities in the public credit market by or for the benefit of the City during the immediately preceding fiscal year and the current fiscal year satisfied its capital and seasonal financing requirements during such period and that there was a substantial likelihood that such securities could be sold in the general public market from the date of the joint certification through the end of the next succeeding fiscal year in amounts that would satisfy substantially all of the capital and seasonal financing requirements of the City during such period in accordance with the financial plan then in effect.

In 2003, the State Legislature amended the Act to change its termination date from the *earlier* of July 1, 2008 or the date on which certain bonds are discharged to the *later* of July 1, 2008 or the date on which such bonds are discharged. The bonds referred to in the amended section of the Act are all bonds containing the State pledge and agreement authorized under section 5415 of the Act (the "State Covenant").

The State Covenant is authorized to be included in bonds of the City. Since enactment of this amendment to the Act, the City has not issued bonds containing the State Covenant. However, many City bonds issued prior to the amendment do contain the State Covenant. Because the City has issued such bonds with maturities as long as 30 years, the effect of the amendment was to postpone termination of the Act from July 1, 2008 to 2033 (or earlier if all City bonds containing the State Covenant are discharged). The State Legislature could, without violation of the State Covenant contained in the City's outstanding bonds, enact legislation that would terminate the Control Board and the Act because, at the time of issuance of those bonds, the termination date of the Act was July 1, 2008 (or the date of the earlier discharge of such bonds).

While the State Legislature amended the Act to extend the termination date of the Control Board, the power to impose or continue a Control Period terminated July 1, 2008. The power to impose or continue a Control Period is covered by a section of the Act that provides that no Control Period shall continue beyond the earlier of July 1, 2008 or the date on which all bonds containing the State Covenant are discharged. The State Legislature did not amend this provision. Therefore, under current law, although the Act continues in effect beyond July 1, 2008, no Control Period may be imposed after July 1, 2008.

Financial Review and Oversight

The Control Board, with the OSDC, reviews and monitors revenues and expenditures of the City and the Covered Organizations. In addition, the IBO has been established pursuant to the City Charter to provide analysis to elected officials and the public on relevant fiscal and budgetary issues affecting the City.

The Control Board is required to: (i) review the four-year financial plan of the City and of the Covered Organizations and modifications thereto; (ii) review the operations of the City and the Covered Organizations, including their compliance with the financial plan; and (iii) review certain contracts, including collective bargaining agreements, of the City and the Covered Organizations. The requirement to submit four-year financial plans and budgets for review was in response to the severe financial difficulties and loss of access to the credit markets encountered by the City in 1975. The Control Board must reexamine the financial plan on at least a quarterly basis to determine its conformance to statutory standards.

The *ex officio* members of the Control Board are the Governor of the State of New York (Chairman); the Comptroller of the State of New York; the Mayor of The City of New York; and the Comptroller of The City of New York. In addition, there are three private members appointed by the Governor. The Executive Director of the Control Board is appointed jointly by the Governor and the Mayor. The Control Board is assisted in the exercise of its responsibilities and powers under the Financial Emergency Act by the State Deputy Comptroller.

SECTION IV: SOURCES OF CITY REVENUES

The City derives its revenues from a variety of local taxes, user charges and miscellaneous revenues, as well as from federal and State unrestricted and categorical grants. State aid as a percentage of the City's revenues has remained relatively constant over the period from 1980 to 2015, while federal aid has been sharply reduced. The City projects that local revenues will provide approximately 73.0% of total revenues in the 2016 fiscal year while federal aid, including categorical grants, will provide 10.6%, and State aid, including unrestricted aid and categorical grants, will provide 16.4%. Adjusting the data for comparability, local revenues provided approximately 60% of total revenues in 1980, while federal and State aid each provided approximately 20%. A discussion of the City's principal revenue sources follows. For additional information regarding assumptions on which the City's revenue projections are based, see "SECTION VII: FINANCIAL PLAN—Assumptions." For information regarding the City's tax base, see "APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION."

Real Estate Tax

The real estate tax, the single largest source of the City's revenues, is the primary source of funds for the City's General Debt Service Fund. The City expects to derive approximately 42.3% of its total tax revenues and 27.6% of its total revenues for the 2016 fiscal year from the real estate tax. For information concerning tax revenues and total revenues of the City for prior fiscal years, see "SECTION VI: FINANCIAL OPERATIONS—2011-2015 Summary of Operations."

The State Constitution authorizes the City to levy a real estate tax without limit as to rate or amount (the "debt service levy") to cover scheduled payments of the principal of and interest on indebtedness of the City. However, the State Constitution limits the amount of revenue which the City can raise from the real estate tax for operating purposes (the "operating limit") to 2.5% of the average full value of taxable real estate in the City for the current and the last four fiscal years, which amount may be further limited by the State Constitution or laws. On June 24, 2011 the Governor signed into law the State's tax levy limitation law which restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a municipality in a particular year. Such law does not apply to the City. Although legislation applying such law to the City has been proposed in each year since it was enacted, it has never passed. Similarly, the City does not believe that currently proposed legislation will be enacted into law. Were it to do so, it would have a material adverse impact on projected City revenues. The table below sets forth the percentage the debt service levy represents of the total levy. The City Council has adopted a distinct tax rate for each of the four categories of real property established by State legislation.

COMPARISON OF REAL ESTATE TAX LEVIES, TAX LIMITS AND TAX RATES

Fiscal Year	Total Levy(1)	Levy Within Operating Limit	Debt Service Levy(2)	Debt Service Levy as a Percentage of Total Levy	Operating Limit	Levy Within Operating Limit as a Percentage of Operating Limit	Rate Per $100 of Full Valuation(3)	Average Tax Rate Per $100 of Assessed Valuation
				(Dollars in Millions, except for Tax Rates)				
2011	18,323.7	16,418.4	921.2	5.0	18,898.5	86.9	2.17	12.28
2012	19,284.5	17,181.1	1,135.5	5.9	18,936.0	90.7	2.28	12.28
2013	20,133.2	16,239.9	2,896.2	14.4	19,101.9	85.0	2.35	12.28
2014	21,285.5	18,779.8	1,435.8	6.7	19,601.7	95.8	2.36	12.28
2015	22,591.5	17,923.1	3,623.5	16.0	20,164.1	88.9	2.43	12.28
2016	24,145.0	20,761.2	2,310.6	9.6	21,130.6	98.3	2.45	12.28

(1) As approved by the City Council.

(2) The debt service levy includes a portion of the total reserve for uncollected real estate taxes.

(3) Full valuation is based on the special equalization ratios (discussed below) and the billable assessed valuation. Special equalization ratios and full valuations are revised periodically as a result of surveys by the State Office of Real Property Tax Services.

Assessment

The City has traditionally assessed real property at less than market value. The State Office of Real Property Tax Services (the "State Office") is required by law to determine annually the relationship between taxable assessed value and market value which is expressed as the "special equalization ratio." The special equalization ratio is used to compute full value for the purpose of measuring the City's compliance with the operating limit and general debt limit. For a discussion of the City's debt limit, see "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness.*" The ratios are calculated by using the most recent market value surveys available and a projection of market value based on recent survey trends, in accordance with methodologies established by the State Office from time to time. Ratios, and therefore full values, may be revised when new surveys are completed. The ratios and full values shown in the table below, which were used to compute the 2016 fiscal year operating limit and general debt limit, have been established by the State Office and include the results of the fiscal year 2014 market value survey.

BILLABLE ASSESSED AND FULL VALUE OF TAXABLE REAL ESTATE(1)

Fiscal Year	Billable Assessed Valuation of Taxable Real Estate(2)	÷	Special Equalization Ratio	=	Full Valuation(2)
2012	$157,121,003,987		0.2048		$767,192,402,280
2013	164,036,985,806		0.2081		788,260,383,498
2014	173,429,032,559		0.2075		835,802,566,549
2015	184,059,201,523		0.2087		881,931,967,048
2016	196,710,908,548		0.1995		986,019,591,719
				Average:	$851,841,382,219

(1) Also assessed by the City, but excluded from the computation of taxable real estate, are various categories of property exempt from taxation under State law. For the 2016 fiscal year, the billable assessed value of all real estate (taxable and exempt) was $339.9 billion comprised of $122.2 billion of fully exempt real estate, $68.9 billion of partially taxable real estate and $148.8 billion of fully taxable real estate.

(2) Figures are based on estimates of the special equalization ratio which are revised annually. These figures are derived from official City Council Tax Resolutions adopted with respect to the 2016 fiscal year. These figures differ from the assessed and full valuation of taxable real estate reported in the CAFR, which excludes veterans' property subject to tax for school purposes and is based on estimates of the special equalization ratio which are not revised annually.

State law provides for the classification of all real property in the City into one of four statutory classes. Class one primarily includes one-, two- and three-family homes; class two includes certain other residential property not included in class one; class three includes most utility real property; and class four includes all other real property. The total tax levy consists of four tax levies, one for each class. Once the tax levy is set for each class, the tax rate for each class is then fixed annually by the City Council by dividing the levy for such class by the billable assessed value for such class.

Assessment procedures differ for each class of property. For fiscal year 2016, class one was assessed at approximately 6% of market value and classes two, three and four were each assessed at 45.0% of market value. In addition, individual assessments on class one parcels cannot increase by more than 6% per year or 20% over a five-year period. Market value increases and decreases for most of class two and all of class four are phased in over a period of five years. Increases in class one market value in excess of applicable limitations are not phased in over subsequent years. There is also no phase in for class three property.

Class two and class four real property have three assessed values: actual, transition and billable. Actual assessed value is established for all tax classes without regard to the five-year phase-in requirement applicable to most class two and all class four properties. The transition assessed value reflects this phase-in. Billable assessed value is the basis for tax liability and is the lower of the actual or transition assessment.

The share of the total levy that can be borne by each class is regulated by the provisions of the State Real Property Tax Law. Each class share of the total tax levy is updated annually to reflect new construction, demolition, alterations or changes in taxable status and is subject to limited adjustment to reflect market value changes among the four classes. Class share adjustments are limited to a 5% maximum increase per year. Maximum class increases below 5% must be, and typically are, approved by the State legislature. Fiscal year 2016 tax rates were set on June 26, 2015 and reflect a 5% limitation on the market value adjustment for 2015. The average tax rate for fiscal year 2016 was maintained at $12.28 per $100 of assessed value.

City real estate tax revenues may be reduced in future fiscal years as a result of tax refund claims asserting overvaluation, inequality of assessment and illegality. The State Office annually certifies various class ratios and class equalization rates relating to the four classes of real property in the City. "Class ratios" are determined for each class by the State Office by calculating the ratio of assessed value to market value. Various proceedings challenging assessments of real property for real estate tax purposes are pending. For further information regarding the City's potential exposure in certain of these proceedings, see "SECTION IX: OTHER INFORMATION—Litigation—*Taxes*" and "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.5."

Trend in Taxable Assessed Value

State law provides for increases in assessed values of most properties to be phased into property tax bills over five-year periods. For fiscal year 2010, billable assessed valuation rose by $8.8 billion to $141.8 billion. The billable assessed valuation as determined by the City Department of Finance rose to $147.6 billion, $155.4 billion, $162.3 billion, $171.7 billion, $182.5 billion and $195.2 billion for fiscal years 2011 through 2016, respectively. The Department of Finance released the tentative assessment roll for fiscal year 2017 on January 15, 2016. The billable assessed value rose by $15.8 billion over the 2016 assessment roll to $211 billion, reflecting growth of 8.1%. However, the final roll for fiscal year 2017, which is expected to be released in May 2016, is expected to show a growth of 6.7% over fiscal year 2016. With moderate growth forecast in the class two and class four market values combined with a deflated level of existing pipeline of deferred assessment increases yet to be phased in, the billable assessed valuations are forecast to grow by 6.0%, 5.3% and 4.6% in fiscal years 2018 through 2020, respectively.

Collection of the Real Estate Tax

Real estate tax payments are due each July 1 and January 1. Owners of all properties assessed at $250,000 or less are eligible to make tax payments in quarterly installments on July 1, October 1, January 1 and April 1. An annual interest rate of 9% compounded daily is imposed upon late payments on properties with an assessed value of $250,000 or less except in the case of (i) any parcel with respect to which the real estate taxes are held in escrow and paid by a mortgage escrow agent and (ii) parcels consisting of vacant or unimproved land. An interest rate of 18% compounded daily is imposed upon late payments on all other properties. These interest rates are set annually.

The City primarily uses two methods to enforce the collection of real estate taxes. The City has been authorized to sell real estate tax liens on class one properties which are delinquent for at least three years and class two, three and four properties which are delinquent for at least one year. The authorization to sell real estate tax liens was extended through December 31, 2016. In addition, the City is entitled to foreclose delinquent tax liens by *in rem* proceedings after one year of delinquency with respect to properties other than one- and two-family dwellings and condominium apartments for which the annual tax bills do not exceed $2,750, as to which a three-year delinquency rule is in effect.

The real estate tax is accounted for on a modified accrual basis in the General Fund. Revenue accrued is limited to prior year payments received, offset by refunds made, within the first two months of the following fiscal year. In deriving the real estate tax revenue forecast, a reserve is provided for cancellations or abatements of taxes and for nonpayment of current year taxes owed and outstanding as of the end of the fiscal year.

The following table sets forth the amount of delinquent real estate taxes (owed and outstanding as of the end of the fiscal year of levy) for each of the fiscal years indicated. Delinquent real estate taxes do not include real estate taxes subject to cancellation or abatement under various exemption or abatement programs. Delinquent real estate taxes generally increase during a recession and when the real estate market deteriorates. Delinquent real estate taxes generally decrease as the City's economy and real estate market recover.

From time to time, the City sells tax liens to separate statutory trusts. In fiscal years 2011 through 2015, the City's tax lien program resulted in net proceeds of approximately $2.4 million, $81.6 million, $86.7 million, $81.2 million and $96.0 million, respectively. The Financial Plan reflects receipt of $80 million in fiscal year 2016 from the tax lien program.

REAL ESTATE TAX COLLECTIONS AND DELINQUENCIES

Fiscal Year	Tax Levy(1)	Tax Collections on Current Year Levy	Tax Collections as a Percentage of Tax Levy	Prior Year (Delinquent Tax) Collections	Refunds	Cancellations, Net Credits, Abatements, Exempt Property Restored and Shelter Rent	Delinquent as of End of Fiscal Year	Delinquency as a Percentage of Tax Levy	Lien Sale Program(2)
	(Dollars In Millions)								
2011	$18,323.7	$16,830.2	91.8%	$265.7	$(230.0)	$(1,093.0)	$(400.5)	2.19%	$ 2.4
2012	19,284.5	17,820.6	92.4	283.9	(240.6)	(1,129.5)	(334.4)	1.73	81.6
2013	20,133.2	18,710.4	92.9	305.9	(352.5)	(1,119.0)	(303.7)	1.51	86.7
2014	21,285.5	19,909.2	93.5	280.5	(293.5)	(1,070.6)	(305.5)	1.44	81.2
2015	22,591.5	21,107.2	93.4	318.5	(204.5)	(1,129.7)	(354.6)	1.57	96.0
2016(3)	24,145.0	22,456.2	93.0	295.0	(275.0)	(1,238.5)	(450.3)	1.86	80.0

(1) As approved by the City Council.

(2) Includes repurchases of defective tax liens amounting to $14.2 million in the 2011 fiscal year.

(3) Forecast.

Other Taxes

The City expects to derive 57.7% of its total tax revenues for the 2016 fiscal year from a variety of taxes other than the real estate tax, such as: (i) the 4.5% sales and compensating use tax, which commenced August 1, 2009, in addition to the 4% sales and use tax imposed by the State upon receipts from retail sales of tangible personal property and certain services in the City; (ii) the personal income tax on City residents; (iii) a general corporation tax levied on the income of corporations doing business in the City; and (iv) a banking corporation tax imposed on the income of banking corporations doing business in the City.

For local taxes other than the real estate tax, the City may adopt and amend local laws for the levy of local taxes to the extent authorized by the State. This authority can be withdrawn, amended or expanded by State legislation.

Revenues from taxes other than the real estate tax in the 2015 fiscal year increased by $2.25 billion, an increase of approximately 8% from the 2014 fiscal year. The following table sets forth, by category, revenues from taxes, other than the real estate tax, for each of the City's 2011 through 2015 fiscal years.

	2011	2012	2013	2014	2015
		(In Millions)			
Personal Income(1)	$ 8,138	$ 8,531	$ 9,778	$10,152	$11,264
General Corporation	2,278	2,447	2,692	2,766	2,873
Banking Corporation	1,346	1,278	1,357	1,227	1,214
Unincorporated Business Income	1,675	1,637	1,808	1,882	1,962
Sales(2)	5,586	5,812	6,132	6,494	6,742
Commercial Rent	601	629	664	710	735
Real Property Transfer	795	912	1,086	1,527	1,765
Mortgage Recording	434	537	742	961	1,155
Utility	394	371	385	405	384
Cigarette	70	67	61	54	50
Hotel	422	476	505	536	556
All Other(3)	536	513	533	548	591
Audits	989	743	1,009	911	1,132
Total	$23,264	$23,953	$26,752	$28,173	$30,423

Note: Totals may not add due to rounding.

(1) Personal Income includes the personal income tax revenues of $695 million, $617 million, $1.006 billion, $1.641 billion and $556 million in fiscal years 2011 through 2015, respectively, retained by the TFA for funding requirements associated with TFA Future Tax Secured Bonds. Personal income taxes flow directly from the State to the TFA, and from the TFA to the City only to the extent not required by the TFA for debt service, operating expenses and contractual and other obligations incurred pursuant to the TFA indenture. Personal Income also reflects the impact of grants to the TFA of $790 million, $879 million, $1.362 billion and $1.578 billion in fiscal years 2011, 2012, 2014 and 2015, respectively, which were used by the TFA to pay debt service in the following fiscal year thereby decreasing TFA funding requirements in those fiscal years. In fiscal years 2011 through 2015, Personal Income includes $494 million, $578 million, $610 million, $613 million and $635 million, respectively, which was provided to the City by the State as a reimbursement for the reduced personal income tax revenues resulting from the STAR Program.

(2) A portion of sales tax revenues payable to the City would be paid to the TFA if personal income tax revenues did not satisfy specified debt service ratios.

(3) All Other includes, among others, surtax revenues from New York City Off-Track Betting Corporation ("OTB"), beer and liquor taxes, and the automobile use tax, but excludes the STAR Program aid of $712 million, $790 million, $829 million, $838 million and $835 million in fiscal years 2011 through 2015, respectively.

Miscellaneous Revenues

Miscellaneous revenues include revenue sources such as charges collected by the City for the issuance of licenses, permits and franchises, interest earned by the City on the investment of City cash balances, tuition and fees at the Community Colleges, reimbursement to the City from the proceeds of water and sewer rates charged by the New York City Water Board (the "Water Board") for costs of delivery of water and sewer services and paid to the City by the Water Board for its lease interest in the water and sewer system, rents collected from tenants in City-owned property and from The Port Authority of New York and New Jersey (the "Port Authority") with respect to airports, and the collection of fines. The following table sets forth amounts of miscellaneous revenues for each of the City's 2011 through 2015 fiscal years.

	2011	2012	2013	2014	2015
		(In Millions)			
Licenses, Permits and Franchises	$ 525	$ 583	$ 593	$ 648	$ 703
Interest Income	21	16	16	16	30
Charges for Services	776	850	872	951	974
Water and Sewer Payments	1,295	1,373	1,361	1,491	1,439
Rental Income	253	291	297	311	284
Fines and Forfeitures	820	859	815	892	959
Other	698	1,275	703	1,313	1,828
Total	$4,388	$5,247	$4,657	$5,622	$6,217

Note: Totals may not add due to rounding.

Rental income in fiscal years 2011 through 2015 includes approximately $106.3 million, $124.8 million, $128.5 million, $128.5 million and $128.5 million, respectively, in Port Authority lease payments for the City airports.

Fees and charges collected from the users of the water and sewer system of the City are revenues of the Water Board, a body corporate and politic, constituting a public benefit corporation, all of the members of which are appointed by the Mayor. The Water Board currently holds a long-term leasehold interest in the water and sewer system pursuant to a lease between the Water Board and the City.

Other miscellaneous revenues for fiscal years 2011 through 2015 include $114.9 million, $117.2 million, $117.1 million, $132.5 million and $113.4 million, respectively, of tobacco settlement revenues (“TSRs”) from the settlement of litigation with certain cigarette manufacturers, that were not retained by TSASC. Other miscellaneous revenues for fiscal years 2011 through 2015 do not include TSRs retained by TSASC for debt service and operating expenses totaling $69 million, $70 million, $70 million, $79 million and $68 million, respectively. Pursuant to the TSASC indenture, less than 40% of the TSRs are pledged to the TSASC bondholders and the remainder flow to the City. For further information see “SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—4. Miscellaneous Revenues” and “SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities.”

Other miscellaneous revenues for fiscal year 2011 include $70.8 million in settlement revenue from a deferred prosecution and BPCA joint purpose funds of $66.2 million. Other miscellaneous revenues for fiscal year 2012 include a $469 million settlement payment by Science Applications International Corporation and $150 million from a federal settlement with ING Bank N.V. Other miscellaneous revenues for fiscal year 2014 include $338 million from the sale of taxi medallions, a payment of $50 million from Verizon to settle cost overruns caused by delays on the Emergency Communications Transformation Program, $214 million from the sale of two City office buildings and $103 million from the reconciliation of prior years health insurance premiums. Other miscellaneous revenues for fiscal year 2015 include $174 million from the sale of a former City Department of Sanitation site and $82 million from a deferred prosecution agreement under the Manhattan District Attorney’s Office and the US Department of Justice related to sanctions violations against Commerzbank.

Unrestricted Intergovernmental Aid

Unrestricted federal and State aid are not subject to any substantial restriction as to their use and are used by the City as general support for its Expense Budget. For a further discussion of federal and State aid, see “SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. Federal and State Categorical Grants.”

The following table sets forth amounts of unrestricted federal and State aid received by the City in each of its 2011 through 2015 fiscal years.

	2011	2012	2013	2014	2015
			(In Millions)		
Unrestricted Intergovernmental Aid	$39	$25	—	$1	$1

Federal and State Categorical Grants

The City makes certain expenditures for services required by federal and State mandates which are then wholly or partially reimbursed through federal and State categorical grants. State categorical grants are received by the City primarily in connection with City welfare, education, higher education, health and mental health expenditures. The City also receives substantial federal categorical grants in connection with the federal Community Development Block Grant Program ("Community Development"). The federal government also provides the City with substantial public assistance, social service and education grants as well as reimbursement for all or a portion of certain costs incurred by the City in maintaining programs in a number of areas, including housing, criminal justice and health. All City claims for federal and State grants are subject to subsequent audit by federal and State authorities. Certain claims submitted to the State Medicaid program by the City are the subject of investigation by the Office of the Inspector General of the United States Department of Health and Human Services ("OIG"). For a discussion of claims for which a final audit report has been issued by OIG, see "SECTION IX: OTHER INFORMATION—Litigation—*Miscellaneous*." The City provides a reserve for disallowances resulting from these audits which could be asserted in subsequent years. Federal grants are also subject to audit under the Single Audit Act Amendments of 1996. For a further discussion of federal and State categorical grants, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. Federal and State Categorical Grants."

The following table sets forth amounts of federal and State categorical grants received by the City for each of the City's 2011 through 2015 fiscal years.

	2011	2012	2013	2014	2015
			(In Millions)		
Federal(1)					
Community Development(2)	$ 241	$ 225	$ 566	$ 337	$ 537
Social Services	3,209	3,290	3,315	3,206	3,076
Education	2,762	1,861	1,873	1,672	1,677
Other(3)	1,665	1,802	2,866	1,747	1,692
Total	$ 7,877	$ 7,178	$ 8,620	$ 6,962	$ 6,982
State					
Social Services	$ 1,743	$ 1,533	$ 1,509	$ 1,415	$ 1,410
Education	8,110	8,012	7,933	7,907	9,131
Higher Education	154	179	200	221	227
Health and Mental Health	397	536	495	454	364
Other	851	854	890	919	965
Total	$11,255	$11,114	$11,027	$10,916	$12,097

(1) Federal funding includes amounts received under the American Recovery and Reinvestment Act of $1.55 billion, $444.7 million, $377.6 million, $296 million and $230 million in fiscal years 2011 through 2015, respectively.

(2) Amounts represent actual funds received and may be lower or higher than the appropriation of funds actually provided by the federal government for the particular fiscal year due either to underspending or the spending of funds carried forward from prior fiscal years. Community Development includes $367.2 million, $145.5 million and $338.7 million in fiscal years 2013 through 2015, respectively, in disaster recovery funding for storm damage remediation as a result of Superstorm Sandy.

(3) Other includes $1.228 billion, $154.4 million and $48.0 million in fiscal years 2013 through 2015, respectively, of FEMA funding for expenditures for storm damage remediation as a result of Superstorm Sandy.

SECTION V: CITY SERVICES AND EXPENDITURES

Expenditures for City Services

Three types of governmental agencies provide public services within the City's borders and receive financial support from the City. One category is the mayoral agencies established by the City Charter which include, among others, the Police, Fire and Sanitation Departments. Another is the independent agencies which are funded in whole or in part through the City Budget by the City but which have greater independence in the use of appropriated funds than the mayoral agencies. Included in this category are certain Covered Organizations such as HHC and the Transit Authority. A third category consists of certain public benefit corporations ("PBCs") which were created to finance the construction of housing, hospitals, dormitories and other facilities and to provide other governmental services in the City. The legislation establishing this type of agency contemplates that annual payments from the City, appropriated through its Expense Budget, may or will constitute a substantial part of the revenues of the agency. Included in this category is, among others, the City University Construction Fund ("CUCF"). For information regarding expenditures for City services, see "SECTION VI: FINANCIAL OPERATIONS—2011-2015 Summary of Operations."

Federal and State laws require the City to provide certain social services for needy individuals and families who qualify for such assistance. The City receives federal Temporary Assistance for Needy Families ("TANF") block grant funds through the State for the Family Assistance Program. The Family Assistance Program provides benefits for households with minor children subject, in most cases, to a five-year time limit. The Safety Net Assistance Program provides benefits for adults without minor children, families who have reached the Family Assistance Program time limit, and others, including certain immigrants, who are ineligible for the Family Assistance Program but are eligible for public assistance. Historically, the cost of the Safety Net Assistance Program was borne equally by the City and the State. In the 2011-2012 State Budget the State implemented new funding formulas, increasing the City share of the Safety Net Assistance Program to 71 percent and eliminating the City Share of 25% for the Family Assistance Program by fully funding it with TANF block grant funds.

The City also provides funding for many other social services such as day care, foster care, family planning, services for the elderly and special employment services for welfare recipients some of which are mandated, and may be wholly or partially subsidized, by either the federal or State government. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—6. FEDERAL AND STATE CATEGORICAL GRANTS."

In July 2002, the Board of Education was replaced by the City Department of Education ("DOE") which is overseen by a Chancellor, appointed by the Mayor, and the 13-member Panel for Educational Policy where the Mayor appoints 8 members including the Chancellor, and the Borough Presidents each appoint one member. The number of pupils in the school system is estimated to be approximately 1.1 million in each of the 2016 through 2020 fiscal years. Actual enrollment in fiscal years 2011 through 2015 has been 1,038,798, 1,043,689, 1,051,232, 1,062,146 and 1,073,050, respectively. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*Department of Education.*" The City's system of higher education, consisting of its Senior Colleges and Community Colleges, is operated under the supervision of the City University of New York ("CUNY"). The City is projected to provide approximately 35.8% of the costs of the Community Colleges in the 2016 fiscal year. The State has full responsibility for the costs of operating the Senior Colleges, although the City is required initially to fund these costs which are then reimbursed by the State. See also, "SECTION I: RECENT FINANCIAL DEVELOPMENTS—2016-2020 Financial Plan."

The City administers health services programs for the care of the physically and mentally ill and the aged. HHC maintains and operates the City's eleven municipal acute care hospitals, five long-term care facilities, six free standing diagnostic and treatment centers, a certified home health-care program, many hospital-based and neighborhood clinics and a health maintenance organization. HHC is funded primarily by third party reimbursement collections from Medicare and Medicaid and by payments from bad debt/charity care pools.

Medicaid provides basic medical assistance to needy persons. The City is required by State law to furnish medical assistance through Medicaid to all City residents meeting eligibility requirements established by the

State. Prior to State legislation in fiscal year 2006 capping City Medicaid payments, the State had assumed 81.2% of the non-federal share of long-term care costs, all of the costs of providing medical assistance to the mentally disabled, and 50% of the non-federal share of Medicaid costs for all other clients. As a result of State legislation in fiscal years 2006 and 2012 capping City Medicaid payments, the State percentage of the non-federal share may vary. The federal government pays 50% of Medicaid costs for federally eligible recipients and a higher share for federally eligible childless adults. See also, "SECTION I: RECENT FINANCIAL DEVELOPMENTS—2016-2020 Financial Plan."

The City's Expense Budget increased during the five-year period ended June 30, 2015, due to, among other factors, the increasing costs of pensions and Medicaid, the costs of labor settlements and the impact of inflation on various other than personal services costs.

Employees and Labor Relations

Employees

The following table presents the number of full-time and full-time equivalent employees of the City, including the mayoral agencies, the DOE and CUNY, at the end of each of the City's 2011 through 2015 fiscal years.

	2011	2012	2013	2014	2015
Education	134,209	132,273	132,469	134,426	137,078
Police	49,671	50,325	50,549	50,565	50,851
Social Services, Homeless and Children's Services	21,303	21,963	21,738	21,341	21,639
City University Community Colleges and Hunter Campus Schools	7,653	7,849	8,399	8,633	8,749
Environmental Protection and Sanitation	14,824	14,738	14,824	14,890	15,258
Fire	15,752	15,404	15,512	15,565	16,301
All Other	51,573	50,998	52,403	51,929	53,527
Total	294,985	293,550	295,894	297,349	303,403

The following table presents the number of full-time employees of certain Covered Organizations, as reported by such Organizations, at the end of each of the City's 2011 through 2015 fiscal years.

	2011	2012	2013	2014	2015
Transit Authority	44,966	44,963	45,300	46,271	46,862
Housing Authority	11,248	11,293	11,398	11,311	11,251
HHC	36,798	36,335	35,455	35,554	36,691
Total(1)	93,012	92,591	92,153	93,136	94,804

(1) The definition of "full-time employees" varies among the Covered Organizations and the City.

The foregoing tables include persons whose salaries or wages are paid by certain public employment programs, including programs funded under the Workforce Investment Act, which support employees in non-profit and State agencies as well as in the mayoral agencies and the Covered Organizations.

Labor Relations

Substantially all of the City's full-time employees are members of labor unions. For those employees, wages, hours or working conditions may be changed only as provided for under collective bargaining agreements. Although State law prohibits strikes by municipal employees, strikes and work stoppages by employees of the City and the Covered Organizations have occurred.

Collective bargaining for City employees is under the jurisdiction of either the New York City Office of Collective Bargaining, which was created under the New York City Collective Bargaining Law, or the New York State Public Employment Relations Board ("PERB"), which was created under the State Employees Fair Employment Act. Collective bargaining matters relating to police, firefighters and pedagogical employees are under the jurisdiction of PERB. Under applicable law, the terms of future wage settlements could be determined through an impasse procedure which, except in the case of pedagogical employees, can result in the imposition of a binding settlement. Pedagogical employees do not have access to binding arbitration but are covered by a fact-finding impasse procedure under which a binding settlement may not be imposed. Although the impasse procedure may not impose a binding settlement, it may influence ongoing collective bargaining.

For information regarding the City's assumptions with respect to the current status of the City's agreements with its labor unions, the cost of future labor settlements and related effects on the Financial Plan, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—1. PERSONAL SERVICES COSTS."

Pensions

The City maintains a number of pension systems providing benefits for its employees and employees of various independent agencies (including certain Covered Organizations). For further information regarding the City's pension systems and the City's obligations thereto, see "SECTION IX: OTHER INFORMATION—Pension Systems."

Capital Expenditures

The City makes substantial capital expenditures to reconstruct, rehabilitate and expand the City's infrastructure and physical assets, including City mass transit facilities, water and sewer facilities, streets, bridges and tunnels, and to make capital investments that will improve productivity in City operations. For additional information regarding the City's infrastructure, physical assets and capital program, see "SECTION VII: FINANCIAL PLAN—Long-Term Capital Program" and "—Financing Program."

The City utilizes a three-tiered capital planning process consisting of the Ten-Year Capital Strategy (previously, the Ten-Year Capital Plan), the four-year capital plan and the current-year Capital Budget. The Ten-Year Capital Strategy, which is published once every two years in conjunction with the Executive Budget as required by the City Charter, is a long-term planning tool designed to reflect fundamental allocation choices and basic policy objectives. The four-year capital plan, which is updated three times a year, as required by the City Charter, translates mid-range policy goals into specific projects. The Capital Budget defines for each fiscal year specific projects and the timing of their initiation, design, construction and completion.

On May 7, 2015, the City published the Ten-Year Capital Strategy for fiscal years 2016 through 2025. The Ten-Year Capital Strategy totals $83.8 billion, of which approximately 90% would be financed with City funds. See "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness.*"

The Ten-Year Capital Strategy includes, among other items: (i) $23.4 billion to construct new schools and improve existing educational facilities; (ii) $14.7 billion for improvements to the water and sewer system; (iii) $8.4 billion for expanding and upgrading the City's housing stock; (iv) $3.7 billion for reconstruction or resurfacing of City streets; (v) $833.3 million for continued City-funded investment in mass transit; (vi) $7.8 billion for the continued reconstruction and rehabilitation of all four East River bridges and 108 other bridge structures; (vii) $1.7 billion to expand current jail capacity; and (viii) $1.5 billion for construction and improvement of court facilities.

Those programs in the Ten-Year Capital Strategy financed with City funds are currently expected to be funded primarily from the issuance of bonds by the City, the Water Authority and the TFA. From time to time, during recessionary periods when operating revenues have come under increasing pressure, capital funding levels have been reduced from those previously contemplated in order to reduce debt service costs. For information concerning the City's long-term financing program for capital expenditures, see "SECTION VII: FINANCIAL PLAN—Financing Program."

The City's capital expenditures, including expenditures funded by State and federal grants, totaled \$41.7 billion during the 2011 through 2015 fiscal years. City-funded expenditures, which totaled \$35.9 billion during the 2011 through 2015 fiscal years, have been financed through the issuance of bonds by the City, the TFA and the Water Authority. The following table summarizes the major categories of capital expenditures in the City's 2011 through 2015 fiscal years.

	2011	2012	2013	2014	2015	Total
			(In Millions)			
Education	\$2,015	\$1,877	\$1,803	\$2,107	\$2,631	\$10,434
Environmental Protection	2,824	2,406	1,844	1,578	1,373	10,025
Transportation	951	1,044	1,031	902	758	4,686
Transit Authority(1)	65	131	123	36	115	470
Housing	330	349	414	428	561	2,082
Hospitals	128	169	286	197	136	916
Sanitation	234	322	353	264	246	1,418
All Other(2)	2,551	2,133	2,531	2,391	2,016	11,623
Total Expenditures(3)	\$9,099	\$8,431	\$8,385	\$7,903	\$7,836	\$41,654
City-funded Expenditures(4)	\$8,602	\$6,994	\$6,888	\$7,468	\$5,949	\$35,901

(1) Excludes the Transit Authority's non-City portion of the Metropolitan Transportation Authority ("MTA") capital program.

(2) All Other includes, among other things, parks, correction facilities, public structures and equipment.

(3) Total Expenditures for the 2011 through 2015 fiscal years include City, State and federal funding and represent amounts which include an accrual for work-in-progress. These figures are derived from the CAFR.

(4) City-funded Expenditures do not include accruals, but represent actual cash disbursements occurring during the fiscal year.

The City annually issues a condition assessment and a proposed maintenance schedule for the major portion of its assets and asset systems which have a replacement cost of \$10 million or more and a useful life of at least ten years, as required by the City Charter. For information concerning a report which sets forth the recommended capital investment to bring certain identified assets of the City to a state of good repair, see "SECTION VII: FINANCIAL PLAN—Long-Term Capital Program."

SECTION VI: FINANCIAL OPERATIONS

The City's Basic Financial Statements and the independent auditors' opinion thereon are presented in "APPENDIX B—FINANCIAL STATEMENTS." Further details are set forth in the CAFR for the fiscal year ended June 30, 2015, which is available for inspection at the Office of the Comptroller and at www.comptroller.nyc.gov. For a summary of the City's significant accounting policies, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A." For a summary of the City's operating results for the previous five fiscal years, see "2011-2015 Summary of Operations" below.

Except as otherwise indicated, all of the financial data relating to the City's operations contained herein, although derived from the City's books and records, are unaudited. In addition, neither the City's independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the Financial Plan or other estimates or projections contained elsewhere herein, nor have they expressed any opinion or any other form of assurance on such prospective financial information or its achievability, and assume no responsibility for, and disclaim any association with, all such prospective financial information.

The Financial Plan is prepared in accordance with standards set forth in the Financial Emergency Act and the City Charter. The Financial Plan contains projections and estimates that are based on expectations and assumptions which existed at the time such projections and estimates were prepared. The estimates and projections contained in this Section and elsewhere herein are based on, among other factors, evaluations of historical revenue and expenditure data, analyses of economic trends and current and anticipated federal and State legislation affecting the City's finances. The City's financial projections are based upon numerous assumptions and are subject to certain contingencies and periodic revisions which may involve substantial change. This prospective information is not fact and should not be relied upon as being necessarily indicative of future results. Readers of this Reoffering Circular are cautioned not to place undue reliance on the prospective financial information. The City makes no representation or warranty that these estimates and projections will be realized. The estimates and projections contained in this Section and elsewhere herein were not prepared with a view towards compliance with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information.

2011-2015 Summary of Operations

The following table sets forth the City's results of operations for its 2011 through 2015 fiscal years in accordance with GAAP.

The information regarding the 2011 through 2015 fiscal years has been derived from the City's audited financial statements and should be read in conjunction with the notes accompanying this table and the City's 2014 and 2015 financial statements included in "APPENDIX B—FINANCIAL STATEMENTS." The 2011 through 2013 financial statements are not separately presented herein. For further information regarding the City's revenues and expenditures, see "SECTION IV: SOURCES OF CITY REVENUES" and "SECTION V: CITY SERVICES AND EXPENDITURES."

	Fiscal Year(1)				
	Actual				
	2011	2012	2013	2014	2015
	(In Millions)				
Revenues and Transfers					
Real Estate Tax(2)	$17,086	$18,158	$18,970	$20,202	$21,518
Other Taxes(3)(4)	23,264	23,953	26,752	28,173	30,423
Miscellaneous Revenues(3)	4,388	5,247	4,657	5,622	6,216
Other Categorical Grants	1,523	1,141	1,062	1,023	908
Unrestricted Federal and State Aid(3)	39	25	—	1	1
Federal Categorical Grants	7,877	7,178	8,620	6,962	6,982
State Categorical Grants	11,255	11,114	11,027	10,916	12,097
Disallowances Against Categorical Grants	(112)	166	(59)	(18)	(110)
Total Revenues and Transfers(5)	$65,320	$66,982	$71,029	$72,881	$78,035
Expenditures and Transfers					
Social Services	$11,786	$13,259	$13,433	$13,473	$13,844
Board of Education	18,862	19,129	19,129	18,672	20,458
City University	736	750	802	853	904
Public Safety and Judicial	8,281	8,240	8,385	8,472	8,827
Health Services	1,667	1,608	1,856	1,622	1,708
Pensions(6)	6,843	7,830	8,054	8,141	8,490
Debt Service(3)(7)	5,255	4,257	6,333	4,798	7,421
All Other(7)(8)	11,885	11,904	13,032	16,845	16,378
Total Expenditures and Transfers(5)	$65,315	$66,977	$71,024	$72,876	$78,030
Surplus(7)(8)	$ 5	$ 5	$ 5	$ 5	$ 5

(1) The City's results of operations refer to the City's General Fund revenues and transfers reduced by expenditures and transfers. The revenues and assets of PBCs included in the City's audited financial statements do not constitute revenues and assets of the City's General Fund, and, accordingly, the revenues of such PBCs are not included in the City's results of operations. Expenditures required to be made and revenues earned by the City with respect to such PBCs are included in the City's results of operations. For further information regarding the particular PBCs included in the City's financial statements, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A."

(2) In fiscal years 2011 through 2015, Real Estate Tax includes $218.1 million, $212.2 million, $219.1 million, $224.6 million and $201 million, respectively, which was provided to the City by the State as a reimbursement for the reduced property tax revenues resulting from the State's STAR Program.

(3) Other Taxes includes as revenues to the City the personal income tax revenues retained by the TFA of $695 million, $617 million, $1.006 billion, $1.641 billion and $556 million in fiscal years 2011 through 2015, respectively. Debt Service includes as a debt service expense the funding requirements associated with TFA Future Tax Secured Bonds of $695 million, $617 million, $1.006 billion, $1.641 billion and $556 million in fiscal years 2011 through 2015, respectively. Debt Service does not include debt service on TSASC bonds. Miscellaneous Revenues includes TSRs that are not retained by TSASC for debt service and operating expenses.

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(4) Other Taxes includes transfers of net OTB revenues. Other Taxes includes tax audit revenues. For further information regarding the City's revenues from Other Taxes, see "SECTION IV: SOURCES OF CITY REVENUES—Other Taxes."

(5) Total Revenues and Transfers and Total Expenditures and Transfers exclude Inter-Fund Revenues.

(6) For information regarding pension expenditures, see "SECTION IX: OTHER INFORMATION."

(7) Surplus is the surplus after discretionary and other transfers and expenditures. The City had general fund operating revenues exceeding expenditures of $3.747 billion, $2.467 billion, $2.812 billion, $2.011 billion and $3.606 billion before discretionary and other transfers and expenditures for the 2011 through 2015 fiscal years, respectively. Discretionary and other transfers are included in Debt Service and for transit and other subsidies in All Other. Debt Service includes grants to the TFA of $790 million, $879 million, $1.362 billion and $1.578 billion in fiscal years 2011, 2012, 2014 and 2015, respectively, which were used by the TFA to pay debt service in the following fiscal year thereby decreasing the TFA funding requirements.

(8) All Other includes a payment into the Retiree Health Benefits Trust Fund of $864 million and $955 million in fiscal years 2014 and 2015, respectively.

Forecast of 2016 Results

The following table compares the forecast for the 2016 fiscal year contained in the financial plan, submitted to the Control Board in June 2015 (the "June 2015 Forecast"), with the forecast contained in the Financial Plan, which was submitted to the Control Board on January 21, 2016 (the "January 2016 Forecast"). Each forecast was prepared on a basis consistent with GAAP except for the application of GASB 49. For information regarding recent developments, see "SECTION II: RECENT FINANCIAL DEVELOPMENTS."

	June 2015 Forecast	January 2016 Forecast	Increase/(Decrease) from June 2015 Forecast
		(In Millions)	
REVENUES			
Taxes			
General Property Tax	$22,384	$22,556	$ 172 (1)
Other Taxes	29,124	29,804	680 (2)
Tax Audit Revenue	711	995	284 (3)
Subtotal — Taxes	$52,219	$53,355	$1,136
Miscellaneous Revenues	6,539	6,917	378 (4)
Unrestricted Intergovernmental Aid	—	4	4
Less: Intra-City Revenues	(1,769)	(2,001)	(232)
Disallowances Against Categorical Grants	(15)	(15)	—
Subtotal – City Funds	$56,974	$58,260	$1,286
Other Categorical Grants	856	763	(93)
Inter-Fund Revenues	575	606	31
Federal Categorical Grants	7,146	8,664	1,518 (5)
State Categorical Grants	12,977	13,416	439 (6)
Total Revenues	$78,528	$81,709	$3,181
EXPENDITURES			
Personal Services			
Salaries and Wages	$25,391	$25,601	$ 210 (7)
Pensions	8,755	9,343	588 (8)
Fringe Benefits	9,278	9,318	40
Total – Personal Services	$43,424	$44,262	$ 838
Other Than Personal Services			
Medical Assistance	$ 6,326	$ 6,078	$ (248) (9)
Public Assistance	1,481	1,481	—
All Other	24,632	26,811	2,179 (10)
Total – Other Than Personal Services	$32,439	$34,370	$1,931
General Obligation, Lease and TFA Debt Service	6,591	6,110	(481) (11)
TFA Debt Defeasances	(103)	(103)	— (12)
FY 2015 Budget Stabilization	(3,554)	(3,524)	30 (13)
FY 2016 Budget Stabilization	—	2,295	2,295 (14)
Capital Stabilization Reserve	500	—	(500) (15)
General Reserve	1,000	300	(700)
Total Expenditures	$80,297	$83,710	$3,413
Less: Intra-City Expenses	(1,769)	(2,001)	(232)
Net Total Expenditures	$78,528	$81,709	$3,181

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(1) The increase in General Property Tax is from a reduction in refunds payout of $120 million, an increase in prior year receivables of $35 million and an increase in lien sales of $17 million.

(2) The increase in Other Taxes is due to increases of $439 million in personal income tax, $240 million in banking corporation tax, $151 million in real property transfer tax, $113 million in mortgage recording tax, $47 million in STAR Program aid, $44 million in sales tax, $9 million in hotel tax and $41 million in other taxes offset by decreases of $369 million in general corporation tax, $27 million in unincorporated business tax and $8 million in utility tax.

(3) The increase in tax audit revenue is primarily from an increase in sales tax audits.

(4) The increase in Miscellaneous Revenues is due to increases of $65 million in miscellaneous other revenues, $27 million in charges, $22 million in fines and forfeitures, $17 million in interest, $15 million in water and sewer charges and $232 million in intra-city revenues.

(5) The increase in Federal Categorical Grants is due to increases of $518 million in community development funding, primarily disaster recovery funding, $284 million in police department funding, $152 million housing preservation and development funding, $130 million in fire department funding, $62 million in homeless services funding, $57 million in children services funding, $50 million in social services funding, $48 million in health and mental hygiene funding, $47 million in transportation funding, $27 million in emergency management funding, $25 million in mayoral agency funding, $22 million in youth and community development funding, $18 million in environmental protection funding, $18 million in education funding and $60 million in other agencies funding.

(6) The increase in State Categorical Grants is due to increases of $116 million in miscellaneous agency funding, $75 million in children services funding, $71 million in police department funding, $63 million in health and mental hygiene funding, $51 million in social services funding, $15 million in homeless services funding, $15 million in transportation funding and $33 million in other agencies funding.

(7) The increase in Personal Service—Salaries and Wages is due to an increase of $129 million in budget modifications reflecting increases in federal and categorical expenditures which are offset by federal and categorical grants, and by an increase of $81 million in net agency spending.

(8) The increase in Pensions primarily reflects the City's Chief Actuary's adoption of updated mortality assumptions in fiscal year 2016.

(9) The decrease in Other Than Personal Service—Medical Assistance is primarily due to a transfer to the HHC budget of Medical Assistance funding no longer eligible for federal matching funds.

(10) The increase in Other Than Personal Services—All Other is primarily due to an increase of $1.816 billion in budget modifications reflecting increases in federal and categorical expenditures which are offset by federal and categorical grants and an increase of $363 million in net agency expenditures.

(11) The decrease in General Obligation, Lease and TFA Debt Service is primarily due to lower actual interest rates on floating rate obligations and short term obligations.

(12) Includes debt redemption in fiscal year 2013, impacting TFA debt service payments due in fiscal years 2014 through 2016.

(13) FY 2015 Budget Stabilization reflects the discretionary transfer of $1.976 billion into the General Debt Service Fund and a grant of $1.501 billion to the TFA in fiscal year 2015 for debt service due in fiscal year 2016 and a net equity contribution in bond refunding of $47 million.

(14) FY 2016 Budget Stabilization reflects the discretionary transfer of $960 million into the General Debt Service Fund and a grant of $1.335 billion to the TFA in fiscal year 2016 for debt service due in fiscal year 2017.

(15) The decrease in the Capital Stabilization Reserve reflects the reallocation of such funds from fiscal year 2016 to fiscal year 2017.

SECTION VII: FINANCIAL PLAN

The following table sets forth the City's projected operations on a basis consistent with GAAP, except for the application of GASB 49, for the 2016 through 2020 fiscal years as contained in the Financial Plan. This table should be read in conjunction with the accompanying notes, "Actions to Close the Remaining Gaps" and "Assumptions" below. For information regarding recent developments, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

	Fiscal Years(1)(2)				
	2016	**2017**	**2018**	**2019**	**2020**
			(In Millions)		
REVENUES					
Taxes					
General Property Tax(3)	$22,556	$23,873	$25,145	$26,474	$27,722
Other Taxes(4)(5)	29,804	30,465	31,397	32,489	33,667
Tax Audit Revenue	995	714	714	714	714
Subtotal – Taxes	$53,355	$55,052	$57,256	$59,677	$62,103
Miscellaneous Revenues(6)	6,917	6,621	6,677	6,790	6,892
Unrestricted Intergovernmental Aid	4	—	—	—	—
Less: Intra-City Revenues	(2,001)	(1,778)	(1,787)	(1,781)	(1,787)
Disallowances Against Categorical Grants	(15)	(15)	(15)	(15)	(15)
Subtotal – City Funds	$58,260	$59,880	$62,131	$64,671	$67,193
Other Categorical Grants	763	823	828	825	821
Inter-Fund Revenues(7)	606	632	573	573	572
Federal Categorical Grants	8,664	7,211	6,770	6,566	6,558
State Categorical Grants	13,416	13,566	13,979	14,341	14,624
Total Revenues	$81,709	$82,112	$84,281	$86,976	$89,768
EXPENDITURES					
Personal Services					
Salaries and Wages	$25,601	$25,847	$27,159	$28,756	$29,298
Pension	9,343	9,399	9,554	9,734	10,107
Fringe Benefits	9,318	9,837	10,398	11,194	11,983
Subtotal – Personal Services	$44,262	$45,083	$47,111	$49,684	$51,388
Other Than Personal Services					
Medical Assistance	$ 6,078	$ 6,220	$ 6,220	$ 6,220	$ 6,220
Public Assistance	1,481	1,502	1,513	1,524	1,535
All Other(8)	26,811	25,162	25,330	25,588	25,930
Subtotal – Other Than Personal Services	$34,370	$32,884	$33,063	$33,332	$33,685
General Obligation, Lease and TFA Debt Service(9)	6,110	6,718	7,173	7,678	8,223
TFA Debt Defeasances(10)	(103)	—	—	—	—
FY 2015 Budget Stabilization(11)	(3,524)	—	—	—	—
FY 2016 Budget Stabilization(12)	2,295	(2,295)	—	—	—
Capital Stabilization Reserve(13)	—	500	—	—	—
General Reserve	300	1,000	1,000	1,000	1,000
Subtotal	$83,710	$83,890	$88,347	$91,694	$94,296
Less: Intra-City Expenses	(2,001)	(1,778)	(1,787)	(1,781)	(1,787)
Total Expenditures	$81,709	$82,112	$86,560	$89,913	$92,509
Gap to be Closed	$ —	$ —	$ (2,279)	$ (2,937)	$ (2,741)

(1) The four year financial plan for the 2016 through 2019 fiscal years, as submitted to the Control Board on June 26, 2015, contained the following projections for the 2016-2019 fiscal years: (i) for 2016, total revenues of $78.528 billion and total expenditures of $78.528 billion; (ii) for 2017, total revenues of $80.729 billion and total expenditures of $82.194 billion, with a gap to be closed of $1.465 billion; (iii) for 2018, total revenues of $82.699 billion and total expenditures of $84.606 billion, with a gap to be closed of $1.907 billion; and (iv) for 2019, total revenues of $85.015 billion and total expenditures of $87.868 billion, with a gap to be closed of $2.853 billion.

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The four year financial plan for the 2015 through 2018 fiscal years, as submitted to the Control Board on June 26, 2014, contained the following projections for the 2015-2018 fiscal years: (i) for 2015, total revenues of $75.027 billion and total expenditures of $75.027 billion; (ii) for 2016, total revenues of $76.595 billion and total expenditures of $79.220 billion, with a gap to be closed of $2.625 billion; (iii) for 2017, total revenues of $78.937 billion and total expenditures of $80.808 billion, with a gap to be closed of $1.871 billion; and (iv) for 2018, total revenues of $80.933 billion and total expenditures of $84.026 billion, with a gap to be closed of $3.093 billion.

The four year financial plan for the 2014 through 2017 fiscal years, as submitted to the Control Board on June 27, 2013, contained the following projections for the 2014-2017 fiscal years: (i) for 2014, total revenues of $69.917 billion and total expenditures of $69.917 billion; (ii) for 2015, total revenues of $72.587 billion and total expenditures of $74.552 billion, with a gap to be closed of $1.965 billion; (iii) for 2016, total revenues of $74.937 billion and total expenditures of $76.706 billion, with a gap to be closed of $1.769 billion; and (iv) for 2017, total revenues of $77.439 billion and total expenditures of $78.821 billion, with a gap to be closed of $1.382 billion.

The four year financial plan for the 2013 through 2016 fiscal years, as submitted to the Control Board on June 28, 2012, contained the following projections for the 2013-2016 fiscal years: (i) for 2013, total revenues of $68.501 billion and total expenditures of $68.501 billion; (ii) for 2014, total revenues of $69.703 billion and total expenditures of $72.211 billion, with a gap to be closed of $2.508 billion; (iii) for 2015, total revenues of $72.111 billion and total expenditures of $75.228 billion, with a gap to be closed of $3.117 billion; and (iv) for 2016, total revenues of $74.081 billion and total expenditures of $77.151 billion, with a gap to be closed of $3.070 billion.

(2) The Financial Plan combines the operating revenues and expenditures of the City, the DOE and CUNY. The Financial Plan does not include the total operations of HHC, but does include the City's subsidy to HHC and the City's share of HHC revenues and expenditures related to HHC's role as a Medicaid provider. Certain Covered Organizations and PBCs which provide governmental services to the City, such as the Transit Authority, are separately constituted and their revenues, are not included in the Financial Plan; however, City subsidies and certain other payments to these organizations are included. Revenues and expenditures are presented net of intra-City items, which are revenues and expenditures arising from transactions between City agencies.

(3) For a description of the STAR Program, and other real estate tax assumptions, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—2. Real Estate Tax."

(4) Personal income taxes flow directly from the State to the TFA, and from the TFA to the City only to the extent not required by the TFA for debt service, reserves, operating expenses and contractual and other obligations incurred pursuant to the TFA indenture. Sales taxes will flow directly from the State to the TFA to the extent necessary to provide statutory coverage. Other Taxes includes amounts that are expected to be retained by the TFA for its funding requirements associated with TFA Future Tax Secured Bonds.

(5) For Financial Plan assumptions, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—3. Other Taxes."

(6) Miscellaneous Revenues reflects the receipt by the City of TSRs not used by TSASC for debt service and other expenses. For information on TSASC, see "SECTION IV: SOURCES OF CITY REVENUES—Miscellaneous Revenues."

(7) Inter-Fund Revenues represents General Fund expenditures, properly includable in the Capital Budget, made on behalf of the Capital Projects Fund pursuant to inter-fund agreements.

(8) For a discussion of the categories of expenditures in Other Than Personal Services—All Other, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. Other Than Personal Services Costs."

(9) For a discussion of the debt service in General Obligation, Lease and TFA Debt Service, see "SECTION VII: FINANCIAL PLAN — Assumptions —*Expenditure Assumptions*—3. General Obligation, Lease and TFA Debt Service."

(10) Includes debt redemption in fiscal year 2013, impacting TFA debt service payments in fiscal years 2014 through 2016.

(11) FY 2015 Budget Stabilization reflects the discretionary transfer of $1.976 billion into the General Debt Service Fund and a grant of $1.501 billion to the TFA in fiscal year 2015 for debt service due in fiscal year 2016 and a net equity contribution in bond refunding of $47 million.

(12) FY 2016 Budget Stabilization reflects the discretionary transfer of $960 million into the General Debt Service Fund and a grant of $1.335 billion to the TFA in fiscal year 2016 for debt service due in fiscal year 2017.

(13) The Capital Stabilization Reserve reflects a $500 million capital reserve which was reallocated from fiscal year 2016 to fiscal year 2017 and which will be available for research before capital projects are funded and to make capital investments more efficient or for debt retirement in an economic downturn.

Implementation of various measures in the Financial Plan may be uncertain. If these measures cannot be implemented, the City will be required to take actions to decrease expenditures or increase revenues to maintain a balanced financial plan. See "Assumptions" and "Certain Reports" below.

Actions to Close the Remaining Gaps

Although the City has maintained balanced budgets in each of its last thirty-five fiscal years, except for the application of GASB 49 with respect to fiscal years 2010 through 2015, and is projected to achieve balanced operating results for the 2016 and 2017 fiscal years, except for the application of GASB 49, there can be no assurance that the Financial Plan or future actions to close projected outyear gaps can be successfully implemented or that the City will maintain a balanced budget in future years without additional State aid, revenue increases or expenditure reductions. Additional tax increases and reductions in essential City services could adversely affect the City's economic base.

Assumptions

The Financial Plan is based on numerous assumptions, including the condition of the City's and the region's economies and the concomitant receipt of economically sensitive tax revenues in the amounts projected. The Financial Plan is subject to various other uncertainties and contingencies relating to, among other factors, the extent, if any, to which wage increases for City employees exceed the annual wage costs assumed; realization of projected earnings for pension fund assets and current assumptions with respect to wages for City employees affecting the City's required pension fund contributions; the willingness and ability of the State to provide the aid contemplated by the Financial Plan and to take various other actions to assist the City; the ability of HHC and other such entities to maintain balanced budgets; the willingness of the federal government to provide the amount of federal aid contemplated in the Financial Plan; the impact on City revenues and expenditures of federal and State legislation affecting Medicare or other entitlement programs; adoption of the City's budgets by the City Council in substantially the forms submitted by the Mayor; the ability of the City to implement cost reduction initiatives, and the success with which the City controls expenditures; the impact of conditions in the real estate market on real estate tax revenues; and the ability of the City and other financing entities to market their securities successfully in the public credit markets. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS." Certain of these assumptions are reviewed in reports issued by the City Comptroller and other public officials. See "SECTION VII: FINANCIAL PLAN—Certain Reports."

The projections and assumptions contained in the Financial Plan are subject to revision, which may be substantial. No assurance can be given that these estimates and projections, which include actions the City expects will be taken but are not within the City's control, will be realized. For information regarding certain recent developments, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

Revenue Assumptions

1. General Economic Conditions

The Financial Plan assumes a more modest growth in economic activity in calendar year 2016 compared to calendar year 2015. The following table presents a forecast of the key economic indicators for the calendar years 2015 through 2020. This forecast is based upon information available in December 2015.

Forecast of Key Economic Indicators

	Calendar Years					
	2015	**2016**	**2017**	**2018**	**2019**	**2020**
U.S. ECONOMY						
Economic Activity and Income						
Real GDP (billions of 2009 dollars)	16,355	16,791	17,286	17,769	18,232	18,689
Percent Change	2.5	2.7	2.9	2.8	2.6	2.5
Non-Agricultural Employment (millions)	142	144	146	148	150	152
Percent Change	2.1	1.5	1.3	1.3	1.2	1.2
CPI-All Urban (1982-84=100)	237	240	247	253	259	265
Percent Change	0.1	1.5	2.8	2.4	2.4	2.5
Wage Rate ($ per year)	55,221	57,039	59,314	61,643	64,043	66,541
Percent Change	2.7	3.3	4.0	3.9	3.9	3.9
Personal Income ($ billions)	15,362	16,034	16,893	17,812	18,727	19,669
Percent Change	4.5	4.4	5.4	5.4	5.1	5.0
Pre-Tax Corp Profits ($ billions)	2,327	2,423	2,417	2,350	2,328	2,338
Percent Change	5.4	4.1	(0.2)	(2.8)	(0.9)	0.4
Unemployment Rate (Percent)	5.3	4.9	4.8	4.8	4.8	4.7
10-Year Treasury Bond Rate	2.1	2.8	3.0	3.5	3.8	3.8
Federal Funds Rate	0.1	0.9	1.9	2.9	3.3	3.3
NEW YORK CITY ECONOMY						
Real Gross City Product (billions of 2009 dollars)	735	746	758	769	780	792
Percent Change	2.3	1.4	1.7	1.5	1.4	1.5
Non-Agricultural Employment (thousands)	4,201	4,262	4,312	4,361	4,412	4,464
Percent Change	2.4	1.4	1.2	1.1	1.2	1.2
CPI-All Urban NY-NJ Area (1982-84=100)	261	265	273	280	287	294
Percent Change	0.2	1.7	2.9	2.6	2.5	2.6
Wage Rate ($ per year)	86,028	88,321	90,844	93,598	96,282	99,112
Percent Change	1.4	2.7	2.9	3.0	2.9	2.9
Personal Income ($ billions)	527	546	573	603	631	661
Percent Change	3.9	3.6	4.9	5.2	4.7	4.8
NEW YORK REAL ESTATE MARKET						
Manhattan Primary Office Market						
Asking Rental Rate ($ per square foot)	77.18	81.44	82.43	82.29	83.02	83.46
Percent Change	4.7	5.5	1.2	(0.2)	0.9	0.5
Vacancy Rate – Percent	9.4	9.1	10.1	11.4	11.8	11.8

Source: OMB.

2. Real Estate Tax

Projections of real estate tax revenues are based on a number of assumptions, including, among others, assumptions relating to the tax rate, the assessed valuation of the City's taxable real estate, the delinquency rate, debt service needs, a reserve for uncollectible taxes and the operating limit. See "Section IV: Sources of City Revenues—Real Estate Tax."

Projections of real estate tax revenues include net revenues from the sale of real property tax liens of $80 million in each of fiscal years 2016 through 2020. The authorization to sell such real estate tax liens has been extended through December 31, 2016. Projections of real estate tax revenues include the effects of the STAR Program which will reduce the real estate tax revenues by an estimated $205 million in fiscal year 2016. Projections of real estate tax revenues reflect the estimated cost of extending the current tax reduction for owners of cooperative and condominium apartments amounting to $437 million, $455 million, $473 million, $491 million and $508 million in fiscal years 2016 through 2020, respectively.

The delinquency rate was 2.2% in fiscal year 2011, 1.7% in fiscal year 2012, 1.5% in fiscal year 2013, 1.4% in fiscal year 2014 and 1.6% in fiscal year 2015. The Financial Plan projects delinquency rates of 1.9% in 2016, 1.8% in 2017 and 2.0% in fiscal years 2018 through 2020, respectively. For information concerning the delinquency rates for prior years, see "Section IV: Sources of City Revenues—Real Estate Tax—*Collection of the Real Estate Tax.*" For a description of proceedings seeking real estate tax refunds from the City, see "Section IX: Other Information—Litigation—*Taxes.*"

3. Other Taxes

The following table sets forth amounts of revenues (net of refunds) from taxes other than the real estate tax projected to be received by the City in the Financial Plan. The amounts set forth below exclude the Criminal Justice Fund and audit revenues.

	2016	**2017**	**2018**	**2019**	**2020**
			(In Millions)		
Personal Income(1)	$11,033	$11,073	$11,404	$11,864	$12,383
General Corporation	3,654	4,160	4,266	4,345	4,441
Banking Corporation	317	—	—	—	—
Unincorporated Business Income	2,007	2,072	2,164	2,256	2,357
Sales	7,070	7,351	7,661	7,982	8,308
Commercial Rent	770	805	840	875	910
Real Property Transfer	1,569	1,606	1,625	1,683	1,734
Mortgage Recording	1,028	1,055	1,065	1,095	1,122
Utility	390	394	407	416	425
Cigarette	48	47	46	45	44
Hotel(2)	548	550	563	569	580
All Other(3)	1,370	1,352	1,356	1,359	1,363
Total	$29,804	$30,465	$31,397	$32,489	$33,667

Note: Totals may not add due to rounding.

(1) Personal Income includes $283 million, $879 million, $2.469 billion, $2.882 billion and $3.131 billion of personal income tax revenues projected to be retained by the TFA for debt service and other expenses in the 2016 through 2020 fiscal years, respectively. These projections reflect reductions in personal income tax revenues as a result of the State's STAR Program under law in effect at the date of the Financial Plan in the amount of $607 million, $587 million, $585 million, $584 million and $584 million in each of fiscal years 2016 through 2020. The State will reimburse the City for reduced revenues resulting from the STAR Program.

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(2) Hotel includes the impact of an additional temporary hotel occupancy tax of 0.875 percent resulting in additional revenues of \$78 million, \$80 million, \$82 million, \$83 million and \$84 million in fiscal years 2016 through 2020, respectively.

(3) All Other includes, among others, beer and liquor taxes and the automobile use tax. All Other also includes \$812 million, \$797 million, \$800 million, \$804 million and \$808 million in fiscal years 2016 through 2020, respectively, to be provided to the City by the State as reimbursement for the reduced property tax and personal income tax revenues resulting from the STAR Program.

A May 18, 2015, U.S. Supreme Court decision found unconstitutional Maryland's collection of personal income taxes in relation to its treatment of resident and non-resident income. The City does not believe that this decision impacts the City's personal income tax structure or projected revenues at this time.

The Financial Plan reflects the following assumptions regarding projected baseline revenues from Other Taxes: (i) with respect to the personal income tax, moderate growth in fiscal year 2016 reflecting strong employment growth and wage gains as well as non-wage income remaining at high levels, nearly flat growth in fiscal year 2017 reflecting continued employment and wage growth offset by a decline in non-wage income and growth in fiscal years 2018 through 2020 reflecting steady economic growth; (ii) with respect to the general corporation tax and banking corporation tax, an overall increase in general corporation tax collections and a corresponding decrease in banking corporation tax collections due to major changes in State law which merged the general corporation tax with the banking corporation tax effective beginning in tax year 2015, resulting in nearly all banking corporation tax payments beginning with fiscal year 2016 being reported as general corporation tax payments, a decline in growth for fiscal year 2016 reflecting levels of corporate profits and lower levels of Wall Street profitability and increased government regulations and growth in fiscal years 2017 through 2020 reflecting moderate levels of Wall Street profitability and steady economic growth; (iii) with respect to the unincorporated business tax, steady growth from fiscal years 2016 through 2020 reflecting steady economic growth; (iv) with respect to the sales tax, moderate growth in fiscal years 2016 through 2020 reflecting healthy levels of tourist consumption as well as steady economic growth; (v) with respect to real property transfer tax, decline in 2016, as the volume of large commercial transactions declines from the high levels of fiscal year 2015, and growth from fiscal years 2017 through 2020, as the local economy stabilizes; (vi) with respect to mortgage recording tax, decline in 2016, as the volume of large commercial transactions drops from the high levels seen in 2015, and growth from fiscal years 2017 through 2020 as the local economy stabilizes and the interest rates begin to rise; and (vii) with respect to the commercial rent tax, continuing growth through 2020, as the local office market improves with employment gains.

4. Miscellaneous Revenues

The following table sets forth amounts of miscellaneous revenues projected to be received by the City in the Financial Plan.

	2016	2017	2018	2019	2020
			(In Millions)		
Licenses, Permits and Franchises	\$ 642	\$ 626	\$ 622	\$ 619	\$ 622
Interest Income	46	61	105	138	142
Charges for Services	975	951	951	951	951
Water and Sewer Payments (1)	1,531	1,472	1,439	1,399	1,359
Rental Income	271	271	271	271	271
Fines and Forfeitures	832	833	845	839	834
Other	619	629	657	792	926
Intra-City Revenues	2,001	1,778	1,787	1,781	1,787
	\$6,917	\$6,621	\$6,677	\$6,790	\$6,892

(1) Received from the Water Board. For further information regarding the Water Board, see "Section VII: Financial Plan—Financing Program."

Rental Income reflects approximately $128.5 million in each of fiscal years 2016 through 2019 for lease payments for the City's airports.

Other reflects $219.0 million, $123.0 million, $137.3 million, $136.9 million and $136.7 million of projected resources in fiscal years 2016 through 2020, respectively, from the receipt by the City of TSRs. For more information, see "SECTION IV: SOURCES OF CITY REVENUES—Miscellaneous Revenues." Economic and legal uncertainties relating to the tobacco industry and the settlement may significantly affect the receipt of TSRs by TSASC and the City. Other also reflects $107 million, $257 million and $367 million in fiscal years 2018 through 2020, from the sale of taxi medallions.

5. FEDERAL AND STATE CATEGORICAL GRANTS

The following table sets forth amounts of federal and State categorical grants projected to be received by the City in the Financial Plan.

	2016	2017	2018	2019	2020
			(In Millions)		
Federal					
Community Development	$ 1,531	$ 870	$ 441	$ 243	$ 243
Social Services	3,407	3,259	3,265	3,261	3,261
Education	1,747	1,747	1,776	1,776	1,776
Other	1,979	1,335	1,288	1,286	1,278
Total	$ 8,664	$ 7,211	$ 6,770	$ 6,566	$ 6,558
State					
Social Services	$ 1,664	$ 1,590	$ 1,601	$ 1,607	$ 1,613
Education	9,725	10,170	10,529	10,841	11,069
Higher Education	271	271	271	271	271
Health and Mental Hygiene	544	497	498	498	498
Other	1,212	1,038	1,080	1,124	1,173
Total	$13,416	$13,566	$13,979	$14,341	$14,624

The Financial Plan assumes that all existing federal and State categorical grant programs will continue, unless specific legislation provides for their termination or adjustment, and assumes increases in aid where increased costs are projected for existing grant programs. For information concerning projected State budget gaps and the possible impact on State aid to the City, see "INTRODUCTORY STATEMENT" and "SECTION I: RECENT FINANCIAL DEVELOPMENTS—The State."

As of November 30, 2015, approximately 14.5% of the City's full-time and full-time equivalent employees (consisting of employees of the mayoral agencies and the DOE) were paid by Community Development funds, water and sewer funds and from other sources not funded by unrestricted revenues of the City.

A major component of federal categorical aid to the City is the Community Development program. Pursuant to federal legislation, Community Development grants are provided to cities primarily to aid low and moderate income persons by improving housing facilities, parks and other improvements, by providing certain social programs and by promoting economic development. These grants are based on a formula that takes into consideration such factors as population, age of housing and poverty.

The City's receipt of categorical aid is contingent upon the satisfaction of certain statutory conditions and is subject to subsequent audits, possible disallowances and possible prior claims by the State or federal governments. The general practice of the State and federal governments has been to deduct the amount of any disallowances against the current year's payment, although in some cases the City remits payment for disallowed amounts to the grantor. Substantial disallowances of aid claims may be asserted during the course of the

Financial Plan. The City estimates probable amounts of disallowances of recognized grant revenues and makes the appropriate adjustments to recognized grant revenue for each fiscal year. The amounts of such downward adjustments to revenue for disallowances attributable to prior years increased from $124 million in the 1977 fiscal year to $542 million in the 2006 fiscal year. The amount of such disallowance was $103 million and $114 million in fiscal years 2007 and 2008, respectively. There were no adjustments for estimated disallowances in fiscal years 2009 and 2010. In fiscal year 2011 the downward adjustment for disallowances was $113 million and in fiscal year 2012 an upward adjustment of $166 million was made, reflecting a reduced estimate of disallowances attributable to prior years as of June 30, 2012. In fiscal years 2013, 2014 and 2015 downward adjustments of $59 million, $18 million and $110 million, respectively, were made. As of June 30, 2015, the City had an accumulated reserve of $1.116 billion for all disallowances of categorical aid.

Expenditure Assumptions

1. Personal Services Costs

The following table sets forth projected expenditures for personal services costs contained in the Financial Plan.

	2016	2017	2018	2019	2020
			(In Millions)		
Wages and Salaries	$24,605	$25,310	$25,839	$26,368	$26,540
Pensions	9,343	9,399	9,554	9,734	10,107
Other Fringe Benefits	9,318	9,837	10,398	11,194	11,983
Reserve for Collective Bargaining	996	537	1,320	2,388	2,758
Total	$44,262	$45,083	$47,111	$49,684	$51,388

The Financial Plan projects that the authorized number of City-funded full-time and full-time equivalent employees will decrease from an estimated level of 271,927 as of June 30, 2016 to an estimated level of 271,847 by June 30, 2020.

Other Fringe Benefits includes $2.197 billion. $2.346 billion, $2.557 billion, $2.719 billion and $2.889 billion in fiscal years 2016 through 2020, respectively, for OPEB expenditures for current retirees, which costs are currently paid by the City on a pay-as-you-go basis. For information on deposits to the Retiree Health Benefits Trust to fund a portion of the future cost of OPEB for current and future retirees, see "Section VI: Financial Operations—2011-2015 Summary of Operations."

The City has now reached agreements with 95% of its workforce. The Financial Plan reflects funding to cover the cost of the pattern increases as applied to the remaining unsettled unions based on patterns established in the agreements between the City and the United Federation of Teachers, District Council 37, and the Uniformed Superior Officers Coalition, respectively. For the period beyond the current round of bargaining, the reserve contains funding for wage increases assumed to be 1% per year following the expiration of the 2010-2017 round of collective bargaining.

The amounts in the Financial Plan reflect the offsets from health insurance savings of $700 million in FY2016, $1.0 billion in FY2017, and $1.3 billion in FY2018 which continues in the baseline thereafter. These savings are guaranteed by a collective bargaining agreement between the City and the Municipal Labor Committee. The City has the right to enforce the agreement through a binding arbitration process. If total health insurance savings through FY2018 are greater than $3.4 billion, the first $365 million of such additional savings is payable to union members as a one-time bonus or may be used for other purposes subject to negotiation. Any additional savings beyond such $365 million is to be divided equally between the City and the unions.

For a discussion of the City's pension systems, see "Section IX: Other Information—Pension Systems" and "Appendix B—Financial Statements—Notes to Financial Statements—Note E.5."

2. Other Than Personal Services Costs

The following table sets forth projected other than personal services ("OTPS") expenditures contained in the Financial Plan.

	2016	2017	2018	2019	2020
			(In Millions)		
Administrative OTPS and Energy	$22,106	$20,560	$20,518	$20,638	$20,882
Public Assistance	1,481	1,502	1,513	1,524	1,535
Medical Assistance	6,078	6,220	6,220	6,220	6,220
HHC Support	671	728	793	812	812
Other	4,034	3,874	4,019	4,138	4,236
Total	$34,370	$32,884	$33,063	$33,332	$33,685

Administrative OTPS and Energy

The Financial Plan contains estimates of the City's administrative OTPS expenditures for general supplies and materials, equipment and selected contractual services, and the impact of agency gap-closing actions relating to such expenditures in the 2016 and 2017 fiscal years. Thereafter, to account for inflation, administrative OTPS expenditures are projected to rise by 2.5% annually in fiscal years 2018 through 2020. Energy costs for each of the 2016 through 2020 fiscal years are assumed to vary annually, with total energy expenditures projected at $896 million in fiscal year 2016 and increasing to $1.1 billion by fiscal year 2020.

Public Assistance

The number of persons receiving benefits under cash assistance programs is projected to average 368,869 in fiscal year 2016 and 370,666 in each of fiscal years 2017 through 2020. Of total cash assistance expenditures in the City, the City-funded portion is projected to be $650 million, $664 million, $669 million, $675 million and $680 million in fiscal years 2016 through 2020, respectively.

Medical Assistance

Medical assistance payments projected in the Financial Plan consist of payments to voluntary hospitals, skilled nursing facilities, intermediate care facilities, home care providers, pharmacies, managed care organizations, physicians and other medical practitioners. The City-funded portion of medical assistance payments is estimated at $6.0 billion for the 2016 fiscal year.

The City-funded portion of medical assistance payments is expected to be $6.118 billion in each of fiscal years 2017 through 2020. Such payments include the City's capped share of local Medicaid expenditures as well as Supplemental Medicaid payments to HHC.

Health and Hospitals Corporation

HHC operates under its own section of the Financial Plan as a Covered Organization. The HHC financial plan, which was released in August 2015, projects City-funded expenditures of $252 million in fiscal year 2016 increasing to $340 million in fiscal year 2019. City-funded expenditures include City subsidy, intra-City payments and grants. HHC is expected to release a revised HHC financial plan covering fiscal years 2016 through 2020 in the spring of 2016.

On an accrual basis, HHC's total receipts before implementation of the HHC gap-closing program are projected to be $8.7 billion, $8.6 billion, $8.8 billion and $8.5 billion in fiscal years 2016 through 2019, respectively. Total disbursements before implementation of the HHC gap-closing program are projected to be $9.7 billion in fiscal year 2016 increasing to $10.3 billion in fiscal year 2019. Significant changes have been and may continue to be made in Medicaid, Medicare and other third-party payor programs, which could have adverse impacts on HHC's financial condition.

Other

The projections set forth in the Financial Plan for OTPS-Other include the City's contributions to NYCT, NYCHA, CUNY and subsidies to libraries and various cultural institutions. They also include projections for the cost of future judgments and claims which are discussed below under "Judgments and Claims." In the past, the City has provided additional assistance to certain Covered Organizations which had exhausted their financial resources prior to the end of the fiscal year. No assurance can be given that similar additional assistance will not be required in the future.

New York City Transit

NYCT operates under its own section of the Financial Plan as a Covered Organization. The financial plan for NYCT covering its 2015 through 2019 fiscal years was prepared in November 2015. The NYCT fiscal year coincides with the calendar year. The NYCT financial plan projects City assistance to the NYCT operating budget of $344.3 million in 2015 increasing to $398.1 million in 2019, in addition to real estate transfer tax revenue dedicated for NYCT use of $1.0 billion in 2015 decreasing to $867.8 million in 2019.

The NYCT financial plan includes additional revenues from a fare increase in 2015, the impact of labor settlements, updated inflation assumptions and organizational changes that involve consolidating information technology across MTA agencies. After reflecting such revenues and changes, the NYCT financial plan projects $10.0 billion in revenues and $12.9 billion in expenses for 2015, leaving a budget gap of $2.9 billion. After accounting for accrual adjustments and cash carried over from 2014, NYCT projects operating budget surpluses of $465.6 million, $426.2 million and $205.4 million in 2015 through 2017, respectively. The NYCT financial plan projects operating budget gaps of $282.2 million in 2018 and $816.9 million in 2019.

In 2009, a Payroll Mobility Tax ("PMT") was enacted into State law to provide $0.34 for every $100 of payroll in the MTA's twelve county service area. The PMT is currently expected to raise revenues for the MTA in the amount of $883.4 million in 2015, growing to $992.2 million in 2019.

The MTA Board approved the 2010-2014 Capital Program in April 2010 and the State Capital Program Review Board ("CPRB") approved the first two years of it on June 2, 2010 because the MTA had identified funding for only the first two years of the program. The CPRB vetoed the last three years of the program without prejudice to permit the MTA additional time to resolve the funding issues. The MTA Board approved the amended 2010-2014 Capital Program in December 2011 and the CPRB approved it on March 27, 2012. The plan includes $22.2 billion for all MTA agencies, including $11.6 billion to be invested in the NYCT core system, $1.9 billion for NYCT network expansion, and $200 million for security. Due to damages caused by Hurricane Sandy on October 29, 2012, the MTA Board approved a revised 2010-2014 Capital Program in December 2012, that includes $4.0 billion in additional capital funds, of which $3.4 billion is for the NYCT. On August 27, 2013 the CPRB approved an amendment to the 2010-2014 Capital Program which added $5.7 billion for mitigation projects, of which $5.0 billion is for the NYCT. This amendment increased the total amount of the 2010-2014 Capital Program to $31.9 billion. On September 3, 2014, the CPRB approved another amendment to the 2010-2014 Capital Program which reallocated funding among MTA agencies. This amendment decreased Sandy mitigation funding for NYCT by $223.6 million, while the overall program amount remains unchanged. The 2010-2014 Capital Program follows the 2005-2009 Capital Program, which provided approximately $17.1 billion for NYCT.

In September 2014, the MTA proposed the 2015-2019 Capital Program. The proposed plan includes $29.0 billion for all MTA agencies, including $17.1 billion to be invested in the NYCT core system, and $1.6 billion for NYCT network expansion. On October 2, 2014, the CPRB vetoed the proposed program without prejudice to permit additional time to resolve issues related to fully funding the program. On October 28, 2015, the MTA Board voted on and approved a revised 2015-2019 Capital Program. The revised plan includes $26.1 billion for all MTA agencies, including $15.8 billion to be invested in the NYCT core system and $583 million for NYCT network expansion. The State has agreed to contribute $8.3 billion, which has not yet been reflected in the State's capital plan. The City has agreed to increase its capital commitment from $657 million to $2.5 billion, which has not yet been reflected in the City's capital plan. The revised 2015-2019 Capital Program has not yet been submitted to the CPRB, and there can be no assurance that the CPRB will approve the revised 2015-2019 Capital Program.

Department of Education

State law requires the City to provide City funds for the DOE each year in an amount not less than the amount appropriated for the preceding fiscal year, excluding amounts for debt service and pensions for the DOE. Such City funding must be maintained, unless total City funds for the fiscal year are estimated to be lower than in the preceding fiscal year, in which case the mandated City funding for the DOE may be reduced by an amount up to the percentage reduction in total City funds.

Judgments and Claims

In the fiscal year ended on June 30, 2015, the City expended $679.6 million for judgments and claims. The Financial Plan includes provisions for judgments and claims of, $694.9 million, $746.4 million, $781.6 million, $816.8 million and $855 million for the 2016 through 2020 fiscal years, respectively. These projections incorporate a substantial amount of claims costs attributed to HHC, estimated to be $140 million in each year of the Financial Plan, for which HHC typically reimburses the City. In fiscal year 2016, however, the City is providing $140 million in fiscal relief to HHC by not seeking such reimbursement. The City expects to receive $140 million in reimbursements in each of fiscal years 2017 through 2020. The City is a party to numerous lawsuits and is the subject of numerous claims and investigations. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2015 amounted to approximately $6.8 billion. This estimate was made by categorizing the various claims and applying a statistical model, based primarily on actual settlements by type of claim during the preceding ten fiscal years, and by supplementing the estimated liability with information supplied by the City's Corporation Counsel. For further information regarding certain of these claims, see "SECTION IX: OTHER INFORMATION—Litigation."

In addition to the above claims, numerous real estate tax *certiorari* proceedings involving allegations of inequality of assessment, illegality and overvaluation are currently pending against the City. The City's Financial Statements for the fiscal year ended June 30, 2015 include an estimate that the City's liability in the *certiorari* proceedings, as of June 30, 2015, could amount to approximately $938 million. Provision has been made in the Financial Plan for estimated refunds of $275 million in fiscal year 2016 and $400 million in fiscal years 2017 through 2020. For further information concerning these claims, certain remedial legislation related thereto and the City's estimates of potential liability, see "SECTION IX: OTHER INFORMATION—Litigation—*Taxes*" and "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.5."

3. GENERAL OBLIGATION, LEASE AND TFA DEBT SERVICE

Debt service estimates for fiscal years 2016 through 2020 include debt service on outstanding general obligation bonds and conduit debt, and the funding requirements associated with outstanding TFA Future Tax Secured Bonds, and estimates of debt service costs of, or funding requirements associated with, future general obligation, conduit and TFA Future Tax Secured debt issuances based on projected future market conditions. Such debt service estimates also include estimated payments pursuant to interest rate exchange agreements but do not reflect receipts pursuant to such agreements.

In July 2009, the State amended the New York City Transitional Finance Authority Act to expand the borrowing capacity of the TFA by providing that it may have outstanding $13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and may issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, does not exceed the debt limit of the City. The City currently expects to continue to finance approximately half of its capital program through the TFA.

The Financial Plan reflects general obligation debt service of $4.05 billion, $4.29 billion, $4.43 billion, $4.50 billion and $4.80 billion in fiscal years 2016 through 2020, respectively, conduit debt service of $172 million, $218 million, $269 million, $295 million and $297 million in fiscal years 2016 through 2020, respectively, and TFA debt service of $1.89 billion, $2.21 billion, $2.47 billion, $2.88 billion and $3.13 billion in fiscal years 2016 through 2020, respectively, in each case prior to giving effect to prepayments, defeasances and redemptions. Such debt service requirements are projected to be below 15% of projected City tax revenues for each year of the Financial Plan.

Certain Reports

Set forth below are the summaries of the most recent reports of the City Comptroller, OSDC and the staff of the Control Board. These summaries do not purport to be comprehensive or definitive.

On March 1, 2016, the City Comptroller released a report entitled "Comments on New York City's Preliminary Budget for Fiscal Year 2017 and Financial Plan for Fiscal Years 2016-2020." The report identified net additional revenues for fiscal years 2016 through 2018, and lower net revenues in fiscal years 2019 and 2020, which when added to the results projected in the Financial Plan, would result in a surplus of $599 million in fiscal year 2016 and gaps of $200 million, $2.7 billion, $3.8 billion and $3.8 billion in fiscal years 2017 through 2020, respectively. The differences from the Financial Plan projections result in part from the City Comptroller's net expenditure projections, which are lower by $124 million in fiscal year 2016 and higher by $699 million, $689 million, $713 million and $737 million in fiscal years 2017 through 2020, respectively, as a result of: (i) increased overtime expenditures of $136 million in fiscal year 2016, $221 million in fiscal year 2017 and $200 million in each of fiscal years 2018 through 2020; (ii) uncertainty of federal Medicaid reimbursement of $80 million in each of fiscal years 2016 through 2020; (iii) an increase in universal pre-kindergarten funding of $21 million in each of fiscal years 2017 through 2020; (iv) an increase of $20 million in public assistance in each of fiscal years 2017 through 2020; (v) an increase in funding for adult shelters of $100 million in each of fiscal years 2017 through 2020; (vi) increased funding to support HHC of $345 million, $338 million, $344 million and $368 million in fiscal years 2017 through 2020, respectively; (vi) decreased debt service relating to variable rate debt of $40 million in fiscal year 2016, $88 million in fiscal year 2017, $70 million in fiscal year 2018 and $52 million in each of fiscal years 2019 and 2020, assuming that interest rates remain at their current historically low levels; and (vii) the assumption that the $300 million fiscal year 2016 general reserve in the Financial Plan will not be needed for budget balance. The differences from the Financial Plan also result from the analysis of revenue projections. The report forecasts that (i) property taxes will be higher by $74 million, $79 million, $60 million and $213 million in fiscal years 2017 through 2020, respectively; (ii) personal income taxes will be higher by $42 million, $197 million, $218 million and $147 million in fiscal years 2016 through 2019, respectively, and lower by $58 million in fiscal year 2020; (iii) business tax revenues will be higher by $37 million and $3 million in fiscal years 2016 and 2017, respectively, and lower by $44 million, $77 million and $58 million in fiscal years 2018 through 2020, respectively; (iv) sales tax revenues will be higher by $44 million, $70 million, $88 million, $100 million and $88 million in fiscal years 2016 through 2020, respectively; (v) real-estate related tax revenues will be higher by $333 million and $101 million in fiscal years 2016 and 2017, respectively, and lower by $12 million, $183 million and $136 million in fiscal years 2018 through 2020, respectively, due to anticipated higher interest rates and a stronger U.S. dollar cooling the commercial and residential real estate markets; (vi) traffic camera fines will be higher by $19 million, $54 million and $30 million in fiscal years 2016 through 2018, respectively, and $27 million in each of fiscal years 2019 and 2020; and (vii) projected taxi medallion sales revenues of $107 million, $257 million and $367 million in fiscal years 2018 through 2020, respectively, in the Financial Plan are unlikely to occur given the current turbulence in the taxi industry.

In February, 2016, the OSDC released a report on the Financial Plan. The report states that the Financial Plan projects a surplus of $2.3 billion for fiscal year 2016, which will be used to balance the fiscal year 2017 budget. The report notes manageable out-year budget gaps and a general reserve of $1 billion for each of fiscal years 2018 through 2020, which could be used to narrow such gaps if not needed to cushion the impact of an adverse budgetary development. The City's real estate market remains strong, and property taxes are projected to rise in fiscal year 2017 by $1.3 billion. Tax collections are projected to exceed the City's initial forecast by $1.1 billion in fiscal year 2016, in part due to strong job growth, combined with record tourism and the strong real estate market. Personal income tax collections are not expected to grow in fiscal year 2017 due to a slowdown in job growth in the 2016 calendar year and a decline in capital gains realizations as a result of stock market losses. The report notes the City's cautious approach to the potential for an economic downturn, including the citywide savings program included in the Financial Plan that is expected to generate $1.1 billion during fiscal years 2016 and 2017. A continued decline in equity markets could lead the City to increase the frequency of its pension contributions and updated mortality tables has led the City to increase benefits payments by about $600 million annually beginning in fiscal year 2016. The report states that the greatest risk to the City's budget is the Governor's Executive Budget. The Governor's Executive Budget includes proposed increases in the City's obligations to Medicaid and CUNY, as well as a proposed recovery by the State of amounts realized by the City from the refinancing of bonds issued by the Sales Tax Asset Receivable (STAR) Corporation (the "STAR Corp."), which could increase the City's costs by almost $1 billion in fiscal year 2017 and by about $1.2 billion in subsequent years during the Financial Plan. The report further notes that the City may have to provide additional funding to the HHC, beyond the $337 million provided in fiscal year 2016.

The OSDC report quantifies certain risks and offsets to the Financial Plan. The report projects increased tax revenues of $200 million in fiscal year 2016 and $300 million in fiscal year 2017 and decreased debt service costs of $200 million in fiscal year 2017. The risks to the Financial Plan identified in the report include: (i) increased uniformed services overtime costs of $100 million in fiscal year 2016 and $150 million in each of fiscal years 2017 through 2020; (ii) increased costs due to potential adverse impacts from the Governor's Executive Budget of $50 million in fiscal year 2016, $985 million in fiscal year 2017, $1.2 billion in fiscal year 2018 and $1.3 billion in each of fiscal years 2019 and 2020; (iii) additional funding for homeless shelters of $75 million in fiscal year 2017; (iv) decreased Medicaid reimbursement for services provided by DOE to students with special needs of $70 million in each of fiscal years 2017 through 2020; and (v) decreased taxi medallion revenue of $107 million in fiscal year 2018, $257 million in fiscal year 2019 and $367 million in fiscal year 2020. The result is net additional resources of $50 million in fiscal year 2016 and shortfalls of $780 million, $1.5 billion, $1.8 billion and $1.9 billion in fiscal years 2017 through 2020, respectively. When combined with the results in the Financial Plan, the report estimates a budget surplus of $50 million in fiscal year 2016 and budget gaps of $780 million, $3.8 billion, $4.7 billion and $4.6 billion in fiscal years 2017 through 2020, respectively. The OSDC report also states that the Financial Plan includes a general reserve of $300 million in fiscal year 2016 and $1 billion in each of fiscal years 2017 through 2020. In addition, the Capital Stabilization Reserve has a balance of $500 million in fiscal year 2017, and the Retiree Health Benefits Trust has a balance of $3.4 billion, which could be used to close projected budget gaps, if needed.

On March 8, 2016, the staff of the Control Board issued a report reviewing the Financial Plan. The report notes that the City projects a fiscal year 2016 year-end budget surplus of $2.3 billion, an increase of almost $2.2 billion, due to increased revenues and the implementation of gap-closing expenditure measures. After applying the surplus toward the payment of fiscal year 2017 expenses, the Financial Plan presents balanced budgets of $81.7 billion in fiscal year 2016 and $82.1 billion in fiscal year 2017. Increased expenditures of $86.6 billion, $89.9 billion and $92.5 billion in fiscal years 2018 through 2020, respectively, will result in budget deficits of $2.3 billion, $2.9 billion and $2.7 billion in fiscal years 2018 through 2020, respectively.

The report notes uniformed overtime in excess of projections, possibly leading to an additional $300 million in each year of the Financial Plan. Changes in the Governor's Executive Budget, including changes to CUNY financing, a Medicaid cap revision and a proposed recovery by the State of amounts realized by the City from the refinancing of bonds issued by the STAR Corp., could impact the Financial Plan by about $1 billion each of fiscal years 2017 through 2020. Moreover, the report notes that the City increased its pension funding by about $600 million in each year due to updated mortality tables. Finally, the report noted the precarious financial condition of HHC and the uncertainty of whether the City would receive almost $337 million in payments from HHC in fiscal years 2017 through 2020. The report identifies net risks to the Financial Plan of $20 million, $1.2 billion, $1.4 billion, $1.5 billion and $1.4 billion in fiscal years 2016 through 2020, respectively, resulting in estimated gaps of $20 million, $1.2 billion, $3.7 billion, $4.4 billion and $4.2 billion in fiscal years 2016 through 2020, respectively. Such net offsets and risks result from: (i) increased property transactions tax revenue of $200 million in fiscal year 2016; (ii) decreased business tax revenue of $100 million in fiscal years 2016 and 2017; (iii) increased miscellaneous revenue of $50 million in fiscal year 2016, $150 million in fiscal year 2017 and $125 million in each of fiscal years 2018 through 2020; (iv) increased Police Department overtime expenses of $84 million in fiscal year 2016 and $146 million in each of fiscal years 2017 through 2020; (v) increased Fire Department, Sanitation Department and Corrections Department overtime expenses of $36 million, $136 million and $203 million in fiscal years 2016 through 2018, respectively, and $202 million in each of fiscal years 2019 and 2020; (vi) a proposed decrease in State funding for CUNY of $485 million in each of fiscal years 2017 through 2020; (vii) proposed increased Medicaid costs of $299 million, $504 million, $617 million and $734 million in fiscal years 2017 through 2020, respectively; and (viii) proposed recovery by the State of amounts realized by the City from the refinancing of bonds issued by the STAR Corp. of $50 million in fiscal year 2016, $200 million in each of fiscal years 2017 and 2018 and $150 million in fiscal year 2019.

Long-Term Capital Program

The City makes substantial capital expenditures to reconstruct and rehabilitate the City's infrastructure and physical assets, including City mass transit facilities, water and sewer facilities, streets, bridges and tunnels, and to make capital investments that will improve productivity in City operations.

The City utilizes a three-tiered capital planning process consisting of the Ten-Year Capital Strategy, the four-year capital plan and the current-year Capital Budget. The Ten-Year Capital Strategy is a long-term planning tool designed to reflect fundamental allocation choices and basic policy objectives. The four-year capital plan, which is updated three times a year as required by the City Charter, translates mid-range policy goals into specific projects. The Capital Budget defines specific projects and the timing of their initiation, design, construction and completion. On January 21, 2016, the City released the four-year capital commitment plan for fiscal years 2016 through 2019 which covers the current fiscal year and the three-year capital plan for fiscal years 2017 through 2019 (the "2016-2019 Capital Commitment Plan").

City-funded commitments, which were $344 million in fiscal year 1979, are projected to reach $10.2 billion in fiscal year 2016. City-funded expenditures are forecast at $6.9 billion in fiscal year 2016; total expenditures are forecast at $8.4 billion in fiscal year 2016. For additional information concerning the City's capital expenditures and the Ten-Year Capital Strategy covering fiscal years 2016 through 2025, see "SECTION V: CITY SERVICES AND EXPENDITURES—Capital Expenditures."

The following table sets forth the major areas of capital commitment projected in the 2016-2019 Capital Commitment Plan.

2016-2019 Capital Commitment Plan

	2016		2017		2018		2019		TOTALS	
	City Funds	*All Funds*	*City Funds*	*All Funds*	*City Funds*	*All Funds*	*City Funds*	*All Funds*	*City Funds*	*All Funds*
Mass Transit(1)	$ 364	$ 394	$ 125	$ 125	$ 125	$ 125	$ 125	$ 125	$ 739	$ 769
Roadway, Bridges	947	1,267	1,531	2,191	1,220	1,509	1,522	1,671	5,220	6,637
Environmental Protection(2)	2,283	2,327	3,151	3,220	2,143	2,369	2,067	2,067	9,643	9,983
Education(3)	2,797	3,136	2,429	2,624	1,999	2,671	2,420	2,615	9,646	11,046
Housing	1,064	1,070	644	670	657	683	671	703	3,036	3,126
Sanitation	255	258	267	277	171	171	310	310	1,002	1,016
City Operations/Facilities	6,026	7,075	3,581	4,502	2,954	3,554	1,706	2,134	14,267	17,265
Economic Development	686	881	790	808	486	504	271	289	2,234	2,482
Reserve for Unattained Commitments	(4,251)	(4,251)	(515)	(515)	(316)	(316)	122	122	(4,960)	(4,960)
Total Commitments(4)	**$10,171**	**$12,156**	**$12,002**	**$13,899**	**$9,439**	**$11,271**	**$9,214**	**$10,036**	**$40,826**	**$47,362**
Total Expenditures(5)	**$ 6,913**	**$ 8,385**	**$ 7,903**	**$ 9,178**	**$8,764**	**$10,351**	**$9,265**	**$10,754**	**$32,845**	**$38,668**

Note: Individual items may not add to totals due to rounding.

(1) Excludes NYCT's non-City portion of the MTA capital program.

(2) Includes water supply, water mains, water pollution control, sewer projects and related equipment.

(3) All Funds reflects State funding for educational facilities.

(4) Commitments represent contracts registered with the City Comptroller, except for certain projects which are undertaken jointly by the City and State.

(5) Expenditures represent cash payments and appropriations planned to be expended for capital costs, excluding amounts for original issue discount.

Currently, if all City capital projects were implemented, expenditures would exceed the City's financing projections in the current fiscal year and subsequent years. The City has therefore established capital budgeting priorities to maintain capital expenditures within the available long-term financing. Due to the size and complexity of the City's capital program, it is difficult to forecast precisely the timing of capital project activity so that actual capital expenditures may vary from the planned annual amounts.

On May 5, 2014, the Mayor issued "Housing New York: A Five-Borough, Ten-Year Plan" which lays out a comprehensive plan to build and preserve 200,000 affordable units over the coming decade. The expected City costs of such plan for fiscal years 2016 through 2019 are reflected in the 2016-2019 Capital Commitment Plan.

On November 18, 2015, the Mayor announced a new plan to create 15,000 units of supportive housing, comprised of affordable housing with supportive services, including both mental and physical healthcare access, alcohol and substance abuse programs, and other social services, over the next 15 years. The plan includes approximately 7,500 newly constructed units and 7,500 scattered site units. The expected City costs of such plan for fiscal years 2016 through 2019 are reflected in the 2015-2019 Capital Commitment Plan.

In November 2015, the City issued an Asset Information Management System Report (the "AIMS Report"), which is its annual assessment of the asset condition and a proposed maintenance schedule for its assets and asset systems which have a replacement cost of $10 million or more and a useful life of at least ten years, as required by the City Charter. This report does not reflect any policy considerations which could affect the appropriate amount of investment, such as whether there is a continuing need for a particular facility or whether there have been changes in the use of a facility. The AIMS Report estimated that $7.21 billion in capital investment would be needed for fiscal years 2016 through 2019 to bring the assets to a state of good repair. The report also estimated that $433 million, $207 million, $269 million and $228 million should be spent on maintenance in fiscal years 2016 through 2019, respectively.

The recommended capital investment for each inventoried asset is not readily comparable to the capital spending allocated by the City in the 2016-2019 Capital Commitment Plan and the Ten-Year Capital Strategy. Only a portion of the funding set forth in the 2016-2019 Capital Commitment Plan is allocated to specifically identified assets, and funding in the subsequent years of the Ten-Year Capital Strategy is even less identifiable with individual assets. Therefore, there is a substantial difference between the amount of investment recommended in the report for all inventoried City assets and amounts allocated to the specifically identified inventoried assets in the 2016-2019 Capital Commitment Plan. The City also issues an annual report (the "Reconciliation Report") that compares the recommended capital investment with the capital spending allocated by the City in the four-year capital plan to the specifically identified inventoried assets.

The most recent Reconciliation Report, issued in July 2015, concluded that the capital investment in the four-year capital plan, for fiscal years 2016 through 2019, for the specifically identified inventoried assets funded 71% of the total investment recommended in the preceding AIMS Report issued in December 2014. Capital investment allocated in the Ten-Year Capital Strategy published in May 2015 funded an additional portion of the recommended investment. In the same Reconciliation Report, OMB estimated that 62% of the expense maintenance levels recommended were included in the financial plan.

Financing Program

The following table sets forth the par amount of bonds issued and expected to be issued during the 2016 through 2020 fiscal years (as set forth in the Financial Plan) to implement the 2016-2019 Capital Commitment Plan. See "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities."

2016-2020 FINANCING PROGRAM

	2016	2017	2018	2019	2020	Total
			(In Millions)			
City General Obligation Bonds	$1,100	$2,850	$3,390	$3,640	$3,680	$14,660
TFA Future Tax Secured Bonds	3,950	2,850	3,390	3,640	3,680	17,510
Water Authority Bonds(1)	1,404	1,790	1,727	1,725	1,630	8,276
Total	$6,454	$7,490	$8,507	$9,005	$8,990	$40,446

Note: Totals may not add due to rounding.

(1) Water Authority Bonds includes commercial paper but does not include bonds that defease commercial paper.

The City's financing program includes the issuance of water and sewer revenue bonds by the Water Authority which is authorized to issue bonds to finance capital investment in the City's water and sewer system. Pursuant to State law, debt service on Water Authority indebtedness is secured by water and sewer fees paid by users of the water and sewer system. Such fees are revenues of the Water Board, which holds a lease interest in the City's water and sewer system. After providing for debt service on obligations of the Water Authority and certain incidental costs, the revenues of the Water Board are paid to the City to cover the City's costs of operating the water and sewer system and as rental for the system. The City's Ten-Year Capital Strategy applicable to the City's water and sewer system covering fiscal years 2016 through 2025, projects City-funded water and sewer investment (which is expected to be financed with proceeds of Water Authority debt) at approximately $16.4 billion. The City's Capital Commitment Plan for fiscal years 2016 through 2019 reflects total anticipated City-funded water and sewer commitments of $9.6 billion which are expected to be financed with the proceeds of Water Authority debt.

The TFA is authorized to have outstanding $13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and may issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City. Future

Tax Secured Bonds are issued for general City capital purposes and are secured by the City's personal income tax revenues and, to the extent such revenues do not satisfy specified debt ratios, sales tax revenues. In addition, the TFA is authorized to have outstanding $9.4 billion of Building Aid Revenue Bonds to pay for a portion of the City's five-year educational facilities capital plan. Building Aid Revenue Bonds are secured by State building aid, which the Mayor has assigned to the TFA. The TFA expects to issue $750 million, $304 million, $343 million, $222 million and $107 million of Building Aid Revenue Bonds in fiscal years 2016 through 2020, respectively.

Implementation of the financing program is dependent upon the ability of the City and other financing entities to market their securities successfully in the public credit markets which will be subject to prevailing market conditions at the times of sale. No assurance can be given that the credit markets will absorb the projected amounts of public bond sales. A significant portion of bond financing is used to reimburse the City's General Fund for capital expenditures already incurred. If the City and such other entities are unable to sell such amounts of bonds, it would have an adverse effect on the City's cash position. In addition, the need of the City to fund future debt service costs from current operations may also limit the City's capital program. The Ten-Year Capital Strategy for fiscal years 2016 through 2025 totals $83.8 billion, of which approximately 90% is to be financed with funds borrowed by the City and such other entities. See "INTRODUCTORY STATEMENT" and "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness*." Congressional developments affecting federal taxation generally could reduce the market value of tax-favored investments and increase the debt-service costs of carrying out the major portion of the City's capital plan which is currently eligible for tax-exempt financing.

Interest Rate Exchange Agreements

In an effort to reduce its borrowing costs over the life of its bonds, the City began entering into interest rate exchange agreements commencing in fiscal year 2003. For a description of such agreements, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A.12." As of December 31, 2015, the aggregate notional amount of the City's interest rate exchange agreements was $1,371,180,000 and the total marked-to-market value of such agreements was ($116,227,885).

In addition, in connection with its Courts Facilities Lease Revenue Bonds (The City of New York Issue) Series 2005A and B, the Dormitory Authority of the State of New York ("DASNY") entered into interest rate exchange agreements with Goldman Sachs Mitsui Marine Derivative Products, L.P. and JPMorgan Chase Bank, National Association. The City is obligated, subject to appropriation, to make lease payments to DASNY reflecting DASNY's obligations under these interest rate exchange agreements. Under such agreements, with a notional amount of $125,500,000, an effective date of June 15, 2005 and a termination date of May 15, 2039, DASNY pays a fixed rate of 3.017% and receives payments based on a LIBOR-indexed variable rate. As of December 31, 2015, the total marked-to-market value of the DASNY agreements was ($31,001,006).

Seasonal Financing Requirements

The City since 1981 has fully satisfied its seasonal financing needs, when necessary, in the public credit markets, repaying all short-term obligations within their fiscal year of issuance. The City has not issued short-term obligations to finance projected cash flow needs since fiscal year 2004. The City regularly reviews its cash position and the need for short-term borrowing. The Financial Plan reflects the issuance of short-term obligations in the amount of $2.4 billion in each of fiscal years 2017 through 2020.

SECTION VIII: INDEBTEDNESS

Indebtedness of the City and Certain Other Entities

Outstanding City and PBC Indebtedness

The following table sets forth outstanding City and PBC indebtedness as of December 31, 2015. "City indebtedness" refers to general obligation debt of the City, net of reserves. "PBC indebtedness" refers to obligations of the City, net of reserves, to the following PBCs: the New York City Educational Construction Fund ("ECF"), DASNY and CUCF. PBC indebtedness is not debt of the City. However, the City has entered into agreements to make payments, subject to appropriation, to PBCs to be used for debt service on certain obligations constituting PBC indebtedness. Neither City indebtedness nor PBC indebtedness includes outstanding debt of the TFA, TSASC, Fiscal Year 2005 Securitization Corp. or STAR Corp., which are not obligations of, and are not paid by, the City; nor does such indebtedness include obligations of the Hudson Yards Infrastructure Corporation ("HYIC"), for which the City has agreed to pay, as needed and subject to appropriation, interest on but not principal of such obligations.

	(In Thousands)	
Gross City Long-Term Indebtedness(1)	$38,505,964	
Less: Assets Held for Debt Service(2)	(308,155)	
Net City Long-Term Indebtedness		$38,197,809
PBC Indebtedness		
Bonds Payable	340,093	
Capital Lease Obligations	1,113,970	
Gross PBC Indebtedness	1,454,063	
Less: Assets Held for Debt Service	(200,455)	
Net PBC Indebtedness		1,253,608
Combined Net City and PBC Indebtedness		$39,451,417

(1) Reflects capital appreciation bonds at accreted values as of June 30, 2015.

(2) Assets Held for Debt Service consists of General Debt Service Fund assets.

Trend in Outstanding Net City and PBC Indebtedness

The following table shows the trend in the outstanding net City and PBC indebtedness as of June 30 of each of the fiscal years 2006 through 2015 and at December 31, 2015.

	City Indebtedness		PBC	
	Long-Term	Short-Term	Indebtedness(1)	Total
	(In Millions)			
2006	$34,076	—	$1,751	$35,827
2007	34,396	—	1,637	36,033
2008	33,129	—	1,558	34,687
2009	38,648	—	1,484	40,131
2010	41,490	—	1,395	42,885
2011	41,737	—	1,550	43,287
2012	40,913	—	1,486	42,399
2013	38,844	—	1,413	40,257
2014	41,033	—	1,347	42,380
2015	38,497	—	1,261	39,758
December 31, 2015	38,198	—	1,254	39,451

(1) Includes obligations of New York State Urban Development Corporation ("UDC") through June 30, 2015.

Rapidity of Principal Retirement

The following table details, as of December 31, 2015, the cumulative percentage of total City indebtedness that is scheduled to be retired in accordance with its terms in each prospective five-year period.

Period	Cumulative Percentage of Debt Scheduled for Retirement
5 years	24.51%
10 years	52.98
15 years	75.06
20 years	89.94
25 years	97.90
30 years	100.00

City and PBC Debt Service Requirements

The following table summarizes future debt service requirements, as of December 31, 2015, on City and PBC indebtedness.

Fiscal Years	City Long-Term Debt Principal	City Long-Term Debt Interest	PBC Indebtedness	Total
	(In Thousands)			
2016	$ 384,340	$ 900,687	$ 59,505	$ 1,344,532
2017	2,221,086	1,622,053	87,348	3,930,487
2018	2,280,710	1,521,923	78,153	3,880,786
2019 through 2147	33,619,828	12,047,125	1,229,057	46,896,010
Total	$38,505,964	$16,091,788	$1,454,063	$56,051,815

Certain Debt Ratios

The following table sets forth the approximate ratio of City net general obligation bonded debt to assessed taxable property value as of June 30 of each of the fiscal years 2006 through 2015.

Fiscal Year	City General Obligation Bonded Debt(1)	Debt Service Restricted Cash(2)	City General Obligation Bonded Debt Net of Debt Service Restricted Cash	City Net General Obligation Bonded Debt as a Percentage of Assessed Taxable Value of Property(3)	Per Capita
	(in millions)	(in millions)	(in millions)		
2006	$35,844	$3,244	$32,600	26.62%	$4,078
2007	34,506	3,372	31,134	24.39	3,885
2008	36,100	5,117	30,983	21.28	3,840
2009	39,991	3,376	36,615	24.09	4,503
2010	41,555	2,926	38,629	24.46	4,716
2011	41,785	2,818	38,967	24.40	4,702
2012	42,286	1,374	40,912	23.88	4,890
2013	41,592	2,766	38,826	21.68	4,601
2014	41,665	639	41,026	21.57	4,832
2015	40,460	1,970	38,490	18.97	4,533

Source: CAFR for the fiscal year ended June 30, 2015; New York City Comptroller's Office.

(1) General Obligation Bonded Debt is presented at par value and does not reflect GASB 44 reporting methodology netting premium and discount. See Notes to Financial Statements (Note D.5) "Changes in Long Term Liabilities".

(2) Primarily comprised of restricted cash and investments held in the General Debt Service Fund.

(3) Based on full valuations for each fiscal year derived from the application of the special equalization ratio reported by the State Office of Real Property Tax Services for such fiscal year.

Indebtedness of the City and Related Issuers

The following table sets forth obligations of the City and other issuers as of June 30 of each of the fiscal years 2006 through 2015. General obligation bonds are debt of the City. Although IDA Stock Exchange bonds and PBC indebtedness are not debt of the City, the City has entered into agreements to make payments, subject to appropriation, to the respective issuers to be used for debt service on the indebtedness included in the following table. ECF bonds are also not debt of the City. ECF bonds are expected to be paid from revenues of ECF, provided, however, that if such revenues are insufficient, the City has agreed to make payments, subject to appropriation, to ECF for debt service on its bonds. Indebtedness of the TFA, TSASC and STAR Corp. does not constitute debt of, and is not paid by, the City.

Fiscal Year	General Obligation Bonds	ECF	TFA	TSASC	STAR	HYIC	PBC Indebtedness and Other(1)	IDA Stock Exchange
				(In Millions)				
2006	$35,844	$ 84	$12,233	$1,334	$2,470	$ —	$2,925	$104
2007	34,506	123	14,607	1,317	2,368	2,100	2,832	102
2008	36,100	109	14,828	1,297	2,339	2,067	2,025	101
2009	39,991	102	16,913	1,274	2,253	2,033	1,937	99
2010	41,555	150	20,094	1,265	2,178	2,000	1,859	99
2011	41,785	281	23,820	1,260	2,117	2,000	1,895	98
2012	42,286	274	26,268	1,253	2,054	3,000	1,818	95
2013	41,592	268	29,203	1,245	1,985	3,000	1,739	93
2014	41,665	266	31,038	1,228	1,975	3,000	1,701	90
2015	40,460	264	33,850	1,222	2,035	3,000	1,639	87

Source: CAFR for the fiscal year ended June 30, 2015.

(1) PBC Indebtedness and Other includes capital lease obligations of the City and excludes Fiscal Year 2005 Securitization Corporation, ECF and Tax Lien Collateralized Bonds.

As of December 31, 2015, approximately $39 billion of City general obligation bonds were outstanding. For information regarding the City's variable rate bonds, see APPENDIX C hereto.

As of December 31, 2015, $3 billion aggregate principal amount of HYIC bonds were outstanding. Such bonds were issued to finance the extension of the Number 7 subway line and other public improvements. They are secured by and payable from payments in lieu of taxes and other revenues generated by development in the Hudson Yards area. To the extent such payments in lieu of taxes and other revenues are insufficient to pay interest on the HYIC bonds, the City has agreed to pay the amount of any shortfall in interest on such bonds, subject to appropriation. The Financial Plan provides $0 in fiscal years 2016 and 2017, $58 million in fiscal year 2018 and $90 million in fiscal years 2019 and 2020 for such interest support payments. The City has no obligation to pay the principal of such bonds.

Certain Provisions for the Payment of City Indebtedness

The State Constitution requires the City to make an annual appropriation for: (i) payment of interest on all City indebtedness; (ii) redemption or amortization of bonds; and (iii) redemption of short-term indebtedness issued in anticipation of the collection of taxes or other revenues, such as tax anticipation notes ("TANs") and revenue anticipation notes ("RANs") which (with permitted renewals thereof) are not retired within five years of the date of original issue. If this appropriation is not made, a sum sufficient for such purposes must be set apart from the first revenues thereafter received by the City and must be applied for these purposes.

The City's debt service appropriation provides for the interest on, but not the principal of, short-term indebtedness, which has previously been issued as TANs and RANs. If such principal were not provided for from the anticipated sources, it would be, like debt service on City bonds, a general obligation of the City.

Pursuant to the Financial Emergency Act, a general debt service fund (the "General Debt Service Fund" or the "Fund") has been established for the purpose of paying Monthly Debt Service, as defined in the Act. In addition, as required under the Act, accounts have been established by the State Comptroller within the Fund to pay the principal of City TANs and RANs when outstanding. For the expiration date of the Financial Emergency Act, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Emergency Act.*"

Limitations on the City's Authority to Contract Indebtedness

The Financial Emergency Act imposes various limitations on the issuance of City indebtedness. No TANs may be issued by the City which would cause the principal amount of such issue of TANs to exceed 90% of the "available tax levy," as defined in the Act, with respect to such issue; TANs and renewals thereof must mature not later than the last day of the fiscal year in which they were issued. No RANs may be issued by the City which would cause the principal amount of RANs outstanding to exceed 90% of the "available revenues," as defined in the Act, for that fiscal year; RANs must mature not later than the last day of the fiscal year in which they were issued; and in no event may renewals of RANs mature later than one year subsequent to the last day of the fiscal year in which such RANs were originally issued. No bond anticipation notes ("BANs") may be issued by the City in any fiscal year which would cause the principal amount of BANs outstanding, together with interest due or to become due thereon, to exceed 50% of the principal amount of bonds issued by the City in the twelve months immediately preceding the month in which such BANs are to be issued.

The State Constitution provides that, with certain exceptions, the City may not contract indebtedness, including contracts for capital projects to be paid with the proceeds of City bonds ("contracts for capital projects"), in an amount greater than 10% of the average full value of taxable real estate in the City for the most recent five years (the "general debt limit"). See "SECTION IV: SOURCES OF CITY REVENUES—Real Estate Tax—*Assessment*." Certain indebtedness ("excluded debt") is excluded in ascertaining the City's authority to contract indebtedness within the constitutional limit. TANs, RANs and BANs, and long-term indebtedness issued for specified purposes are considered excluded debt. The City's authority for variable rate bonds is currently limited, with statutory exceptions, to 25% of the general debt limit. The State Constitution also provides that, subject to legislative implementation, the City may contract indebtedness for low-rent housing, nursing homes for persons of low income and urban renewal purposes in an amount not to exceed 2% of the average assessed valuation of the taxable real estate of the City for the most recent five years (the "2% debt limit"). Excluded from the 2% debt limit, after approval by the State Comptroller, is indebtedness for certain self-supporting programs aided by City guarantees or loans.

Water Authority and TSASC indebtedness and the City's commitments with other PBCs or related issuers are not chargeable against the City's constitutional debt limit. The TFA and TSASC were created to provide financing for the City's capital program. Without the TFA and TSASC, or other legislative relief, new contractual commitments for the City's general obligation financed capital program would have been virtually brought to a halt during the financial plan period beginning early in the 1998 fiscal year. TSASC has issued approximately $1.3 billion of bonds that are payable from TSRs. The TFA is permitted to have outstanding $13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and may issue additional Future Tax Secured Bonds, provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City. Future Tax Secured Bonds are secured by the City's personal income tax revenues and sales tax revenues, if personal income tax revenues do not satisfy specified debt ratios. The TFA, as of December 31, 2015, has outstanding approximately $26.6 billion of Future Tax Secured Bonds (excluding Recovery Bonds). The TFA is authorized to have outstanding $9.4 billion of Building Aid Revenue Bonds, which are secured by State building aid and are not chargeable against the City's constitutional debt limit.

The following table sets forth the calculation of debt-incurring power as of February 29, 2016.

	(In Thousands)	
Total City Debt-Incurring Power under General Debt Limit		$85,184,138
Gross Debt-Funded	$38,127,321	
Less: Excluded Debt	(48,029)	
	38,079,292	
Less: Appropriations for Payment of Principal	(283,090)	
	37,796,202	
Contracts and Other Liabilities, Net of Prior Financings Thereof	7,865,537	
Total City Indebtedness		45,661,739
TFA Debt Outstanding above $13.5 billion		14,176,370
Debt-Incurring Power		$25,346,030

Note: Numbers may not add due to rounding.

Federal Bankruptcy Code

Under the Federal Bankruptcy Code, a petition may be filed in the federal bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. The filing of such a petition would operate as a stay of any proceeding to enforce a claim against the City. The Federal Bankruptcy Code requires the municipality to file a plan for the adjustment of its debts, which may modify or alter the rights of creditors and may provide for the municipality to issue indebtedness, which could have priority over existing creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite majority of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. Pursuant to authorization by the State, each of the City and the Control Board, acting on behalf of the City pursuant to the Financial Emergency Act, has the legal capacity to file a petition under the Federal Bankruptcy Code. For the expiration date of the Financial Emergency Act, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Emergency Act*."

Public Benefit Corporation Indebtedness

City Financial Commitments to PBCs

PBCs are corporate governmental agencies created by State law to finance and operate projects of a governmental nature or to provide governmental services. Generally, PBCs issue bonds and notes to finance construction of housing, hospitals, dormitories and other facilities and receive revenues from the collection of fees, charges or rentals for the use of their facilities, including subsidies and other payments from the governmental entity whose residents have benefited from the services and facilities provided by the PBC. These bonds and notes do not constitute debt of the City.

The City has undertaken various types of financial commitments with certain PBCs which, although they do not represent City indebtedness, have a similar budgetary effect. The principal forms of the City's financial commitments with respect to PBC debt obligations are as follows:

1. *Capital Lease Obligations*—These are leases of facilities by the City or a Covered Organization, entered into with PBCs, under which the City has no liability beyond monies legally available for lease payments. State law generally provides, however, that in the event the City fails to make any required lease payment, the amount of such payment will be deducted from State aid otherwise payable to the City and will be paid to the PBC.

2. *Executed Leases*—These are leases pursuant to which the City is legally obligated to make the required rental payments.

3. *Capital Reserve Fund Arrangements*—Under these arrangements, State law requires the PBC to maintain a capital reserve fund in a specified minimum amount to be used solely for the payment of the PBC's obligations. State law further provides that in the event the capital reserve fund is depleted, State aid otherwise payable to the City may be paid to the PBC to restore such fund.

Certain PBCs are further described below.

New York City Educational Construction Fund

As of December 31, 2015, $240.7 million principal amount of ECF bonds to finance costs related to the school portions of combined occupancy structures was outstanding. Under ECF's leases with the City, debt service on the ECF bonds is payable by the City to the extent third party revenues are not sufficient to pay such debt service.

Dormitory Authority of the State of New York

As of December 31, 2015, $480.6 million principal amount and $633.4 million principal amount of DASNY bonds issued to finance the design, construction and renovation of court facilities and health facilities, respectively, in the City were outstanding. The court facilities and health facilities are leased to the City by DASNY, with lease payments made by the City in amounts sufficient to pay debt service on DASNY bonds and certain fees and expenses of DASNY.

City University Construction Fund

As of December 31, 2015, approximately $148.6 million principal amount of DASNY bonds, relating to Community College facilities, subject to capital lease arrangements was outstanding. The City and the State are each responsible for approximately one-half of the CUCF's annual rental payments to DASNY for Community College facilities which are applied to the payment of debt service on the DASNY's bonds issued to finance the leased projects plus related overhead and administrative expenses of DASNY.

SECTION IX: OTHER INFORMATION

Pension Systems

The City maintains a number of pension systems, including five major actuarial systems, providing benefits for its employees and employees of various independent agencies (including certain Covered Organizations). The systems combine features of defined benefit pension plans with those of defined contribution pension plans. Three of the five major actuarial systems are cost-sharing multiple employer systems that include public employees who are not City employees. Each public employer in these multiple employer systems has primary responsibility for funding and reporting in the employer's financial statements on its share of the systems' liabilities. Total membership in the City's five major actuarial systems on June 30, 2013 (the date of the most recent, final, actuarial valuation) consisted of approximately 369,000 active employees and approximately 319,000 retirees and beneficiaries receiving benefits and other vested members terminated but not receiving benefits. The City also contributes to three other pension systems, maintains a closed non-actuarial retirement program for certain retired individuals not covered by the five major actuarial systems, provides other supplemental benefits to retirees and makes contributions to certain union annuity funds.

Each of the City's five major actuarial pension systems is managed by a board of trustees which includes representatives of the City and the employees covered by such system. The City Comptroller is the custodian of, and has been delegated investment responsibilities for, the major actuarial systems, subject to the policies established by the boards of trustees of the systems and State law. The City Actuary (the "Actuary"), an independent professional who is also the Chief Actuary of each of the five major pension systems, determines annual employer contributions and prepares other actuarial analyses and reports that are used by the City for Financial Plan and financial reporting purposes, as further described below. The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. Constitutional protection applies only to the basic pension benefits provided through each pension system's Qualified Pension Plan ("QPP") and does not extend to the Variable Supplements Funds ("VSFs") or Tax-Deferred Annuity Programs ("TDA Programs") that are also administered by some of the pension systems, as discussed below.

City Pension Contributions

The City has consistently made its full statutorily required pension contributions based on then-current actuarial valuations. For fiscal year 2015, the City's pension contributions for the five major actuarial pension systems, plus other pension expenditures, were approximately $8.5 billion.

The Financial Plan reflects pension contribution projections of $9.343 billion, $9.399 billion, $9.554 billion, $9.734 billion and $10.107 billion, for fiscal years 2016 through 2020, respectively. For the 2015 fiscal year, the City's total annual pension contribution expenditures, including pension costs not associated with the five major actuarial systems, plus Social Security tax payments by the City for the year, were approximately 43% of total payroll costs. In addition, contributions are made by certain component units of the City and other government units directly to the three cost-sharing multiple employer actuarial systems on behalf of their participating employees and retirees.

The pension contributions projected in the Financial Plan reflect changes to funding assumptions and methods first implemented in 2012 as recommended by the Actuary and adopted by the boards of trustees of each of the City's retirement systems. These included an actuarial interest (discount) rate assumption of 7% per annum which is based on investment earnings net of investment expenses, updated mortality tables to account for longer life expectancy, and the use of the Entry Age Actuarial Cost Method. The initial unfunded liability recognized as a result of such changes in assumptions and methods is being amortized through City contributions over a 22-year period that commenced in fiscal year 2012 with increasing dollar payments increasing at a rate of 3% per year. For further information, see "—*Actuarial Assumptions and Methods*."

The Financial Plan also reflects contributions associated with actual pension fund investment performance through the end of fiscal year 2015. Such investment performance was 17.48% (gross of investment fees) in fiscal year 2014 and 3.15% (net of investment fees) in fiscal year 2015. The Financial Plan does not reflect performance subsequent to the end of fiscal year 2015. For fiscal year 2016 to date, aggregate returns on pension fund investments have been negative.

The Financial Plan projections also reflect certain impacts of the TDA Programs and the VSFs. For further information, see "—*Fiduciary Fund Reporting*" below.

The Financial Plan also reflects certain increased pension contributions resulting, in part, from recommendations of an independent actuarial auditor engaged, pursuant to the City Charter, to review actuarial methods and assumptions every two years, as described below. Such changes resulted in an annual increase of approximately $600 million to the City's annual pension contribution starting in fiscal year 2016.

Actuarial Assumptions and Methods

An actuarial valuation requires an initial set of information and assumptions about future events. Pursuant to the City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded New York City Retirement Systems are conducted by an independent actuarial firm every two years. Such studies assess the reasonableness of the Actuary's calculations of employer contributions and make recommendations about actuarial methods and assumptions.

Two independent actuarial auditors issued experience studies dated November 2006 and December 2011, respectively. After reviewing the results of those studies, the Actuary issued reports dated February 10, 2012 containing proposed changes in actuarial assumptions and methods for determining employer contributions beginning in fiscal year 2012 for each retirement system. The Boards of Trustees of each system adopted those changes that require Board approval and the State Legislature and Governor enacted legislation to provide for those changes that require legislation.

On October 23, 2015, an independent actuarial auditor released a report analyzing experience for the four-year and ten-year periods ended June 30, 2013. Such report confirmed that the Actuary's calculations of employer contributions for fiscal year 2014 and that investment return assumptions were reasonable and appropriate, but recommended the consideration of changes to the mortality, overtime, and investment return assumptions.

In November 2015, the Actuary proposed updated post-retirement mortality assumptions for use in determining employer contributions beginning in fiscal year 2016. The Boards of Trustees of each System adopted the proposed assumptions. In addition, beginning in fiscal year 2016, the Actuary revised the Actuarial Asset Valuation Method to constrain the Actuarial Asset Value to be no more than 120% nor less than 80% of the market value of assets, known as a 20% corridor.

The Actuary has not yet completed a review of the report's other findings and recommendations.

Emerging discrete unfunded liabilities are recognized and amortized over closed, fixed periods using level dollar payments under the Entry Age Actuarial Cost Method.

Under the Actuarial Asset Valuation Method, investment returns above or below expectation are reflected in City pension contributions beginning two fiscal years later, in two stages: first, the annual returns above or below expectation are phased in to the actuarial value of assets over a six-year period, with 15% of the total recognized per year in years 1-4 and 20% per year in years 5 and 6. The portion recognized in each year is then amortized over a 15-year period for the purpose of calculating the City's annual pension contributions. Increases or decreases in pension liabilities related to changes in actuarial assumptions and pension plan benefit changes are funded over a fixed period determined by statute.

The complete sets of actuarial assumptions and methods are available on the web site of the New York City Office of the Actuary.

City Pension Fund Financial Reporting

The City accounts for its pensions consistent with the requirements of the Governmental Accounting Standards Board ("GASB"). In fiscal year 2014, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions ("GASB 68"). The GASB 68 standards apply to actuarial calculations for financial reporting but not to the actuarial calculation of annual City employer pension contributions, which continue to be determined as described above. The City implemented GASB 68 concurrently with the implementation by the five major actuarial pension systems of GASB Statement No. 67, Financial Reporting for Pension Plans ("GASB 67").

GASB 68 changed many but not all aspects of calculating the City's reported pension fund assets and liabilities. In broad terms, GASB 68 separates pension reporting in the City's government-wide financial statements from the phased or smoothed asset and liability figures that the City uses in determining its annual pension contributions, as described above. For pension reporting purposes, most changes in assets and liabilities are reflected in the year in which they occur. The City expects that pension fund reporting under GASB 68 could increase year-to-year volatility in reported net pension liability.

Under GASB 68, net pension liabilities are reported on employers' Government-Wide Statements of Net Assets when the fair value of pension assets falls short of actuarially calculated liabilities, when both are measured as of the same date (fiscal year end). For the cost-sharing multiple employer pension systems, only the City share of net pension liabilities is reported in the Government-Wide Statement of Net Assets. In the Government-Wide financial statements in the fiscal year 2015 CAFR, the City's net pension liabilities were reported as $46.6 billion and $52.0 billion as of June 30, 2014 and 2015, respectively. The City's share of plan fiduciary net position, $123.1 billion and $124.1 billion, represented 72.5% and 70.5% of the City's total pension liabilities as of June 30, 2014 and 2015, respectively.

For further information see "APPENDIX B—FINANCIAL STATEMENTS."

Fiduciary Fund Reporting

The fiscal year 2015 CAFR contains Fiduciary Funds financial statements for each of the five major actuarial pension systems. These financial statements report on the entirety of the five systems, not just the City share. Each of the five major actuarial pension systems administers programs in addition to its respective QPP, and these programs are also reported as part of each system's financial statements in the Fiduciary Fund financial statements. For fiscal year 2015, the City reported that the five pension funds had, in aggregate, a net position of $178.4 billion, of which $145.7 billion was restricted for QPPs, $28.9 billion was restricted for TDAs, and $3.8 billion was restricted for VSFs. For fiscal year 2014, the City reported that the five pension funds had, in aggregate, a net position of $175.4 billion, of which $144.5 billion was restricted for QPPs, $27.3 billion was restricted for TDAs, and $3.6 billion was restricted for VSFs. For further information, see "APPENDIX B—FINANCIAL STATEMENTS—Pension and Other Employee Benefit Trust Funds Combining Statement of Fiduciary Net Position."

In addition to the QPPs, the Teachers' Retirement System of the City of New York ("TRS") and the New York City Board of Education Retirement System ("BERS") administer TDA Programs. As of June 30, 2014 and 2015, the total fiduciary net position restricted for TDA benefits was $27.3 billion and $28.9 billion, respectively. Each of the TDA Programs has at least two investment options, broadly categorized as a fixed return fund and one or more variable return funds. Deposits from members' TDA Program accounts into the fixed return funds are used by the respective QPP to purchase investments, and such TDA Program accounts are credited with a statutory rate of interest, currently 7% for United Federation of Teachers members and 8.25% for all other members. If earnings on the respective QPP are less than the amount credited to the TDA Program members' accounts, the higher cost to the QPP could require additional payments by the City to the pension funds. If the earnings are higher, then lower payments by the City to the pension funds could be required.

All investment securities purchased and invested by the QPPs with TDA Programs' fixed return funds' balances are owned and reported by the QPP. A receivable due from the respective QPP equal in amount to the aggregate original principal amounts contributed by TDA Programs' members to the respective fixed return funds, plus accrued interest at the statutory rate, is owned by each of the TDA Programs. The balances of TDA Program fixed return funds held by the TRS QPP as of June 30, 2014 and 2015 were $17.2 billion and $18.7 billion, respectively, and interest paid on TDA Program fixed return funds by the TRS QPP for the years then ended were $1.1 billion and $1.2 billion and, respectively. The balances of TDA Program fixed return funds held by the BERS QPP as of June 30, 2014 and 2015 were $999 million and $1.2 billion, respectively, and interest paid on TDA Program fixed return funds by the BERS QPP for the years then ended were $62.7 million and $85.1 million, respectively. Deposits from members' TDA Program accounts into the variable return funds are credited with actual returns on the underlying investments of the specific fund selected. Members may reallocate all or a part of their TDA Program contributions between the fixed and variable return funds on a quarterly basis.

In addition, certain Tier I and Tier II pension plan members have the right to make supplemental, voluntary member contributions into the QPPs that are credited with interest at rates set by statute and may be withdrawn or annuitized at retirement. In general, the assets and liabilities associated with these member contributions are included in the reported assets and actuarially-determined net pension obligations of the respective plans. Ultimately, investment earnings of the funds that are less than the amounts credited to the members could result in additional required contributions by the City to the pension funds and investment earnings that are greater than the amounts credited to the members could result in lower required contributions by the City to the pension funds.

Pursuant to State law, certain retirees of the New York City Employees' Retirement System ("NYCERS"), New York City Police Pension Fund ("POLICE") and New York Fire Department Pension Fund ("FIRE") are eligible to receive scheduled supplemental benefits from VSFs. Under some circumstances where assets in the VSFs are insufficient, NYCERS and POLICE are required to transfer assets to their respective VSFs to fund those payments that are statutorily guaranteed. However under current State law, the VSFs are not pension funds or retirement systems and are subject to change by the State legislature.

For further information see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note E.5." For information regarding the amount and investment allocation of investments in the pension systems see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS." For further information regarding the City's pension systems see "APPENDIX B—FINANCIAL STATEMENTS—Pension and Other Employee Benefit Trust Funds—Combining Statement of Fiduciary Net Position," "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note E.5" and "APPENDIX B—FINANCIAL STATEMENTS—Required Supplementary Information."

Other Post-Employment Benefits

The City's other post-employment benefits ("OPEB") expense and related liabilities include health insurance, Medicare Part B premium reimbursements and welfare fund contributions. In the Government-Wide financial statements in the fiscal year 2015 CAFR, the City's OPEB liabilities were reported as $89.5 billion and $85.5 billion as of June 30, 2014 and 2015, respectively. See "APPENDIX B—FINANCIAL STATEMENTS—Note E.4." There is no requirement to fund the OPEB obligation.

In June 2015, GASB issued Statement No. 74, ("GASB 74") and Statement No. 75 ("GASB 75"), which update financial reporting standards for state and local government OPEB Plans. GASB 74 and GASB 75 are effective for financial statements for fiscal years beginning after June 15, 2016 and June 15, 2017, respectively. GASB encourages earlier application. The City has not completed the process of evaluating the impact of GASB 74 and GASB 75 on its financial statements.

For further information see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A.24, Pronouncements Issued but Not Yet Effective."

Litigation

The following paragraphs describe certain material legal proceedings and claims involving the City and Covered Organizations other than routine litigation incidental to the performance of their governmental and other functions and certain other litigation arising out of alleged constitutional violations, torts, breaches of contract and other violations of law and condemnation proceedings. While the ultimate outcome and fiscal impact, if any, on the City of the proceedings and claims described below are not currently predictable, adverse determinations in certain of them might have a material adverse effect upon the City's ability to carry out the Financial Plan. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2015 amounted to approximately $6.8 billion. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. Other Than Personal Services Costs—*Judgments and Claims.*"

Taxes

1. Numerous real estate tax *certiorari* proceedings alleging overvaluation, inequality and illegality are pending against the City. Based on historical settlement activity, and including an estimated premium for inequality of assessment, the City estimates its potential future liability for outstanding *certiorari* proceedings to be $938 million at June 30, 2015. For a discussion of the City's accounting treatment of its inequality and overvaluation exposure, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.5."

2. Con Edison has challenged the City's method of valuation for determining assessments of certain of its properties in two separate actions. Con Edison has challenged the City's tax assessments on its Manhattan power plants and equipment for tax years 1994/1995 through 2014/2015 and the special franchise assessments on its electric, gas and steam equipment located in the public right of way for tax years 2009/2010 through 2014/2015. With respect to the East 74th Street power plant and equipment, trial was scheduled for February 16 through 18, 2016, however, the court has adjourned the trial indefinitely for the parties to discuss a settlement. The challenges could result in substantial real property tax refunds in fiscal years 2016 and beyond.

3. In 2014, a class action seeking declaratory and injunctive relief was filed on the basis that the City's real property tax classification system as prescribed by State law violates the Fair Housing Act, denies plaintiffs equal protection and due process rights and results in disparate, adverse and discriminatory treatment of the City's African-American and Hispanic renters. In April 2015, the City's motion to dismiss was granted. Plaintiffs have filed their appellate brief in the Appellate Division, First Department. Both the State and the City are expected to submit their respective briefs on or before April 14, 2016. The City believes this case has no merit.

Miscellaneous

1. Complaints on behalf of approximately 11,900 plaintiffs alleging respiratory or other injuries from alleged exposures to World Trade Center dust and debris at the World Trade Center site or the Fresh Kills landfill were commenced against the City and other entities involved in the post-September 11 rescue and recovery process. Plaintiffs include, among others, Department of Sanitation employees, firefighters, police officers, construction workers and building clean-up workers. The actions were consolidated in federal District Court pursuant to the Air Transportation and System Stabilization Act, which grants exclusive federal jurisdiction for all claims related to or resulting from the September 11 attack. A not-for-profit "captive" insurance company, WTC Captive Insurance Company, Inc. (the "WTC Insurance Company") was formed to cover claims against the City and its private contractors relating to debris removal work at the World Trade Center site and the Fresh Kills landfill. The WTC Insurance Company was funded by a grant from the Federal Emergency Management Agency in the amount of $999,900,000. On June 10, 2010, the WTC Insurance Company announced that a settlement was reached with attorneys for the plaintiffs. On November 19, 2010, District Court Judge Hellerstein announced that more than the required 95% of plaintiffs agreed to the settlement,

thus making it effective. Approximately $700 million has been paid under the settlement, leaving residual funds of approximately $296 million to insure and defend the City and its contractors against any new claims. Since the applicable statute of limitations runs from the time a person learns of his or her injury or should reasonably be aware of the injury, additional plaintiffs may bring lawsuits in the future for late emerging cancers, which could result in substantial damages. No assurance can be given that the remaining insurance will be sufficient to cover all liability that might arise from such claims.

2. In 1996, a class action was brought against the City Board of Education and the State under Title VII of the Civil Rights Act of 1964 alleging that the use by the Board of Education of two teacher certification examinations mandated by the State had a disparate impact on minority candidates. In 2006, the United States Court of Appeals for the Second Circuit dismissed the claims against the State. In December 2012, the District Court decided a controlling legal question against the City. On February 4, 2013, the Second Circuit affirmed the District Court's decision. The District Court has appointed a Special Master to oversee claimants' individualized hearings both as to damages and eligibility for Board of Education employment. The hearings relate to members of the class that took the Liberal Arts and Science Test ("LAST") from 1996 to 2004. Currently, 3,916 such individuals have submitted claim forms and may be eligible for damages. On June *5,* 2015, the Court ruled that a second version of LAST, LAST-2, that was administered from 2004 to 2014, violated Title VII because it did not measure skills necessary to do the job. In August 2015, the Court found that the State's new teacher certification test, the Academic Literacy Skills Test (ALST), administered since Spring 2014, was not discriminatory and evaluated skills necessary to do the job. The plaintiffs could seek to expand the damages class with respect to LAST-2. If approved by the Court, the extent to which this would extend the class is not known at this time. The potential cost to the City is uncertain at this time but could be significant.

3. The federal Department of Health and Human Services Office of Inspector General ("HHS OIG") conducted a review of Medicaid Personal Care Services claims made by providers in the City from January 1, 2004 through December 31, 2006, and concluded that 18 out of 100 sampled claims by providers failed to comply with federal and State requirements. The Medicaid Personal Care Services program in the City is administered by the City's Human Resources Administration. In its audit report issued in June 2009, the HHS OIG, extrapolating from the case sample, estimated that the State improperly claimed $275.3 million in federal Medicaid reimbursement during the audit period and recommended to the Center for Medicare and Medicaid Services ("CMS") that it seek to recoup that amount from the State. To the City's knowledge, CMS has not taken any action to recover amounts from the State based on the findings in this audit, but no assurance can be given that it will not do so in the future.

Section 22 of Part B of Chapter 109 of the Laws of 2010 amended an earlier unconsolidated State law to set forth a process under which the State Department of Health may recover from a social services district, including the City, the amount of a federal Medicaid disallowance or recovery that the State Commissioner of Health "determines was caused by a district's failure to properly administer, supervise or operate the Medicaid program." Such a determination would require a finding that the local agency had "violated a statute, regulation or clearly articulated written policy and that such violation was a direct cause of the federal disallowance or recovery." It is not clear whether the recovery process set out in the amendment can be applied to a federal disallowance against the State based upon a pre-existing audit; however, in the event that it does, and results in a final determination by the State Commissioner of Health against the City, such a determination could result in substantial liability for the City as a result of the audit.

4. On October 27, 2014 a lawsuit under the False Claims Act against the City and Computer Sciences Corporation, a contractor that participated in the submission of claims for Medicaid reimbursement, was unsealed in the United States District Court for the Southern District of New York. Plaintiffs, consisting of the federal government and a relator, allege fraud in connection with the use of diagnosis and other codes in seeking Medicaid reimbursement in connection with the Early Intervention Program. Plaintiffs seek treble damages and penalties. If plaintiffs were to ultimately prevail the City could be subject to substantial liability.

5. In July 2014 disability rights advocates organizations and disabled individuals commenced a putative class action against the City in the United States District Court for the Southern District of New York. Plaintiffs

allege, among other matters, that the City has not complied with certain requirements of the Americans with Disabilities Act with respect to the installation, configuration and maintenance of curb ramps on sidewalks and requirements for sidewalk walkways in general in Manhattan south of 14th Street. If plaintiffs were to prevail, the City could be subject to substantial compliance costs.

6. In Midtown TDR Ventures LLC and Midtown GCT Ventures LLC vs. The City of New York, et al., commenced on September 28, 2015 in the United States District Court for the Southern District of New York, plaintiffs allege that a change in the City's zoning laws resulted in an unconstitutional taking of the value of transferrable development rights associated with Grand Central Terminal and seek approximately $1.2 billion in damages. The City believes it has strong defenses against the claims. It is not possible at this time to predict if there is any potential liability.

7. On December 21, 2015, the United States Attorney for the Southern District of New York ("USAO-SDNY") sent a findings letter to the DOE indicating various areas in which he alleged that the City elementary schools were not accessible to students with disabilities in violation of the Americans with Disabilities Act of 1990. The City and USAO-SDNY are currently in discussion as to the matters raised in the letter. Alterations to City elementary schools to address concerns raised in the findings letter could result in substantial compliance costs to the City.

8. A personal injury lawsuit commenced in 2005 alleged that the City failed to properly equip its firefighters. The lawsuit claims that as a result of the alleged failure three firefighters died and three others sustained significant injuries. On February 22, 2016, a verdict was rendered in the amount of $183 million against the City and a co-defendant. The co-defendant has already paid $43 million. The City intends to appeal the verdict as to both liability and the excessiveness of the award.

Environmental Matters

On Monday, October 29, 2012, Sandy hit the Mid-Atlantic East Coast. The storm caused widespread damage to the coastal and other low lying areas of the City and power failures in various parts of the City, including most of downtown Manhattan. Although it is not possible for the City to quantify the full, long-term impact of the storm on the City and its economy, the current estimate of costs to the City and HHC is approximately $9.9 billion. Of such amount, approximately $2.2 billion represents expense funding for emergency response, debris removal and emergency protective measures, and approximately $7.7 billion represents capital funding of long-term permanent work to restore damaged infrastructure.

The Financial Plan assumes that the City's costs relating to emergency services and the repair of damaged infrastructure as a result of the storm will ultimately be paid from non-City sources, primarily the federal government. On January 29, 2013, President Obama signed legislation providing for approximately $50.5 billion in storm-related aid for the region affected by the storm. The maximum reimbursement rate from the Federal Emergency Management Agency ("FEMA") is 90% of total costs. Other funding sources may have larger local share percentages. The City expects to use $755 million of Community Development Block Grant Recovery funding allocated by the U.S. Department of Housing and Urban Development to meet the local share requirements of the FEMA funding, as well as recovery work not funded by FEMA or other federal sources. This allocation would be available to fill gaps in such FEMA funding. No assurance can be given that the City will be reimbursed for all of its costs or that such reimbursements will be received within the time periods assumed in the Financial Plan. In addition, the City may incur costs relating to flood insurance, deductions beyond those already reflected in the Financial Plan. These costs would offset federal reimbursements.

In June 2013, the City released a report that analyzed the City's climate risks and outlined certain recommendations to address those risks. The report outlined a $20 billion climate resiliency plan covering over 1,000 individual projects citywide. The climate resiliency plan includes City and non-City assets and programs, and reflects both expense and capital funding from the City and from other sources. City capital funding for City infrastructure and coastal protection is included in the Ten Year Capital Strategy, and the City has secured significant federal relief for long-term recovery, largely from FEMA and HUD. However, there are currently approximately $5 billion in unfunded climate resiliency proposals, particularly for investments in the City's coastal protection plan and resiliency retrofits for buildings beyond the City's existing efforts. These additional costs would require increased federal or other funding and increased City capital or expense funding.

Superfund Designations

On March 2, 2010, the United States Environmental Protection Agency ("EPA") listed the Gowanus Canal (the "Canal"), a waterway located in the City, as a federal Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). EPA considers the City a potentially responsible party ("PRP") under CERCLA, based on contaminants from currently and formerly City-owned and operated properties, as well as from the City's combined sewer overflows ("CSOs"). On September 30, 2013 EPA issued the Record of Decision ("ROD") for the Canal, setting forth requirements for dredging contaminated sediment in the Canal and covering it with a cap as well as source control requirements. The ROD requires that two CSO retention tanks be constructed as part of the source control component of the remedy. EPA estimates that the costs of the tanks will be approximately $85 million and the overall cleanup costs (to be allocated among potentially responsible parties) will be $506 million. The City anticipates that the actual cleanup costs could substantially exceed EPA's cost estimate. On May 28, 2014, EPA issued a unilateral administrative order requiring the City to design major components of the remedy for the Canal, including the CSO retention tanks, remediation of the First Street basin (a currently filled-in portion of the Canal), and storm water controls. On June 23, 2014, the City notified EPA of its intent to commence design of the tanks but also outlined several major legal and practical problems with the unilateral administrative order. The City is proceeding with siting and design for the proposed tanks, in accordance with the order. The City and EPA are negotiating a supplemental agreement concerning the location of the tanks and a revised design schedule for the tanks.

On September 27, 2010, EPA listed Newtown Creek, the waterway on the border between Brooklyn and Queens, New York, as a Superfund site. On April 6, 2010, EPA notified the City that EPA considers the City a PRP under CERCLA for hazardous substances in Newtown Creek. In its Newtown Creek PRP notice letter, EPA identified historical City activities that filled former wetlands and low lying areas in and around Newtown Creek and releases from formerly City-owned and operated facilities, including municipal incinerators, as well as discharges from sewers and CSO outfalls, as potential sources of hazardous substances in Newtown Creek. In July, 2011, the City entered into an Administrative Settlement Agreement and Order on Consent with EPA and five other PRPs to conduct an investigation of conditions in Newtown Creek and evaluate feasible remedies. The investigation and feasibility study is expected to take approximately seven years. The City's share will be determined in a future allocation proceeding. The settlement does not cover any remedy that may ultimately be chosen by EPA to address the contamination identified as a result of the investigation and evaluation.

On May 12, 2014, EPA listed the former Wolff-Alport Chemical Company site ("Wolff-Alport Site") in Ridgewood, Queens, as a Superfund site. The designation is based on radioactive contamination resulting from the operations of the Wolff-Alport Chemical Company during the 1920s to 1950s, which, among other things, disposed of radioactive material on-site and via the sewer system. In 2013, EPA, in cooperation with City and State agencies, completed a response action to implement certain interim remedial measures at the Wolff-Alport Site to address the site's short-term public health risks. The Superfund process will include a remedial investigation that will assess, among other things, impacts to the sewer system from operations at the Wolff-Alport Site.

The National Park Service ("NPS") is undertaking a CERCLA removal action at Great Kills Park on Staten Island to address radioactive contamination that has been detected at the site. Great Kills Park was owned by the City until roughly 1972, when it was transferred to NPS for inclusion in the Gateway National Recreation Area. While owned by the City, the site was used as a sanitary landfill, and the park was also expanded using urban fill. NPS believes that the radioactive contamination is the result of City activities and that the City is therefore liable for the investigation and remediation under CERCLA. The City has negotiated a settlement with NPS to address a remedial investigation and feasibility study. No other PRPs have been identified at this time.

Under CERCLA, a responsible party may be held responsible for monies expended for response actions at a Superfund site, including investigative, planning, removal, remedial and EPA enforcement actions. A responsible party may also be ordered by EPA to take response actions itself. Responsible parties include, among others, past or current owners or operators of a facility from which there is a release of a hazardous substance that causes the incurrence of response costs. The nature, extent, and cost of response actions at either the Canal, Newtown Creek, the Wolff-Alport site or Great Kills Park, the contribution, if any, of discharges from the City's sewer system or other municipal operations, and the extent of the City's liability, if any, for monies expended for such response actions, will likely not be determined for several years and could be material.

Tax Matters

In the opinion of Norton Rose Fulbright US LLP ("Bond Counsel to the City for Tax Matters" or "Tax Counsel"), interest on the Bonds will be exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

The City will covenant in a tax certificate to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation. In the opinion of Tax Counsel, assuming compliance by the City with such covenants, interest on the Bonds will be excludable from the gross income of the owners thereof for purposes of federal income taxation. Failure by the City to comply with such covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof retroactive to the date of the issue of the Bonds. Further, Tax Counsel will render no opinion as to the effect on the exclusion from gross income of interest on the Bonds of any action (including without limitation a change in the interest rate mode with respect to any of the Bonds) taken or not taken after the date of such opinion without the approval of Tax Counsel.

In the opinion of Tax Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Tax Counsel, as a result of ownership of the Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income. Interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Tax Counsel will rely on the opinion of Sidley Austin LLP, as Bond Counsel, to the effect that the Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City. Sidley Austin LLP has not been engaged to review, and has not reviewed, any matter or conducted any investigation or examination relating to the federal, state or local tax consequences with respect to the receipt of interest on the Bonds, or the ownership or the disposition of the Bonds, and takes no responsibility therefor. Furthermore, Sidley Austin LLP is not expressing any opinion as to any federal, state or local tax consequences arising with respect to the Bonds, the receipt of interest thereon or the ownership or disposition thereof, including, without limitation, the exclusion from gross income of interest on the Bonds.

Tax Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Tax Counsel, and Tax Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Tax Counsel will express no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

Legal Opinions

The legality of the conversion of the Bonds will be affirmed by the legal opinion of Sidley Austin LLP, New York, New York, Bond Counsel to the City, substantially in the form of APPENDIX F hereto. Such firm is also acting as counsel for and against the City in certain other unrelated matters.

The opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel to the City for Tax Matters, will be substantially in the form of APPENDIX G hereto. Reference should be made to the form of such opinion for the matters covered by such opinion and the scope of Tax Counsel's engagement in relation to the Bonds.

Certain legal matters are being passed upon for the City by its Corporation Counsel.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City, will pass upon certain legal matters in connection with the preparation of this Reoffering Circular.

Certain legal matters will be passed upon for the Remarketing Agent by Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Counsel for the Remarketing Agent.

Reoffering

The Bonds are being purchased for reoffering by Mizuho Securities USA Inc. pursuant to a Firm Remarketing Agreement with the City. Mizuho Securities USA Inc. has agreed, subject to certain conditions, to purchase the Bonds from the City at an aggregate price equal to the par amount of such Bonds. Mizuho Securities USA Inc. will be reimbursed for certain expenses in connection with the reoffering.

The Remarketing Agent and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Remarketing Agent and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Remarketing Agent and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

Continuing Disclosure Undertaking

As authorized by the Act, and to the extent that (i) Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended (the "1934 Act") requires the underwriters (as defined in the Rule) of securities offered hereby (under this caption, if subject to the Rule, the "securities") to determine, as a condition to purchasing the securities, that the City has covenanted or will covenant to the effect of the Undertaking, and (ii) the Rule as so applied is authorized by a federal law that as so construed is within the powers of Congress, the City agrees with the record and beneficial owners from time to time of the outstanding securities (under this caption, if subject to the Rule, "Bondholders") to provide:

(a) within 185 days after the end of each fiscal year, to the Electronic Municipal Market Access system ("EMMA") (www.emma.msrb.org) established by the Municipal Securities Rulemaking Board (the "MSRB"), core financial information and operating data for the prior fiscal year, including, (i) the City's audited general purpose financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data on the City's revenues, expenditures, financial operations and indebtedness generally of the type found herein in Sections IV, V and VIII and under the captions "2011-2015 Summary of Operations" in Section VI and "Pension Systems" and "Other Post-Employment Benefits" in Section IX, provided that if the inclusion or format of such information is changed or new information is added in such sections in any future official statement, thereafter the information provided to EMMA will contain or include by reference information of the type included in that official statement as so changed or added; and

(b) in a timely manner, not in excess of 10 Business Days after the occurrence of any event described below, notice to EMMA, of any of the following events with respect to the securities:

(1) principal and interest payment delinquencies;

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

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

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

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

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

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

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

(9) defeasances;

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

(11) rating changes;

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

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

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

(15) failure of the City to comply with clause (a) above.

Event (3) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (3) may not be applicable, since the terms of the securities do not provide for "debt service reserves."

Events (4) and (5). The City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities, unless the City applies for or participates in obtaining the enhancement.

Event (6) is relevant only to the extent interest on the securities is tax-exempt.

Event (8). The City does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue is which securities will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or security purchases.

No Bondholder may institute any suit, action or proceeding at law or in equity ("Proceeding") for the enforcement of the Undertaking or for any remedy for breach thereof, unless such Bondholder shall have filed with the Corporation Counsel of the City evidence of ownership and a written notice of and request to cure such breach, and the City shall have refused to comply within a reasonable time. All Proceedings shall be instituted only as specified herein, in the federal or State courts located in the Borough of Manhattan, State and City of New York, and for the equal benefit of all holders of the outstanding securities benefitted by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the covenant at issue.

Any amendment to the Undertaking may only take effect if:

(a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; the Undertaking, as amended, would have complied with the requirements of the Rule at the time of award of the securities after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the City (such as, but without limitation, the City's financial advisor or bond counsel); and the annual financial information containing (if applicable) the amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the "impact" (as that word is used in the letter from the staff of the SEC to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided; or

(b) all or any part of the Rule, as interpreted by the staff of the SEC at the date of the Undertaking, ceases to be in effect for any reason, and the City elects that the Undertaking shall be deemed terminated or amended (as the case may be) accordingly.

For purposes of the Undertaking, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares investment power which includes the power to dispose, or to direct the disposition of, such security, subject to certain exceptions, as set forth in the Undertaking. An assertion of beneficial ownership must be filed, with full documentary support, as part of the written request to the Corporation Counsel described above.

Financial Advisors

The City has retained Public Resources Advisory Group and A.C. Advisory, Inc. to act as financial advisors with respect to the City's financing program and the reoffering of the Bonds.

Financial Statements

The City's financial statements for the fiscal years ended June 30, 2015 and 2014 are included herein as APPENDIX B. Deloitte & Touche LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Reoffering Circular. The report of Deloitte & Touche LLP relating to the City's financial statements for the fiscal years ended June 30, 2015 and 2014, which is a matter of public record, is included in this Reoffering Circular. However, Deloitte & Touche LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Reoffering Circular, since the date of such report and has not been asked to consent to the inclusion of its report in this Reoffering Circular.

Further Information

The references herein to, and summaries of, provisions of federal, State and local laws, including but not limited to the State Constitution, the Financial Emergency Act and the City Charter, and documents, agreements and court decisions, including but not limited to the Financial Plan, are summaries of certain provisions thereof. Such summaries do not purport to be complete and are qualified in their entirety by reference to such acts, laws, documents, agreements or decisions, copies of which are available for inspection during business hours at the office of the Corporation Counsel.

Copies of the most recent financial plan submitted to the Control Board are at www.nyc.gov/omb. Copies of the published Comprehensive Annual Financial Reports of the Comptroller are available at www.comptroller.nyc.gov or upon written request to the Office of the Comptroller, Deputy Comptroller for

Public Finance, Municipal Building, One Centre Street, New York, New York 10007. Financial plans are prepared quarterly, and the Comprehensive Annual Financial Report of the Comptroller is typically published at the end of October of each year.

Neither this Reoffering Circular nor any statement which may have been made orally or in writing shall be construed as a contract or as a part of a contract with any purchaser or any holders of the Bonds.

THE CITY OF NEW YORK

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION

This section presents certain economic and demographic information about the City. All information is presented on a calendar year basis unless otherwise indicated. The data set forth are the latest available. Sources of information are indicated in the text or immediately following the tables. Although the City considers the sources to be reliable, the City has made no independent verification of the information provided by non-City sources and does not warrant its accuracy.

New York City Economy

The City has a diversified economic base, with a substantial volume of business activity in the financial, professional service, education, health care, hospitality, wholesale and retail trade and manufacturing industries and is the location of many securities, banking, law, accounting, new media and advertising firms.

The City is a major seaport and focal point for international business. Many of the major corporations headquartered in the City are multinational in scope and have extensive foreign operations. Numerous foreign-owned companies in the United States are also headquartered in the City. These firms, which have increased substantially in number over the past decade, are found in all sectors of the City's economy, but are concentrated in trade, professional and business services, tourism and finance. The City is the location of the headquarters of the United Nations, and several affiliated organizations maintain their principal offices in the City. A large diplomatic community exists in the City to staff the missions to the United Nations and the foreign consulates. No single assessed property in the City accounts for more than .5% of the City's real property tax revenue.

Economic activity in the City has experienced periods of growth and recession and can be expected to experience periods of growth and recession in the future. The City experienced a recession in the early 1970s through the middle of that decade, followed by a period of expansion in the late 1970s through the late 1980s. The City fell into recession again in the early 1990s which was followed by an expansion that lasted until 2001. The economic slowdown that began in 2001 as a result of the September 11 attack, a national economic recession, and a downturn in the securities industry came to an end in 2003. Subsequently, Wall Street activity, tourism, and the real estate market drove a broad based economic recovery until the second half of 2007. A decrease in economic activity began in the second half of 2007 and continued through the first half of 2010. The Financial Plan assumes that the gradual increase in economic activity that began in the second half of 2010 will continue through 2016.

The United States Department of Commerce Bureau of Economic Analysis produces measures of Gross Domestic Product ("GDP") by metropolitan area. The New York metropolitan area – defined geographically as New York City; Long Island; the Lower Hudson Valley, New York; parts of Northern and Central New Jersey and Pike County Pennsylvania – is the largest metropolitan economy in the United States.

	Top Ten GDP by Metropolitan Area (millions of current dollars)				GDP Per Capita (2009 Dollars)
	2011	2012	2013	2014*	2014*
United States (metropolitan areas)	$13,932,364	$14,530,716	$15,074,218	$15,678,767	$52,526
New York-Newark-Jersey City, NY-NJ-PA	1,368,438	1,446,659	1,490,952	1,558,518	70,830
Los Angeles-Long Beach-Anaheim, CA.	779,236	806,415	833,801	866,745	60,148
Chicago-Naperville-Elgin, IL-IN-WI.	551,983	579,667	589,812	610,552	58,375
Houston-The Woodlands-Sugar Land, TX	441,736	475,043	515,184	525,397	70,097
Dallas-Fort Worth-Arlington, TX.	402,824	430,109	461,320	504,358	66,168
Washington-Arlington-Alexandria, DC-VA-MD-WV	444,708	453,337	462,187	471,584	72,191
San Francisco-Oakland-Hayward, CA.	345,165	373,546	387,030	411,969	80,643
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	355,652	367,916	379,899	391,118	59,240
Boston-Cambridge-Newton, MA-NH.	341,225	355,276	366,089	382,459	74,746
Atlanta-Sandy Springs-Roswell, GA	286,108	296,059	309,059	324,881	53,104

Source: U.S. Bureau of Economic Analysis
* Advance statistics.

Personal Income

Total personal income for City residents, unadjusted for the effects of inflation and the differential in living costs, increased from 2005 to 2014 (the most recent year for which City personal income data are available). From 2005 to 2008, personal income averaged 6.4% and 5.6% annual growth in the City and the nation, respectively. Total personal income in the City decreased by 3.0% in 2009 and increased by an average of 4.2% from 2010 through 2014. Total personal income in the nation decreased by 3.3% in 2009 and increased by an average of 4% from 2010 through 2014.

The following table sets forth information regarding personal income in the City from 2005 to 2014.

PERSONAL INCOME(1)

Year	Total NYC Personal Income ($ billions)	Per Capita Personal Income NYC	Per Capita Personal Income U.S.	NYC as a Percent of U.S.
2005	$349.4	$43,607	$35,904	121%
2006	380.7	47,622	38,144	125%
2007	418.3	52,192	39,821	131%
2008	425.7	52,762	41,082	128%
2009	412.9	50,775	39,376	129%
2010	436.2	53,245	40,277	132%
2011	462.1	55,756	42,453	131%
2012	479.0	57,260	44,266	129%
2013	486.2	57,621	44,438	130%
2014	507.3	59,742	46,049	130%

Sources: U.S. Department of Commerce, Bureau of Economic Analysis and the Bureau of the Census.

(1) In current dollars. Personal Income is based on the place of residence and is measured from income which includes wages and salaries, supplements to wages and salaries, proprietors' income, personal dividend income, personal interest income, rental income of persons, and transfer payments.

Employment

The City is a leading center for the banking and securities industry, life insurance, communications, fashion design, health care, education, hospitality and retail fields. Over the past two decades the City has experienced a number of business cycles. From 1992 to 2000, the City added 452,900 private sector jobs (growth of 17%). From 2000 to 2003, the City lost 175,100 private sector jobs (decline of 6%). From 2003 to 2008, the City added 255,200 private sector jobs (growth of 9%). From 2008 to 2009, the City lost 103,600 private sector jobs (decline of 3%). From 2009 to 2015, the City added 549,700 private sector jobs (growth of 18%). All such changes are based on average annual employment levels through and including the years referenced.

As of January 2016, total employment in the City was 4,227,000 compared to 4,116,400 in January 2015, an increase of 2.7% based on data provided by the New York State Department of Labor, which is not seasonally adjusted.

The table below shows the distribution of employment from 2004 to 2015.

EMPLOYMENT DISTRIBUTION

	Average Annual Employment (in thousands)											
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Goods Producing Sectors												
Construction	111.8	113.3	118.5	127.3	132.7	120.8	112.5	112.3	116.1	122.2	129.2	138.3
Manufacturing	120.8	113.9	106.1	101.0	95.6	81.6	76.3	75.7	76.3	76.4	76.6	78.0
Service Producing Sectors												
Trade, Transportation & Utilities	539.9	548.2	559.0	570.6	574.6	552.7	559.7	575.6	590.5	605.0	620.6	629.0
Information	160.2	162.8	164.9	166.9	169.5	165.3	166.0	170.9	175.8	179.6	185.6	189.1
Financial Activities	435.5	445.1	458.3	467.6	465.0	434.2	428.6	439.5	439.1	437.9	449.6	459.7
Professional & Business Services	542.0	556.0	571.9	592.2	603.3	569.1	575.2	597.4	619.2	642.5	668.5	699.8
Education & Health Services	662.3	675.7	691.6	702.0	716.1	731.8	750.2	766.8	782.3	806.6	840.6	869.4
Leisure & Hospitality	270.1	276.7	284.9	297.8	310.2	308.5	322.2	342.2	365.7	385.4	408.5	425.7
Other Services	150.5	153.2	154.3	157.7	160.8	160.3	160.6	165.2	170.4	174.9	180.2	184.8
Total Private	2,993.1	3,045.0	3,109.5	3,183.0	3,227.8	3,124.2	3,151.3	3,245.6	3,335.5	3,430.5	3,559.2	3,673.9
Total Government	554.4	555.6	555.2	559.0	564.1	567.0	558.0	550.6	546.1	544.4	545.4	549.9
Total	3,547.5	3,600.6	3,664.7	3,742.0	3,791.9	3,691.2	3,709.3	3,796.2	3,881.6	3,974.9	4,104.7	4,223.7

Note: Totals may not add due to rounding.
Source: New York State Department of Labor. Data are presented using the North American Industry Classification System ("NAICS").

Sectoral Distribution of Employment and Earnings

In 2014, the City's service producing sectors provided approximately 3.4 million jobs and accounted for approximately 82% of total employment. Figures on the sectoral distribution of employment in the City from 1980 to 2000 reflect a significant shift to the service producing sectors and a shrinking manufacturing base relative to the nation.

The structural shift to the service producing sectors affects the total earnings as well as the average wage per employee because employee compensation in certain of those sectors, such as financial activities and professional and business services, tends to be considerably higher than in most other sectors. Moreover, average wage rates in these sectors are significantly higher in the City than in the nation. In the City in 2014, the employment share for the financial activities and professional and business services sectors was approximately 27% while the earnings share for those same sectors was approximately 48%. In the nation, those same service producing sectors accounted for only approximately 19% of employment and 26% of earnings in 2014. Due to the earnings distribution in the City, sudden or large shocks in the financial markets may have a disproportionately adverse effect on the City relative to the nation.

The City's and the nation's employment and earnings by sector for 2014 are set forth in the following table.

SECTORAL DISTRIBUTION OF EMPLOYMENT AND EARNINGS IN 2014(1)

	Employment		Earnings(2)	
	NYC	U.S.	NYC	U.S.
Goods Producing Sectors				
Mining	0.0%	0.6%	0.1%	1.8%
Construction	3.1	4.4	3.1	5.7
Manufacturing	1.9	8.8	1.2	9.7
Total Goods Producing	5.0	13.8	4.4	17.1
Service Producing Sectors				
Trade, Transportation and Utilities	15.1	19.0	9.5	15.4
Information	4.5	2.0	7.1	3.4
Financial Activities	11.0	5.7	27.3	9.3
Professional and Business Services	16.3	13.7	20.2	16.7
Education and Health Services	20.5	15.4	11.3	12.7
Leisure & Hospitality	10.0	10.6	5.1	4.4
Other Services	4.4	4.0	3.0	3.7
Total Service Producing	81.7	70.5	83.5	65.6
Total Private Sector	86.7	84.3	88.2	83.1
Government(3)	13.3	15.7	11.8	16.9

Note: Data may not add due to rounding or disclosure limitations. Data are presented using NAICS.

Sources: The primary sources are the New York State Department of Labor, U.S. Department of Labor, Bureau of Labor Statistics, and the U.S. Department of Commerce, Bureau of Economic Analysis.

(1) The sectoral distributions are obtained by dividing each industry's employment or earnings by total non-agricultural employment or earnings.

(2) Includes the sum of wage and salary disbursements, other labor income and proprietor's income. The latest information available is 2014 data.

(3) Excludes military establishments.

The comparison of employment and earnings in 1980 and 2000 set forth below is presented using the industry classification system which was in use until the adoption of NAICS in the late 1990's. Though NAICS has been implemented for most government industry statistical reporting, most historical earnings data have not been converted. Furthermore, it is not possible to compare data from the two classification systems except in the general categorization of government, private and total employment. The table below reflects the overall increase in the service producing sectors and the declining manufacturing base in the City from 1980 to 2000.

The City's and the nation's employment and earnings by industry are set forth in the following table.

Sectoral Distribution of Employment and Earnings(1)

	Employment				Earnings(2)			
	1980		2000		1980		2000	
	NYC	U.S.	NYC	U.S.	NYC	U.S.	NYC	U.S.
Private Sector:								
Non-Manufacturing:								
Services	27.0%	19.8%	39.1%	30.7%	26.0%	18.4%	30.2%	28.7%
Wholesale and Retail Trade	18.6	22.5	16.8	23.0	15.1	16.6	9.3	14.9
Finance, Insurance and Real Estate	13.6	5.7	13.2	5.7	17.6	5.9	35.5	10.0
Transportation and Public Utilities	7.8	5.7	5.7	5.3	10.1	7.6	5.2	6.8
Contract Construction	2.3	4.8	3.3	5.1	2.6	6.3	2.9	5.9
Mining	0.0	1.1	0.0	0.4	0.4	2.1	0.1	1.0
Total Non-Manufacturing	69.3	59.6	78.1	70.3	71.8	56.9	83.2	67.3
Manufacturing:								
Durable	4.4	13.4	1.6	8.4	3.7	15.9	1.3	10.5
Non-Durable	10.6	9.0	4.9	5.6	9.5	8.9	4.8	6.1
Total Manufacturing	15.0	22.4	6.5	14.0	13.2	24.8	6.1	16.6
Total Private Sector	84.3	82.0	84.7	84.3	85.2	82.1	89.8	84.6
Government(3)	15.7	18.0	15.3	15.7	14.8	17.9	10.3	15.4

Note: Totals may not add due to rounding. Data are presented using the Standard Industrial Classification System ("SICS").

Sources: The two primary sources of employment and earnings information are U.S. Dept. of Labor, Bureau of Labor Statistics and U.S. Department of Commerce, Bureau of Economic Analysis.

(1) The sectoral distributions are obtained by dividing each industry's employment or earnings by total non-agricultural employment or earnings.

(2) Includes the sum of wage and salary disbursements, other labor income, and proprietors' income. The latest information available for the City is 2000 data.

(3) Excludes military establishments.

Unemployment

As of January 2016, the total unemployment rate in the City was 5.9%, compared to 6.9% in January 2015, based on data provided by the New York State Department of Labor, which is not seasonally adjusted. The annual unemployment rate of the City's resident labor force is shown in the following table.

Annual Unemployment Rate(1)
(Average Annual)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
New York City	5.0%	5.0%	5.6%	9.3%	9.5%	9.1%	9.3%	8.8%	7.2%	5.7%
United States	4.6%	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%

Source: New York State Department of Labor.

(1) Percentage of civilian labor force unemployed: excludes those persons unable to work and discouraged workers (i.e., persons not actively seeking work because they believe no suitable work is available).

Public Assistance

As of December 2015, the number of persons receiving cash assistance in the City was 370,742 compared to 352,596 in September 2014. The following table sets forth the number of persons receiving public assistance in the City.

PUBLIC ASSISTANCE

(Annual Averages in Thousands)

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
434.8	416.9	393.1	360.8	341.8	346.9	350.5	351.7	353.9	356.0	342.3

Taxable Sales

The City is a major retail trade market with the greatest volume of retail sales of any city in the nation. The sales tax is levied on a variety of economic activities including retail sales, utility and communication sales, services and manufacturing. Taxable sales and purchases reflects data from the State Department of Taxation and Finance publication "Taxable Sales and Purchases, County and Industry Data." The yearly data presented in this paragraph and the table below covers the period from March 1 of the year prior to the listed year through the last day of February of the listed year. Between 2003 and 2008, total taxable sales volume growth rate averaged 6.0%. From 2009 to 2010, total taxable sales volume decreased by 6.3%, reflecting a decline in consumption, as a result of local employment losses and the local and national recessions. Between 2010 to 2013, total taxable sales volume growth rate averaged 6.8% primarily as a result of an increase in consumption as a result of local employment gains and the local and national recoveries, as well as two sales tax base expansions enacted by the City, effective August 1, 2009.

The following table illustrates the volume of sales and purchases subject to the sales tax from 2003 to 2013.

TAXABLE SALES AND PURCHASES SUBJECT TO SALES TAX (In Billions)

Year(1)	Retail(2)	Utility & Communication Sales(3)	Services(4)	Manufacturing	Other(5)	City Other(6)	All Total
2003	26.1	11.4	21.0	1.8	14.8	6.5	81.6
2004	32.3	11.6	21.7	1.9	14.8	7.1	89.5
2005	36.5	12.0	24.1	2.1	16.2	7.3	98.2
2006	35.9	13.2	26.3	2.2	17.9	9.6	105.1
2007	33.4	12.8	28.1	2.4	19.4	10.6	106.7
2008	33.3	13.5	31.5	2.8	20.7	13.1	115.0
2009	31.3	14.3	31.8	2.7	19.8	13.8	113.6
2010	31.0	13.9	30.1	2.2	17.9	11.3	106.4
2011	36.6	13.7	33.7	4.6	15.0	12.7	116.4
2012	41.3	13.5	37.2	4.9	16.2	13.3	126.3
2013(7)	41.2	13.4	39.2	5.2	17.2	13.2	129.5

Source: State Department of Taxation and Finance publication "Taxable Sales and Purchases, County and Industry Data." Data are presented using NAICS.

(1) The yearly data is for the period from March 1 of the year prior to the listed year through the last day of February of the listed year.

(2) Retail sales include building materials, general merchandise, food, auto dealers/gas stations, apparel, furniture, eating and drinking and miscellaneous retail.

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(3) Utility and Communication sales include non-residential electric, non-residential gas and communication.

(4) Services include business services, hotel occupancy services (stays for the first 90 days), and other services (auto repair, parking and others).

(5) Other sales include construction, wholesale trade, arts, entertainment and recreation, and others.

(6) City Other sales reflect the local tax base component of City taxable sales and purchases and include residential utility (electric and gas), Manhattan parking services, hotel occupancy services (stays from 91 to 180 days), and miscellaneous services (credit rating and reporting services, miscellaneous personal services and other services).

(7) Preliminary.

Population

The City has been the most populous city in the United States since 1790. The City's population is larger than the combined population of Los Angeles and Chicago, the next most populous cities in the nation.

POPULATION

Year	Total Population
1970	7,895,563
1980	7,071,639
1990	7,322,564
2000	8,008,278
2010	8,175,133

Note: Figures do not include an undetermined number of undocumented aliens.
Source: U.S. Department of Commerce, Bureau of the Census.

The United States Census Bureau estimates that the City's population increased to 8,491,079 in July 2014.

The following table sets forth the distribution of the City's population by age between 2000 and 2010.

DISTRIBUTION OF POPULATION BY AGE

Age	2000	% of Total	2010	% of Total
Under 5	540,878	6.8	517,724	6.3
5 to 14	1,091,931	13.6	941,313	11.5
15 to 19	520,641	6.5	535,833	6.6
20 to 24	589,831	7.4	642,585	7.9
25 to 34	1,368,021	17.1	1,392,445	17.0
35 to 44	1,263,280	15.8	1,154,687	14.1
45 to 54	1,012,385	12.6	1,107,376	13.5
55 to 64	683,454	8.5	890,012	10.9
65 and Over	937,857	11.7	993,158	12.1

Source: U.S. Department of Commerce, Bureau of the Census.

Housing

In 2014, the housing stock in the City consisted of approximately 3,400,093 housing units, excluding certain special types of units primarily in institutions such as hospitals and universities ("Housing Units") according to the 2014 Housing and Vacancy Survey released February 9, 2015. The 2014 housing inventory represented an increase of approximately 48,000 units, or 1.4%, since 2011. The 2014 Housing and Vacancy Survey indicates that rental housing units continue to predominate in the City. Of all occupied housing units in 2014, approximately 32.1% were conventional home-ownership units, cooperatives or condominiums and approximately 67.9% were rental units. Due to changes in the inventory basis beginning in 2002, it is not possible to accurately compare Housing and Vacancy Survey results beginning in 2002 to the results of earlier Surveys until such time as the data is reweighted. The following table presents trends in the housing inventory in the City.

HOUSING INVENTORY
(In Thousands)

Ownership/Occupancy Status	1991	1993	1996	1999	2002	2005	2008	2011	2014
Total Housing Units	2,981	2,977	2,995	3,039	3,209	3,261	3,328	3,352	3,400
Owner Units	858	825	858	932	997	1,032	1,046	1,015	1,033
Owner-Occupied	829	805	834	915	982	1,010	1,019	984	1,015
Vacant for Sale	29	20	24	17	15	21	26	31	18
Rental Units	2,028	2,040	2,027	2,018	2,085	2,092	2,144	2,173	2,184
Renter-Occupied	1,952	1,970	1,946	1,953	2,024	2,027	2,082	2,105	2,109
Vacant for Rent	77	70	81	64	61	65	62	68	75
Vacant Not Available for Sale or Rent(1)	94	111	110	89	127	137	138	164	183

Note: Details may not add up to totals due to rounding.

Sources: U.S. Bureau of the Census, 1991, 1993, 1996, 1999, 2002, 2005, 2008, 2011 and 2014 New York City Housing and Vacancy Surveys.

(1) Vacant units that are dilapidated, intended for seasonal use, held for occasional use, held for maintenance purposes or other reasons.

APPENDIX B

FINANCIAL STATEMENTS

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Basic Financial Statements of the City of New York
June 30, 2015 and 2014

REQUIRED SUPPLEMENTARY INFORMATION—PART II-B

Schedule of Funds Held in Trust—PART III-B

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INDEPENDENT AUDITOR'S REPORT

The People of The City of New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major governmental fund, the aggregate remaining fund information, each major component unit, and the aggregate nonmajor component units of The City of New York ("The City") as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise The City'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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of those entities disclosed in Note E.1 which represent 22 percent and 23 percent and 17 percent and 18 percent, as of and for the years ended June 30, 2015 and 2014, respectively, of the assets and revenues of the government-wide financial statements, 6 percent and 7 percent and 4 percent and 4 percent, as of and for the years ended June 30, 2015 and 2014, respectively, of the assets and revenues of the fund financial statements, 7 percent and 6 percent and 8 percent and 8 percent, as of and for the years ended June 30, 2015 and 2014, respectively, of the assets and net position of the fiduciary fund financial statements, and 50 percent and 50 percent and 76 percent and 77 percent, as of and for the years ended June 30, 2015 and 2014, respectively, of the assets and revenues of the component unit financial statements of The City. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities disclosed in Note E.1, are based solely on the reports of the other auditors. 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to The City'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 purposes of expressing an opinion on the effectiveness of The City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major governmental fund, the aggregate remaining fund information, each major component unit, and the aggregate nonmajor component units of The City, as of June 30, 2015 and 2014, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 B-7 through B-32, Schedule of Changes in the City's Net Pension Liability and Related Ratios for Single-Employer Pension Plans at June 30 on page B-129, Schedule of the City's Proportionate Share of the Net Pension Liabilities for Cost-Sharing Multiple-Employer Pension Plans at June 30 on page B-130, Schedule of City Contributions for all Pension Plans for Fiscal Years Ended June 30 on page B-131, and Schedule of Funding Progress for the New York City Other Postemployment Benefits Plan on page B-135 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, and the other auditors as it relates to Management's Discussion and Analysis only, 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 audit 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.

Deloitte & Touche LLP

October 29, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

The following is a narrative overview and analysis of the financial activities of The City of New York (City or primary government) for the Fiscal Years ended June 30, 2015 and 2014. This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which have the following components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets, liabilities, and deferred outflows and inflows of resources. *Net position (deficit)* is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, including the New York State Financial Emergency Act for The City of New York (Act). The Act requires the City to operate under a "rolling" Four-Year Financial Plan (Plan). Revenues and expenditures, including operating transfers, of each year of the Plan are required to be balanced on a basis consistent with Generally Accepted Accounting Principles (GAAP). The Plan is broader in scope than the expense budget; it comprises General Fund revenues and expenditures, Capital Projects Fund revenues and expenditures, and all short and long-term financing.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The principal role of funds in the financial reporting model is to demonstrate fiscal accountability. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of a fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Fiduciary Funds

The fiduciary funds are used to account for assets and activities when a governmental unit is functioning either as a trustee or an agent for another party. The City's fiduciary funds fall into two categories:

The **Pension and Other Employee Benefit Trust Funds** account for the operations of:

- Pension Trusts
  - New York City Employees' Retirement System (NYCERS)
  - Teachers' Retirement System of The City of New York (TRS)
  - New York City Board of Education Retirement System (BERS)
  - New York City Police Pension Funds (POLICE)
  - New York City Fire Pension Funds (FIRE)
- Deferred Compensation Plans (DCP)
- The New York City Other Postemployment Benefits Plan (the OPEB Plan)

Each of the pension trusts report all jointly administered plans including primary pension (QPPs), and variable supplements funds (VSFs) and/or tax deferred annuity plans (TDAs), as appropriate. Before Fiscal Year 2014, the City's financial statements grouped the pension trusts by type (primary pensions, VSFs) rather than as systems. The new presentation is preferable because it more clearly illustrates the relationships between the plans within a pension system, and between the systems and the City. While the VSFs are included with QPPs for financial reporting purposes, in accordance with the Administrative Code of The City of New York (ACNY), VSFs are not pension funds or retirement systems. Instead, they provide scheduled supplemental payments, in accordance with applicable statutory provisions. While a portion of these payments are guaranteed by the City, the State has the right and power to amend, modify, or repeal VSFs and the payments they provide. However, any assets transferred to the VSFs are held in trust solely for the benefit of its members. More information is available in Note E.5.

The Deferred Compensation Plans report the various jointly administered Deferred Compensation Plans of The City of New York and related agencies and Instrumentalities and the New York City Employee Individual Retirement Account (NYCEIRA).

Note: These fiduciary funds publish separate annual financial statements, which are available at: Office of the Comptroller, Bureau of Accountancy—Room 200 South, 1 Centre Street, New York, New York 10007, or at www.comptroller.nyc.gov.

These funds use the accrual basis of accounting and a measurement focus on the periodic determination of additions, deductions, and net position restricted for benefits.

The New York City Other Postemployment Benefits Plan (the OPEB Plan) is composed of The New York City Retiree Health Benefits Trust (the Trust) and postemployment benefits other than pensions (OPEB) paid for directly by the City out of its general resources rather than through the Trust. The Trust is used to accumulate assets to pay for some of the OPEB provided by the City to its retired employees. The OPEB Plan is reported in the City's financial statements as an Other Employee Benefit Trust Fund. The OPEB Plan was established for the exclusive benefit of the City's retired employees and their dependents in providing the following current postemployment benefits: a health insurance program, Medicare Part B premium reimbursements, and welfare fund contributions. The City is not required to provide funding for the OPEB Plan other than the "pay-as-you-go" amounts necessary to provide current benefits to eligible retirees and their dependents. During Fiscal Year 2015, the City contributed approximately $3.1 billion to the OPEB Plan.

The **Agency Funds** account for miscellaneous assets held by the City for other funds, governmental units, and individuals. School fundraiser monies for scholarships, federal asset forfeiture for investigative purposes, cash bail for use by the surety/assignee, are the major miscellaneous assets accounted for in these funds. The Agency Funds are custodial in nature and do not involve measurement of results of operations.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential for a full understanding of the information provided in the government-wide and fund financial statements.

Financial Reporting Entity

The financial reporting entity consists of the City government and its component units, which are legally separate organizations for which the City is financially accountable.

The City is financially accountable for the organizations that make up its legal entity. The City is also financially accountable for a legally separate organization (component units) if City officials appoint a voting majority of that organization's governing body and the City is able to either impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the City. The City may also be financially accountable for organizations that are fiscally dependent on the City if there is a potential for the organizations to provide specific financial benefits to the City, or impose specific financial burdens on the City, regardless of whether the organizations have separate elected governing boards, governing boards appointed by higher levels of government, or jointly appointed boards.

Blended Component Units

Certain component units, despite being legally separate from the City, are reported as if they were part of the City because, in addition to the City being financially accountable for them, they provide services exclusively to the City. The blended component units, which are all reported as Nonmajor Governmental Funds, comprise the following:

- New York City School Construction Authority (SCA)
- New York City Transitional Finance Authority (TFA)
- TSASC, Inc. (TSASC)
- New York City Educational Construction Fund (ECF)
- Fiscal Year 2005 Securitization Corporation (FSC)
- Sales Tax Asset Receivable Corporation (STAR)
- Hudson Yards Development Corporation (HYDC)
- Hudson Yards Infrastructure Corporation (HYIC)
- New York City Tax Lien Trusts (NYCTLTs):
  - NYCTLT 1998-2
  - NYCTLT 2011-A
  - NYCTLT 2012-A
  - NYCTLT 2013-A
  - NYCTLT 2014-A
  - NYCTLT 2015-A
- New York City Technology Development Corporation (TDC)

Discretely Presented Component Units

Certain component units are discretely presented because, while the City is financially accountable for them, they do not provide services exclusively to the government itself.

The following entities are presented discretely in the City's financial statements as major component units:

- Water and Sewer System (the System):
  - New York City Water Board (Water Board)
  - New York City Municipal Water Finance Authority (Water Authority)
- New York City Housing Authority (HA)
- New York City Housing Development Corporation (HDC)
- New York City Health and Hospitals Corporation (HHC)
- New York City Economic Development Corporation (EDC)

The following entities are presented discretely in the City's financial statements as nonmajor component units:

- WTC Captive Insurance Company, Inc. (WTC Captive)
- Brooklyn Navy Yard Development Corporation (BNYDC)
- New York City Industrial Development Agency (IDA)
- The Trust for Governors Island (TGI)
- Brooklyn Bridge Park Corporation (BBPC)
- Business Relocation Assistance Corporation (BRAC)
- Build NYC Resource Corporation (Build NYC)
- New York City Land Development Corporation (LDC)
- New York City Neighborhood Capital Corporation (NYCNCC)

Financial Analysis of the Government-Wide Financial Statements

In the government-wide financial statements, all of the activities of the City, aside from its discretely presented component units, are reported as governmental activities. Governmental activities increased the City's net position by $9.3 billion during Fiscal Year 2015. The net position was increased by governmental activities during Fiscal Year 2014 by $3.6 billion and decreased during Fiscal Year 2013 by $4.1 billion.

As mentioned previously, the basic financial statements include a reconciliation between the Fiscal Year 2015 governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*, which reports an increase of $2.1 billion for all governmental funds balances and an increase in the net position reported in the government-wide *Statement of Activities* of $9.3 billion. A similar reconciliation is provided for Fiscal Year 2014 amounts.

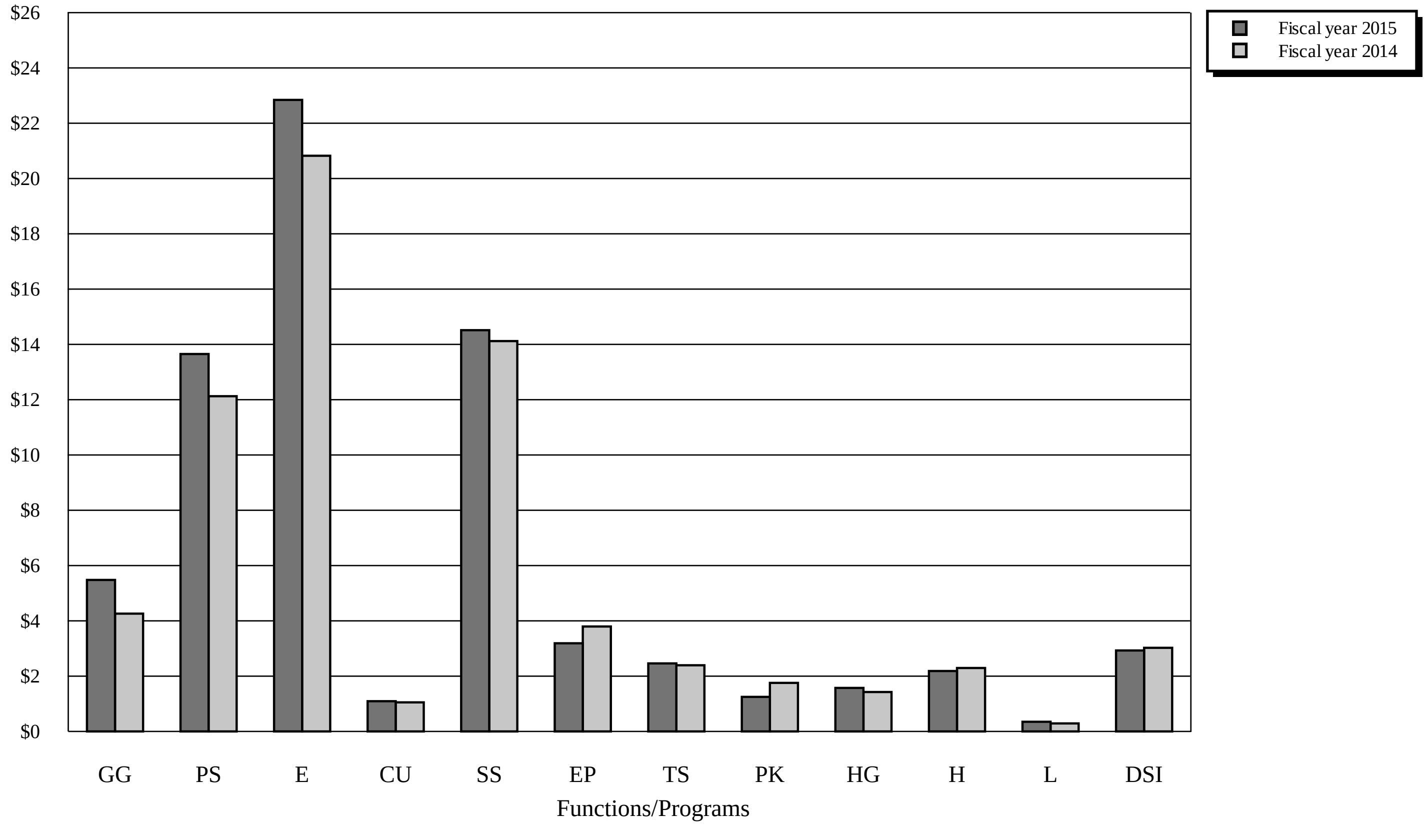
Key elements of the reconciliation of these two sets of statements are that the government-wide statements of activities report the incurrence and issuance of debt as a liability, the purchases of capital assets as assets. The cost of assets are then charged to expense over their useful lives (depreciated/amortized), and changes in long-term liabilities as adjustments of expenses and/or deferred items. Conversely, the governmental funds statements report the issuance of debt as another financing source, the repayment of debt as an expenditure, the purchase of capital assets as an expenditure, and do not reflect changes in long-term liabilities or capital assets.

Key elements of these changes are as follows:

	Governmental Activities for the Fiscal Years ended June 30,		
	2015	**2014**	**2013 (restated)[a]**
		(in thousands)	
Revenues:			
Program revenues:			
Charges for services	$ 6,078,264	$ 5,242,253	$ 4,483,973
Operating grants and contributions	19,437,743	18,395,238	20,063,707
Capital grants and contributions	973,430	695,650	849,828
General revenues:			
Taxes	52,523,182	48,529,279	45,669,639
Investment income	161,351	79,261	102,612
Unrestricted Federal and State aid	252,194	251,474	452,122
Other	1,403,787	848,455	554,404
Total revenues	80,829,951	74,041,610	72,176,285
Expenses:			
General government	5,479,762	4,324,146	4,262,092
Public safety and judicial	13,651,658	13,614,413	17,095,181
Education	22,843,399	21,805,586	24,842,776
City University	1,094,172	1,065,176	968,571
Social Services	14,514,037	14,248,276	14,308,076
Environmental protection	3,188,665	4,022,369	4,029,470
Transportation services	2,460,777	2,419,644	2,508,152
Parks, recreation and cultural activities	1,249,560	1,771,837	1,062,436
Housing	1,574,233	1,446,617	1,323,243
Health (including payments to HHC)	2,186,493	2,364,475	2,607,625
Libraries	350,475	292,568	337,315
Debt service interest	2,929,046	3,025,056	2,955,121
Total expenses	71,522,277	70,400,163	76,300,058
Change in net position	9,307,674	3,641,447	(4,123,773)
Net position deficit—beginning	(191,103,187)	(194,744,634)	(125,733,209)
Restatement of beginning net deficit[a]	—	—	(64,887,652)
Net position deficit—ending	$(181,795,513)	$(191,103,187)	$(194,744,634)

(a) The restatement of the beginning net deficit for Fiscal Year 2013 is the result of the City implementing GASB Statement No. 68 in Fiscal Year 2014.

Expenses — Governmental Activities
for the Fiscal Years ended June 30, 2015 and 2014
(in billions)



<u>Functions/Programs</u>

GG	General government
PS	Public safety and judicial
E	Education (Primary and Secondary)
CU	City University
SS	Social services
EP	Environmental protection
TS	Transportation services
PK	Parks, recreation, and cultural activities
HG	Housing
H	Health, including payments to HHC
L	Libraries
DSI	Debt service interest

In Fiscal Year 2015, the government-wide revenues increased from Fiscal Year 2014 by approximately $6.8 billion and government-wide expenses increased by approximately $1.1 billion.

The major components of the government-wide revenue increases were:

- Grants increased due to more reimbursements for costs associated with Superstorm Sandy which impacted New York City in October 2012.
- Tax revenues, net of refunds, increased overall, as a result of the following:
  - The increase in real estate taxes results from growth in billable assessed value during the fiscal year.
  - The overall increase in sales and use taxes is driven primarily by large growth in mortgage financing activity for the commercial real estate market and stable financial activity for the residential market. Additionally, there was an increase in the collection of general sales tax which demonstrates an increase in taxable consumption resulting from growth in wages and visitor spending.
  - The increase in personal income taxes reflects the strong withholding growth and large gains in non-wage income.
  - The increase in other income taxes (which includes general corporation, financial corporation, unincorporated business income, non-resident personal income taxes, and utility tax) is primarily attributable to an increase in financial corporation taxes which reflects increases in consumer and corporate lending, deposit taking, and reduced settlements related to mortgage securities and unfair banking practices. Additionally, growth in hedge fund asset management and employment, and growth in personal income payments from non-resident City employees increased unincorporated business income and personal income taxes, respectively.
  - For all other taxes, the increase in taxes associated with the conveyance of real property reflects a continued recovery in the average sale price for both commercial and residential properties. Also increasing was payment in lieu of taxes ("PILOT"), which reflects higher payments for World Trade Center and Battery Park City Authority, offset by the forgiveness of New York City Housing Authority (NYCHA) payments. Additionally, hotel room occupancy taxes grew due to continued growth in the tourism sector.
  - The decrease in penalties and interest on delinquent taxes is primarily attributable to a decrease in penalties and interest on real estate taxes, which reflects a smaller percentage of delinquent properties paying penalties and interest. Additionally, refunds increased as a result of overpayments by taxpayers.
- The major components of the changes in government-wide expenses were:
  - General government expense increases are attributable to increases in CDBG-DR-funded work, collective bargaining increases, and various Mayoral initiatives.
  - Education expenses increased due to the expansion of Universal Pre-Kindergarten and after-school programming, new investments in low-performing schools, growth in mandated costs for special education pupils, and collective bargaining increases.
  - Expenses in housing increased due to greater spending on initiatives associated with Sandy housing recovery and resiliency efforts in Housing Preservation Development (HPD). Department of Buildings expenses increased due to collective bargaining settlements and technology upgrades to improve service delivery. Expenses related to NYCHA increased due to unit rehabilitations, extended hours at community centers, and collective bargaining increases.
  - Parks, Recreation, Cultural Activities, and Health expenses decreased as a result of a reclassification of Capital work-in-progress that occurred during the fiscal year.
  - Environmental protection expenses decreased primarily due to lower accruals for collective bargaining payments in Department of Environmental and Preservation in Fiscal Year 2015. Expenses in Sanitation increased due to landfill closure costs at Freshkills, start of operations at the North Shore Marine Transfer Station, and increase in collective bargaining expenses.
  - Libraries expenses increased primarily due to budget increases to cover collective bargaining settlement payments made in Fiscal Year 2015.

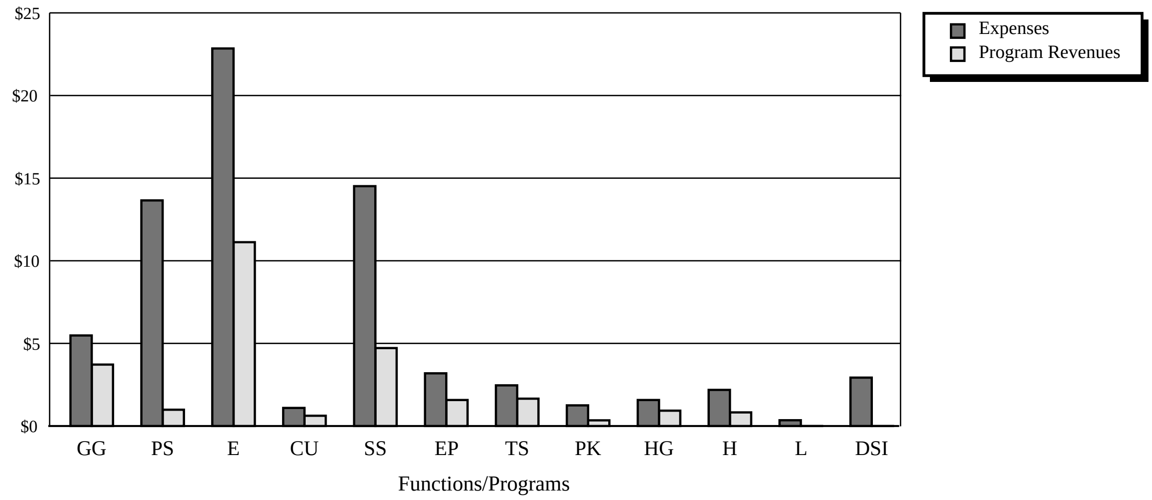
In Fiscal Year 2014, the government-wide revenues increased from Fiscal Year 2013 by approximately $1.9 billion and government-wide expenses decreased by approximately $5.9 billion.

The major components of the government-wide revenue increases were:

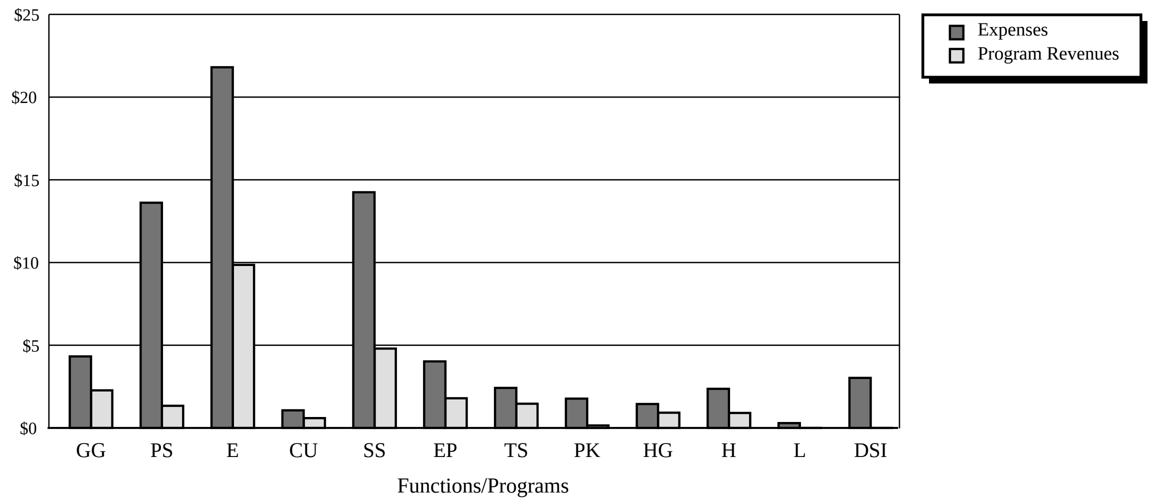
- Grants decreased slightly due to fewer reimbursements for costs associated with Superstorm Sandy, which impacted New York City in October 2012.
- Tax revenues, net of refunds, increased overall as a result of the following:
  - The increase in real estate taxes results from growth in billable assessed value during the fiscal year.
  - The overall increase in sales and use taxes is driven primarily by large growth in mortgage financing activity for the local commercial real estate market and stable financial activity for the local residential market. Additionally, there was an increase in the collection of general sales tax, which demonstrates an increase in taxable consumption resulting from growth in wages and in tourist spending.
  - The increase in personal income taxes reflects the growth in wage earnings.
  - The decrease in other income taxes (which include general corporation, financial corporation, unincorporated business income, non-resident personal income taxes, and utility tax) is attributable to a decrease in financial corporation taxes, which reflects declines in national mortgage loan originations, refinancing activity, and settlements related to prior year mortgage securities and unfair banking practices.
  - For all other taxes, the increase in taxes associated with the conveyance of real property reflects a continued recovery in both the volume and average sale price for commercial properties and an improvement in the average sale price for residential properties. Also increasing was commercial rent tax, which shows improvements in commercial office vacancy rates and asking rents in Manhattan. Additionally, hotel room occupancy taxes grew due to continued growth in the tourism sector.
- The major components of the changes in government-wide expenses were:
  - Public Safety costs decreased as a result of a decrease in personal service costs from the prior year in the District Attorney of Manhattan due to additional grant funding received during that fiscal year. Additionally, costs in the Office of Emergency Management decreased from the prior fiscal year as a result of fewer emergency services necessary in Fiscal Year 2014 in response to Superstorm Sandy, which occurred in Fiscal Year 2013.
  - Education expenses decreased resulting from a large write-off of prior year payables, which was partly offset by spending growth in special education, health, and collective bargaining expenses.
  - Expenses in Housing increased due to greater spending on various initiatives associated with Superstorm Sandy housing recovery in HPD and additionally as a result of aid provided to NYCHA from the City to help mitigate the effects of the Federal sequestration that occurred in 2013.
  - Health expenses declined in HHC due to receipt of reimbursements of Superstorm Sandy costs in the prior year that did not occur at the same level in the current year, in addition there was a large payment in Fiscal Year 2014 from the City to HHC for retroactive collective bargaining liabilities. In DOHMH, the decline in spending is related to the NYS Department of Health’s takeover of the responsibility for fiscal claims in the Early Intervention Program. As of April 2013, claims which are to be reimbursed by Medicaid or commercial insurance companies will be paid directly to the provider by the State, instead of coming through DOHMH’s budget.
  - Parks, recreation and culturals increased as a result of budget restorations from the previous year. In addition, there was an increase in certain OTPS payments for Cultural Institutions in Fiscal Year 2014.

The following charts compare the amounts of expenses and program revenues for Fiscal Years 2015 and 2014:

Expenses and Program Revenues — Governmental Activities for the Fiscal Year ended June 30, 2015 (in billions)



Expenses and Program Revenues — Governmental Activities for the Fiscal Year ended June 30, 2014 (in billions)

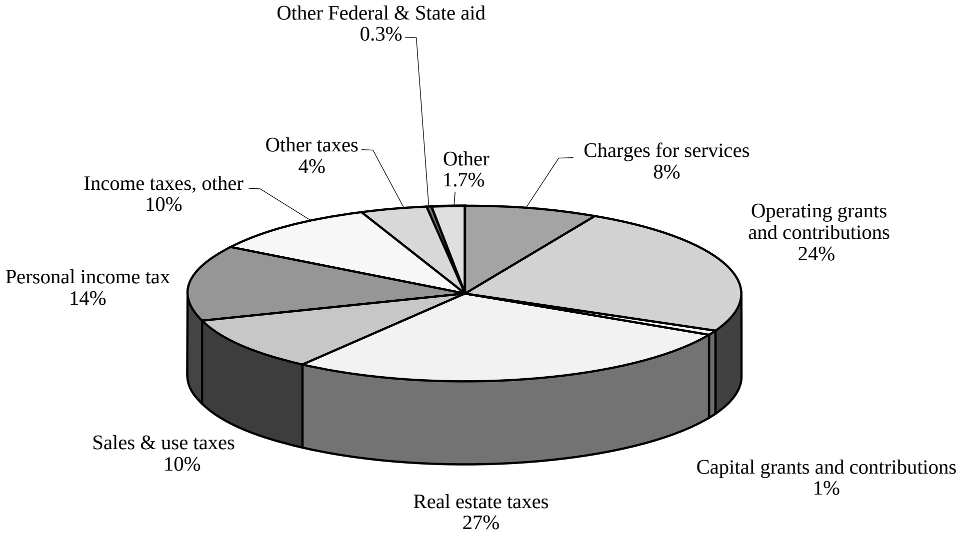


Functions/Programs

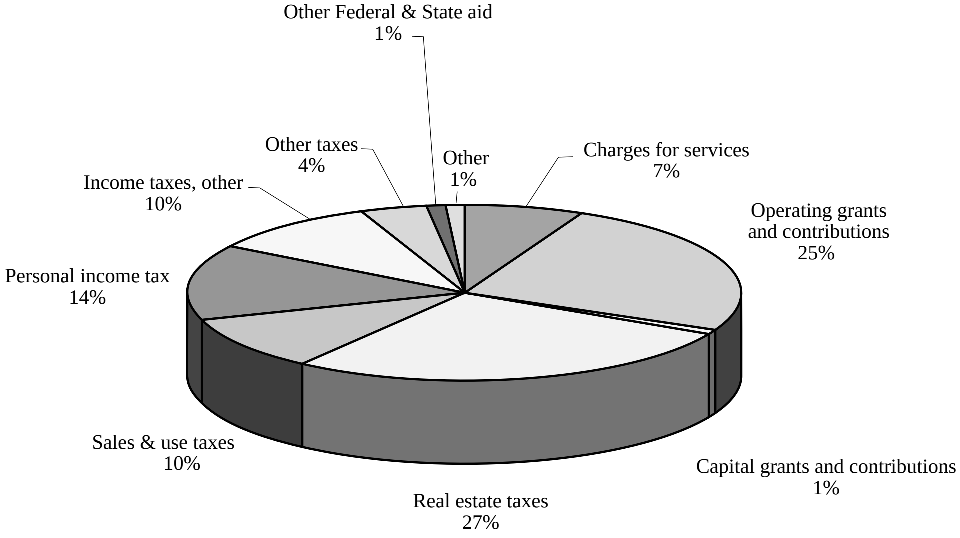
GG	General government
PS	Public safety and judicial
E	Education (Primary and Secondary)
CU	City University
SS	Social services
EP	Environmental protection
TS	Transportation services
PK	Parks, recreation, and cultural activities
HG	Housing
H	Health, including payments to HHC
L	Libraries
DSI	Debt service interest

The following charts compare the amounts of program and general revenues for Fiscal Years 2015 and 2014:

Revenues by Source — Governmental Activities
for the Fiscal Year ended June 30, 2015



Revenues by Source — Governmental Activities
for the Fiscal Year ended June 30, 2014



As noted earlier, increases and decreases of net position may over time serve as a useful indicator of changes in a government's financial position. In the case of the City, liabilities and deferred inflows of resources exceed assets and deferred outflows of resources by $181.8 billion at the close of the most recent fiscal year, a decrease in the excess of liabilities and deferred inflows of resources over assets and deferred outflows of resources of $9.3 billion from June 30, 2014, which in turn compares with the net position decrease of $3.6 billion over the prior Fiscal Year 2013.

	Governmental Activities		
	2015	**2014**	**2013 (restated)**
		(in thousands)	
Current and other assets	$ 40,367,330	$ 36,647,566	$ 35,504,503
Capital assets (net of depreciation)	53,122,237	51,662,105	50,510,064
Total assets	93,489,567	88,309,671	86,014,567
Deferred outflows of resources	5,498,864	544,247	635,161
Long-term liabilities outstanding	239,663,638	235,859,487	249,392,410
Other liabilities	22,860,910	22,339,115	20,503,400
Total liabilities	262,524,548	258,198,602	269,895,810
Deferred inflows of resources	18,259,396	21,758,503	11,498,552
Net position:			
Net investment in capital assets	(6,181,406)	(7,495,896)	(9,343,601)
Restricted	5,277,387	4,420,127	7,265,917
Unrestricted (deficit)	(180,891,494)	(188,027,418)	(192,666,950)
Total net position (deficit)	$(181,795,513)	$(191,103,187)	$(194,744,634)

As noted earlier, the adoption of Statement No. 68 for Fiscal Year 2013 resulted in the City's reporting of net pension liabilities and deferred inflows of resources and deferred outflows of resources for each of its qualified pension plans and the recognition of pension expense in accordance with the provisions of the Statement. The increase in the City's net pension liability (NPL) to $52.0 billion at June 30, 2015 from $46.6 billion at June 30, 2014 is due to lower than assumed return on pension funds.

The excess of liabilities over assets reported on the government-wide statement of net position (deficit) is a result of several factors. The largest components of the net position (deficit) are the result of the City having long-term debt with no corresponding capital assets and the City's OPEB liability. The following summarizes the main components of the net deficit as of June 30, 2015 and 2014:

	Components of Net Deficit	
	2015	2014
	(in billions)	
Net Position Invested in Capital Assets		
Some City-owned assets have a depreciable life used for financial reporting that is different from the period over which the related debt principal is being repaid. Schools and related education assets depreciate more quickly than their related debt is paid, and they comprise one of the largest components of this difference	$ (6.2)	$(7.5)
Net Position Restricted for:		
Debt Service	4.1	2.6
Capital Projects	1.2	1.8
Total restricted net position	5.3	4.4
Unrestricted Net Position		
TFA issued debt to finance costs related to the recovery from the September 11, 2001 World Trade Center disaster, which are operating expenses of the City	(1.0)	(1.0)
STAR issued debt related to the defeasance of the MAC issued debt	(2.0)	(2.0)
The City has issued debt for the acquisition and construction of public purpose capital assets which are not reported as City-owned assets on the Statement of Net Position. This includes assets of the TA, the System, HHC, and certain public libraries and cultural institutions. This is the debt outstanding for non-City owned assets at year end.	(25.0)	(24.0)
Certain long-term obligations do not require current funding:		
OPEB liability	(85.5)	(89.5)
Judgments and claims	(6.8)	(6.9)
Vacation and sick leave	(3.9)	(3.9)
Pension liability	(52.0)	(46.6)
Landfill closure and postclosure costs	(1.5)	(1.5)
Other:	(3.2)	(12.7)
Total unrestricted net position	(180.9)	(188.0)
Total net position (deficit)	$(181.8)	$(191.1)

The following chart provides key pension statistics by pension system as of and for the Fiscal Year ended June 30, 2015:

	Summary of City Pension Information Fiscal Year 2015					
	NYCERS*	TRS**	BERS**	POLICE*	FIRE*	Total
City Membership (active, inactive and retired) as of 6/30/13	187,527	201,761	45,592	83,727	27,039	545,646
			(in billions, except %)			
Total Pension Liability (TPL)	$ 41.8	$ 63.3	$ 4.5	$ 47.9	$ 18.6	$ 176.1
Less Plan Fiduciary Net Position (PFNP)	30.6	43.1	3.4	35.4	11.6	124.1
Net Pension Liability (NPL)	$ 11.2	$ 20.2	$ 1.1	$ 12.5	$ 7.0	$ 52.0
PFNP as a % of TPL***	73.1%	68.0%	75.3%	73.9%	62.4%	70.5%
Pension Expense	$ 1.2	$ 2.1	$ 0.1	$ 1.2	$ 0.6	$ 5.2

* includes QPP and VSFs

** QPP only

*** Calculated based on whole dollar unrounded amounts

The following chart provides key pension statistics by pension system as of and for the Fiscal Year ended June 30, 2014:

	Summary of City Pension Information Fiscal Year 2014					
	NYCERS*	TRS**	BERS**	POLICE*	FIRE*	Total
City Membership (active, inactive and retired) as of 6/30/12	187,865	202,257	46,189	82,982	27,226	546,519
			(in billions, except %)			
Total Pension Liability (TPL)	$ 40.6	$ 60.6	$ 4.2	$ 46.3	$ 18.0	$ 169.7
Less Plan Fiduciary Net Position (PFNP)	30.6	43.3	3.3	34.5	11.5	123.1
Net Pension Liability (NPL)	$ 10.0	$ 17.3	$ 0.9	$ 11.8	$ 6.5	$ 46.6
PFNP as a % of TPL***	75.4%	71.5%	78.1%	74.5%	63.9%	72.5%
Pension Expense	$ 0.9	$ 1.7	$ 0.3	$ 1.2	$ 0.5	$ 4.6

* includes QPP and VSFs

** QPP only

*** Calculated based on whole dollar unrounded amounts.

More information about pensions is available in Note E.5.

Financial Analysis of the Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The table below summarizes the changes in the fund balances of the City's governmental funds.

Governmental Funds

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
			(in thousands)			
Fund Balances (deficit), June 30, 2013	$ 457,467	$(3,035,756)	$ 2,766,707	$ 4,259,246	$ —	$ 4,447,664
Revenues	72,259,770	2,240,805	127,522	4,674,329	(3,831,660)	75,470,766
Expenditures	(67,705,878)	(7,902,711)	(3,742,518)	(5,565,135)	2,190,349	(82,725,893)
Other financing sources (uses)	(4,548,840)	5,661,781	1,487,141	1,497,562	1,641,311	5,738,955
Fund Balances (deficit), June 30, 2014	462,519	(3,035,881)	638,852	4,866,002	—	2,931,492
Revenues	77,482,450	2,359,933	126,223	4,907,069	(3,230,345)	81,645,330
Expenditures	(70,196,875)	(7,836,311)	(3,781,824)	(8,965,577)	2,674,141	(88,106,446)
Other financing sources (uses)	(7,280,473)	6,732,668	4,986,969	3,570,692	556,204	8,566,060
Fund Balances (deficit), June 30, 2015	$ 467,621	$(1,779,591)	$ 1,970,220	$ 4,378,186	$ —	$ 5,036,436

The City's General Fund is required to adopt an annual budget prepared on a basis generally consistent with Generally Accepted Accounting Principles (GAAP). Surpluses from any fiscal year cannot be appropriated in future fiscal years.

If the City anticipates that the General Fund will have an operating surplus, the City will make discretionary transfers to the General Debt Service Fund and other payments that reduce the amount of the General Fund surplus for financial reporting purposes and reduce the need for expenditures in the succeeding fiscal year or years. As detailed later, the General Fund had an operating surplus of $3.70 billion and $2.01 billion before these expenditures and transfers (discretionary and other) for Fiscal Years 2015 and 2014, respectively. After these certain expenditures and transfers, the General Fund reported an operating surplus of $5 million in both Fiscal Years 2015 and 2014, which resulted in an increase in fund balance by this amount.

The General Debt Service Fund receives transfers (discretionary and other) from the General Fund from which it pays the City's debt service requirements. Its fund balance at June 30, 2015, can be attributed principally to transfers (discretionary transfer and other) from the General Fund totaling $2.02 billion in Fiscal Year 2015 for Fiscal Year 2016 debt service. Similar transfers in Fiscal Year 2014 of $644 million for Fiscal Year 2015 debt service also primarily account for the General Debt Service Fund balance at June 30, 2014.

The Capital Projects Fund accounts for the financing of the City's capital program. The primary source of funding is the issuance of City and TFA debt. Capital-related expenditures are first paid from the General Fund, which is reimbursed for these expenditures by the Capital Projects Fund. To the extent that capital expenditures exceed proceeds from bond issuances, and other revenues and financing sources, the Capital Projects Fund will have a deficit. The deficit fund balances at June 30, 2015 and 2014 represent the amounts expected to be financed from future bond issues or intergovernmental reimbursements. To the extent the deficits will not be financed or reimbursed, transfers from the General Fund will be required.

General Fund Budgetary Highlights

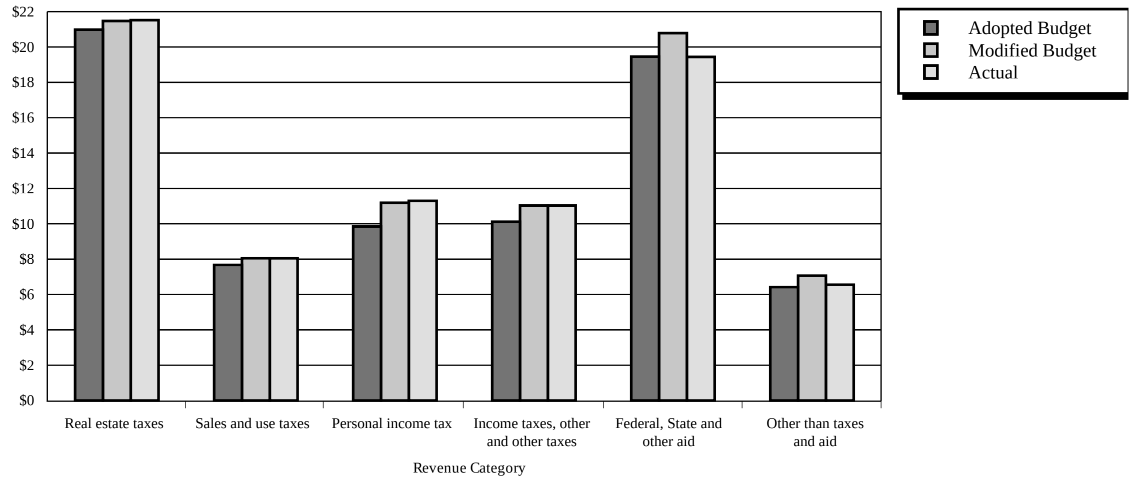
GAAP requires recognition of pollution remediation obligations, and generally preclude costs incurred for pollution remediation from being reported as capital expenditures. Thus, the City's Fiscal Year 2015 General Fund expenditures include approximately $254.6 million of pollution remediation expenditures associated with projects which were originally included in the City's capital program. The City also reported $241.1 million of City bond proceeds and $13.5 million of other revenues (New York City Municipal Water Finance Authority bond proceeds transferred to the City) supporting the $254.6 million of pollution remediation expenditures in the General Fund for Fiscal Year 2015. In Fiscal Year 2014, $293.6 million of City bond proceeds and $20.1 million of other revenues supported the $313.7 million of pollution remediation expenditures reported in the General Fund. Although amounts were not established in the Adopted Budget, a modification to the budget was made to accommodate the amount of pollution remediation expenditure charge in the General Fund. These pollution remediation expenditures were incurred by various agencies, as follows:

	General Fund Pollution Remediation Expenditures	
	2015	**2014**
	(in thousands)	
General government	$ 42,730	$ 31,207
Public safety and judicial	3,491	3,654
Education	130,514	147,494
Social services	301	230
Environmental protection	15,476	24,345
Transportation services	7,844	26,234
Parks, recreation, and cultural activities	47,941	1,954
Housing	1,726	1,625
Health, including HHC	4,346	76,619
Libraries	251	365
Total expenditures	$ 254,620	$ 313,727

General Fund Revenues

The following charts and tables summarize actual revenues by category for Fiscal Years 2015 and 2014 and compare revenues with each fiscal year's Adopted Budget and Modified Budget.

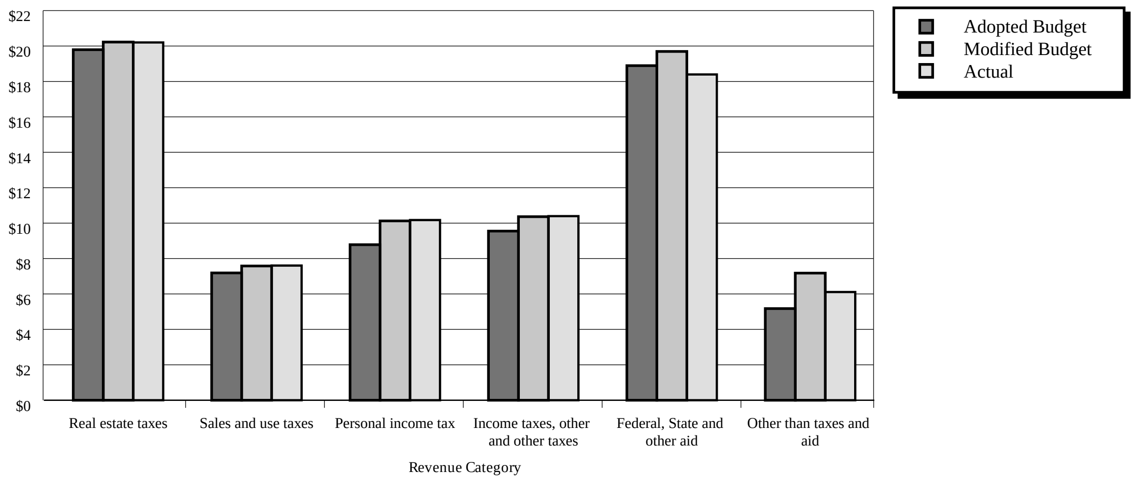
General Fund Revenues
Fiscal Year 2015
(in billions)



General Fund Revenues
Fiscal Year 2015

	Adopted Budget	Modified Budget	Actual
		(in millions)	
Taxes (net of refunds):			
Real estate taxes	$20,981	$21,471	$21,518
Sales and use taxes	7,672	8,054	8,051
Personal income tax	9,851	11,186	11,295
Income taxes, other	6,495	7,570	7,602
Other taxes	3,618	3,466	3,475
Taxes (net of refunds)	48,617	51,747	51,941
Federal, State and other aid:			
Categorical	19,455	20,784	19,438
Federal, State and other aid	19,455	20,784	19,438
Other than taxes and aid:			
Charges for services	2,752	2,778	2,745
Other revenues	3,348	3,657	3,358
Bond proceeds	—	315	241
Transfers from Nonmajor Debt Service Fund	240	230	230
Transfers from General Debt Service Fund	82	82	82
Other than taxes and aid	6,422	7,062	6,656
Total revenues	$74,494	$79,593	$78,035

General Fund Revenues
Fiscal Year 2014
(in billions)



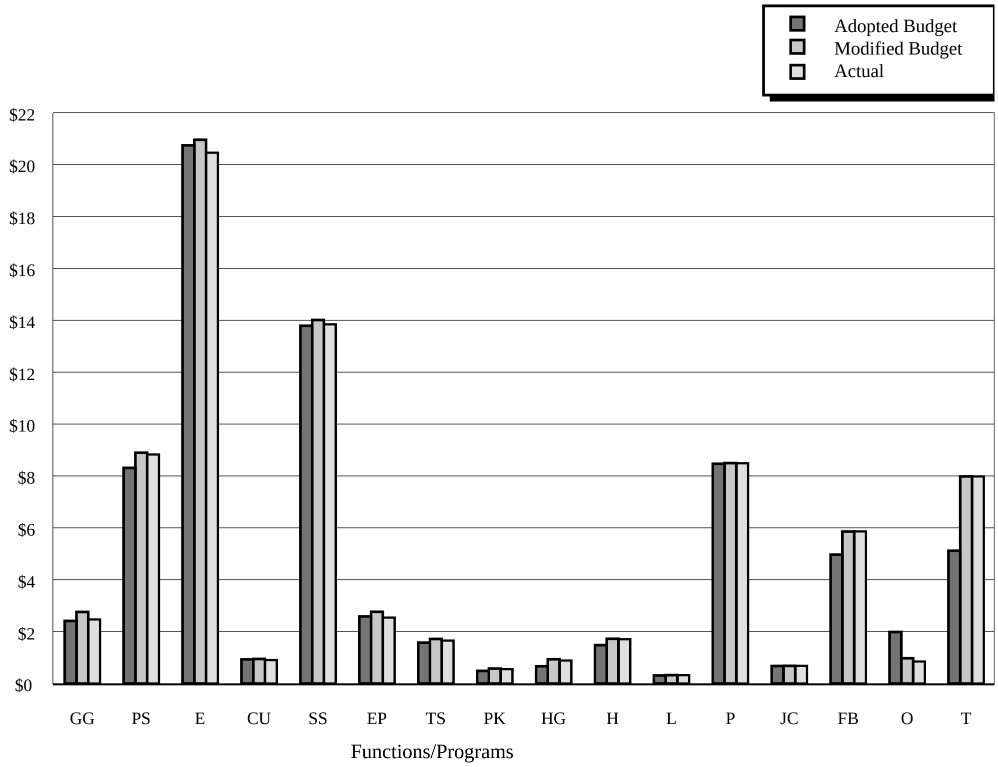
General Fund Revenues
Fiscal Year 2014

	Adopted Budget	Modified Budget	Actual
		(in millions)	
Taxes (net of refunds):			
Real estate taxes	$19,793	$20,224	$20,202
Sales and use taxes	7,188	7,580	7,604
Personal income tax	8,782	10,125	10,173
Income taxes, other	6,241	7,226	7,215
Other taxes	3,310	3,138	3,181
Taxes (net of refunds)	45,314	48,293	48,375
Federal, State and other aid:			
Categorical	18,892	19,693	18,395
Federal, State and other aid	18,892	19,693	18,395
Other than taxes and aid:			
Charges for services	2,715	2,733	2,786
Other revenues	2,151	3,832	2,703
Bond proceeds	—	294	294
Transfers from Nonmajor Debt Service Fund	228	238	246
Transfers from General Debt Service Fund	81	81	81
Other than taxes and aid	5,175	7,178	6,110
Total revenues	$69,381	$75,164	$72,880

General Fund Expenditures

The following charts and tables summarize actual expenditures by function/program for Fiscal Years 2015 and 2014 and compare expenditures with each fiscal year's Adopted Budget and Modified Budget.

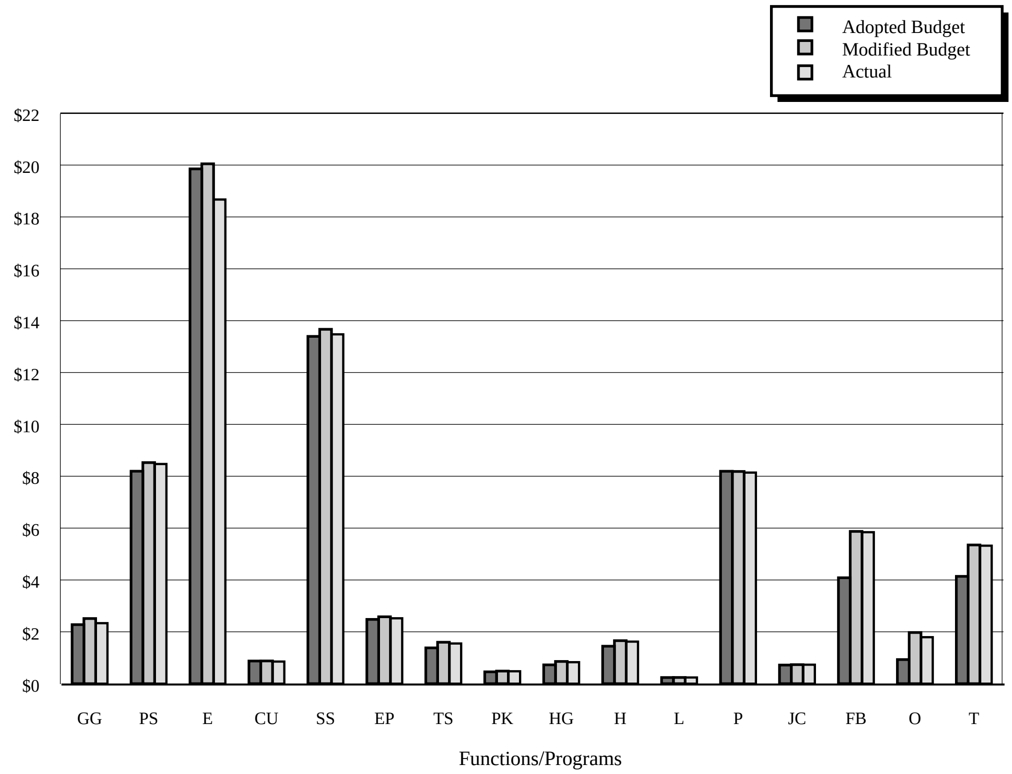
General Fund Expenditures
Fiscal Year 2015
(in billions)



General Fund Expenditures
Fiscal Year 2015

	Adopted Budget	Modified Budget	Actual
		(in millions)	
General government (GG)	$ 2,412	$ 2,758	$ 2,469
Public safety and judicial (PS)	8,311	8,896	8,827
Education (E)	20,740	20,957	20,458
City university (CU)	929	946	904
Social services (SS)	13,788	14,011	13,843
Environmental protection (EP)	2,585	2,764	2,540
Transportation services (TS)	1,575	1,717	1,655
Parks, recreation and cultural activities (PK)	486	577	555
Housing (HG)	664	934	886
Health, including HHC (H)	1,479	1,724	1,708
Libraries (L)	311	323	322
Pensions (P)	8,469	8,495	8,490
Judgments and claims (JC)	674	680	680
Fringe benefits and other benefit payments (FB)	4,968	5,857	5,863
Other (O)	1,985	973	848
Transfers and other payments for debt service (T)	5,118	7,981	7,982
Total expenditures	$74,494	$79,593	$78,030

General Fund Expenditures
Fiscal Year 2014
(in billions)



General Fund Expenditures
Fiscal Year 2014

	Adopted Budget	Modified Budget	Actual
		(in millions)	
General government (GG)	$ 2,277	$ 2,512	$ 2,334
Public safety and judicial (PS)	8,194	8,526	8,472
Education (E)	19,854	20,049	18,672
City university (CU)	874	877	853
Social services (SS)	13,393	13,667	13,473
Environmental protection (EP)	2,479	2,580	2,522
Transportation services (TS)	1,381	1,598	1,550
Parks, recreation and cultural activities (PK)	457	486	479
Housing (HG)	726	857	829
Health, including HHC (H)	1,445	1,659	1,622
Libraries (L)	237	239	239
Pensions (P)	8,192	8,184	8,141
Judgments and claims (JC)	718	734	732
Fringe benefits and other benefit payments (FB) .	4,085	5,873	5,842
Other (O)	930	1,973	1,793
Transfers and other payments for debt service (T)	4,139	5,350	5,322
Total expenditures	$69,381	$75,164	$72,875

General Fund Surplus

The City had General Fund surpluses of $3.70 billion, $2.01 billion and $2.81 billion before certain expenditures and transfers (discretionary and other) for Fiscal Years 2015, 2014 and 2013, respectively. For the Fiscal Years 2015, 2014 and 2013, the General Fund surplus was $5 million after expenditures and transfers (discretionary and other).

The expenditures and transfers (discretionary and other) made by the City after the adoption of its Fiscal Years 2015, 2014 and 2013 budgets follow:

	Governmental Activities		
	2015	**2014**	**2013**
		(in millions)	
Transfer, as required by law, to the General Debt Service Fund of real estate taxes collected in excess of the amount needed to finance debt service	$ 428	$ 481	$ 587
Discretionary transfers to the General Debt Service Fund	1,548	140	2,140
Net equity contribution in bond refunding that accrued to future years debt service savings	47	23	16
Grant to TFA	1,578	1,362	—
Advance cash subsidies to the Public Library system	—	—	64
Total expenditures and transfers (discretionary and other)	3,699	2,006	2,807
Reported surplus	5	5	5
Total surplus	$3,606	$2,011	$2,812

Fiscal Year 2015

Final results for any given fiscal year may differ greatly from that year's Adopted Budget. The following table shows the variance between actuals and amounts for the Fiscal Year ended 2015 Adopted Budget:

	2015
	(in millions)
Additional Resources:	
Greater than expected personal income tax collections	$1,423
Reallocation of the general reserve	750
Lower than expected debt service costs for amounts due in current fiscal year	622
Greater than expected real estate tax collections	537
Higher than expected Federal categorical aid	525
Greater than expected real property transfer tax collections	414
Lower than expected all other personal services spending	375
Higher than expected banking corporation tax collections	358
Higher than expected mortgage tax collections	281
Greater than expected pollution remediation bond proceeds	241
Lower than expected current health insurance costs	201
Greater than expected proceeds from asset sales	183
Greater than expected revenues from fines and forfeitures	170
Lower than expected all other administrative OTPS costs	136
Higher than expected revenues from licenses, permits & privileges	120
Lower than expected fuel and energy costs	112
Higher than expected all other charges for services	102
Lower than expected Medicaid spending	97
Higher than expected general corporation tax collections	82
Greater than expected sales tax collections	66
Lower than expected supplies and materials costs	66
Greater than expected unincorporated business tax collections	63
Higher than expected commercial rent tax collections	52
Greater than expected all other tax collections	48
Higher than expected contractual services spending	31
Lower than expected all other social services spending (excluding Medicaid and public assistance)	13
Greater than expected rental revenues	12
All other net underspending or revenues above budget	19
Total	7,099
Enabled the City to provide for:	
Additional prepayments for certain debt service costs due in Fiscal Year 2016	3,554
Higher than expected contribution to trust funding future retirees' health insurance costs	955
Lower than expected proceeds from sale of taxi medallions	532
Greater than expected uniformed overtime costs	352
Lower than expected State categorical aid (including prior year adjustments)	305
Higher than expected all other fixed and miscellaneous charges	297
Pollution remediation costs	255
Greater than expected all other overtime costs	187
Greater than expected payments to the Health and Hospitals Corporation	152
Lower than expected reimbursement and payment from the water and sewer system	120
Greater than expected property and equipment costs	114
Greater than expected provisions for disallowance reserve	95
Higher than expected public assistance spending	68
Lower than expected non-governmental grants	62
Higher than expected pension costs	21
Lower than expected all other miscellaneous revenues	12
Lower than expected tobacco settlement proceeds	10
Greater than expected judgments & claims costs	3
Total	7,094
Reported Surplus	$ 5

Fiscal Year 2014

As noted previously, final results for any given fiscal year may differ greatly from that year's Adopted Budget. The following table shows the variance between actuals and amounts for the Fiscal Year ended 2014 Adopted Budget:

	2014
Additional Resources:	(in millions)
Greater than expected personal income tax collections	$1,357
Lower than expected contractual services spending (including prior year adjustments)	954
Lower than expected debt service costs	611
Lower than expected all other personal services spending	554
Federal categorical aid	466
General reserve	450
Greater than expected real property transfer tax collections	414
Greater than expected real estate tax collections	408
Higher than expected general corporation tax collections	386
Higher than expected pollution remediation bond proceeds	294
Higher than expected all other miscellaneous revenues	281
Higher than expected mortgage tax collections	238
Lower than expected all other administrative costs	212
Greater than expected sales tax collections	162
Lower than expected supplies and materials costs	137
Lower than expected current health insurance costs	95
Greater than expected proceeds from asset sales	92
Greater than expected revenues from fines and forfeitures	77
Greater than expected all other charges for services	75
Greater than expected all other tax collections	66
Higher than expected commercial rent tax collections	65
Higher than expected revenues from licenses, permits and privileges	64
Lower than expected pension costs	90
Lower than expected public assistance spending	50
Greater than expected unincorporated business tax collections	42
Greater than expected proceeds from sale of taxi medallions	38
Greater than expected rental revenues	19
Greater than expected tobacco settlement proceeds	8
Lower than expected energy costs	5
Total	7,710
Enabled the City to provide for:	
Additional prepayments for certain debt service costs due in Fiscal Year 2015	1,841
Additional expenditures associated with labor settlement (including HHC)	1,896
Higher than expected reserve for future retirees' health insurance costs	1,864
Lower than expected State categorical aid (including prior year adjustments)	840
Greater than expected overtime costs	355
Pollution remediation costs	314
Greater than expected property and equipment costs	156
Lower than expected non-governmental grants	110
Greater than expected Medicaid spending	104
Higher than expected all other fixed and miscellaneous charges	81
Lower than expected banking corporation tax collections	77
Lower than expected revenues from water and sewer charges	23
Greater than expected all other payments to the Health and Hospitals Corporation	19
Lower than expected all other social services spending (excluding Medicaid and public assistance)	11
Higher than expected judgments & claims costs	11
All other net overspending or revenues below budget	3
Total	7,705
Reported Surplus	$ 5

Capital Assets

The City's investment in capital assets (net of accumulated depreciation/amortization), is detailed as follows:

	Governmental Activities		
	2015	2014	2013
		(in millions)	
Land*	$ 1,907	$ 1,771	$ 1,700
Buildings	33,081	30,785	29,381
Equipment (including software)	2,602	2,571	2,505
Infrastructure**	12,552	12,275	12,219
Construction work-in-progress	2,980	4,260	4,705
Total	$53,122	$51,662	$50,510

* Not depreciable/amortizable

** Infrastructure elements include the roads, bridges, curbs and gutters, streets and sidewalks, park land and improvements, piers, bulkheads and tunnels.

The net increase in the City's capital assets during Fiscal Year 2015 was $1.46 billion, a 3% increase. Capital assets additions in Fiscal Year 2015 were $9.90 billion, an increase of $1.38 billion from Fiscal Year 2014.

In 2015 construction work-in-progress was $2.98 billion, representing a 30% net decrease. The decrease was the result of $4.37 billion in building additions and the reclassification of $485 million of construction costs as being for non-city-owned assets and other accounting adjustments. The total reclassification write down accounted for 11% of the 2015 construction work-in-progress opening balance.

The net increase in the City's capital assets during Fiscal Year 2014 was $1.15 billion, a 2% increase. Capital assets additions in Fiscal Year 2014 were $8.52 billion, an increase of $136 million from Fiscal Year 2013.

Additional information on the City's capital assets can be found in Note D.2 of the Basic Financial Statements and in schedule CA1 thru CA3 of other supplementary information.

Debt Administration

The City, through the Comptroller's Office of Public Finance, in conjunction with the Mayor's Office of Management and Budget, is charged with issuing debt to finance the City's capital program. The following table summarizes the debt outstanding for the City and certain City-related issuing entities at the end of Fiscal Years 2015, 2014 and 2013.

	New York City and City-Related Debt		
	2015	2014	2013
		(in millions)	
General Obligation Bonds[(a)]	$40,460	$41,665	$41,592
TFA Bonds	25,488	24,013	21,816
TFA Recovery Bonds	936	974	1,233
TFA BARBS	7,426	6,051	6,154
TSASC Bonds	1,222	1,228	1,245
IDA Bonds	87	90	93
STAR Bonds	2,035	1,975	1,985
FSC Bonds	198	231	260
HYIC Bonds	3,000	3,000	3,000
ECF Bonds	264	266	268
Tax Lien Collateralized Bonds	34	46	34
Total bonds and notes outstanding	81,150	79,539	77,680
Plus premiums / less discounts (net)	3,825	3,162	2,956
Total bonds and notes payable	$84,975	$82,701	$80,636

(a) Does not include capital contract liabilities.

General Obligation

On July 1, 2015, the City's outstanding General Obligation (GO) debt, including capital contract liabilities, totaled $57.43 billion (compared with $55.91 and 54.3 billion as of July 1, 2014 and 2013, respectively). The State Constitution provides that, with certain exceptions, the City may not contract indebtedness in an amount greater than 10% of the average full value of taxable real estate in the City for the most recent five years (Debt Limit). As of July 1, 2015, the City's 10% Debt Limit was $85.18 billion (compared with $81.35 and $79.10 billion as of July 1, 2014 and 2013 respectively). The City and TFA's combined debt incurring power as of July 1, 2015, after providing for capital contract liabilities, totaled $27.76 billion.

As of June 30, 2015, the City's outstanding GO debt is $40.46 billion; consisting of $6.97 billion of variable rate bonds and $33.49 billion of fixed rate bonds. Of the $2.83 billion in GO bonds issued by the City in Fiscal Year 2015, a total of $1.78 billion was issued to refund certain outstanding bonds at lower interest rates and a total of $1.05 billion was issued for new money capital purposes. The proceeds of the refunding issues were placed in irrevocable escrow accounts in amounts sufficient to pay, when due, all principal, interest, and applicable redemption premium, if any, on the refunded bonds. These refundings produce a budgetary saving of $35.29 million in Fiscal Year 2015 and budgetary savings of $134.66 million and $29.17 million in Fiscal Years 2016 and 2017, respectively. The refundings will generate $278.36 million in budgetary savings over the life of the bonds and approximately $241.97 million on a net present value basis.

In Fiscal Year 2015, the City issued $400 million of traditional taxable fixed rate bonds. The traditional taxable bonds were sold on a competitive basis.

In addition, the City converted $719.85 million of bonds between different interest rate modes.

During Fiscal Year 2015, GO variable rate debt traded at the following average interest rates:

	Tax-Exempt	Taxable
Dailies	0.05%	—
2-Day Mode	0.05%	—
Weeklies	0.05%	0.38%
Auction Rate Securities—7 Day	0.68%	—
Index Floaters	0.71%	0.95%

During Fiscal Year 2015, Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch) maintained the GO rating at AA. Moody's Investors Service (Moody's) continued to rate GO bonds at Aa2.

Short-Term Financing

In Fiscal Year 2015, the City had no short-term borrowings.

Transitional Finance Authority

The New York State Legislature created the New York City Transitional Finance Authority (TFA or the Authority), a bankruptcy-remote separate legal entity, and, through various state legislative measures, authorized the Authority to issue debt to fund a portion of the capital program of the City.

TFA Future Tax Secured Bonds (FTSBs) are secured by the City's collections of personal income tax and, if necessary, sales tax. FTSBs outstanding over a $13.5 billion limit, together with the amount of indebtedness contracted by the City, cannot exceed the City's Debt Limit.

TFA Recovery Bonds have been issued to fund capital and operating costs related to, or arising from, the events of September 11, 2001. TFA is authorized to have outstanding up to $2.5 billion of Recovery Bonds secured by personal income tax, as well as debt without limit as to principal amount, secured solely by state or federal aid received as a result of the events of September 11, 2001. Recovery Bonds are not subject to the City's Debt Limit.

During Fiscal Year 2015, TFA issued $3.68 billion TFA FTSB debt. This total included $2.89 billion issued for new money capital purposes and $786 million issued to refund certain outstanding bonds at lower interest rates. The refundings will generate $103 million in budgetary savings over the life of the bonds and approximately $96 million on a net present value basis. In Fiscal Year 2015, the TFA also converted $68.9 million outstanding bonds between interest rate modes.

As of June 30, 2015, the total outstanding FTSB and Recovery Bond debt was approximately $26.42 billion. Of the amount outstanding, variable rate debt totaled $3.95 billion, including $732.8 million of variable rate Recovery Bonds. During Fiscal Year 2015, TFA's variable rate debt traded at the following average interest rates:

	Tax-Exempt
Dailies	0.07%
Weeklies	0.08%
Auction Rate Securities — 7 Day	0.43%
Index Floaters	0.79%
2-Day Mode	0.05%

In Fiscal Year 2015, Standard & Poor's and Fitch Ratings maintained AAA ratings on both Senior Lien and Subordinate Lien TFA Bonds. Moody's Investors Service maintained its rating of Aaa on Senior Lien and Aa1 on Subordinate Lien Bonds.

The Authority is authorized to issue bonds and notes or other obligations in an amount outstanding of up to $9.4 billion to finance a portion of the City's educational facilities capital plan. TFA is authorized to use all or any portion of the state aid payable to the City or its school district pursuant to Section 3602.6 of the New York State Education Law (State Building Aid) as security for these Building Aid Revenue Bonds (BARBs). BARBs do not count against the FTSB Debt Limit. As of June 30, 2015, the TFA BARBs outstanding totaled $7.43 billion. The Authority issued $1.5 billion of TFA BARB Bonds in Fiscal Year 2015.

During Fiscal Year 2015, Standard & Poor's maintained the TFA BARBs rating at AA-. On June 16, 2015 Moody's raised its TFA BARB rating to Aa2 from the prior rating of Aa3. On June 20, 2015 Fitch Ratings raised its TFA BARB rating to AA from the prior rating of AA-.

TSASC, Inc.

TSASC, Inc. (TSASC) is a special purpose, bankruptcy-remote, local development corporation created pursuant to the Not-for-Profit Corporation Law of the State of New York. TSASC is authorized to issue bonds to purchase from the City its future right, title and interest under a Master Settlement Agreement (the MSA) between participating cigarette manufacturers and 46 states, including the State of New York.

TSASC had no financing activity in Fiscal Year 2015. As of June 30, 2015, TSASC had approximately $1.22 billion of bonds outstanding.

TSASC bond ratings vary by maturity. As of June 30, 2015, Standard and Poor's rated TSASC bonds maturing June 1, 2022 at BBB-; June 1, 2026 at BB-; June 1, 2034 at B and June 1, 2042 at B-. Fitch rated TSASC bonds maturing on June 1, 2022 at BBB-; June 1, 2026 at BB-. Fitch rated bonds maturing on June 1, 2034 and 2042 at B.

Sales Tax Asset Receivable Corporation

In May 2003, New York State statutorily committed $170 million of New York State Sales Tax receipts to the City in each fiscal year from 2004 through 2034. The Sales Tax Asset Receivable Corporation (STAR) was formed to securitize these payments and to use the proceeds to retire existing debt of the Municipal Assistance Corporation for The City of New York (MAC) debt, thereby saved the City approximately $500 million per year for Fiscal Years 2004 through 2008.

As of June 30, 2015, STAR had $2.04 billion of bonds outstanding. In Fiscal Year 2015, STAR issued $2.04 billion of bonds to refund all previous outstanding bonds.

After being upgraded in Fiscal Year 2014, STAR maintained its Aa1 rating from Moody's Investor Services and AA+ from Fitch Ratings throughout Fiscal 2015. Standard & Poor's also maintained its longstanding AAA rating.

Fiscal Year 2005 Securitization Corporation

In Fiscal Year 2005, $498.85 million of taxable bonds were issued by the Fiscal Year 2005 Securitization Corporation (FSC), a bankruptcy-remote local development corporation, established to restructure an escrow fund that was previously funded with GO bonds proceeds.

As of June 30, 2015, FSC had $197.38 million bonds outstanding. It had no financing activity in Fiscal Year 2015.

As of June 30, 2015, the bonds were rated AA+ by S&P, Aaa by Moody's and AAA by Fitch.

Hudson Yards Infrastructure Corporation

The Hudson Yards Infrastructure Corporation (HYIC), is a local development corporation established to provide financing for infrastructure improvements to facilitate economic development on Manhattan's far west side. Principal on the bonds is payable from revenues generated by the new development in the Hudson Yards District. To the extent that such revenues are not sufficient to cover interest payments, the City, subject to appropriation, has agreed to make interest support payments to HYIC. The interest support payments do not cover principal repayment of the bonds.

As of June 30, 2015, HYIC had $3 billion bonds outstanding. HYIC had no financing activity in Fiscal Year 2015.

The bonds are rated A by S&P, A2 by Moody's, and A by Fitch.

New York City Educational Construction Fund

The New York City Educational Construction Fund (ECF), a public benefit corporation, was established to facilitate the construction and improvement of City elementary and secondary school buildings in combination with other compatible lawful uses, such as housing, office or other commercial buildings. The City is required to make rental payments on the school portions of the ECF projects sufficient to make debt service payments as they come due on ECF Bonds, less the revenue received by the ECF from the non-school portions of the ECF projects.

The ECF had no financing activity in Fiscal Year 2015.

As of June 30, 2015, ECF had $264.19 million bonds outstanding.

The bonds are rated AA- by S&P and Aa3 by Moody's.

New York City Tax Lien Trusts

The New York City Tax Lien Trusts (NYCTLTs) are Delaware statutory trusts which are created to acquire certain liens securing unpaid real estate taxes, water rents, sewer surcharges, and other payables to the City and the New York City Water Board in exchange for the proceeds from bonds issued by the NYCTLTs, net of reserves funded by the bond proceeds and bond issued cost. The City is the sole beneficiary to the NYCTLTs and is entitled to receive distributions from the NYCTLTs after payments to the bondholders and certain reserve requirements have been satisfied.

As of June 30, 2015, the NYCTLTs had $34.23 million in bonds outstanding. In Fiscal Year 2015, the NYCTLTs issued $95.48 million bonds. The bonds are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Interest Rate Exchange Agreements

To lower borrowing costs over the life of its bonds and to diversify its existing portfolio, the City has from time to time entered into interest rate exchange agreements (swaps) and sold options to enter into swaps at future dates. The City received specific authorization to enter into such agreements under Section 54.90 of the New York State Local Finance Law. No swaps were entered into or terminated in Fiscal Year 2015. As of June 30, 2015, the outstanding notional amount of the City's various swap agreements was $1.76 billion.

The Water Authority has also entered into interest rate exchange agreements from time to time in order to lower its borrowing costs over the life of its bonds and to diversify its existing portfolio. In Fiscal Year 2015, the Authority did not initiate or terminate any swaps. As of June 30, 2015, the outstanding notional amount on the Water Authority's various swap agreements was $401 million.

Additional information on the City's long-term liabilities can be found in Note D.5 of the Basic Financial Statements.

Subsequent Events

Subsequent to June 30, 2015, the City, TFA and NYCTLT completed the following long-term financings (listed in chronological order):

City Swap Portfolio: On August 4, 2015, the City terminated a swap with Bank of New York Mellon. The total notional amount terminated was $364,100,000 and the City received a payment of $2,410,000 from the Bank of New York Mellon as a result of the termination.

NYCTLT 2015-A: On August 5, 2015, NYCTLT 2015-A issued Tax Lien Collateralized Bonds, Series 2015-A of $71,790,000 to fund the purchase of certain liens from the City.

City Debt: On August 13, 2015, The City of New York issued $750,475,000 of Fiscal 2016 Series AB General Obligation bonds for refunding purposes.

TFA Debt: On September 29, 2015, the New York City Transitional Finance Authority issued $1,150,000,000 of Fiscal 2016 Series A FTSB for capital purposes.

ECF: On October 1, 2015, ECF redeemed series 2005A Revenue Bond with an outstanding amount of $23,455,000.

Commitments

At June 30, 2015, the outstanding commitments relating to projects of the City's Capital Projects Fund amounted to approximately $15.4 billion.

To address the need for significant infrastructure and public facility capital investments, the City has prepared a ten-year capital spending program which contemplates New York City Capital Projects Fund expenditures of $83.8 billion over Fiscal Years 2015 through 2024. To help meet the financing needs for its capital spending program, the City and TFA borrowed $3.94 billion in the public credit market in Fiscal Year 2015. The City and TFA plan to borrow $4.8 billion in the public credit market in Fiscal Year 2016.

Superstorm Sandy

On October 29, 2012, Superstorm Sandy made landfall in the City. The storm surge and high winds caused significant damage in the City as well as other states and cities along the U.S. eastern seaboard. The City incurred costs for emergency response and storm related damages to, and destruction of, City buildings and other assets. As of June 30, 2015, the estimated value of damages and recovery costs was approximately $9.7 billion – this includes $7.6 billion for capital construction and $2.1 billion for cleanup, relief, and repairs.

In response to the damages caused by Superstorm Sandy, President Obama signed a major disaster declaration on October 30, 2012, authorizing the Federal Emergency Management Agency (FEMA) to provide Public Assistance grants (PA) to government entities for response and recovery efforts. The emergency declaration supports the reimbursement of eligible emergency work (categorized as Emergency Protective Measures and Debris Removal) and permanent work (categorized as restoration of Roads and Bridges, Water Control Facilities, Buildings and Equipment, Utilities and Parks and Recreational facilities). On June 26, 2013, the President authorized reimbursement of eligible costs at a 90% rate.

In addition to the FEMA PA, the City has been awarded more than $4.2 billion of Community Development Block Grant Disaster Recovery (CDBG-DR) funding through the U.S. Department of Housing and Urban Development. The major portion of these funds is being used in a variety of home restoration and replacement programs, small business assistance programs, and resiliency/hazard mitigation programs. The remainder is being used to pay certain Superstorm Sandy-related costs that are not reimbursable by FEMA as well as the 10% non-FEMA share of eligible costs, to the extent that those are eligible for CDBG-DR funding.

Approximately $2 billion in emergency and recovery spending was obligated for reimbursement by FEMA during the City's Fiscal Year 2015, the remainder of eligible reimbursement will be obligated going forward. To the extent that eligible Superstorm Sandy related costs were incurred as of June 30, 2015, the FEMA reimbursement has been received or accrued as receivable in Fiscal Year 2015.

Request for Information

This comprehensive annual financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to The City of New York, Office of the Comptroller, Bureau of Accountancy, 1 Centre Street—Room 200 South, New York, New York 10007, or at Accountancy@comptroller.nyc.gov.

The City of New York

Comprehensive
Annual Financial Report
of the
Comptroller

BASIC
FINANCIAL STATEMENTS

Part II-A

Fiscal Year Ended June 30, 2015

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THE CITY OF NEW YORK

STATEMENT OF NET POSITION

JUNE 30, 2015
(in thousands)

	Primary Government (PG)	
	Governmental Activities	Component Units (CU)
ASSETS:		
Cash and cash equivalents	$ 7,176,737	$ 2,627,470
Investments	8,093,660	1,577,901
Receivables:		
Real estate taxes (less allowance for uncollectible amounts of $230,295)	364,422	—
Federal, State and other aid	7,423,667	—
Taxes other than real estate	6,443,031	—
Leases	—	1,718,818
Other	2,049,558	3,853,707
Mortgage loans and interest receivable, net	—	8,790,966
Inventories	376,743	35,793
Due from PG	—	119,756
Due from CUs, net	1,923,475	—
Restricted cash, cash equivalents and investments	5,989,683	6,254,004
Other	526,354	244,734
Capital assets:		
Land and construction work-in-progress	4,887,666	6,853,163
Other capital assets (net of depreciation/amortization):		
Property, plant and equipment (including software)	35,682,778	31,855,829
Infrastructure	12,551,793	—
Total assets	93,489,567	63,932,141
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows from pensions	4,955,473	78,156
Other deferred outflows of resources	543,391	156,825
Total deferred outflows of resources	5,498,864	234,981
LIABILITIES:		
Accounts payable and accrued liabilities	15,805,775	3,465,237
Accrued interest payable	1,031,977	164,292
Unearned revenue	3,070	367,764
Due to PG	—	2,220,286
Due to CUs, net	119,756	—
Estimated disallowance of Federal, State and other aid	1,115,521	—
Other	4,743,517	211,686
Derivative instruments—interest rate swaps	41,294	121,499
Noncurrent liabilities:		
Due within one year	5,702,195	2,686,672
Bonds & notes payable (net of amount due within one year—$3,178,050 for PG)	81,797,019	41,683,099
Net pension liability	51,998,987	3,304,856
OPEB liability	85,484,552	7,459,733
Other (net of amount due within one year—$2,524,145 for PG)	14,680,885	1,449,309
Total liabilities	262,524,548	63,134,433
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pensions	11,052,311	527,124
Deferred real estate taxes	6,994,205	—
Other deferred inflows of resources	212,880	17,978
Total deferred inflows of resources	18,259,396	545,102
NET POSITION:		
Net investment in capital assets	(6,181,406)	8,022,266
Restricted for:		
Capital projects	1,203,356	29,424
Debt service	4,074,031	2,478,267
Loans/security deposits	—	60,934
Donor/statutory restrictions	—	130,375
Operations	—	279,304
Unrestricted (deficit)	(180,891,494)	(10,512,983)
Total net position (deficit)	$(181,795,513)	$ 487,587

See accompanying notes to financial statements.

THE CITY OF NEW YORK

STATEMENT OF NET POSITION

JUNE 30, 2014
(in thousands)

	Primary Government (PG)	
	Governmental Activities	Component Units (CU)
ASSETS:		
Cash and cash equivalents	$ 7,958,525	$ 3,154,041
Investments	5,373,151	377,458
Receivables:		
Real estate taxes (less allowance for uncollectible amounts of $205,488)	325,049	—
Federal, State and other aid	7,638,264	—
Taxes other than real estate	5,364,911	—
Leases	—	1,738,664
Other	2,125,805	4,527,135
Mortgage loans and interest receivable, net	—	8,864,926
Inventories	347,581	51,732
Due from PG	—	23,414
Due from CUs, net	2,466,133	—
Restricted cash, cash equivalents and investments	4,500,692	6,374,819
Other	547,455	251,826
Capital assets:		
Land and construction work-in-progress	6,030,378	9,066,668
Other capital assets (net of depreciation/amortization):		
Property, plant and equipment (including software)	33,356,849	29,302,384
Infrastructure	12,274,878	—
Total assets	88,309,671	63,733,067
DEFERRED OUTFLOWS OF RESOURCES	544,247	220,043
LIABILITIES:		
Accounts payable and accrued liabilities	15,109,938	3,813,894
Accrued interest payable	989,753	148,854
Unearned revenue	493	321,748
Due to PG	—	2,048,293
Due to CUs, net	23,414	—
Estimated disallowance of Federal, State and other aid	1,007,755	—
Other	5,158,799	205,254
Derivative instruments—interest rate swaps	48,963	91,935
Noncurrent liabilities:		
Due within one year	5,291,252	1,922,204
Bonds and notes payable (net of amount due within one year—$2,985,516 for PG)	79,715,297	42,768,095
Net pension liability	46,598,085	3,259,352
OPEB liability	89,485,122	7,632,605
Other (net of amount due within one year—$2,305,736 for PG)	14,769,731	1,222,264
Total liabilities	258,198,602	63,434,498
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	14,827,736	805,093
Deferred real estate taxes	6,733,998	—
Other deferred inflows of resources	196,769	—
Total deferred inflows of resources	21,758,503	805,093
NET POSITION:		
Net investment in capital assets	(7,495,896)	7,829,508
Restricted for:		
Capital projects	1,838,454	36,030
Debt service	2,581,673	2,299,130
Loans/security deposits	—	58,920
Donor/statutory restrictions	—	100,526
Operations	—	271,061
Unrestricted (deficit)	(188,027,418)	(10,881,656)
Total net position (deficit)	$(191,103,187)	$ (286,481)

See accompanying notes to financial statements.

THE CITY OF NEW YORK

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Units
Primary government:						
General government	$ 5,479,762	$ 2,139,192	$ 1,529,203	$ 49,220	$ (1,762,147)	$ —
Public safety and judicial	13,651,658	318,318	649,500	18,158	(12,665,682)	—
Education	22,843,399	77,577	10,959,817	83,015	(11,722,990)	—
City University	1,094,172	383,012	237,559	592	(473,009)	—
Social services	14,514,037	55,827	4,593,584	67,848	(9,796,778)	—
Environmental protection	3,188,665	1,483,453	25,093	65,911	(1,614,208)	—
Transportation services	2,460,777	1,046,642	253,446	354,962	(805,727)	—
Parks, recreation and cultural activities	1,249,560	93,490	18,431	232,533	(905,106)	—
Housing	1,574,233	416,119	485,768	27,019	(645,327)	—
Health (including payments to HHC)	2,186,493	64,634	685,342	74,016	(1,362,501)	—
Libraries	350,475	—	—	156	(350,319)	—
Debt service interest	2,929,046	—	—	—	(2,929,046)	—
Total primary government	$71,522,277	$ 6,078,264	$19,437,743	$ 973,430	(45,032,840)	—
Component Units	$16,929,460	$12,941,245	$ 2,738,923	$1,148,696	—	$ (100,596)
General revenues:						
Taxes (net of refunds):						
Real estate taxes					21,447,965	—
Sales and use taxes					8,071,466	—
Personal income tax					11,559,669	—
Income taxes, other					7,965,041	—
Other taxes:						
Commercial rent.					787,035	—
Conveyance of real property					1,772,193	—
Hotel room occupancy					559,846	—
Payment in lieu of taxes					304,585	—
Other					55,382	—
Investment income					161,351	235,010
Unrestricted federal and state aid					252,194	4,744
Other					1,403,787	634,910
Total general revenues					54,340,514	874,664
Change in net position					9,307,674	774,068
Net position (deficit)—beginning					(191,103,187)	(286,481)
Net position (deficit)—ending					$(181,795,513)	$ 487,587

See accompanying notes to financial statements.

THE CITY OF NEW YORK

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Component Units**
Primary government:						
General government	$ 4,324,146	$ 1,076,840	$ 1,407,920	$ 26,097	$ (1,813,289)	$ —
Public safety and judicial	13,614,413	626,199	706,032	6,370	(12,275,812)	—
Education	21,805,586	88,811	9,732,990	35,398	(11,948,387)	—
City University	1,065,176	363,538	227,731	2,444	(471,463)	—
Social services	14,248,276	54,353	4,726,975	16,529	(9,450,419)	—
Environmental protection	4,022,369	1,537,538	51,760	204,980	(2,228,091)	—
Transportation services	2,419,644	982,304	247,033	234,480	(955,827)	—
Parks, recreation and cultural activities	1,771,837	96,117	25,910	27,849	(1,621,961)	—
Housing	1,446,617	344,939	486,114	90,269	(525,295)	—
Health (including payments to HHC)	2,364,475	71,614	782,773	51,234	(1,458,854)	—
Libraries	292,568	—	—	—	(292,568)	—
Debt service interest	3,025,056	—	—	—	(3,025,056)	—
Total primary government	$70,400,163	$ 5,242,253	$18,395,238	$ 695,650	(46,067,022)	—
Component Units	$16,688,297	$12,519,179	$ 2,377,078	$1,465,007	—	$ (327,033)
General revenues:						
Taxes (net of refunds):						
Real estate taxes					20,033,049	—
Sales and use taxes					7,604,836	—
Personal income tax					10,364,714	—
Income taxes, other					7,364,845	—
Other taxes:						
Commercial rent					771,186	—
Conveyance of real property					1,530,167	—
Hotel room occupancy					541,293	—
Payment in lieu of taxes					270,131	—
Other					49,058	—
Investment income					79,261	50,487
Unrestricted federal and state aid					251,474	2,940
Other					848,455	1,094,799
Total general revenues					49,708,469	1,148,226
Change in net position					3,641,447	821,193
Net position (deficit)—beginning					(194,744,634)	86,026
Restatement of beginning net position (deficit)					—	(1,193,700)
Net position (deficit)—ending					$(191,103,187)	$ (286,481)

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2015
(in thousands)

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 6,960,112	$ 48,499	$ —	$ 168,126	$ —	$ 7,176,737
Investments	6,499,378	—	—	1,668,424	—	8,167,802
Accounts receivable:						
Real estate taxes (less allowance for uncollectible amounts of $230,295)	364,422	—	—	—	—	364,422
Federal, State and other aid	6,325,433	1,098,234	—	—	—	7,423,667
Taxes other than real estate	5,832,296	—	—	610,735	—	6,443,031
Other receivables, net	1,614,328	—	—	404,868	—	2,019,196
Due from other funds	3,023,132	993,028	—	540,957	(540,578)	4,016,539
Due from component units, net	1,311,505	611,970	—	—	—	1,923,475
Restricted cash and investments	—	751,924	1,973,168	3,264,591	—	5,989,683
Other assets	—	92,451	—	419,914	—	512,365
Total assets	$31,930,606	$ 3,596,106	$1,973,168	$7,077,615	$(540,578)	$44,036,917
LIABILITIES:						
Accounts payable and accrued liabilities	$13,626,047	$ 1,400,594	$ 2,948	$ 776,548	$ —	$15,806,137
Accrued tax refunds:						
Real estate taxes	26,905	—	—	—	—	26,905
Personal income tax	45,626	—	—	—	—	45,626
Other	208,567	—	—	—	—	208,567
Accrued judgments and claims	557,860	81,446	—	—	—	639,306
Unearned revenues	—	—	—	3,070	—	3,070
Due to other funds	—	3,455,785	—	1,101,332	(540,578)	4,016,539
Due to component units, net	119,756	—	—	—	—	119,756
Estimated disallowance of Federal, State and other aid	1,115,521	—	—	—	—	1,115,521
Other liabilities	3,637,653	437,872	—	—	—	4,075,525
Total liabilities	19,337,935	5,375,697	2,948	1,880,950	(540,578)	26,056,952
DEFERED INFLOWS OF RESOURCES:						
Prepaid real estate taxes	6,994,205	—	—	—	—	6,994,205
Grant advances	7,331	—	—	—	—	7,331
Uncollected real estate taxes	271,564	—	—	—	—	271,564
Taxes other than real estate	4,624,782	—	—	—	—	4,624,782
Other deferred inflows of resources	227,168	—	—	818,479	—	1,045,647
Total deferred inflows of resources	12,125,050	—	—	818,479	—	12,943,529
FUND BALANCES:						
Nonspendable	467,621	—	—	619	—	468,240
Spendable:						
Restricted	—	751,924	427,588	2,555,243	—	3,734,755
Committed	—	—	1,542,632	—	—	1,542,632
Assigned	—	—	—	1,822,324	—	1,822,324
Unassigned	—	(2,531,515)	—	—	—	(2,531,515)
Total fund balances (deficit)	467,621	(1,779,591)	1,970,220	4,378,186	—	5,036,436
Total liabilities, deferred inflows of resources and fund balances	$31,930,606	$ 3,596,106	$1,973,168	$7,077,615	$(540,578)	$44,036,917

The reconciliation of the fund balances of governmental funds to the net position (deficit) of governmental activities in the Statement of Net Position is presented in an accompanying schedule.

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2014
(in thousands)

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 7,761,172	$ 74,452	$ —	$ 122,901	$ —	$ 7,958,525
Investments	4,102,783	—	—	1,362,881	—	5,465,664
Accounts receivable:						
Real estate taxes (less allowance for uncollectible amounts of $205,488)	325,049	—	—	—	—	325,049
Federal, State and other aid	6,851,159	787,105	—	—	—	7,638,264
Taxes other than real estate	5,078,270	—	—	286,641	—	5,364,911
Other receivables, net	1,655,214	—	—	440,090	—	2,095,304
Due from other funds	3,154,761	102,398	—	306,421	(306,119)	3,257,461
Due from component units	1,832,518	633,615	—	—	—	2,466,133
Restricted cash and investments	—	616,142	643,937	3,240,613	—	4,500,692
Other assets	—	99,779	—	433,452	—	533,231
Total assets	$30,760,926	$ 2,313,491	$ 643,937	$6,192,999	$(306,119)	$39,605,234
LIABILITIES:						
Accounts payable and accrued liabilities	$13,161,739	$ 1,357,114	$ 5,085	$ 586,322	$ —	$15,110,260
Accrued tax refunds:						
Real estate taxes	58,773	—	—	—	—	58,773
Personal income tax	50,974	—	—	—		50,974
Other	94,729	—	—	—	—	94,729
Accrued judgments and claims	522,742	70,050	—	—	—	592,792
Unearned revenues	—	—	—	493	—	493
Due to other funds	—	3,410,603	—	152,977	(306,119)	3,257,461
Due to component units	23,414	—	—	—	—	23,414
Estimated disallowance of Federal, State and other aid	1,007,755	—	—	—	—	1,007,755
Other liabilities	4,219,875	511,605	—	—	—	4,731,480
Total liabilities	19,140,001	5,349,372	5,085	739,792	(306,119)	24,928,131
DEFERRED INFLOWS OF RESOURCES:						
Prepaid real estate taxes	6,733,998	—	—	—	—	6,733,998
Grant advances	23,780	—	—	—	—	23,780
Uncollected real estate taxes	257,003	—	—	—	—	257,003
Taxes other than real estate	3,914,974	—	—	—	—	3,914,974
Other deferred inflows of resources	228,651	—	—	587,205	—	815,856
Total deferred inflows of resources	11,158,406	—	—	587,205	—	11,745,611
FUND BALANCES:						
Nonspendable	462,519	—	—	611	—	463,130
Spendable:						
Restricted	—	423,296	480,525	3,357,979	—	4,261,800
Committed	—	—	158,327	—	—	158,327
Assigned	—	—	—	1,505,488	—	1,505,488
Unassigned	—	(3,459,177)	—	1,924	—	(3,457,253)
Total fund balances (deficit)	462,519	(3,035,881)	638,852	4,866,002	—	2,931,492
Total liabilities, deferred inflows of resources and fund balances	$30,760,926	$ 2,313,491	$ 643,937	$6,192,999	$(306,119)	$39,605,234

The reconciliation of the fund balances of governmental funds to the net position (deficit) of governmental activities in the Statement of Net Position is presented in an accompanying schedule.

See accompanying notes to financial statements.

THE CITY OF NEW YORK

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2015
(in thousands)

Total fund balances—governmental funds	$ 5,036,436
Amounts reported for *governmental activities* in the Statement of Net Position are different because:	
Inventories recorded in the Statement of Net Position are recorded as expenditures in the governmental funds	376,743
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	53,122,237
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	111,912
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds and notes payable	(84,975,069)
OPEB liability	(85,484,552)
Accrued interest payable	(1,031,977)
Capital lease obligations	(1,639,243)
Accrued vacation and sick leave	(3,980,729)
Net pension liability	(51,998,987)
Landfill closure and post-closure care costs	(1,508,360)
Pollution remediation obligations	(250,231)
Other long-term liabilities.	(9,573,693)
Net position (deficit) of governmental activities	$(181,795,513)

See accompanying notes to financial statements.

THE CITY OF NEW YORK

RECONCILIATION OF THE OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2014
(in thousands)

Total fund balances—governmental funds	$ 2,931,492
Amounts reported for *governmental activities* in the Statement of Net Position are different because:	
Inventories recorded in the Statement of Net Position are recorded as expenditures in the governmental funds.	347,581
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	51,662,105
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	(9,565,396)
Long-term liabilities are not due and payable in the current period and accordingly are not reported in the funds:	
Bonds and notes payable	(82,700,813)
OPEB liability	(89,485,122)
Accrued interest payable	(989,753)
Capital lease obligations	(1,701,439)
Accrued vacation and sick leave	(3,935,666)
Net pension liability	(46,598,085)
Landfill closure and post-closure care costs	(1,466,633)
Pollution remediation obligations	(237,607)
Other long-term liabilities	(9,363,851)
Net position (deficit) of governmental activities	$(191,103,187)

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
REVENUES:						
Real estate taxes	$21,517,932	$ —	$ —	$ —	$ —	$21,517,932
Sales and use taxes	8,050,932	—	—	—	—	8,050,932
Personal income tax	11,294,669	—	—	556,204	(556,204)	11,294,669
Income taxes, other	7,602,041	—	—	—	—	7,602,041
Other taxes	3,475,767	—	—	—	—	3,475,767
Federal, State and other categorical aid	19,437,742	966,077	81,786	—	—	20,485,605
Unrestricted Federal and State aid	408	—	—	170,000	—	170,408
Charges for services	2,745,137	—	—	—	—	2,745,137
Tobacco settlement	—	—	—	181,094	—	181,094
Investment income	29,889	—	246	112,860	—	142,995
Other revenues	3,327,933	1,393,856	44,191	3,886,911	(2,674,141)	5,978,750
Total revenues	77,482,450	2,359,933	126,223	4,907,069	(3,230,345)	81,645,330
EXPENDITURES:						
General government	2,468,539	789,667	—	128,008	—	3,386,214
Public safety and judicial	8,826,839	302,856	—	—		9,129,695
Education	20,457,511	2,631,088	—	2,610,157	(2,674,141)	23,024,615
City University	904,050	70,208	—	—	—	974,258
Social services	13,843,523	208,941	—	—	—	14,052,464
Environmental protection	2,540,334	1,619,842	—	—	—	4,160,176
Transportation services	1,654,973	872,415	—	—	—	2,527,388
Parks, recreation and cultural activities	555,411	576,245	—	—	—	1,131,656
Housing	885,857	560,550	—	—	—	1,446,407
Health (including payments to HHC)	1,708,378	167,744	—	—	—	1,876,122
Libraries	322,392	36,755	—	—	—	359,147
Pensions	8,489,857	—	—	—	—	8,489,857
Judgments and claims	679,605	—	—	—	—	679,605
Fringe benefits and other benefit payments	5,862,664	—	—	—	—	5,862,664
Administrative and other	848,095	—	75,693	930,899	—	1,854,687
Debt Service:						
Interest	—	—	1,636,535	1,615,424	—	3,251,959
Redemptions	—	—	2,069,596	3,681,089	—	5,750,685
Lease payments	148,847	—	—	—	—	148,847
Total expenditures	70,196,875	7,836,311	3,781,824	8,965,577	(2,674,141)	88,106,446
Excess (deficiency) of revenues over expenditures	7,285,575	(5,476,378)	(3,655,601)	(4,058,508)	(556,204)	(6,461,116)
OTHER FINANCING SOURCES (USES):						
Transfers from (to) General Fund	—	—	4,979,173	1,986,222	—	6,965,395
Transfers from (to) Nonmajor Capital Projects Funds	—	5,765,533	—	2,083	—	5,767,616
Transfers from (to) Nonmajor Special Revenue Funds, net	—	—	—	121,258	—	121,258
Principal amount of bonds issued	241,126	808,874	—	6,520,809	—	7,570,809
Bond premium	—	31,717	264,218	982,494	—	1,278,429
Capitalized leases	—	126,544	—	—	—	126,544
Issuance of refunding debt	—	—	1,779,660	785,795	—	2,565,455
Transfers from (to) Capital Projects Fund	—	—	—	(5,765,533)	—	(5,765,533)
Transfers from (to) General Debt Service Fund, net	(4,979,173)	—	—	—	—	(4,979,173)
Transfers from (to) Nonmajor Debt Service Funds, net	(2,542,426)	—	—	(123,341)	556,204	(2,109,563)
Payments to refunded bond escrow holder	—	—	(2,036,082)	(939,095)	—	(2,975,177)
Total other financing sources (uses)	(7,280,473)	6,732,668	4,986,969	3,570,692	556,204	8,566,060
Net change in fund balances	5,102	1,256,290	1,331,368	(487,816)	—	2,104,944
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	462,519	(3,035,881)	638,852	4,866,002	—	2,931,492
FUND BALANCES (DEFICIT) AT END OF YEAR	$ 467,621	$(1,779,591)	$ 1,970,220	$ 4,378,186	$ —	$ 5,036,436

The reconciliation of the net change in fund balances of governmental funds to the change in net position of governmental activities in the Statement of Net Position is presented in an accompanying schedule.

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

(in thousands)

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
REVENUES:						
Real estate taxes	$20,202,022	$ —	$ —	$ —	$ —	$20,202,022
Sales and use taxes	7,603,986	—	—	—	—	7,603,986
Personal income tax	10,173,614	—	—	1,641,311	(1,641,311)	10,173,614
Income taxes, other	7,214,845	—	—	—	—	7,214,845
Other taxes	3,180,945	—	—	—	—	3,180,945
Federal, State and other categorical aid	18,395,238	668,328	81,474	—	—	19,145,040
Unrestricted Federal and State aid	—	—	—	170,000	—	170,000
Charges for services	2,786,460	—	—	—	—	2,786,460
Tobacco settlement	—	—	—	211,616	—	211,616
Investment income	15,985	—	634	102,841	—	119,460
Interest on mortgages, net	—	—	—	605	—	605
Other revenues	2,686,675	1,572,477	45,414	2,547,956	(2,190,349)	4,662,173
Total revenues	72,259,770	2,240,805	127,522	4,674,329	(3,831,660)	75,470,766
EXPENDITURES:						
General government	2,333,741	1,081,724	—	191,443	—	3,606,908
Public safety and judicial	8,472,362	550,969	—	—	—	9,023,331
Education	18,672,173	2,106,964	—	2,166,172	(2,190,349)	20,754,960
City University	852,920	34,702	—	—	—	887,622
Social services	13,472,613	63,967	—	—	—	13,536,580
Environmental protection	2,522,291	1,841,855	—	—	—	4,364,146
Transportation services	1,550,323	938,291	—	—	—	2,488,614
Parks, recreation and cultural activities	478,923	577,170	—	—	—	1,056,093
Housing	828,954	427,764	—	—	—	1,256,718
Health (including payments to HHC)	1,621,780	241,632	—	—	—	1,863,412
Libraries	238,574	37,673	—	—	—	276,247
Pensions	8,141,099	—	—	—	—	8,141,099
Judgments and claims	732,222	—	—	—	—	732,222
Fringe benefits and other benefit payments	5,841,923	—	—	—	—	5,841,923
Administrative and other	1,793,367	—	103,535	309,245	—	2,206,147
Debt Service:						
Interest	—	—	1,661,063	1,580,924	—	3,241,987
Redemptions	—	—	1,977,920	1,317,351	—	3,295,271
Lease payments	152,613	—	—	—	—	152,613
Total expenditures	67,705,878	7,902,711	3,742,518	5,565,135	(2,190,349)	82,725,893
Excess (deficiency) of revenues over expenditures	4,553,892	(5,661,906)	(3,614,996)	(890,806)	(1,641,311)	(7,255,127)
OTHER FINANCING SOURCES (USES):						
Transfers from (to) General Fund	—	—	1,483,355	1,717,760	—	3,201,115
Transfers from (to) Nonmajor Capital Projects Funds	—	3,518,579	—	4,020	—	3,522,599
Transfers from (to) Nonmajor Special Revenue Funds, net	—	—	—	36,020	—	36,020
Principal amount of bonds issued	293,586	1,981,414	—	2,896,646	—	5,171,646
Bond premium	—	86,321	329,939	205,891	—	622,151
Capitalized leases	—	75,467	—	—	—	75,467
Issuance of refunding debt	—	—	2,607,530	579,140	—	3,186,670
Transfers from (to) Capital Projects Fund	—	—	—	(3,518,579)	—	(3,518,579)
Transfers from (to) General Debt Service Fund, net	(1,483,355)	—	—	6,220	—	(1,477,135)
Transfers from (to) Nonmajor Debt Service Funds, net	(3,359,071)	—	(6,220)	(40,040)	1,641,311	(1,764,020)
Payments to refunded bond escrow holder	—	—	(2,927,463)	(389,516)	—	(3,316,979)
Total other financing sources (uses)	(4,548,840)	5,661,781	1,487,141	1,497,562	1,641,311	5,738,955
Net change in fund balances	5,052	(125)	(2,127,855)	606,756	—	(1,516,172)
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	457,467	(3,035,756)	2,766,707	4,259,246	—	4,447,664
FUND BALANCES (DEFICIT) AT END OF YEAR	$ 462,519	$(3,035,881)	$ 638,852	$ 4,866,002	$ —	$ 2,931,492

The reconciliation of the net change in fund balances of governmental funds to the change in net position of governmental activities in the Statement of Net Position is presented in an accompanying schedule.

See accompanying notes to financial statements.

THE CITY OF NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

Net change in fund balances—governmental funds		$ 2,104,944
Amounts reported for *governmental activities* in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Purchases of capital assets	$ 5,528,102	
Depreciation expense	(3,428,753)	2,099,349
The net effect of various miscellaneous transactions involving capital assets and other (*i.e.* sales, trade-ins, and donations) is to decrease net position		(548,216)
The issuance of long-term debt (*i.e.*, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds from sales of bonds.	(10,136,264)	
Principal payments of bonds.	7,422,523	
Other.	307,849	(2,405,892)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds		116,332
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		9,354,113
Net pension liability		(5,400,902)
OPEB liability		4,000,570
Pollution remediation obligations		(12,624)
Change in net position—governmental activities.		$ 9,307,674

See accompanying notes to financial statements.

THE CITY OF NEW YORK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

Net change in fund balances—governmental funds		$(1,516,172)
Amounts reported for *governmental activities* in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Purchases of capital assets	$ 5,289,193	
Depreciation expense	(2,973,430)	2,315,763
The net effect of various miscellaneous transactions involving capital assets and other (*i.e.* sales, trade-ins, and donations) is to decrease net position		(1,074,426)
The issuance of long-term debt (*i.e.*, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds from sales of bonds	(8,358,316)	
Principal payments of bonds	5,990,099	
Other	157,685	(2,210,532)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds		(608,487)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		(9,623,111)
Net pension liability		13,343,041
OPEB liability		3,036,224
Pollution remediation obligations		(20,853)
Change in net position—governmental activities		$ 3,641,447

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

	Budget			Better (Worse) Than Modified Budget
	Adopted	Modified	Actual	
REVENUES:				
Real estate taxes.	$20,980,932	$21,470,931	$21,517,932	$ 47,001
Sales and use taxes	7,672,000	8,053,583	8,050,932	(2,651)
Personal income tax	9,851,000	11,185,750	11,294,669	108,919
Income taxes, other	6,495,000	7,570,175	7,602,041	31,866
Other taxes	3,618,670	3,466,234	3,475,767	9,533
Federal, State and other categorical aid	19,455,185	20,783,875	19,437,742	(1,346,133)
Unrestricted Federal and State aid	—	—	408	408
Charges for services	2,751,819	2,777,635	2,745,137	(32,498)
Investment income	9,570	20,642	29,889	9,247
Other revenues	3,337,940	3,637,373	3,327,933	(309,440)
Total revenues	74,172,116	78,966,198	77,482,450	(1,483,748)
EXPENDITURES:				
General government.	2,411,649	2,757,796	2,468,539	289,257
Public safety and judicial	8,311,464	8,896,161	8,826,839	69,322
Education	20,740,326	20,957,360	20,457,511	499,849
City University	928,505	945,910	904,050	41,860
Social services	13,788,378	14,011,561	13,843,523	168,038
Environmental protection	2,584,639	2,764,080	2,540,334	223,746
Transportation services	1,574,887	1,717,281	1,654,973	62,308
Parks, recreation and cultural activities	486,419	576,943	555,411	21,532
Housing.	664,138	933,846	885,857	47,989
Health (including payments to HHC)	1,478,521	1,723,780	1,708,378	15,402
Libraries	311,451	323,563	322,392	1,171
Pensions	8,468,530	8,494,772	8,489,857	4,915
Judgments and claims	673,989	679,605	679,605	—
Fringe benefits and other benefit payments.	4,968,013	5,856,671	5,862,664	(5,993)
Lease payments for debt service	163,869	148,856	148,847	9
Other	1,985,040	972,666	848,095	124,571
Total expenditures	69,539,818	71,760,851	70,196,875	1,563,976
Excess of revenues over expenditures	4,632,298	7,205,347	7,285,575	80,228
OTHER FINANCING SOURCES (USES):				
Principal amount of bonds issued	—	315,274	241,126	74,148
Transfers to Nonmajor Debt Service Fund	(1,421,491)	(2,772,414)	(2,772,375)	(39)
Transfers from Nonmajor Debt Service Fund	240,372	229,947	229,949	(2)
Transfers and other payments for debt service, net	(3,451,179)	(4,978,154)	(4,979,173)	1,019
Total other financing uses	(4,632,298)	(7,205,347)	(7,280,473)	75,126
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ —	$ —	5,102	$ 5,102
FUND BALANCE AT BEGINNING OF YEAR			462,519	
FUND BALANCE AT END OF YEAR			$ 467,621	

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

	Budget			Better (Worse) Than Modified Budget
	Adopted	Modified	Actual	
REVENUES:				
Real estate taxes	$19,793,487	$20,224,128	$20,202,022	$ (22,106)
Sales and use taxes	7,188,000	7,579,900	7,603,986	24,086
Personal income tax	8,782,000	10,124,750	10,173,614	48,864
Income taxes, other	6,241,000	7,226,217	7,214,845	(11,372)
Other taxes	3,309,670	3,138,003	3,180,945	42,942
Federal, State and other categorical aid	18,891,785	19,692,861	18,395,238	(1,297,623)
Charges for services	2,715,316	2,733,470	2,786,460	52,990
Investment income	9,500	16,250	15,985	(265)
Other revenues	2,141,809	3,816,233	2,686,675	(1,129,558)
Total revenues	69,072,567	74,551,812	72,259,770	(2,292,042)
EXPENDITURES:				
General government	2,277,427	2,511,749	2,333,741	178,008
Public safety and judicial	8,193,682	8,526,352	8,472,362	53,990
Education	19,854,024	20,049,199	18,672,173	1,377,026
City University	874,067	877,398	852,920	24,478
Social services	13,393,393	13,666,942	13,472,613	194,329
Environmental protection	2,478,696	2,580,170	2,522,291	57,879
Transportation services	1,381,491	1,597,652	1,550,323	47,329
Parks, recreation and cultural activities	456,693	486,133	478,923	7,210
Housing	726,151	857,491	828,954	28,537
Health (including payments to HHC)	1,445,273	1,659,202	1,621,780	37,422
Libraries	236,852	238,673	238,574	99
Pensions	8,192,439	8,184,426	8,141,099	43,327
Judgments and claims	717,889	733,775	732,222	1,553
Fringe benefits and other benefit payments	4,084,612	5,872,878	5,841,923	30,955
Lease payments for debt service	171,101	152,613	152,613	—
Other	929,928	1,972,947	1,793,367	179,580
Total expenditures	65,413,718	69,967,600	67,705,878	2,261,722
Excess of revenues over expenditures	3,658,849	4,584,212	4,553,892	(30,320)
OTHER FINANCING SOURCES (USES):				
Principal amount of bonds issued	—	293,586	293,586	—
Transfers to Nonmajor Debt Service Fund	(2,448,076)	(3,617,852)	(3,604,771)	(13,081)
Transfers from Nonmajor Debt Service Fund	227,633	237,900	245,700	(7,800)
Transfers and other payments for debt service, net	(1,438,406)	(1,497,846)	(1,483,355)	(14,491)
Total other financing uses	(3,658,849)	(4,584,212)	(4,548,840)	(35,372)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ —	$ —	5,052	$ 5,052
FUND BALANCE AT BEGINNING OF YEAR			457,467	
FUND BALANCE AT END OF YEAR			$ 462,519	

See accompanying notes to financial statements.

THE CITY OF NEW YORK

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015
(in thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	$ 1,073,902	$1,373,381
Receivables:		
Member loans	2,242,884	—
Investment securities sold	5,260,694	—
Accrued interest and dividends	513,055	—
Other receivables	216	—
Total receivables	8,016,849	—
Investments:		
Fixed return funds	66,235,609	—
Short-term investments	5,898,713	—
Debt securities	26,159,986	2,161,656
Equity securities	37,975,076	—
Alternative investments	17,482,513	—
Mutual funds	10,204,567	—
Collective trust funds	31,509,882	—
Collateral from securities lending transactions	11,188,889	—
Guaranteed investment contracts	5,159,254	—
Total investments	211,814,489	2,161,656
Other assets	190,279	—
Total assets	221,095,519	3,535,037
LIABILITIES:		
Accounts payable and accrued liabilities	1,471,677	1,058,440
Payable for investment securities purchased	10,317,207	—
Accrued benefits payable	723,878	—
Securities lending transactions	11,188,889	—
Other liabilities	1,754	2,476,597
Total liabilities	23,703,405	3,535,037
NET POSITION:		
Restricted for benefits to be provided by QPPs	145,675,088	—
Restricted for benefits to be provided by VSFs	3,775,111	—
Restricted for benefits to be provided by TDA program	28,939,154	—
Restricted for other employee benefits	19,002,761	—
Total net position	$197,392,114	$ —

See accompanying notes to financial statements.

THE CITY OF NEW YORK

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014
(in thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	$ 1,392,334	$1,820,137
Receivables:		
Member loans	2,228,383	—
Investment securities sold	5,411,629	—
Accrued interest and dividends	487,169	—
Other receivables	288	—
Total receivables	8,127,469	—
Investments:		
Fixed return funds	64,161,348	—
Short-term investments	4,281,436	—
Debt securities	22,618,857	1,469,736
Equity securities	41,917,755	—
Alternative investments	16,803,357	—
Mutual funds	9,288,881	—
Collective trust funds	30,541,183	—
Collateral from securities lending transactions	16,618,377	—
Guaranteed investment contracts	5,057,209	—
Total investments	211,288,403	1,469,736
Other assets	93,756	—
Total assets	220,901,962	3,289,873
LIABILITIES:		
Accounts payable and accrued liabilities	1,369,947	954,411
Payable for investment securities purchased	9,952,997	—
Accrued benefits payable	636,319	—
Securities lending transactions	16,623,227	—
Other liabilities	1,484	2,335,462
Total liabilities	28,583,974	3,289,873
NET POSITION:		
Restricted for benefits to be provided by QPPs	144,537,893	—
Restricted for benefits to be provided by VSFs	3,540,824	—
Restricted for benefits to be provided by TDA program	27,310,951	—
Restricted for other employee benefits	16,928,320	—
Total net position	$192,317,988	$ —

See accompanying notes to financial statements.

THE CITY OF NEW YORK

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS:	
Contributions:	
Member contributions	$ 2,525,727
Employer contributions	13,122,664
Other employer contributions	55,521
Total contributions	15,703,912
Investment income:	
Interest income	2,128,236
Dividend income	2,832,442
Net appreciation in fair value of investments	1,415,848
Investment expenses	(741,614)
Investment income, net	5,634,912
Securities lending transactions:	
Securities lending income	82,478
Securities lending fees	(5,353)
Net securities lending income	77,125
Other	2,713
Total additions	21,418,662
DEDUCTIONS:	
Benefit payments and withdrawals	16,152,532
Administrative expenses	184,862
Other	7,142
Total deductions	16,344,536
Net increase in net position	5,074,126
NET POSITION:	
Restricted for Benefits:	
Beginning of year	192,317,988
End of year	$197,392,114

See accompanying notes to financial statements.

THE CITY OF NEW YORK

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS:	
Contributions:	
Member contributions	$ 2,415,628
Employer contributions	12,732,547
Other employer contributions	55,730
Total contributions	15,203,905
Investment income:	
Interest income	2,103,938
Dividend income	2,374,721
Net appreciation in fair value of investments	25,028,270
Investment expenses	(560,622)
Investment income, net	28,946,307
Securities lending transactions:	
Securities lending income	33,813
Securities lending fees	(9,367)
Net securities lending income	24,446
Other	(129,246)
Total additions	44,045,412
DEDUCTIONS:	
Benefit payments and withdrawals	15,344,201
Administrative expenses	157,371
Other	7,228
Total deductions	15,508,800
Net increase in net position	28,536,612
NET POSITION:	
Restricted for Benefits:	
Beginning of year	163,781,376
End of year	$192,317,988

See accompanying notes to financial statements.

THE CITY OF NEW YORK

COMPONENT UNITS
STATEMENT OF NET POSITION

JUNE 30, 2015
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2014	Housing Development Corporation October 31, 2014	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
Assets:							
Cash and cash equivalents	$ 53	$ 600,543	$ 570,451	$ 1,264,999	$ 106,289	$ 85,135	$ 2,627,470
Investments	6,212	550,725	323,658	249,868	81,814	365,624	1,577,901
Lease receivables	—	—	—	—	—	1,718,818	1,718,818
Other receivables	733,469	228,671	987,983	1,632,984	261,462	9,138	3,853,707
Mortgage loans and interest receivable, net	—	5	8,770,368	—	20,593	—	8,790,966
Inventories	—	14,884	—	20,909	—	—	35,793
Due from Primary Government	119,756	—	—	—	—	—	119,756
Restricted cash and investments	2,280,401	676,538	2,444,399	273,956	295,758	282,952	6,254,004
Other	71,772	110,108	9,489	—	52,028	1,337	244,734
Capital assets:							
Land and construction work-in-progress	4,558,225	1,719,935	—	304,394	108,412	162,197	6,853,163
Buildings and equipment	36,175,966	12,015,195	6,522	7,862,341	29,416	860,659	56,950,099
Accumulated depreciation	(12,070,070)	(8,115,141)	(5,178)	(4,728,794)	(9,621)	(165,466)	(25,094,270)
Total assets	31,875,784	7,801,463	13,107,692	6,880,657	946,151	3,320,394	63,932,141
Deferred Outflows of Resources:	103,287	85,693	12,335	15,349	—	18,317	234,981
Liabilities:							
Accounts payable and accrued liabilities	3,750	479,230	644,659	2,087,304	214,254	36,040	3,465,237
Accrued interest payable	57,535	15,810	78,077	12,870	—	—	164,292
Unearned revenues	149,226	48,773	77,173	—	39,667	52,925	367,764
Due to Primary Government	500,587	—	903,331	704,985	111,383	—	2,220,286
Other	—	45,001	—	5,061	32,773	128,851	211,686
Derivative instruments-interest rate swaps	103,182	—	—	—	—	18,317	121,499
Noncurrent Liabilities:							
Due within one year	991,462	226,905	834,981	608,096	—	25,228	2,686,672
Bonds & Notes Payable (net of amount due within one year)	29,941,881	729,413	8,405,292	882,848	—	1,723,665	41,683,099
Net Pension Liability	1,012	904,747	9,730	2,389,367	—	—	3,304,856
OPEB liability	989	2,867,542	7,196	4,563,268	20,483	255	7,459,733
Other (net of amount due within one year)	81,477	631,791	73,218	—	201,841	460,982	1,449,309
Total liabilities	31,831,101	5,949,212	11,033,657	11,253,799	620,401	2,446,263	63,134,433
Deferred Inflows of Resources:							
Deferred inflows from pensions	199	259,791	2,794	264,340	—	—	527,124
Other deferred inflows of resources	17,978	—	—	—	—	—	17,978
Total deferred inflows of resources	18,177	259,791	2,794	264,340	—	—	545,102
Net Position:							
Net investment in capital assets	(598,349)	5,308,896	1,344	2,526,617	19,795	763,963	8,022,266
Restricted for:							
Capital projects	—	—	—	—	27,652	1,772	29,424
Debt service	1,224,925	—	1,117,381	135,961	—	—	2,478,267
Loans/security deposits	—	—	—	—	55,923	5,011	60,934
Statutory reserve	—	—	—	117,105	—	—	117,105
Donor restrictions	—	—	—	13,270	—	—	13,270
Operations	226,383	—	52,921	—	—	—	279,304
Unrestricted (deficit)	(723,166)	(3,630,743)	911,930	(7,415,086)	222,380	121,702	(10,512,983)
Total net position (deficit)	$ 129,793	$ 1,678,153	$ 2,083,576	$(4,622,133)	$ 325,750	$ 892,448	$ 487,587

See accompanying notes to financial statements.

THE CITY OF NEW YORK

COMPONENT UNITS
STATEMENT OF NET POSITION

JUNE 30, 2014
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2013	Housing Development Corporation October 31, 2013	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
ASSETS:							
Cash and cash equivalents	$ 14,127	$ 854,715	$ 701,635	$ 1,123,508	$ 97,278	$ 362,778	$ 3,154,041
Investments	6,616	454	107,841	114,406	76,499	71,642	377,458
Lease receivables	—	—	—	—	—	1,738,664	1,738,664
Other receivables.	763,913	273,738	1,099,892	2,066,780	302,429	20,383	4,527,135
Mortgage loans and interest receivable, net	—	5	8,828,639	—	36,282	—	8,864,926
Inventories	—	31,936	—	19,796	—	—	51,732
Due from Primary Government	23,414	—	—	—	—	—	23,414
Restricted cash and investments	2,317,108	855,952	2,350,218	256,022	291,499	304,020	6,374,819
Other	66,116	109,047	9,782	—	65,646	1,235	251,826
Capital assets:							
Land and construction work-in-progress	6,812,607	1,719,059	—	240,393	108,693	185,916	9,066,668
Buildings and equipment	32,633,611	11,679,207	5,899	7,732,659	21,296	672,802	52,745,474
Accumulated depreciation	(11,053,889)	(7,777,569)	(4,563)	(4,460,754)	(7,643)	(138,672)	(23,443,090)
Total assets	31,583,623	7,746,544	13,099,343	7,092,810	991,979	3,218,768	63,733,067
DEFERRED OUTFLOWS OF RESOURCES	91,031	88,009	10,825	18,240	—	11,938	220,043
LIABILITIES:							
Accounts payable and accrued liabilities	8,706	555,891	620,800	2,355,370	234,997	38,130	3,813,894
Accrued interest payable	51,848	9,938	73,295	13,773	—	—	148,854
Unearned revenues	130,401	28,836	64,696	—	33,967	63,848	321,748
Due to Primary Government	522,036	—	1,085,778	328,900	111,579	—	2,048,293
Other	—	55,539	—	5,061	27,427	117,227	205,254
Derivative instruments-interest rate swaps.	79,997	—	—	—	—	11,938	91,935
Noncurrent Liabilities:							
Due within one year	791,955	166,156	344,830	594,321	—	24,942	1,922,204
Bonds & Notes Payable (net of amount due within one year)	30,144,755	769,018	9,161,544	941,289	—	1,751,489	42,768,095
Net Pension Liability	901	1,158,506	12,459	2,087,486	—	—	3,259,352
OPEB liability	951	2,890,832	5,539	4,714,723	20,166	394	7,632,605
Other (net of amount due within one year)	101,633	454,245	—	—	212,826	453,560	1,222,264
Total liabilities	31,833,183	6,088,961	11,368,941	11,040,923	640,962	2,461,528	63,434,498
DEFERRED INFLOWS OF RESOURCES:							
Deferred inflows from pensions	272	80,053	861	723,907	—	—	805,093
Total deferred inflows of resources	272	80,053	861	723,907	—	—	805,093
NET POSITION:							
Net investment in capital assets	(771,165)	5,371,385	1,336	2,556,602	13,653	657,697	7,829,508
Restricted for:							
Capital projects	—	—	—	—	35,518	512	36,030
Debt service	1,145,505	—	1,016,156	137,469	—	—	2,299,130
Loans/security deposits	—	—	—	—	55,169	3,751	58,920
Statutory reserve	—	—	—	87,883	—	—	87,883
Donor restrictions	—	—	—	12,643	—	—	12,643
Operations	221,440	—	49,621	—	—	—	271,061
Unrestricted (deficit)	(754,581)	(3,705,846)	673,253	(7,448,377)	246,677	107,218	(10,881,656)
Total net position (deficit)	$ (158,801)	$ 1,665,539	$ 1,740,366	$ (4,653,780)	$ 351,017	$ 769,178	$ (286,481)

See accompanying notes to financial statements.

THE CITY OF NEW YORK
COMPONENT UNITS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2014	Housing Development Corporation October 31, 2014	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
EXPENSES	$3,912,413	$3,511,818	$ 229,886	$ 8,342,672	$744,343	$188,328	$16,929,460
PROGRAM REVENUES:							
Charges for services	3,791,135	956,815	326,143	7,535,297	250,180	81,675	12,941,245
Operating grants and contributions	—	2,135,245	—	526,673	65,002	12,003	2,738,923
Capital grants, contributions and other	223,791	330,548	—	106,915	365,598	121,844	1,148,696
Total program revenues	4,014,926	3,422,608	326,143	8,168,885	680,780	215,522	16,828,864
Net (expenses) program revenues	102,513	(89,210)	96,257	(173,787)	(63,563)	27,194	(100,596)
GENERAL REVENUES:							
Investment income (loss)	22,426	7,668	204,142	2,884	969	(3,079)	235,010
Unrestricted Federal and State aid	—	—	—	—	4,744	—	4,744
Other	163,655	94,156	42,811	202,550	32,583	99,155	634,910
Total general revenue	186,081	101,824	246,953	205,434	38,296	96,076	874,664
Change in net position (deficit)	288,594	12,614	343,210	31,647	(25,267)	123,270	774,068
Net position (deficit)—beginning	(158,801)	1,665,539	1,740,366	(4,653,780)	351,017	769,178	(286,481)
Net position (deficit)—ending	$ 129,793	$1,678,153	$2,083,576	$(4,622,133)	$325,750	$892,448	$ 487,587

See accompanying notes to financial statements.

THE CITY OF NEW YORK
COMPONENT UNITS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2013	Housing Development Corporation October 31, 2013	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
Expenses	$3,676,966	$3,605,740	$ 217,504	$ 8,136,110	$865,533	$186,444	$16,688,297
Program Revenues:							
Charges for services	3,684,275	919,973	269,828	7,264,125	292,053	88,925	12,519,179
Operating grants and contributions	—	2,010,903	—	285,763	68,621	11,791	2,377,078
Capital grants, contributions and other	9,799	504,226	—	313,904	473,522	163,556	1,465,007
Total program revenues	3,694,074	3,435,102	269,828	7,863,792	834,196	264,272	16,361,264
Net (expenses) program revenues	17,108	(170,638)	52,324	(272,318)	(31,337)	77,828	(327,033)
General Revenues:							
Investment income (loss)	50,148	4,517	(6,023)	4,297	1,117	(3,569)	50,487
Unrestricted Federal and State aid	—	—	—	—	2,940	—	2,940
Other	257,842	184,327	43,502	455,129	54,294	99,705	1,094,799
Total general revenue	307,990	188,844	37,479	459,426	58,351	96,136	1,148,226
Change in net position (deficit)	325,098	18,206	89,803	187,108	27,014	173,964	821,193
Net position (deficit)—beginning	(483,899)	2,827,461	1,664,135	(4,840,888)	324,003	595,214	86,026
Restatement of beginning net position (deficit)	—	(1,180,128)	(13,572)	—	—	—	(1,193,700)
Net position (deficit)—ending	$ (158,801)	$1,665,539	$1,740,366	$(4,653,780)	$351,017	$769,178	$ (286,481)

See accompanying notes to financial statements.

A. Summary of Significant Accounting Policies

The accompanying basic financial statements of The City of New York (City or primary government) are presented in conformity with Generally Accepted Accounting Principles (GAAP) for state and local governments in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The amounts shown in the "City" and "component units" columns of the accompanying government-wide financial statements are only presented to facilitate financial analysis and are not the equivalent of consolidated financial statements.

The following is a summary of the significant accounting policies and reporting practices of the City:

1. Reporting Entity

The City is a municipal corporation governed by the Mayor and the City Council. The City's operations also include those normally performed at the county level and, accordingly, transactions applicable to the operations of the five counties that comprise the City are included in these financial statements.

The financial reporting entity consists of the City and its component units, which are legally separate organizations for which the City is financially accountable.

The City is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of an organization's governing body and, either the City is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for organizations that are fiscally dependent on the City if there is a potential for the organizations to provide specific financial benefits to the City or impose specific financial burdens on the City, regardless of whether the organizations have separate elected governing boards, governing boards appointed by higher levels of government, or jointly appointed boards. The City is financially accountable for all of its component units.

Most component units are included in the financial reporting entity by discrete presentation. Some component units, despite being legally separate from the City, are so integrated with the City that they are in substance part of the City. These component units are blended with the City.

The New York City Transit Authority is an affiliated agency of the Metropolitan Transportation Authority of the State of New York, which is a component unit of New York State and is thus excluded from the City's financial reporting entity.

Blended Component Units

These component units, although legally separate, are reported as if they were part of the City, because they provide services exclusively to the City. They include the following:

New York City Transitional Finance Authority (TFA). TFA, a corporate governmental agency constituting a public benefit corporation and instrumentality of the State of New York, was created in 1997 to issue and sell bonds and notes to fund a portion of the capital program of the City, the purpose of which is to maintain, rebuild, and expand the infrastructure of the City and to pay TFA's administrative expenses.

TFA is authorized to have outstanding $13.5 billion of Future Tax Secured Bonds. In addition, TFA is authorized to issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, does not exceed the debt limit of the City. TFA is also allowed to issue up to 20 percent of its total outstanding Future Tax Secured Bonds as variable rate bonds. As of June 30, 2015, the City's and TFA's combined debt-incurring capacity was approximately $21.7 billion. TFA is also authorized to have outstanding Recovery Bonds of $2.5 billion to fund the City's costs related to, and arising from, events on September 11, 2001 at the World Trade Center, notwithstanding the limits discussed above. Further, legislation enacted in April 2006 enables TFA to have outstanding up to $9.4 billion of Building Aid Revenue Bonds (BARBs), notes, or other obligations for purposes of funding costs of the five-year educational facilities capital plan for the City school system and TFA's administrative expenditures. As of June 30, 2015, $7.4 billion of BARBs have been issued and are outstanding.

TFA does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which TFA pays a management fee and overhead based on its allocated share of personnel and overhead costs.

TSASC, Inc. (TSASC). TSASC is a special purpose, local development corporation organized under the not-for-profit corporation law of the State of New York. TSASC is an instrumentality of the City, but is a separate legal entity from the City.

Pursuant to a purchase and sale agreement with the City, the City sold to TSASC all of its future right, title, and interest in the tobacco settlement revenues (TSRs) under the Master Settlement Agreement and the Decree and Final Judgment. This settlement agreement resolved cigarette smoking-related litigation between the settling states and participating manufacturers, released the participating manufacturers from past and present smoking-related claims, and provides for a continuing release of future smoking-related claims in exchange for certain payments to be made to the settling states, as well as certain tobacco advertising and marketing restrictions, among other things. The City is allocated a share of the TSRs received by New York State. The future rights, title, and interest of the City to the TSRs were sold to TSASC.

The purchase price of the City's future right, title, and interest in the TSRs was financed by the issuance of a series of bonds and the Residual Certificate.

Under the Amended and Restated Indenture dated January 1, 2006 (Indenture), the Residual Certificate represents the entitlement to receive all amounts in excess of specified percentages of TSRs and other revenues (Collections) used to fund debt service and operating expenses of TSASC. The Collections in excess of the specified percentages will be transferred to the TSASC Tobacco Settlement Trust (Trust), as owner of the Residual Certificate and then to the City as the beneficial owner of the Trust.

The Indenture provides that a specified percentage of Collections are pledged (Pledged), and required to be applied to the payment of debt service and operating costs. The Pledged percentage is 37.40% and is subject to reduction at June 1, 2024, and at each June 1st thereafter, depending on the magnitude of cumulative bond redemptions under the turbo redemption feature of Series 2006-1 bonds (which requires all Pledged Collections, after payment of operating costs, to be applied to payment of principal of and interest on Series 2006-1 bonds).

TSASC does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which TSASC pays a management fee, rent, and overhead based on its allocated share of personnel and overhead costs.

New York City Educational Construction Fund (ECF). ECF was created in 1967 as a corporate governmental agency of the State of New York, constituting a public benefit corporation. ECF was established to develop combined occupancy structures containing school and nonschool portions. ECF was created by the Education Law of the State and is authorized to issue bonds, notes, or other obligations to finance those projects.

New York City School Construction Authority (SCA). SCA is a public benefit corporation created by the New York State Legislature in 1988. SCA's responsibilities as defined in the enabling legislation, are the design, construction, reconstruction, improvement, rehabilitation and repair of the City's public schools. SCA is governed by a three-member Board of Trustees all of whom are appointed by the Mayor, which includes the Schools Chancellor of the City, who serves as the Chairman.

SCA's operations are funded by appropriations made by the City, which are based on a five-year capital plan (Plan), developed by the New York City Department of Education (DOE). The City's Plan for the fiscal years 2015 through 2019 anticipates City appropriations of $13.47 billion.

SCA carries out certain projects funded by the City Council and Borough Presidents, pursuant to the City Charter.

As SCA represents a pass-through entity, in existence for the sole purpose of construction capital projects, all expenditures are capitalized into construction-in-progress. Upon completion of projects, the assets are transferred to DOE.

Fiscal Year 2005 Securitization Corporation (FSC). FSC was established in 2004 as a special purpose, bankruptcy-remote, local development corporation organized under the not-for-profit corporation law of the State of New York. FSC is a financing instrumentality of the City, but is a separate legal entity from the City. FSC was formed for the purpose of issuing bonds; a major portion of the proceeds of $499 million of bonds issued in December 2004 was used to acquire securities held in an escrow account securing City General Obligation Bonds of the City. The securities, which are held in a trust by the trustee for FSC, as they mature, are expected to generate sufficient cash flow to fund the debt service and operational expenditures of FSC for the life of FSC's bonds.

FSC does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which FSC pays a management fee and overhead based on its allocated share of personnel and overhead costs.

Sales Tax Asset Receivable Corporation (STAR). STAR is a special purpose, bankruptcy remote, local development corporation organized under the not-for-profit corporation law of the State of New York. STAR is a financing instrumentality of the City, but separate and apart from the City.

Section 3238-a of the New York State Public Authorities Law, which terminates on July 1, 2034, requires that $170 million be paid annually by the New York State Local Government Assistance Corporation to the City or its assignee. STAR used the proceeds of its November 4, 2004 bond issue (2005 Series A and B) to provide for the payment of the principal and interest and redemption premium, if any, on all outstanding bonds of the Municipal Assistance Corporation for The City of New York (MAC) and to reimburse the City for amounts retained by MAC since July 1, 2003 for debt service. The payment of the outstanding MAC bonds resulted in the receipt by the City of tax revenues that would otherwise have been paid to MAC for the payment of debt service on MAC's bonds.

On October 15, 2014, STAR issued $2 billion of bonds (2015 Series A and B) and released the debt service reserve, which along with the proceeds allowed STAR to refund all of its outstanding 2005 Series A and B bonds and make a payment to TFA to defease its debt and which is intended to confer savings to the City over the following four years.

STAR does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which STAR pays a management and overhead fee based on its allocated share of personnel and overhead costs. STAR is governed by a Board of Directors elected by its six members, all of whom are officials of the City.

Hudson Yards Development Corporation (HYDC). HYDC, a local development corporation organized by the City under the not-for-profit corporation law of the State of New York, began operations in 2005 to manage and implement the City's economic development initiative for the development and redevelopment activities (Project) of the Hudson Yards area on the West Side of Manhattan (Project Area). HYDC is governed by a Board of thirteen Directors, a majority of whom are appointed by the Mayor. HYDC works with various City and State agencies and authorities, and with private developers, on the design, construction and implementation of the various elements of the Project, and to further private development and redevelopment of the Project Area.

Hudson Yards Infrastructure Corporation (HYIC). HYIC, a local development corporation organized by the City under the not-for-profit corporation law of the State of New York, began operations in 2005 for the purpose of financing certain infrastructure improvements in the Hudson Yards area on the West Side of Manhattan (Project). HYIC does not engage in development directly, but finances development spearheaded by HYDC and carried out by existing public entities. HYIC fulfills its purpose through the issuance of bonds to finance the Project, including the operations of HYDC, and by collecting revenues, including payments in lieu of taxes and district improvement bonuses from private developers and appropriations from the City, to support its operations and pay principal and interest on its outstanding bonds. HYIC is governed by a Board of Directors elected by its five Members, all of whom are officials of the City. HYIC's Certificate of Incorporation requires the vote of an independent director as a condition to taking certain actions; the independent director would be appointed by the Mayor prior to any such actions.

HYIC does not have any employees; its affairs are administered by employees of the City and of another component unit of the City, for which HYIC pays a management fee and overhead based on its allocated share of personnel and overhead costs.

New York City Tax Lien Trusts (NYCTLTs). The NYCTLTs are Delaware statutory trusts, which were created to acquire certain tax liens from the City in exchange for the proceeds from bonds issued by the NYCTLTs, net of reserves funded by the bond proceeds and bond issuance costs. The City is the sole beneficiary to the NYCTLTs and is entitled to receive distributions from the NYCTLTs after payments to the bondholders and certain reserve requirements have been satisfied. The NYCTLTs do not have any employees. The NYCTLTs' affairs are administered by the owner trustee, its program manager, tax lien servicer, paying agent and investment custodian.

The NYCTLTs are:

- NYCTLT 1998-2
- NYCTLT 2011-A
- NYCTLT 2012-A
- NYCTLT 2013-A
- NYCTLT 2014-A
- NYCTLT 2015-A

NYC Technology Development Corporation (TDC). TDC is a type C not-for-profit corporation organized under the not-for-profit law of the State of New York. TDC's contract with the City was registered on December 24, 2012, and began operations on January 1, 2013. For fiscal year 2016, a one year contract renewal was registered to be effective on July 1, 2015. Pursuant to this contract, TDC receives quarterly payments from the City that cover its projected expenses for the forthcoming quarter and those contractual payments are TDC's sole source of revenue.

TDC was incorporated for the purpose of enhancing the City's ability to effectively manage and deploy information technology (IT) projects through (i) attracting, developing and retaining highly experienced and skilled IT professionals; (ii) successfully delivering large, critical and cross-agency IT projects in a timely and cost-effective manner; (iii) providing a common framework, resources, best practices and diagnostics for large IT projects; and (iv) providing and supporting citywide governance over IT programs, environments and services.

Under its contract with the City, TDC provides four broad categories of program services: (i) senior management services; (ii) solution architect services; (iii) multi-agency vendor management services; and (iv) portfolio management and additional IT consulting services.

TDC is governed by a Board of Directors appointed by the Mayor. The Board may have up to seven members and is required to have a minimum of three members.

Discretely Presented Component Units

All discretely presented component units are legally separate from the City. These entities are reported as discretely presented component units because the City appoints a majority of these organizations' boards, and is able to impose its will on them or a financial benefit/burden situation exists; or if they are fiscally dependent on the City and a financial benefit or burden relationship also exists regardless of city control.

The component units column in the government-wide financial statements includes the financial data of these entities, which are reported in a separate column to emphasize that they are legally separate from the City. They include the following:

New York City Health and Hospitals Corporation (HHC). HHC, a public benefit corporation, assumed responsibility for the operation of the City's municipal hospital system in 1970. HHC provides the full continuum of care including primary and specialty care, inpatient acute, outpatient, long-term care, and home health services.

HHC's financial statements include the accounts of HHC and its blended component units, HHC Insurance Company, Inc., HHC Capital Corporation, HHC Physicians Purchasing Group, Inc., HHC Risk Services Corporation, HHC ACO Inc. and HHC Assistance Corporation. HHC's Financial Statements also include MetroPlus, a discretely presented component unit.

HHC mainly provides, on behalf of the City, comprehensive medical and mental health services to City residents regardless of ability to pay. Funds appropriated from the City are direct or indirect payments made by the City on behalf of HHC for patient care rendered to prisoners, uniformed City employees and various discretely funded facility-specific programs; for interest on City General Obligation debt which funded HHC capital acquisitions; for funding for collective bargaining agreements; and for settlements of claims for medical malpractice, negligence, other torts, and alleged breach of contracts and payments by the City. Reimbursement by HHC is negotiated annually with the City.

New York City Housing Development Corporation (HDC). HDC, a corporate governmental agency constituting a public benefit corporation of the State of New York, was established in 1971 to encourage the investment of private capital through low-interest mortgage loans in order to increase the supply of safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives HDC is empowered to finance housing through new construction or rehabilitation and to provide permanent financing for multi-family residential housing. HDC finances significant amounts of its activities through the issuance of bonds, notes and debt obligations. The bonds, notes and debt obligations of HDC are not debts of either the State or the City. The combined financial statements include: (i) the accounts of HDC and (ii) two active discretely presented component units: the New York City Housing Assistance Corporation and the New York City Residential Mortgage Insurance Corporation. HDC also includes the Housing New York Corporation, which became an inactive subsidiary of HDC on November 3, 2003 and is not expected to be dissolved, and the NYC HDC Real Estate Owned Corporation, a blended component of HDC that has not been active in recent years.

New York City Housing Authority (HA). HA is a public benefit corporation created in 1934 under the New York State Public Housing Law. HA develops, constructs, manages, and maintains affordable housing for eligible low income families in the City. HA also maintains a leased housing program, which provides housing assistance payments to families.

Substantial operating losses result from the essential services that HA provides exceeding revenues, and such operating losses will continue in the foreseeable future. To meet the funding requirements of these operating losses, HA receives subsidies from: (a) the Federal government, primarily the U.S. Department of Housing and Urban Development, 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 in the form of debt service and capital payments. Subsidies are established through budgetary procedures, which establish amounts to be funded by the grantor agencies.

New York City Industrial Development Agency (IDA). IDA is a public benefit corporation established in 1974 to actively promote, retain, attract, encourage, and develop an economically sound commerce and industry base to prevent unemployment and economic deterioration in the City. IDA assists industrial, commercial, and not-for-profit organizations in obtaining long-term, low-cost financing for Capital Assets through a financing transaction, which includes the issuance of double and triple tax-exempt industrial development bonds (IDBs). The participating organizations, in addition to satisfying legal requirements under IDA's governing laws, must meet certain economic development criteria, the most important of which is job creation and/or retention. The straight lease provides tax benefits to the participants to incentivize the acquisition and capital improvement of their facilities. Whether IDA issues IDBs or enters into a straight lease, IDA may provide one or more of the following tax benefits: exemption from mortgage recording tax; payments in lieu of real property tax that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials, machinery and equipment. IDA is governed by a Board of Directors, which establishes official policies and reviews and approves requests for financing assistance. Its membership is prescribed by statute and includes public officials and mayoral appointees.

New York City Economic Development Corporation (EDC). EDC was organized under the New York State not-for profit Corporation law. EDC's financial statements include the assets, liabilities, net position and financial activities of EDC. Apple Industrial Development Corporation, formerly a component unit of EDC, merged with EDC on October 1, 2014. EDC renders a variety of services and administers certain economic development programs on behalf of the City, relating to attraction, retention, and expansion of commerce and industry in the City. These services and programs include encouragement of construction, acquisition, rehabilitation, and improvement of commercial and industrial enterprises within the City, and provision of grants to qualifying business enterprises as a means of helping to create and retain employment therein.

Business Relocation Assistance Corporation (BRAC). BRAC is a not-for-profit corporation incorporated in 1981 according to the not-for-profit corporation law of the State of New York for the purpose of implementing and administering the Relocation Incentive Program (RIP) and other related programs. BRAC provides relocation assistance to qualifying commercial and manufacturing firms moving within the City.

All conversion contributions received by BRAC under previous zoning regulations are restricted for the use of administering industrial retention/relocation programs. One such program, the Industrial Relocation Grant Program, provides grants up to $30,000 to eligible New York City manufacturing firms to defray their moving costs. Grants are paid as reimbursement of moving costs after a firm completes its relocation. This program will continue to operate only with the current accumulated net position now available.

In Fiscal Year 2007, BRAC had received $1.5 million in contributions from EDC to administer the Greenpoint Relocation Program. This program is intended to help defray relocation costs for those manufacturing and industrial firms that may need to relocate due to the rezoning of the Greenpoint-Williamsburg area of Brooklyn by providing for maximum grants of $50,000. As of June 30, 2015, the BRAC fund was valued at $.4 million, and grants for both Industrial Relocation Grant and Greenpoint Relocation Program will be available until funds are exhausted.

Brooklyn Navy Yard Development Corporation (BNYDC). BNYDC was organized in 1966 as a not-for-profit corporation according to the not-for-profit corporation law of the State of New York. The primary purpose of BNYDC is to provide economic rehabilitation in Brooklyn, to revitalize the economy, and create job opportunities. In 1971, BNYDC leased the Brooklyn Navy Yard from the City for the purpose of rehabilitating it and attracting new businesses and industry to the area. That lease was amended, restated and the term extended by a lease commencing July 1, 2012, for a period of 49 years with five 10-year extension periods. The Mayor appoints the majority of the members of BNYDC's Board of Directors.

New York City Water and Sewer System (the System). The System provides water supply, treatment and distribution, and sewage collection, treatment, and disposal for the City and began operations in July, 1985. The System is a joint operation consisting of two legally separate and independent entities. The New York City Municipal Water Finance Authority (Water Authority) is a public benefit corporation created in accordance with the New York City Municipal Water Finance Act in 1984. The New York City Water Board (Water Board) was created by the laws of 1984. The Water Authority issues bonds or notes to finance the cost of capital improvements and to refund all outstanding bonds and general obligation bonds of the City issued for water and sewer purposes. The Water Board leases the System from the City and fixes and collects rates, fees, rents and other charges for the use of, or for services furnished, or made available by, the System to produce cash sufficient to pay debt service on the Water Authority's bonds and to put the System on a self-sustaining basis. The physical operation and capital improvements of the System are performed by the City's Department of Environmental Protection subject to contractual agreements with the Water Authority and the Water Board.

WTC Captive Insurance Company, Inc. (WTC Captive). WTC Captive is a not-for-profit corporation incorporated in the State of New York in 2004 in response to the events of September 11, 2001. WTC Captive was funded with $999.9 million in funds by the Federal Emergency Management Agency (FEMA) and used this funding to support a liability insurance contract (Contract) that provides specified coverage (general liability, environmental liability, professional liability, and marine liability) against certain third-party claims made against the City and approximately 145 contractors and subcontractors working on the City's FEMA-funded debris removal project. Coverage is provided on both an excess of loss and first dollar basis, depending on the line of coverage. WTC Captive uses deposit accounting, which is applicable when no insurance risk is transferred in an insurance contract. Additionally, as all of WTC Captive's resources must be used to satisfy obligations under the Contract or returned, it reports only changes to its liabilities and no net position. See also Judgements and Claims in Note E5.

Brooklyn Bridge Park Corporation (BBPC). BBPC is a not-for-profit corporation incorporated in the State of New York in 2010. BBPC was formed for the purposes of lessening the burdens of government by further developing and enhancing the economic vitality of the Brooklyn waterfront through the development, operation, and maintenance of a renovated waterfront area, including a public park, which serves the people of the New York City region. BBPC is responsible for the planning, construction, maintenance, and operation of Brooklyn Bridge Park, an 85 acre sustainable water front park stretching 1.3 miles along Brooklyn's East River shoreline. The majority of BBPC's funding comes from a limited number of revenue-generating development sites within the project's footprint. BBPC is governed by a 17-member Board of Directors appointed by the Mayor, the Governor of New York State and local elected officials.

Governors Island Corporation, doing business as **The Trust for Governors Island (TGI),** is a not-for-profit corporation incorporated in the State of New York in 2010. TGI was formed for the purposes of lessening the burdens of government by providing the planning, preservation, redevelopment and ongoing operations and maintenance of approximately 150 acres of Governors Island plus surrounding lands underwater. TGI opened 30 acres of new park space in 2014 and is proceeding with an ambitious infrastructure program to ready the Island for expanded tenancy and activity. TGI receives funding from the City and State of New York. TGI is governed by a 13-member Board of Directors appointed by the Mayor and nominated by the Mayor, the Governor of the State of New York, and local officials.

Build NYC Resource Corporation (Build NYC). Build NYC is a local development corporation organized under the not-for-profit Corporation law of New York State to assist entities eligible under the Federal tax laws in obtaining tax-exempt bond and taxable bond financing; it began operating in 2011. Build NYC's primary goal is to facilitate access to private activity tax-exempt bond financing for eligible entities to acquire, construct, renovate, and/or equip their facilities as well as refinance previous financing transactions. Build NYC is governed by a Board of Directors, comprised of public officials and appointees of the Mayor.

New York City Land Development Corporation (LDC). LDC was formed on May 8, 2012, as a local development corporation organized under the not-for-profit law of New York State. LDC assists the City with leasing and selling certain properties for the purpose of economic development. The mission of LDC is to encourage economic growth throughout the five boroughs of the City by acquiring City-owned property and disposing of it to strengthen the City's competitive position and facilitate investments that build capacity, generate economic opportunity and improve the quality of life.

New York City Neighborhood Capital Corporation (NYCNCC). NYCNCC was incorporated in July of 2014 under Section 402 of the not-for-profit Corporation Law of the State of New York. NYCNCC was formed for the following purposes: a) to make qualified low income community investments in the service area of the City, b) to operate as a qualified Community Development Entity (CDE) under the Federal new markets tax credit program, c) to form and manage subsidiary limited liability companies which are certified as CDEs to receive equity contributions, which will be utilized primarily to make qualified low-income community investments, and d) to engage in all activities consistent with the business of NYCNCC.

Note: All of the component units publish separate annual financial statements, which are available at: Office of the Comptroller, Bureau of Accountancy—Room 200 South, 1 Centre Street, New York, New York 10007, or at www.comptroller.nyc.gov.

2. Basis of Presentation

Government-Wide Statements: The government-wide financial statements (the *Statement of Net Position* and the *Statement of Activities*) display information about the City and its component units. These statements include the financial activities of the overall government except for fiduciary activities. Eliminations of internal activity have been made in these statements. The City is reported separately from certain legally separate component units, for which the City is financially accountable. All of the activities of the City are governmental activities.

The *Statement of Activities* presents a comparison between program expenses, which include allocated indirect expenses, and program revenues for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (i) charges for services such as rental revenue from operating leases on markets, ports, and terminals and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other revenues, not properly included among program revenues, are reported as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including blended component units. Separate statements for the governmental and fiduciary fund categories are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The City's funds are classified into two categories: governmental and fiduciary; each category, in turn, is divided into separate "fund types." The City has no proprietary funds, only proprietary component units.

The City reports the following major governmental funds:

General Fund. This is the general operating fund of the City. Substantially all tax revenues, Federal and State aid (except aid for capital projects), and other operating revenues are accounted for in the General Fund. This fund also accounts for expenditures and transfers as appropriated in the expense budget, which provides for the City's day-to-day operations, including transfers to Debt Service Funds for payment of long-term liabilities. The fund balance in the General Fund is reported as nonspendable.

Capital Projects Fund. This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital Projects Funds exclude capital-related outflows financed by component unit proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. Resources of the Capital Projects Fund are derived principally from proceeds of City and TFA bond issues, payments from the Water Authority, and from Federal, State, and other aid.

General Debt Service Fund. This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. This fund, into which payments of real estate taxes and other revenues are deposited in advance of debt service payment dates, is required by State legislation and is administered and maintained by the State Comptroller. Debt service on all City notes and bonds is paid from this fund.

Nonmajor Governmental Funds. The City reports the following blended component units within the Nonmajor Governmental Funds: **TFA, TSASC, ECF, SCA, FSC, STAR, HYDC, HYIC, NYCTLTs and TDC.** If a component unit is blended, the governmental fund types of the component unit are blended with those of the City by including them in the appropriate combining statements of the City. Although the City's General Fund is usually the main operating fund of the reporting entity, the General Fund of a blended component is reported as a Special Revenue Fund. The City does not have other Special Revenue Funds.

Additionally, the City reports the following fund types:

Fiduciary Funds

The fiduciary funds are used to account for assets and activities when a governmental unit is functioning either as a trustee or an agent for another party. The City's fiduciary funds fall into two categories:

The **Pension and Other Employee Benefit Trust Funds** account for the operations of:

- Pension Trusts
  - New York City Employees' Retirement System (NYCERS)
  - Teachers' Retirement System of The City of New York (TRS)
  - New York City Board of Education Retirement System (BERS)
  - New York City Police Pension Funds (POLICE)
  - New York City Fire Pension Funds (FIRE)

- Deferred Compensation Plans (DCP)
- The New York City Other Postemployment Benefits Plan (the OPEB Plan)

Each of the pension trusts report all jointly administered plans including primary pension (QPPs), and variable supplements funds (VSFs) and/or tax deferred annuity plans (TDAs), as appropriate. In previous years, the City's financial statements grouped the pension trusts by type (primary pensions, VSFs) rather than as systems. The new presentation is preferable because it more clearly illustrates the relationships between plans within a pension system, and between the systems and the City. While the VSFs are included with QPPs for financial reporting purposes, in accordance with the Administrative Code of The City of New York (ACNY), VSFs are not pension funds or retirement systems. Instead, they provide scheduled supplemental payments, in accordance with applicable statutory provisions. While a portion of these payments are guaranteed by the City, the State has the right and power to amend, modify, or repeal VSFs and the payments they provide. However, any assets transferred to the VSFs are held in trust solely for the benefit of its members. More information is available in note E.5.

The Deferred Compensation Plans report the various jointly administered Deferred Compensation Plans of The City of New York and related agencies and Instrumentalities and the New York City Employee Individual Retirement Account (NYCEIRA).

Note: These fiduciary funds publish separate annual financial statements, which are available at: Office of the Comptroller, Bureau of Accountancy—Room 200 South, 1 Centre Street, New York, New York 10007, or at www.comptroller.nyc.gov.

These funds use the accrual basis of accounting and a measurement focus on the periodic determination of additions, deductions, and net position restricted for benefits.

The **Agency Funds** account for miscellaneous assets held by the City for other funds, governmental units, and individuals. School fundraiser monies for scholarships, federal asset forfeiture for investigative purposes, and cash bail for use by the surety/assignee, are the major miscellaneous assets accounted for in these funds. The Agency Funds are custodial in nature and do not involve measurement of results of operations.

Discretely Presented Component Units

The discretely presented major component units consist of **HHC, HDC, HA, EDC,** and **NYW.** The discretely presented nonmajor components units are **IDA, BRAC, BNYDC, WTC Captive, BBPC, TGI, LDC, Build NYC, and NYCNCC.** Their activities are accounted for in a manner similar to private business enterprises, in which the focus is on the periodic determination of revenues, expenses, and net income.

Changes in Reporting Entity

On July 28, 2014, the NYC Neighborhood Capital Corporation (NYCNCC) was incorporated under the not-for-profit corporation law of the State of New York. The City is financially accountable for NYCNCC because it appoints a voting majority of NYCNCC's governing body and is able to impose its will on NYCNCC. Thus NYCNCC has been incorporated as a discretely presented component unit.

New Accounting Standards Adopted

In Fiscal Year 2015, the City adopted Statement No. 72 of the Government Accounting Standards Board, entitled, *Fair Value Measurement and Application.*

Statement No. 72 requires the City to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that was used for the fair value measurements. There was no material impact on the City's financial statement as a result of the implementation of Statement No. 72. All required disclosures were added to Notes A.12 and D.1.

3. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in which revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions include: sales and income taxes, property taxes, grants, entitlements and donations, and are recorded on the accrual basis of accounting. Revenues from sales and income taxes are recognized when the underlying exchange transaction takes place.

Revenues from property tax are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds use the flow of current financial resources measurement focus. This focus is on the determination of and changes in financial position, and generally only current financial resources and current liabilities are included on the balance sheet although certain receivable amounts may not be currently available. These funds use the modified accrual basis of accounting, whereby revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Revenues from taxes are generally considered available if received within two months after the fiscal year-end. Revenues from categorical and other grants are generally considered available if expected to be received within one year after the fiscal year-end. Expenditures are recorded when the related liability is incurred and payment is due, except for principal and interest on long-term debt, pensions, post employment benefits other than pensions and certain other estimated liabilities, which are recorded only when payment is due.

The measurement focus of the Pension and Other Employee Benefit Trust Funds and Other Trust Funds is on the flow of economic resources. This focus emphasizes the determination of and changes in net position. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. These funds use the accrual basis of accounting whereby revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred.

The Agency Funds use the accrual basis of accounting and do not measure the results of operations.

4. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the fiscal year to control expenditures. The cost of those goods received and services rendered on or before June 30 are recognized as expenditures. Encumbrances not resulting in expenditures by year-end, lapse.

5. Cash and Investments

The City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents. Cash equivalents are carried at amortized cost which approximates fair value.

The annual average collected bank balances maintained during Fiscal Years 2015 and 2014 were approximately $2.15 billion and $1.25 billion, respectively.

Investments are reported in the balance sheet at fair value. Investment income, including changes in the fair value of investments, is reported in operations.

Investments in fixed income securities are recorded at fair value. Securities purchased pursuant to agreements to resell are carried at the contract price, exclusive of interest, at which the securities will be resold.

Investments of the Pension and Other Employee Benefit Trust Funds and Other Trust Funds are reported at fair value. Investments are stated at the last reported sales price on a national securities exchange or as priced by a nationally recognized securities pricing service as on the last business day of the fiscal year, except for securities held as alternative investments where fair value is determined by the general partners or other experts of the partnerships.

A description of the City’s fiduciary funds securities lending activities in Fiscal Years 2015 and 2014 is included in Deposits and Investments (see Note D.1).

6. Inventories

Inventories on hand at June 30, 2015 and 2014, estimated at $377 million and $348 million, respectively, based on average cost have been reported on the government-wide *Statement of Net Position*. Inventories are recorded as expenditures in governmental funds at the time of purchase, and accordingly have not been reported on the governmental funds balance sheet.

7. Restricted Cash and Investments

Certain proceeds of the City and component unit bonds, as well as certain resources set aside for payments to bond holders, are classified as restricted cash and investments on the balance sheet, because their use is limited by applicable bond covenants.

8. Capital Assets

Capital assets include all land, buildings, equipment (including software), water distribution and sewage collection system, and other elements of the City's infrastructure having an initial minimum useful life of five years, having a cost of more than $35 thousand, and having been appropriated in the Capital Budget (see Note C.1). Capital assets, which are used for general governmental purposes and are not available for expenditure, are accounted for and reported in the government-wide financial statements. Infrastructure elements include the roads, bridges, curbs and gutters, streets and sidewalks, park land and improvements, piers, bulkheads and tunnels. The capital assets of the water distribution and sewage collection system are recorded in the Water and Sewer System component unit financial statements under a lease agreement between the City and the Water Board.

Capital assets are generally stated at historical cost, or at estimated historical cost, based on appraisals or on other acceptable methods when historical cost is not available. Donated capital assets are stated at their fair market value as of the date of the donation. Capital leases are classified as capital assets in amounts equal to the lesser of the fair market value or the present value of net minimum lease payments at the inception of the lease (see Note D.3).

Accumulated depreciation and amortization are reported as reductions of capital assets. Depreciation is computed using the straight-line method based upon estimated useful lives of generally 25 to 50 years for new construction, 10 to 25 for betterments and/or reconstruction, 5 to 15 years for equipment (including software), and 15 to 40 years for infrastructure. Capital lease assets and leasehold improvements are amortized over the term of the lease or the life of the asset, whichever is less.

9. Vacation and Sick Leave

Earned vacation and sick leave is recorded as an expenditure in the period when it is payable from current financial resources in the fund financial statements. The estimated value of vacation leave earned by employees, which may be used in subsequent years, and earned vacation and sick leave to be paid upon termination or retirement from future resources is recorded as a liability in the government-wide financial statements.

10. Judgments and Claims

The City is uninsured with respect to risks including, but not limited to, property damage, personal injury, and workers' compensation. In the fund financial statements, expenditures for judgments and claims (other than workers' compensation and condemnation proceedings) are recorded on the basis of settlements reached or judgments entered within the current fiscal year. Expenditures for workers' compensation are recorded when paid. Settlements relating to condemnation proceedings are reported when the liability is estimable. In the government-wide financial statements, the estimated liability for all judgments and claims incurred but not yet expended is recorded as a noncurrent liability.

11. Long-Term Liabilities

For long-term liabilities, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. All long-term liabilities are reported in the government-wide financial *Statement of Net Position*. Long-term liabilities expected to be financed from discretely presented component units' operations are accounted for in those component units' financial statements.

12. Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivative instruments for the fiscal year then ended as reported in the 2015 financial statements are as follows:

		Changes in Fair Value from June 30, 2014		Fair Value at June 30, 2015		
Item		Classification	Amount	Classification	Amount	Notional
			(in thousands)			
Governmental Activities						
Cashflow Hedges:						
H	Pay-Fixed interest rate swap	Deferred Outflow	$(3,278)	Debt	$(40,049)	$250,000
J	Pay-Fixed interest rate swap	Deferred Outflow	(115)	Debt	0	0
L	Pay-Fixed interest rate swap	Deferred Outflow	(582)	Debt	(1,245)	44,145
Investment derivative instruments:						
A	Pay-Fixed interest rate swap	Investment Revenue	(1,330)	Investment	(17,035)	190,307
B	Pay-Fixed interest rate swap	Investment Revenue	(444)	Investment	(5,679)	63,436
C	Pay-Fixed interest rate swap	Investment Revenue	(444)	Investment	(5,679)	63,436
D	Pay-Fixed interest rate swap	Investment Revenue	(444)	Investment	(5,679)	63,436
E	Pay-Fixed interest rate swap	Investment Revenue	1,100	Investment	(14,537)	116,100
F	Pay-Fixed interest rate swap	Investment Revenue	210	Investment	0	0
G	Basis Swap	Investment Revenue	6,705	Investment	2,336	364,100
H	Pay-Fixed interest rate swap	Investment Revenue	(1,473)	Investment	(16,181)	100,000
K	Basis Swap	Investment Revenue	12,878	Investment	(11,703)	500,000

Due to the full refunding of remaining outstanding 2003 C-2 bonds during Fiscal Year ended June 30, 2015, portions of swaps A,B,C and D are no longer treated as cash flow hedges. Accordingly, portions of the change in fair value of the swaps from June 30, 2014 to June 30, 2015 are reported within the investment revenue classification for the Fiscal Year ended June 30, 2015. Additionally, during the fiscal year ended June 30, 2015, the remaining portions of swaps F and J matured and are no longer outstanding.

Fair Value for the interest rate swaps is described as the exit price that assumes a transaction takes place in the City's most advantageous market in the absence of a principal market. These inputs include the mid-market valuation and then incorporates the credit risk of either the City or its counterparty and the bid/offer spread that would be charged to the City in order to transact. The mid-market values of the interest rate swaps were estimated using the income approach. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement date. The interest rate swaps are classified in Level 2 as their valuation relies primarily on observable inputs.

Hedging Derivative Instruments

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at June 30, 2015, along with the credit rating of the associated counterparty. Regarding derivative instruments where the counterparty is unrated, the rating provided is of the counterparty's guarantor.

Item	Type	Objective	Notional Amount (in thousands)	Effective Date	Maturity Date	Terms	Counterparty Rating
H	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2004 Series A bonds	$250,000	7/14/2003	8/1/2031	2.964%; receive 61.85% of USD-LIBOR-BBA	Aa2/AA–
L	Pay-Fixed interest rate swap	Hedge of changes in cash flows on the 2005 Series J, K, and L Bonds	44,145	3/3/2005	8/1/2017	Pay 4.55%/4.63%/4.71%; receive CPI + 1.50% for 2015 maturity/CPI + 1.55% for 2016 maturity/CPI + 1.60% for 2017 maturity	Aa3/A+

LIBOR: London Interbank Offered Rate Index
CPI: Consumer Price Index

Risks

Credit risk: The City is exposed to credit risk on hedging derivative instruments. To minimize its exposure to loss related to credit risk, it is the City's policy to require counterparty collateral posting provisions in its hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments (net of the effect of applicable threshold requirements and netting arrangements) should the counterparty's credit rating fall below the following:

> The counterparty with respect to derivative instrument H is required to post collateral if its credit ratings goes below A2/A. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The City has never been required to access collateral. The counterparty with respect to derivative instruments L is required to post collateral if it has at least one rating below the double-A category.

It is the City's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, closeout netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

The aggregate fair value of hedging derivative instruments requiring collateralization at June 30, 2015 was $(41.29) million.

Interest rate risk: The City is exposed to interest rate risk on its swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR or the Consumer Price Index decreases, the City's net payment on the swaps increases.

Basis risk: The City is exposed to basis risk on its pay-fixed interest rate swaps, because the variable-rate payments received by the City on these hedging derivative instruments are based on a rate or index other than interest rates the City pays on its hedged variable-rate debt, which is remarketed either daily or weekly. Under the terms of its synthetic fixed rate swap transactions, the City pays a variable rate on its bonds based on the Securities Industry and Financial Markets Association (SIFMA), but receives a variable rate on the swaps based on a percentage of LIBOR.

Tax risk: The City is at risk that a change in Federal tax rates will alter the fundamental relationship between the SIFMA and LIBOR Indices. A reduction in Federal tax rates, for example, will likely increase the City's payment on its underlying variable rate bonds in the synthetic fixed rate transactions and its variable payer rate in the basis swaps.

Termination risk: The City or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The City is at risk that a counterparty will terminate a swap at a time when the City owes it a termination payment. The City has mitigated this risk by specifying that the counterparty has the right to terminate only as a result of certain events, including: a payment default by the City; other City defaults which remain uncured for 30 days after notice; City bankruptcy; insolvency of the City (or similar events); or a downgrade of the City's credit rating below investment grade (i.e., BBB-/Baa3). If at the time of termination, a hedging derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements, if applicable.

Counterparty risk: The City is at risk that a counterparty will not meet its obligations under the swap. If a counterparty were to default under its agreement when the counterparty would owe a termination payment to the City, the City may have to pay another entity to assume the position of the defaulting counterparty. The City has sought to limit its counterparty risk by contracting only with highly rated entities or requiring guarantees of the counterparty's obligations under the swap documents.

Rollover risk: The City is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the City will be re-exposed to the risks being hedged by the hedging derivative instrument.

Contingencies

All of the City's derivative instruments include provisions that require the City to post collateral in the event its credit rating falls below Baa1 (Moody's) or BBB+ (Standard & Poor's) for derivative instruments A, B, D, E, K, and L; below Baa3 (Moody's) or BBB- (Standard & Poor's) for derivative instruments C, G and H. The collateral posted is to be in the form of cash, U.S. Treasury securities, or specified Agency securities in the amount equal to (in the form of cash) or greater than (in the form of securities) the fair value of derivative instruments in liability positions net of the effect of applicable netting arrangements and applicable thresholds. If the City does not post collateral, the derivative instrument may be terminated by the counterparty. At June 30, 2015, the aggregate fair value of all derivative instruments with these collateral posting provisions is $(115.45) million. If the collateral posting requirements were triggered at June 30, 2015, based on ratings of Baa3 or BBB-, the City would have been required to post $46.88 million in collateral to its counterparties based on posting cash. The collateral requirements would be $117.78 million for ratings below Baa3 or BBB- based on posting cash. The City's credit rating as of June 30, 2015 was Aa2 (Moody's) and AA (Standard & Poor's); therefore, no collateral has been posted as of that date.

Swap Collateral Requirements upon a Rating Downgrade of the City[1]

Swap/Counterparty	Fair Value as of June 30, 2015[2]	Collateral Threshold at Baa2/BBB to Baa3/BBB-[3]	Collateral Amount[4]	Collateral Threshold below Baa3/BBB-	Collateral Amount[5]
			(in thousands)		
Bank of New York Mellon	$ 2,336	Infinity	$ —	—	$ —
JP Morgan Chase Bank, N.A.	(29,983)	3,000	27,000	—	30,000
Merrill Lynch Capital Services, Inc.	(5,679)	3,000	2,679	—	5,679
UBS AG	(20,216)	3,000	17,200	—	20,200
US Bank National Association	(5,679)	Infinity	—	—	5,700
Wells Fargo Bank, NA	(56,230)	Infinity	—	—	56,200
Total Fair Value	$(115,451)		$46,879		$117,779

(1) All of the City's swap counterparties have agreements that collateral is to be posted by the City if the City were to owe a termination payment and its ratings fall below a certain level. The collateral amount is the counterparty's exposure, based on the market value of the swap, less a "threshold" amount. The threshold amount varies from infinity for higher rating levels to zero for lower rating levels. The threshold amount cannot be less than zero and a threshold amount of infinity would always result in no collateral being required regardless of the market value.

(2) A negative value means the City would owe a termination payment.

(3) A downgrade of the City to either Baa2 (Moody's) or BBB (S&P) is the first rating level at which the City would be required to post collateral.

(4) The swap counterparties, other than Merrill Lynch Capital Services Inc., round the collateral amount up or down to the nearest $100,000. Merrill Lynch does not round the amount.

(5) Represents the total amount of required collateral for ratings below Baa3/BBB-. The amount of collateral required to be posted would be the amount shown below less any collateral previously posted.

13. Real Estate Tax

Real estate tax payments for the Fiscal Year ended June 30, 2015, were due July 1, 2014 and January 1, 2015, except that payments by owners of real property assessed at $250,000 or less and cooperatives whose individual units on average are valued at $250,000 or less, were due in quarterly installments on the first day of each quarter beginning on July 1.

The levy date for Fiscal Year 2015 taxes was June 29, 2014. The lien date is the date taxes are due.

Real estate tax revenue represents payments received during the year and payments received (against the current fiscal year and prior years' levies) within the first two months of the following fiscal year reduced by tax refunds for the fund financial statements. Real estate tax revenues not available are reported as deferred inflows of resources. The government-wide financial statements recognize real estate tax revenue (net of refunds) which are not available to the governmental fund type in the fiscal year for which the taxes are levied. Real estate taxes received or reported as receivables before the period for which the property taxes are levied, or the period when resources are required to be used, or when use is first permitted, are reported as deferred inflows of resources.

The City offered a 0.5% discount on the full amount of a taxpayer's yearly property tax if the entire amount shown on their bill is paid by the July due date (or grace period due date), a 0.25% discount on the last three quarters if the taxpayer waits until the October due date to pay the entire amount due, or a 0.125% discount on the last six months of taxes when the taxpayer pays the balance by the January due date for both Fiscal Years 2016 and 2015. Payment of real estate taxes before July 15, 2015, on properties with an assessed value of $250,000 or less and before July 1, 2015, on properties with an assessed value over $250,000 received the discount. Collections of these real estate taxes received on or before June 30, 2015 and 2014 were about $7.0 billion and $6.7 billion, respectively.

The City sold approximately $101 million of real property tax liens, fully attributable to Fiscal Year 2015, at various dates in Fiscal Year 2015. As in prior year's lien sale agreements, the City will refund the value of liens later determined to be defective, plus interest and a 5% surcharge. It has been estimated that $5.0 million worth of liens sold in Fiscal Year 2015 will require refunding. The estimated refund accrual amount of $8.0 million, including the surcharge and interest, resulted in Fiscal Year 2015 net sale proceeds of $93.0 million.

In Fiscal Year 2015, there was $5.0 million refunded for defective liens from the Fiscal Year 2014 sale. This resulted in an increase to Fiscal Year 2015 revenue of $3.0 million. Consequently, the over-estimated Fiscal Year 2014 accrual of $8.0 million increased the net sale proceeds of the Fiscal Year 2015 sale to $93 million, up from the Fiscal Year 2014 net sale proceeds of $84 million.

The City sold approximately $92.0 million of real property tax liens, attributable to Fiscal Year 2014, at various dates in Fiscal Year 2014. As in prior year's lien sale agreements, the City will refund the value of liens later determined to be defective, plus interest and a 5% surcharge. It has been estimated that $7.8 million worth of liens sold in Fiscal Year 2014 will require refunding. The estimated refund accrual amount of $8.0 million, including the surcharge and interest, resulted in Fiscal Year 2014 net sale proceeds of $84.0 million.

In Fiscal Year 2014, there were $7.8 million refunded for defective liens from the Fiscal Year 2013 sale. This resulted in an increase to Fiscal Year 2014 revenue of $2.8 million and consequently, the under-estimated Fiscal Year 2013 accrual of $5.0 million increased the net sale proceeds of the Fiscal Year 2013 sale to $84.0 million, up from the original Fiscal Year 2013 net sale proceeds reported as $83.6 million.

In Fiscal Years 2015 and 2014, $230 million and $205 million, respectively, were provided as allowances for uncollectible real estate taxes against the balance of the receivable. Delinquent real estate taxes receivable that are estimated to be collectible but which are not collected in the first two months of the next fiscal year are recorded as deferred inflows of resources in the governmental funds balance sheet but included in general revenues on the government-wide *Statement of Activities*.

The City is permitted to levy real estate taxes for general operating purposes in an amount up to 2.5% of the average full value of taxable real estate in the City for the last five years and in unlimited amounts for the payment of principal and interest on long-term City debt. Amounts collected for payment of principal and interest on long-term debt in excess of that required for that purpose in the year of the levy must be applied towards future years' debt service. For the Fiscal Years ended June 30, 2015 and 2014, excess amounts of $428 million and $481 million, respectively, were transferred to the General Debt Service Fund.

14. Other Taxes and Other Revenues

Taxpayer-assessed taxes, such as sales and income taxes, net of refunds, are recognized in the accounting period in which they become susceptible to accrual for the fund financial statements. Assets recorded in the governmental fund financial statements, but the revenue is not available, are reported as deferred inflows of resources. Additionally, the government-wide financial statements recognize sales and income taxes (net of refunds), which are not available to the governmental fund type in the accounting period for which the taxes are assessed.

15. Federal, State, and Other Aid

For the government-wide and fund financial statements, categorical aid, net of a provision for estimated disallowances, is reported as receivables when the related eligibility requirements are met. Unrestricted aid is reported as revenue in the fiscal year of entitlement. Resources received before the time requirements are met, but after all other eligibility requirements are met, are reported as deferred inflows of resources.

16. Bond Discounts, Premiums and Issuance Costs

In the fund financial statements, bond premiums, discounts and issuance costs are recognized as revenues/expenditures in the period incurred. In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds payable using the straight-line method. Bond premiums and discounts are presented as additions/reductions to the face amount of the bonds payable. Bond issuance costs are recognized as an expense in the period incurred.

17. Intra-Entity Activity

Payments from a fund receiving revenue to a fund through which the revenue is to be expended are reported as transfers. Such payments include transfers for debt service and capital construction. In the government-wide financial statements, resource flows between the City and the discretely presented component units are reported as if external transactions.

18. Subsidies

The City makes various payments to subsidize a number of organizations which provide services to City residents. These payments are recorded as expenditures in the fiscal year paid.

19. Deferred Outflows and Inflows of Resources

In accordance with Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the City reports deferred outflows of resources in the *Statement of Financial Position* in a separate section following Assets. Similarly, the City reports deferred inflows of resources in the *Statement of Net Position* in a separate section following Liabilities.

The Components of the deferred outflows of resources and deferred inflows of resources are as follows:

	FY 2015		FY 2014	
	Primary Government	Component Units	Primary Government	Component Units
	(in thousands)			
Deferred Outflows of Resources:				
Deferred Outflows from pension activities	$ 4,955,473	$ 78,156	$ —	$ 78,429
Accumulated decrease in fair value of hedging derivatives	41,294	125,173	48,963	100,384
Unamortized deferred bond refunding costs	502,083	—	495,284	4,294
Other	14	31,652	—	36,936
Total Deferred Outflows of Resources	$ 5,498,864	$234,981	$ 544,247	$220,043
Deferred Inflows of Resources:				
Deferred Inflows from pension activities	$11,052,311	$527,124	$14,827,736	$805,093
Service concession arrangements	145,661	—	171,039	—
Real estate taxes	6,994,205	—	6,733,998	—
Grant advances	7,331	—	23,780*	—
Prepaid payments in lieu of taxes	—	—	1,950	—
Unamortized deferred refunding costs	—	17,978	—	—
Other	59,888	—	—	—
Total Deferred Inflows of Resources	$18,259,396	$545,102	$21,758,503	$805,093

* Certain reclassifications were made to the Fiscal Year 2014 deferred inflows of resources in order to conform with the Fiscal Year 2015 presentation for deferred inflows of resources. There was no effect on the net position from this reclassification.

20. Fund Balance

In accordance with Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the classification of Fund Balance is based on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable–includes fund balance amounts that cannot be spent, either because they are not in spendable form, or because of legal or contractual constraints requiring such amounts to remain intact. As required by the New York State Financial Emergency Act, the City must prepare its budget covering all expenditures, other than capital items, balanced so that the results do not show a deficit when reported in accordance with GAAP. Therefore, the General Fund’s fund balance must legally remain intact and is classified as nonspendable. Additionally, certain receivable amounts are not anticipated to be collected in the current period.

Restricted–includes fund balance amounts that are constrained for specific purposes when such constraints are externally imposed by creditors, laws or regulations of other governments, or by constitutional provisions or enabling legislation.

Committed–includes fund balance amounts that are constrained for specific purposes when such constraints are internally imposed by the government’s formal action at the highest level of decision making authority and do not lapse at year-end. In accordance with the New York City Charter, the City Council is the City’s highest level of decision-making authority and can, by legal resolution prior to the end of the fiscal year, approve to establish, modify or rescind a fund balance commitment. For the blended component units reported as Nonmajor Funds, the respective Boards of Directors (“Boards”) constitute the highest level of decision-making authority. When resolutions are adopted by the Boards that constrain fund balances for a specific purpose, such resources are accounted for and reported as committed for such purpose, unless and until a subsequent resolution altering the commitment is adopted by a Board.

Assigned–includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City does not have any assigned amounts in its major funds. For the blended component units reported as Nonmajor Funds, the fund balances which are constrained for use for a specific purpose based on the direction of the President of the component unit to direct the movement of such funds are accounted for and reported as assigned for such purpose unless and until a subsequent authorized action by the same, or another duly authorized officer, or by a Board, is taken which removes or changes the assignment.

Unassigned–The City's Capital Projects Fund's and Nonmajor Governmental Funds' deficits are classified as unassigned.

The City uses restricted amounts first when both restricted and unrestricted resources are available. Additionally, the City first uses committed, then assigned, and lastly unassigned resources when expenditures are made.

The City does not have a formal minimum fund balance policy. Below is the detail included in the fund balance classifications for the governmental funds at June 30, 2015 and 2014:

Fiscal Year 2015

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
			(in thousands)		
Nonspendable:					
General Fund balance	$ 467,621	$ —	$ —	$ —	$ 467,621
Prepaid expenditures	—	—	—	619	619
Spendable:					
Restricted					
Capital projects	—	751,924	—	451,432	1,203,356
Debt service	—	—	427,588	2,103,811	2,531,399
Committed					
Debt service	—	—	1,542,632	—	1,542,632
Assigned					
Debt Service	—	—	—	1,667,966	1,667,966
Operations*	—	—	—	154,358	154,358
Unassigned					
Capital Projects Fund	—	(2,531,515)	—	—	(2,531,515)
Total Fund Balance (Deficit)	$ 467,621	$(1,779,591)	$1,970,220	$4,378,186	$ 5,036,436

Fiscal Year 2014

	General Fund	Capital Projects Fund	Debt Services Fund	Nonmajor Governmental Funds	Total Governmental Fund
			(in thousands)		
Nonspendable:					
General Fund balance	$ 462,519	$ —	$ —	$ —	$ 462,519
Prepaid expenditures	—	—	—	611	611
Spendable:					
Restricted					
Capital Projects	—	423,296	—	1,415,158	1,838,454
Debt Service	—	—	480,525	1,942,821	2,423,346
Committed					
Debt Service	—	—	158,327	—	158,327
Assigned					
Debt Service	—	—	—	1,362,270	1,362,270
Operations*	—	—	—	145,142	145,142
Unassigned					
Capital Projects Fund	—	(3,459,177)	—	—	(3,459,177)
Total Fund Balance (Deficit)	$ 462,519	$(3,035,881)	$ 638,852	$4,866,002	$ 2,931,492

* Represents the unassigned fund balance of the Special Revenue Funds.

21. Pensions

In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Notes E.5 and the RSI section immediately following the notes to financial statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The City recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the City's fiscal year-end or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

22. Other Postemployment Benefits

Other Postemployment Benefits (OPEB) cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note E.4), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is calculated in accordance with GASB Statement No. 45.

23. Estimates and Assumptions

A number of estimates and assumptions relating to the reporting of revenues, expenditures, assets and liabilities, and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

24. Pronouncements Issued But Not Yet Effective

In June 2015, GASB issued 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*.

The requirements of this statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions 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 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

The provisions of Statement No. 73 that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of Statement No. 73 for pension plans that are within the scope of Statement No. 67 or for pensions that are within the scope of Statement No. 68 are effective for fiscal years beginning after June 15, 2015. Earlier application is encouraged. The City has not completed the process of evaluating the impact of Statement No. 73 on its financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The scope of this statement includes defined benefit and defined contribution OPEB plans administered through trusts that meet specified criteria.

This statement establishes financial reporting standards for state and local governmental other postemployment benefit ("OPEB") plans. The 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*.

Statement No. 74 is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged. The City has not completed the process of evaluating the impact of Statement No. 74 on its financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employees. This Statement also establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

For defined benefit OPEB plans this statement 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 disclosures and required supplementary information are also addressed by the statement.

This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

Statement No. 75 is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged. The City has not completed the process of evaluating the impact of Statement No. 75 on its financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. 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*. It also amends Statement No. 62, *Codification of accounting and financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraph 64, 74, and 82.

The provisions of Statement No. 76 are effective for financial statements for periods beginning after June 15, 2015. Earlier application is permitted. The City has not completed the process of evaluating the impact of Statement No. 76 on its financial statements.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. For financial reporting purposes, this statement defines a tax abatement and contains required disclosures about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues.

The requirements of GASB Statement No. 77 are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The City has not completed the process of evaluating the impact of Statement No. 77 on its financial statements.

B. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A summary reconciliation of the difference between total fund balances (deficit) as reflected on the governmental funds balance sheet and total net position (deficit) of governmental activities as shown on the government-wide *Statement of Net Position* is presented in an accompanying schedule to the governmental funds balance sheet. The asset and liability elements, that comprise the difference are related to the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

Similarly, a summary reconciliation of the difference between net change in fund balances, as reflected on the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*, and *Change in Net Position* of governmental activities, as shown on the government-wide Statement of Activities, is presented in an accompanying schedule to the governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*. The revenue and expense elements, that comprise the reconciliation difference stem from governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

C. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

1. Budgets and Financial Plans

Budgets

Annual expense budget appropriations, which are prepared on the modified accrual basis, are adopted for the General Fund, and unused appropriations lapse at fiscal year-end. The City uses appropriations in the capital budget to authorize the expenditure of funds for various capital projects. Capital appropriations, unless modified or rescinded, remain in effect until the completion of each project.

The City is required by State Law to adopt and adhere to a budget, on a basis consistent with GAAP, that would not have General Fund expenditures and other financing uses in excess of revenues and other financing sources.

Expenditures made against the expense budget are controlled through the use of quarterly spending allotments and units of appropriation. A unit of appropriation represents a subdivision of an agency's budget and is the level of control at which expenditures may not legally exceed the appropriation. The number of units of appropriation, and the span of operating responsibility which each unit represents, differs from agency to agency depending on the size of the agency and the level of control required. Transfers between units of appropriation and supplementary appropriations may be made by the Mayor, subject to the approval provisions set forth in the City Charter. Supplementary appropriations increased the expense budget by $5.10 billion and $5.78 billion subsequent to its original adoption in Fiscal Years 2015 and 2014, respectively.

Financial Plans

Additionally, the New York State Financial Emergency Act for The City of New York requires the City to operate under a "rolling" Four-Year Financial Plan (Plan). Revenues and expenditures, including transfers, of each year of the Plan are required to be balanced on a basis consistent with GAAP. The Plan is broader in scope than the expense budget; it comprises General Fund revenues and expenditures, Capital Projects Fund revenues and expenditures, and all short and long-term financing.

The expense budget is generally consistent with the first year of the Plan and operations under the expense budget must reflect the aggregate limitations contained in the approved Plan. The City reviews its Plan periodically during the year and, if necessary, makes modifications to incorporate actual results and revisions to assumptions.

2. Deficit Fund Balance

The Capital Projects Fund had deficits of $1.78 and $3.04 billion for the years ended June 30, 2015 and 2014, respectively. These deficits represent the amounts expected to be financed from future bond issues or intergovernmental reimbursements. To the extent the deficits will not be financed or reimbursed, a transfer from the General Fund will be required.

D. DETAILED NOTES ON ALL FUNDS

1. Deposits and Investments

Deposits

The City's bank depositories are designated by the New York City Banking Commission, which consists of representatives of the Comptroller, the Mayor, and the Finance Commissioner. The Banking Commission uses independent bank rating agency reports, bank regulators' reports and the banks' quarterly financial statements reported to the SEC to determine the financial soundness of each bank. In addition, the City's banking relationships are under periodic operational, financial and credit reviews.

The City Charter limits the amount of deposits at any time in any one bank or trust company to a maximum of one-half of the amount of the capital and net surplus of such bank or trust company. The discretely presented component units included in the City's reporting entity maintain their own banking relationships, which generally conform with the City's.

The City's bank account balances in excess of the prevailing Federal Deposit Insurance Corporation (FDIC) insurance limits of $250 thousand are fully collateralized in accordance with the New York State General Municipal Law (GML) and the New York City Department of Finance Collateral Policy, dated December 5, 2012. Each NYC Designated Bank must pledge Eligible Securities and/or Letters of Credit that satisfy the minimum GML requirements. The Designated Banks also must agree to closely monitor City bank account balances and adjust the amount of collateral when the City's bank account balance changes to ensure that City deposits are always fully collateralized. The banks usually report such collateral changes to both their respective custodians and the Department of Finance's Collateral Committee on a daily basis.

At June 30, 2015 and 2014, the carrying amount of the City's unrestricted cash and cash equivalents was $7.18 billion and $7.96 billion, respectively, and the bank balances were $4.29 billion and $1.47 billion, respectively. At June 30, 2015 and 2014, the carrying amount of the restricted cash and cash equivalents were $3.61 billion and $2.69 billion, respectively, and the bank balances were $1.67 billion and $644 million, respectively. Of the unrestricted bank balance, $51 thousand was exposed to custodial credit risk (this is the risk that in the event of a bank failure, the City's deposits may not be returned to it or the City will not be able to recover collateral securities that are in the possession of an outside party) because the respective bank balance was uninsured and uncollateralized at June 30, 2015. Of the restricted bank balances, $4 thousand and $10 thousand were exposed to custodial credit risk because the respective bank balances were uninsured and uncollateralized at June 30, 2015 and 2014, respectively.

Investments

The City's investment of cash in its governmental fund types is currently limited to U.S. Government guaranteed securities and U.S. Government agency securities purchased directly and through repurchase agreements from primary dealers, as well as commercial paper rated A1 and P1 by Standard & Poor's Corporation and Moody's Investors Service, Inc., respectively. The repurchase agreements must be collateralized by U.S. Government guaranteed securities, U.S. Government agency securities, or eligible commercial paper in a range of 100% to 102% of the matured value of the repurchase agreements. The following is a summary of the fair value of investments of the City as of June 30, 2015 and 2014:

Governmental activities:

	Investment Maturities (in years)					
	2015			2014		
Investment Type	**Less than 1**	**1 to 5**	**More than 5**	**Less than 1**	**1 to 5**	**More than 5**
	(in thousands)					
Unrestricted						
U.S. Government securities	$ 149,688	$5,350,429	$ —	$1,133,948	$454,259	$ —
U.S. Government agency obligations	1,718,306	125,041	—	1,687,535	137,777	—
Commercial paper	824,353	—	—	2,052,145	—	—
Investment derivative instruments	—	—	(74,157)[1]	—	—	(92,513)[2]
Total unrestricted	$2,692,347	$5,475,470	$(74,157)	$4,873,628	$592,036	$(92,513)
Restricted						
U.S. Government securities	$ 544,700	$ 464,435	$ —	$ 187,067	$219,164	$ —
U.S. Government agency obligations	1,202,661	84,527	—	966,842	52,436	—
Commercial paper	19,999	—	—	320,027	—	—
Municipal bonds	—	—	16,900	—	—	22,743
Money market funds	33,710	—	—	32,242	—	—
Time deposits	9,334	—	—	9,790	—	—
Total restricted	$1,810,404	$ 548,962	$ 16,900	$1,515,968	$271,600	$ 22,743

(1) The City has five pay-fixed interest rate swaps (see Note A.12, A through E) and two basis swaps (see Note A.12, G and K) that are treated as investment derivative instruments. Additionally, the City has one pay-fixed swap (H) that is partially treated as an investment derivative instrument (see Note A.12). On June 30, 2015, the swaps had fair values of $(17,035) thousand, $(5,679) thousand, $(5,679) thousand, $(5,679) thousand, $(14,537) thousand, $2,336 thousand, $(11,703) thousand, and $(16,181) thousand, respectively.

(2) The City had two pay-fixed interest rate swaps (E and F) and two basis swaps (G and K) that were treated as investment derivative instruments. Additionally, the City had five pay-fixed swaps (A-D, and H) that were partially treated as investment derivative instruments. On June 30, 2014, the swaps had fair values of $(15,905) thousand, $(37) thousand, $(3,842) thousand, $(25,957) thousand, $(15,782) thousand, $(5,261) thousand $(5,261) thousand $(5,261) thousand and $(15,207) thousand, respectively.

Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs (the City does not value any of its investments using level 3 inputs).

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2015 and June 30, 2014:

Investments[(1)] by Fair Value Level	6/30/2015	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)	6/30/2014	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)
	(in thousands)					
U.S. Government securities	$ 6,596,073	$878,299	$ 5,717,774	$2,022,523	$176,265	$1,846,258
U.S. Government agency obligations	3,120,686	—	3,120,686	2,874,871	—	2,874,871
Commercial paper	1,699,849	—	1,699,849	3,340,712	—	3,340,712
Money market funds	273,121	33,710	239,411	404,208	32,242	371,966
Municipal bonds	16,900	—	16,900	22,743	—	22,743
Investment derivative instruments	(74,157)	—	(74,157)	(92,513)	—	(92,513)
Total investments and cash equivalents by fair value level	$11,632,472[(2)]	$912,009	$10,720,463	$8,572,544[(2)]	$208,507	$8,364,037

(1) Includes cash equivalents carried at fair value by blended components.

(2) ECF has not yet adopted GASB Statement No. 72, which will be effective for the year ending June 30, 2016. For the year ended June 30, 2015 and June 30, 2014, ECF's listed investments totaled $44.23 million and $47.31 million, respectively.

Investments classified in Level 1 of the fair value hierarchy, valued at $912.01 million and $208.51 million in Fiscal Years 2015 and 2014 respectively, are valued using quoted prices in active markets.

U.S. Government securities totaling $5.50 billion and $1.588 billion, U.S. Government agency obligations totaling $3.12 billion and $2.87 billion, commercial paper totaling $1.7 billion and $3.34 billion, money market funds totaling $239.41 million and $371.97 million and municipal bonds totaling $16.90 million and $22.74 million, in fiscal years 2015 and 2014 respectively, classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

U.S. Government securities, totaling $217.74 million and $258.20 million in Fiscal Years 2015 and 2014 respectively, under a forward supply contract classified in Level 2 of the fair value hierarchy are valued using present value and option pricing model techniques.

Investment derivative instruments, totaling ($74.16 million) and ($92.51 million) in Fiscal Years 2015 and 2014, respectively, are classified in Level 2 of the fair value hierarchy. Fair value is described as the exit price that assumes a transaction takes place in the City's most advantageous market in the absence of a principal market. These inputs include the mid-market valuation and then incorporates the credit risk of either the City or its counterparty and the bid/offer spread that would be charged to the City in order to transact. The mid-market values of the interest rate swaps were estimated using the income approach. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement date.

Interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the weighted average maturity to a period of less than 2 years. The City's current weighted average maturity is less than 201 days.

Credit risk. Investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished through ratings, collateral, and diversification requirements that vary according to the type of investment. As of June 30, 2014 and 2013, investments in Fannie Mae or Freddie Mac and Federal Home Loan Bank (FHLB) were rated in the highest long-term or short-term ratings category (as applicable) by Standard & Poor's and/or Moody's Investor Service. These ratings were AA+ and A-1+ by Standard & Poor's and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively.

Concentration of credit risk. The City's investment policy limits investments to no more than $250 million invested at any time in either commercial paper of a single issuer or investment agreements with a single provider.

Custodial credit risk-investments. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the City, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the City.

The City's investment policy related to custodial credit risk calls for limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the City.

Investment Derivative Instruments

Credit risk: The City is exposed to credit risk on investment derivative instruments. To minimize its exposure to loss related to credit risk, it is the City's policy to require counterparty collateral posting provisions in its investment derivative instruments. These terms require collateralization of the fair value of investment derivative instruments (net of the effect of applicable threshold requirements and netting arrangements) should the counterparty's credit rating fall below the following:

The counterparty (or its respective guarantor) with respect to derivative instruments B, D, E and H (see Note A.12) is required to post collateral if one of its credit ratings goes below A3/A-. The counterparty with respect to derivative instrument H (see Note A.12) is required to post collateral if one of its credit ratings goes below A2/A. The counterparty with respect to derivative instruments A, C, G and K (see Note A.12) is required to post collateral if it has at least one rating below Aa3 or AA-. The City has never been required to access collateral.

As discussed in Note A.12, it is the City's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty.

The aggregate fair value of investment derivative instruments requiring collateralization at June 30, 2015 was $(74.16) million. A negative aggregate fair value means the City would have owed payments to the counterparties. The City had no counterparty credit exposure to any of the investment derivative instrument counterparties as of that date.

Interest rate risk: The City is exposed to interest rate risk on its swaps. In derivative instruments A, B, C, D, E and H, pay-fixed, receive-variable interest rate swaps, as LIBOR decreases, the City's net payment on the swap increases.

Basis risk: The City is exposed to basis risk on derivative instruments A, B, C, D, E and H (see Note A.12) because the variable-rate payment received by the City is based on a rate or index other than the interest rate the City pays on its variable-rate debt. Under the terms of its derivative instruments A, B, C, D, E and H (see Note A.12), the City pays a variable rate on the outstanding underlying bonds based on SIFMA, but receives a variable rate on the swap based on a percentage of LIBOR. In derivative instrument G (see Note A.12), the City's variable payer rate is based on SIFMA times 1.36 and the City receives 100% of LIBOR in return. The City's net payments over time will be determined by both the absolute levels of interest rates and the relationship between SIFMA and LIBOR. In derivative instrument K, the City's variable payer rate is based on SIFMA and its variable receiver rate is based on a percentage of LIBOR. However, the stepped percentages of LIBOR received by the City mitigate the risk that the City will be harmed in low interest rate environments by the compression of the SIFMA and LIBOR indices. As the overall level of interest rate decreases, the percentage of LIBOR received by the City increases.

Tax risk: The City is at risk that a change in Federal tax rates will alter the fundamental relationship between the SIFMA and LIBOR indices. A reduction in Federal tax rates, for example, will likely increase the City's payment on its underlying variable rate bonds in derivative instruments A, B, C, D, E and H and its variable payer rate in derivative instruments G and K.

Termination risk: The City or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The City is at risk that a counterparty will terminate a swap at a time when the City owes it a termination payment. The City has mitigated this risk by specifying that the counterparty has the right to terminate only as a result of certain events, including: a payment default by the City; other City defaults which remain uncured for 30 days after notice; City bankruptcy;

insolvency of the City (or similar events); or a downgrade of the City's credit rating below investment grade (i.e., BBB-/Baa3). If at the time of termination, an investment derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Counterparty risk: The City is at a risk that a counterparty (or its guarantor) will not meet its obligations under the swap. If a counterparty were to default under its agreement when the counterparty would owe a payment to the City, the City may have to pay another entity to assume the position of the defaulting counterparty. The City has sought to limit its counterparty risk by contracting only with highly-rated entities or requiring guarantees of the counterparty's obligations under the swap documents.

The discretely presented component units included in the City's reporting entity maintain their own investment policies that generally conform to those of the City.

The criteria for the Pension and Other Employee Benefit Trust Funds' and Other Trust Funds' investments are as follows:

1. Fixed income investments may be made in U.S. Government guaranteed securities or securities of U.S. Government agencies, securities of entities rated BBB or better by both Standard and Poor's Corporation and Moody's Investors Service, Inc., and any bond that meets the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
2. Equity investments may be made only in those stocks that meet the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
3. Short-term investments may be made in the following:
   a. U.S. Government guaranteed securities or U.S. Government agency securities.
   b. Commercial paper rated A1, P1, or F1 by Standard & Poor's Corporation or Moody's Investors Service, Inc., or Fitch, respectively.
   c. Repurchase agreements collateralized in a range of 100% to 102% of matured value, purchased from primary dealers of U.S. Government securities.
   d. Investments in bankers' acceptances, certificates of deposit, and time deposits are limited to banks with worldwide assets in excess of $50 billion that are rated within the highest categories of the leading bank rating services, and selected regional banks also rated within the highest categories.
   e. Other top-rate securities maturing in less than 4 years.
4. Investments up to 25% of total pension fund assets in instruments not specifically covered by the New York State Retirement and Social Security Law.
5. No investment in any one corporation can be: (i) more than 2% of the pension plan net position; or (ii) more than 5% of the total outstanding issues of the corporation.

All investments are held by the City's custodial banks (in bearer or book-entry form) solely as an agent of the Comptroller of The City of New York on behalf of the various account owners. Payments for purchases are not released until evidence of ownership of the underlying investments are received by the City's custodial bank.

Securities Lending

State statutes and Board policies permit the Pension and Certain Other Employee Benefit Trust Funds to lend its securities to broker-dealers and other entities for collateral, for the same securities in the future with a simultaneous agreement to return the collateral in the form of cash, treasury and U.S. Government securities. The Funds' agent lends the following types of securities: short term securities, common stocks, long-term corporate bonds, U.S. Government and U.S. Government agency bonds, asset-backed securities and international equities and bonds held in collective investment funds. In return, the Funds receive collateral in the form of cash, U.S. Treasury and US. Government agency securities at 100% to 105% of the principal plus accrued interest for reinvestment. At June 30, 2015 and 2014, management believes that the Funds had no credit risk exposure to borrowers because the amounts the Funds owed the borrowers equaled or exceeded the amounts the borrowers owed the Funds. The contracts with the Fund's custodian require the securities lending agent to indemnify the Funds. In the situation when a borrower goes into default, the Agent will liquidate the collateral to purchase replacement securities. Any shortfall before the replacement securities cost and the collateral value is covered by the Agent. All securities loans can be terminated on demand within a period specified in each agreement by either the Funds or the borrowers. Cash collateral is invested by the securities lending agent using approved lender's investment guidelines. The weighted average maturity is 55 days. The securities lending program in which the Funds participate only allows pledging or selling securities in the case of borrower default.

The City reports securities loaned as assets on the *Statement of Fiduciary Net Position*. Cash received as collateral on securities lending transactions, and investments made with that cash, are also recorded as assets. Liabilities resulting from these transactions are reported on the *Statement of Fiduciary Net Position*. Accordingly, the City records the investments purchased with the cash collateral as Investments; Collateral From Securities Lending Transactions with a corresponding liability are recorded as Securities Lending Transactions.

2. Capital Assets

The following is a summary of capital assets activity for the Fiscal Years ended June 30, 2014 and 2015:

	Primary Government						
Primary Government	**Balance June 30, 2013**	**Additions**	**Deletions**	**Balance June 30, 2014**	**Additions**	**Deletions**	**Balance June 30, 2015**
				(in thousands)			
Governmental Activities:							
Capital assets, not being depreciated/amortized:							
Land	$ 1,700,454	$ 90,833	$ 20,553	$ 1,770,734	$ 137,076	$ 60	$ 1,907,750
Construction work-in-progress	4,704,891	3,373,572	3,818,819	4,259,644	3,577,653	4,857,381	2,979,916
Total capital assets, not being depreciated/amortized	6,405,345	3,464,405	3,839,372	6,030,378	3,714,729	4,857,441	4,887,666
Capital assets, being depreciated/amortized:							
Buildings	49,288,811	3,226,888	430,700	52,084,999	4,372,039	414,345	56,042,693
Equipment (including software)	7,406,025	705,317	261,615	7,849,727	633,302	271,986	8,211,043
Infrastructure	19,096,204	1,119,471	673,539	19,542,136	1,180,428	448,903	20,273,661
Total capital assets, being depreciated/amortized	75,791,040	5,051,676	1,365,854	79,476,862	6,185,769	1,135,234	84,527,397
Less accumulated depreciation/amortization:							
Buildings	19,907,775	1,588,555	196,793	21,299,537	1,988,833	326,682	22,961,688
Equipment (including software)	4,900,699	509,198	131,557	5,278,340	548,257	217,327	5,609,270
Infrastructure	6,877,847	875,677	486,266	7,267,258	891,663	437,053	7,721,868
Total accumulated depreciation/amortization	31,686,321	2,973,430[(1)]	814,616	33,845,135	3,428,753[(1)]	981,062	36,292,826
Total capital assets, being depreciated/amortized, net	44,104,719	2,078,246	551,238	45,631,727	2,757,016	154,172	48,234,571
Governmental activities capital assets, net	$50,510,064	$5,542,651	$4,390,610	$51,662,105	$6,471,745	$5,011,613	$53,122,237

(1) Depreciation expense was charged to functions/programs of the City for the Fiscal Years ended June 30, 2015 and 2014 as follows:

	2015	2014
	(in thousands)	
Governmental activities:		
General government	$ 535,537	$ 412,838
Public safety and judicial	422,511	188,031
Education	1,230,095	1,162,064
City University	5,313	5,041
Social services	85,340	71,659
Environmental protection	129,380	148,608
Transportation services	596,550	567,202
Parks, recreation and cultural activities	348,016	347,768
Housing	8,838	7,377
Health	50,572	46,936
Libraries	16,601	15,906
Total depreciation expense-governmental activities	$3,428,753	$2,973,430

The following are the sources of funding for the governmental activities capital assets for the Fiscal Years ended June 30, 2015 and 2014. Sources of funding for capital assets are not available prior to Fiscal Year 1987.

	2015	2014
	(in thousands)	
Capital Projects Funds:		
Prior to Fiscal Year 1987	$ 6,598,496	$ 6,630,099
City and TFA bonds	79,707,160	75,711,645
Federal grants	519,030	479,184
State grants	75,842	55,715
Private grants	67,224	67,224
Capitalized leases	2,447,311	2,563,373
Total funding sources	$89,415,063	$85,507,240

At June 30, 2015 and 2014, the governmental activities capital assets include approximately $1.2 billion of City-owned assets leased for $1 per year to the New York City Transit Authority which operates and maintains the assets. In addition, assets leased to HHC and to the Water and Sewer System are excluded from governmental activities capital assets and are recorded in the respective component unit financial statements.

Included in buildings at June 30, 2015 and 2014, are leased properties that have elements of ownership. These assets are recorded as capital assets as follows:

	Capital Leases	
Governmental activities:	2015	2014
	(in thousands)	
Capital asset:		
Buildings	$2,447,311	$2,563,373
Less accumulated amortization	808,068	861,934
Buildings, net	$1,639,243	$1,701,439

Capital Commitments

At June 30, 2015, the outstanding commitments relating to projects of the New York City Capital Projects Fund amounted to approximately $15.4 billion.

To address the need for significant infrastructure and public facility capital investments, the City has prepared a ten-year capital spending program which contemplates New York City Capital Projects Fund expenditures of $83.8 billion over Fiscal Years 2015 through 2024. To help meet its capital spending program, the City and TFA borrowed $3.94 billion in the public credit market in Fiscal Year 2015. The City and TFA plan to borrow $4.80 billion in the public credit market in Fiscal Year 2016.

3. Leases

The City leases a significant amount of property and equipment from others. Leased property having elements of ownership is recorded in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. Other leased property not having elements of ownership are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when payable. Total expenditures on such leases for the Fiscal Years ended June 30, 2015 and 2014 were approximately $942.0 million and $822.0 million, respectively.

As of June 30, 2015, the City (excluding discretely presented component units) had future minimum payments under capital and operating leases with a remaining term in excess of one year as follows:

	Capital Leases	Operating Leases	Total
Governmental activities:		(in thousands)	
Fiscal Year ending June 30:			
2016	$ 182,604	$ 600,566	$ 783,170
2017	179,127	568,367	747,494
2018	175,611	542,610	718,221
2019	167,507	502,741	670,248
2020	167,472	480,179	647,651
2021-2025	680,981	1,903,593	2,584,574
2026-2030	437,826	1,176,924	1,614,750
2031-2035	221,960	337,896	559,856
2036-2040	96,241	48,146	144,387
2041-2045	8,071	16,943	25,014
2046-2050	—	11,499	11,499
Future minimum payments	2,317,400	$6,189,464	$8,506,864
Less: Interest	678,157		
Present value of future minimum payments	$1,639,243		

The present value of future minimum lease payments includes approximately $1.114 billion for leases with Public Benefit Corporations (PBC) where State law generally provides that in the event the City fails to make any required lease payment, the amount of such payment will be deducted from State aid otherwise payable to the City and paid to PBCs.

The City also leases City-owned property to others, primarily for markets, ports, and terminals. Total rental revenue on these capital and operating leases for the Fiscal Years ended June 30, 2015 and 2014 was approximately $284 million and $311 million, respectively. As of June 30, 2015, the following future minimum rentals are provided for by the leases:

	Capital Leases	Operating Leases	Total
Governmental activities:		(in thousands)	
Fiscal Year ending June 30:			
2016	$ 1,177	$ 191,764	$ 192,941
2017	1,198	187,718	188,916
2018	1,198	186,010	187,208
2019	1,197	182,578	183,775
2020	1,201	166,193	167,394
2021-2025	5,397	796,960	802,357
2026-2030	5,323	748,044	753,367
2031-2035	5,204	732,855	738,059
2036-2040	2,365	715,377	717,742
2041-2045	2,033	713,654	715,687
2046-2050	1,858	711,235	713,093
2051-2055	1,800	129,721	131,521
2056-2060	1,800	65,417	67,217
2061-2065	1,800	65,417	67,217
2066-2070	1,800	65,204	67,004
2071-2075	1,800	63,292	65,092
2076-2080	1,619	54,596	56,215
2081-2085	—	48,017	48,017
2086-2090	—	14,405	14,405
Thereafter until 2106	—	2	2
Future minimum lease rentals	38,770	$5,838,459	$5,877,229
Less interest	24,780		
Present value of future minimum lease rentals	$13,990		

4. Service Concession Arrangements

The City is the transferor in 66 Service Concession Arrangements contracted at the Parks Department. The agreements convey to the operators the right, either through licenses or permits, to construct capital assets and operate and maintain all service concessions. The City has the right to approve the type of services the operators may provide and the fees that may be charged by the operators to the public. As per the agreements, the operators provide high-quality amenities and facilities to park users, which generate General Fund revenues for the City and also create valuable business and employment opportunities for the public. The Parks Department operators help preserve some of the City's unique park facilities and provide public amenities while creating and developing new park destinations with fewer public funds.

The Service Concession Agreements do not contain any upfront payments from the operators nor are there any guarantees or commitments by the City. By concession type, the value of the Capital Assets associated with the above Service Concession Arrangements and the deferred inflows resulting from such arrangements are as follows at June 30:

	2015			2014		
Concession Type	Number of concessions	Deferred inflows	Capital Assets Value	Number of concessions	Deferred inflows	Capital Assets Value
		(in thousands)			(in thousands)	
Restaurants	24	$ 48,063	$ 86,718	23	$ 56,062	$ 89,281
Sports Centers	15	21,926	52,102	15	26,252	53,996
Golf Courses	14	29,262	48,399	15	32,665	50,264
Gas Stations	6	517	783	6	546	807
Amusement Parks/Carousels	3	45,789	78,895	3	55,293	81,151
Stables	2	80	418	3	155	691
Other	2	24	230	2	66	237
Total	66	$145,661	$267,545	67	$171,039	$276,432

5. Long-Term Liabilities

Changes in Long-term liabilities

In Fiscal Years 2014 and 2015, the changes in long-term liabilities were as follows:

Primary Government	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
				(in thousands)				
Governmental activities:								
Bonds and notes payable								
General Obligation Bonds[(1)]	$ 41,591,938	$ 4,882,530	$ 4,809,835	$ 41,664,633	$ 3,249,510	$ 4,454,196	$ 40,459,947	$2,231,100
TFA bonds	29,202,450	3,384,420	1,548,050	31,038,820	5,175,795	2,364,510	33,850,105	845,640
TSASC bonds	1,245,440	—	17,070	1,228,370	—	6,335	1,222,035	—
IDA bonds	92,590	—	2,835	89,755	—	2,975	86,780	3,115
STAR bonds	1,985,415	—	10,885	1,974,530	2,035,330	1,974,530	2,035,330	73,935
FSC bonds	259,850	—	29,060	230,790	—	33,415	197,375	22,205
HYIC bonds	3,000,000	—	—	3,000,000	—	—	3,000,000	—
ECF bond	268,045	—	1,890	266,155	—	1,965	264,190	2,055
Tax lien collateralized bonds	33,656	91,366	79,241	45,781	95,479	107,029	34,231	—
Total before premiums/discounts(net)	77,679,384	8,358,316	6,498,866	79,538,834	10,556,114	8,944,955	81,149,993	3,178,050
Less premiums/(discounts)(net)	2,956,104	622,151	416,276	3,161,979	999,675	336,578	3,825,076	—
Total bonds and notes payable	80,635,488	8,980,467	6,915,142	82,700,813	11,555,789	9,281,533	84,975,069	3,178,050
Capital lease obligations	1,739,489	75,467	113,517	1,701,439	93,015	155,211	1,639,243	72,655
Other tax refunds	1,941,656	179,703	186,656	1,934,703	312,193	145,704	2,101,192	254,193
Judgments and claims	6,237,128	1,812,784	1,136,454	6,913,458	1,148,392	1,275,197	6,786,653	1,414,872
Real estate tax certiorari	880,342	184,227	178,608	885,961	205,290	152,629	938,622	169,948
Vacation and sick leave	4,150,269	76,029	290,632	3,935,666	355,296	310,233	3,980,729	310,233
Pension liability	59,941,126	—	13,343,041	46,598,085	5,400,902	—	51,998,987	—
OPEB liability	92,521,346	78,551	3,114,775	89,485,122	(864,197)	3,136,373	85,484,552	—
Landfill closure and postclosure care costs..	1,128,812	394,850	57,029	1,466,633	105,030	63,303	1,508,360	87,469
Pollution remediation obligation	216,754	234,404	213,551	237,607	228,622	215,998	250,231	214,775
Total changes in governmental activities long-term liabilities	$249,392,410	$12,016,482	$25,549,405	$235,859,487	$18,540,332	$14,736,181	$239,663,638	$5,702,195

(1) General Obligation Bonds are generally liquidated with resources of the General Debt Service Fund. Other long-term liabilities are generally liquidated with resources of the General Fund.

The bonds and notes payable at June 30, 2014 and 2015, summarized by type of issue are as follows:

Primary Government	2014				2015			
	City General Obligation[(1)]	Other bonds and notes payable[(2)]	Revenue[(3)]	Total	City General Obligation[(1)]	Other bonds and notes payable[(2)]	Revenue[(3)]	Total
				(in thousands)				
Governmental activities:								
Bonds and notes payable								
General obligation bonds	$41,664,633	$ —	$ —	$41,664,633	$40,459,947	$ —	$ —	$40,459,947
TFA bonds	—	24,987,400	—	24,987,400	—	26,424,345		26,424,345
TFA bonds BARBs	—	—	6,051,420	6,051,420	—	—	7,425,760	7,425,760
TSASC bonds	—	—	1,228,370	1,228,370	—	—	1,222,035	1,222,035
IDA bonds	—	89,755	—	89,755	—	86,780		86,780
STAR bonds	—	—	1,974,530	1,974,530	—	—	2,035,330	2,035,330
FSC bonds	—	—	230,790	230,790	—	—	197,375	197,375
HYIC bonds	—	—	3,000,000	3,000,000	—	—	3,000,000	3,000,000
ECF bonds	—	—	266,155	266,155	—	—	264,190	264,190
Tax lien collateralized bonds.	—	—	45,781	45,781	—	—	34,231	34,231
Total before net of premium / discount	41,664,633	25,077,155	12,797,046	79,538,834	40,459,947	26,511,125	14,178,921	81,149,993
Premiums/(discounts)(net)	1,577,393	1,437,303	147,283	3,161,979	1,599,541	1,588,851	636,684	3,825,076
Total bonds payable	$43,242,026	$26,514,458	$12,944,329	$82,700,813	$42,059,488	$28,099,976	$14,815,605	$84,975,069

(1) The City issues its General Obligation for capital projects which include construction, acquisition, repair or life extending maintenance of the City's infrastructure.

(2) Other bonds and notes payable includes TFA (excluded BARBs) and IDA. They are general obligations of the respective issuers.

(3) Revenue bonds include ECF, FSC, HYIC, STAR, TFA (BARBs), NYCTLTs and TSASC.

The following table summarizes future debt service requirements as of June 30, 2015:

	Governmental Activities					
	City General Obligation Bonds		Other Bonds and Notes Payable		Revenue Bonds	
Primary Government	Principal	Interest[1]	Principal	Interest	Principal	Interest
	(in thousands)					
Fiscal year ending June 30:						
2016	$ 2,231,100	$ 1,713,056	$ 710,770	$ 1,015,573	$ 236,180	$ 687,159
2017	2,309,521	1,630,810	858,180	1,031,071	295,770	692,957
2018	2,283,150	1,528,334	922,970	998,102	311,265	680,008
2019	2,227,241	1,425,182	1,204,480	959,686	341,845	665,696
2020	2,342,145	1,320,625	1,213,450	914,868	314,250	649,940
2021-2025	10,961,533	5,061,093	5,871,610	3,899,052	1,842,435	2,998,567
2026-2030	8,498,238	2,781,194	5,609,015	2,751,119	2,341,211	2,473,629
2031-2035	5,730,812	1,239,157	4,431,940	1,708,289	2,777,865	1,848,641
2036-2040	3,066,698	278,457	4,172,235	666,220	1,681,180	1,222,033
2041-2045	809,463	23,264	1,516,475	48,688	1,036,920	864,976
2046-2050	3	13	—	—	3,000,000	153,125
Thereafter until 2147	43	147	—	—	—	—
Total future debt service requirements	40,459,947	17,001,332	26,511,125	13,992,668	14,178,921	12,936,731
Less interest component	—	17,001,332	—	13,992,668	—	12,936,731
Total principal outstanding	$40,459,947	$ —	$26,511,125	$ —	$14,178,921	$ —

[1] Includes interest for general obligation bonds estimated at a 2% rate on tax-exempt adjustable rate bonds and at a 3% rate on taxable adjustable rate bonds.

The average (weighted) interest rates for outstanding City General Obligation Bonds as of June 30, 2015 and 2014, were 4.35% and 4.36%, respectively, and both ranged from 0% to 8.6%. The last maturity of the outstanding City debt is in the year 2147.

Since the City has variable rate debt outstanding, the terms by which interest rates change for variable rate debt are as follows: for Auction Rate Securities, an interest rate is established periodically by an auction agent at the lowest clearing rate based upon bids received from broker-dealers. Variable Rate Demand Bonds (VRDBs) are long-term bonds that have a daily or weekly "put" feature backed by a bank Letter of Credit or Stand By Bond Purchase Agreement. VRDBs are repriced daily or weekly and provide investors with the option to tender the bonds at each repricing. A broker, called a Remarketing Agent, is responsible for setting interest rates and reselling to new investors any securities that have been tendered. CPI Bonds pay the holder a floating interest rate tied to the consumer price index. The rate is a fixed spread plus a floating rate equal to the change in the Consumer Price Index-Urban (CPI-U) for a given period. LIBOR Bonds pay the holder a floating interest rate calculated as a percentage of the LIBOR. SIFMA Index Bonds pay the holder a floating index rate based on the Securities Industry and Financial Markets Association Municipal Swap Index plus spread.

In Fiscal Years 2015 and 2014, the City issued $1.78 billion and $2.61 billion, respectively, of General Obligation Bonds to advance refund General Obligation Bonds of $1.96 billion and $2.83 billion, respectively, aggregate principal amounts. The net proceeds from the sales of the refunding bonds, together with other funds of $49.12 million and $32.45 million, respectively, were irrevocably placed in escrow accounts and invested in United States Government securities. As a result of providing for the payment of the principal and interest to maturity, and any redemption premium, the advance refunded bonds are considered to be defeased and, accordingly, the liability is not reported in the government-wide financial statements. In Fiscal Year 2015, the refunding transactions will decrease the City's aggregate debt service payments by $278.36 million and provide an economic gain of $241.97 million. In Fiscal Year 2014, the refunding transactions decreased the City's aggregate debt service payments by $246.30 million and provided an economic gain of $216.89 million. At June 30, 2015 and 2014, $20.23 billion and $19.67 billion, respectively, of the City's outstanding General Obligation Bonds were considered defeased.

The State Constitution requires the City to pledge its full faith and credit for the payment of the principal and interest on City term and serial bonds and guaranteed debt. The GO debt-incurring power of the City is limited by the Constitution to 10% of the average of five years' full valuations of taxable real estate. Excluded from this debt limitation is certain indebtedness incurred for water supply, certain obligations for transit, sewage, and other specific obligations which exclusions are based on a relationship of debt service to net revenue. In July 2009, the New York State Assembly passed legislation stipulating that certain TFA debt would be included in the calculation of debt-incurring margin within the debt limit of the City.

As of July 1, 2015 and 2014, the 10% general limitation was approximately $85.18 billion and $81.35 billion, respectively. Also, as of July 1, 2015, the City's remaining GO debt-incurring power totaled $27.76 billion, after providing for capital commitments.

Pursuant to State law, the City's General Debt Service Fund is administered and maintained by the State Comptroller. Payments of real estate taxes and other revenues are deposited in advance of debt service payment dates into the Fund. Debt service on all City notes and bonds is paid from this Fund. In Fiscal Year 2015, discretionary transfers of $1.98 billion were made from the General Fund to the General Debt Service Fund for Fiscal Year 2016 debt service. In Fiscal Year 2014, discretionary and other transfers of $620.54 million were made from the General Fund to the General Debt Service Fund for Fiscal Year 2015 debt service. In addition, in Fiscal Year 2015, discretionary transfers of $1.58 billion were made to component unit Debt Service Funds.

Hedging derivative instrument payments and hedged debt

The table that follows represents debt service payments on certain general obligation variable-rate bonds and net receipts/payments on associated hedging derivative instruments (see Note A.12), as of June 30, 2015. Although interest rates on variable rate debt and the current reference rates of hedging derivative instruments change over time, the calculations included in the table below are based on the assumption that the variable rate and the current reference rates of hedging derivative instruments on June 30, 2015 will remain the same for their term.

	Governmental Activities			
	General Obligation Bonds			
	Principal	Interest	Hedging Derivative Instruments, Net	Total
	(in thousands)			
Fiscal year ending June 30:				
2016	$ 11,980	$1,211	$ 7,762	$ 20,953
2017	14,125	828	7,546	22,498
2018	18,040	347	7,275	25,661
2019	—	75	7,122	7,197
2020	—	75	7,122	7,197
2021-2025	19,950	372	35,323	55,645
2026-2030	182,785	213	20,244	203,243
2031-2032	47,265	14	1,359	48,638
Total	$294,145	$3,135	$93,753	$391,033

Judgments and Claims

The City is a defendant in lawsuits pertaining to material matters, including claims asserted which are incidental to performing routine governmental and other functions. This litigation includes, but is not limited to: actions commenced and claims asserted against the City arising out of alleged constitutional violations; torts; breaches of contract; other violations of law; and condemnation proceedings.

As of June 30, 2015 and 2014, claims in excess of $1.15 trillion and $1.14 trillion, respectively, were outstanding against the City for which the City estimates its potential future liability to be $6.78 billion and $6.91 billion, respectively.

As explained in Note A.10, the estimate of the liability for all judgments and claims has been reported in the government-wide *Statement of Net Position* under noncurrent liabilities. The liability was estimated by using the probable exposure information provided by the New York City Law Department (Law Department), and supplemented by information provided by the Law Department with respect to certain large individual claims and proceedings. The recorded liability is the City's best estimate based on available information and application of the foregoing procedures.

Complaints on behalf of approximately 11,900 plaintiffs alleging respiratory or other injuries from alleged exposures to World Trade Center dust and debris at the World Trade Center site or the Fresh Kills landfill were commenced against the City and other entities involved in the post-September 11 rescue and recovery process. Plaintiffs include, among others, Department of Sanitation employees, firefighters, police officers, construction workers and building clean-up workers. The actions were consolidated in Federal District Court pursuant to the Air Transportation and System Stabilization Act, which grants exclusive Federal jurisdiction for all claims related to or resulting from the September 11 attack. A not-for-profit “captive” insurance company, WTC Captive, was formed to cover claims against the City and its private contractors relating to debris removal work at the World Trade Center site and the Fresh Kills landfill. WTC Captive was funded by a grant from the Federal Emergency Management Agency in the amount of $999.9 million. On June 10, 2010, WTC Captive announced that a settlement was reached with attorneys for the plaintiffs. On November 19, 2010, District Court Judge Hellerstein announced that more than the required 95% of plaintiffs agreed to the settlement, thus making it effective. Approximately $642.5 million has been paid under the settlement, leaving residual funds of approximately $326 million to insure and defend the City and its contractors against any new claims. Additionally, the City is threatened with third-party claims in several hundred building clean-up cases to which it is currently not a party. Since the applicable statute of limitations runs from the time a person learns of his or her injury or should reasonably be aware of the injury, additional plaintiffs may bring lawsuits in the future, which could result in substantial damages. No assurance can be given that the insurance will be sufficient to cover all liability that might arise from such claims.

In 1996, a class action was brought against the City and the State under Title VII of the Civil Rights Act of 1964 alleging that the use by the New York City Board of Education of two teacher certification examinations mandated by the State had a disparate impact on minority candidates. In 2006, the United States Court of Appeals for the Second Circuit dismissed the claims against the State. In December 2012, the District Court decided a controlling legal question against the City. On February 4, 2013, the Second Circuit affirmed the District Court’s decision. The District Court has appointed a Special Master to oversee claimants’ individualized hearings both as to damages and eligibility for Board of Education employment. The hearings relate to members of the class that took the Liberal Arts and Science Test (LAST) from 1996 to 2004. Currently, 3,916 such individuals have submitted claim forms and may be eligible for damages. On June 5, 2015, the Court ruled that a second version of LAST, LAST-2, that was administered from 2004 to 2014, violated Title VII, because it did not measure skills necessary to do the job. In addition, the Court’s neutral expert is of the opinion that the State’s new teacher certification test, the Academic Literacy Skills Test (ALST), administered since Spring 2014, was also not properly validated. The plaintiffs could accordingly seek to expand the damages class. If approved by the Court, the extent to which this would extend the class is not known at this time. The potential cost to the City is uncertain at this time but could be significant.

The Federal Department of Health and Human Services Office of Inspector General (HHS OIG) conducted a review of Medicaid Personal Care Services claims made by providers in the City from January 1, 2004 through December 31, 2006, and concluded that 18 out of 100 sampled claims by providers failed to comply with Federal and State requirements. The Medicaid Personal Care Services program in the City is administered by the City’s Human Resources Administration. In its audit report issued in June 2009, the HHS OIG, extrapolating from the case sample, estimated that the State improperly claimed $275.3 million in Federal Medicaid reimbursement during the audit period and recommended to the Center for Medicare and Medicaid Services (CMS) that it seek to recoup that amount from the State. To the City’s knowledge, CMS has not taken any action to recover amounts from the State based on the findings in this audit, but no assurance can be given that it will not do so in the future. Section 22 of Part B of Chapter 109 of the Laws of 2010 amended an earlier unconsolidated State law to set forth a process under which the State Department of Health may recover from a social services district, including the City, the amount of a Federal Medicaid disallowance or recovery that the State Commissioner of Health “determines was caused by a district’s failure to properly administer, supervise or operate the Medicaid program.” Such a determination would require a finding that the local agency had “violated a statute, regulation or clearly articulated written policy and that such violation was a direct cause of the Federal disallowance or recovery.” It is not clear whether the recovery process set out in the amendment can be applied to a Federal disallowance against the State based upon a pre-existing audit; however, in the event that it does, and results in a final determination by the State Commissioner of Health against the City, such a determination could result in substantial liability for the City as a result of the audit.

A lawsuit has been brought against the City in the United States District Court for the Southern District of New York by School Safety Agents alleging violation of the Federal Equal Pay Act, Title VII of the Civil Rights Act of 1964 and provisions of State law. Plaintiffs claim that School Safety Agents (who are predominantly female) earn less pay than Special Officers (who are predominantly male) although both jobs require substantially equal skill, effort and responsibility. The case has been certified as a class action. Although the case was commenced by three named plaintiffs in 2010, 4,900 plaintiffs subsequently opted into the lawsuit. Plaintiffs seek injunctive relief and damages. A settlement was approved by the Court on March 26, 2015. The estimated settlement amount is $32 to $35 million plus reasonable attorney’s fees to be determined by the Court. The City accrued $38 million in 2015 regarding this lawsuit.

On October 27, 2014 a lawsuit under the False Claims Act against the City and Computer Sciences Corporation, a contractor that participated in the submission of claims for Medicaid reimbursement, was unsealed in the United States District Court for the Southern District of New York. Plaintiffs, consisting of the Federal government and a relator, allege fraud in connection with the use of diagnosis and other codes in seeking Medicaid reimbursement in connection with the Early Intervention Program. Plaintiffs seek treble damages and penalties. If plaintiffs were to ultimately prevail the City could be subject to substantial liability.

A personal injury lawsuit brought in 1998 alleges that a 12-year-old female suffered brain injuries as a result of the negligent actions of City emergency medical technicians. On May 28, 2014, a Bronx jury awarded plaintiffs a $172 million judgment. On December 22, 2014, the parties to the lawsuit agreed to a settlement amount of $25 million. The City accrued $25 million in 2015 regarding this lawsuit.

In July 2014, disability rights advocates organizations and disabled individuals commenced a putative class action against the City in the United States District Court for the Southern District of New York. Plaintiffs allege, among other matters, that the City has not complied with certain requirements of the Americans with Disabilities Act with respect to the installation, configuration and maintenance of curb ramps on sidewalks and requirements for sidewalk walkways in general in Manhattan south of 14th Street. If plaintiffs were to prevail, the City could be subject to substantial compliance costs.

The United States Department of Justice is investigating potential False Claims Act violations in connection with Federal E-Rate program funding for the Department of Education (DOE). The program provides eligible schools and libraries funding for eligible telecommunications services. The Federal Communications Commission is also investigating E-Rate funding for DOE. If DOE or the City were to be a defendant in a False Claims Act lawsuit or other proceeding relating to the E-Rate program, they could be subject to substantial liability.

Con Edison has challenged the City’s method of valuation for determining assessments of certain of its properties in two separate actions. Con Edison has challenged the City’s tax assessments on its Manhattan East River plants for tax years 1994/1995 through 2014/2015 and the City’s special franchise assessment on its electric grid located in the public right of way for tax years 2009/2010 through 2014/2015. The challenges could result in substantial real property tax refunds by the City in fiscal years 2016 and beyond.

In 2014, a class action seeking declaratory and injunctive relief was filed on the basis that the City’s real property tax classification system as prescribed by State law violates the Fair Housing Act, denies plaintiffs equal protection and due process rights and results in disparate, adverse and discriminatory treatment of the City’s African-American and Hispanic renters. The City believes this case has no merit.

Midtown TDR Ventures LLC and Midtown GCT Ventures LLC. vs. The City of New York, et al., commenced on September 28, 2015, alleging that a change in the City’s zoning laws resulted in an unconstitutional taking of the value of transferrable development rights associated with Grand Central Terminal and seeking approximately $1.2 billion in damages. The City believes it has strong defenses against the claims and it is not possible at this time to predict if there is any potential liability.

In addition to the above claims and proceedings, numerous real estate tax *certiorari* proceedings alleging overvaluation, inequality and illegality are pending against the City. Based on historical settlement activity, and including an estimated premium for inequality of assessment, the City estimates its potential future liability for outstanding *certiorari* proceedings to be $938 million and $886 million at June 30, 2015 and 2014, respectively, as reported in the government-wide financial statements.

Landfill Closure and Postclosure Care Costs

The City’s only active landfill after October 9, 1993, was the Fresh Kills landfill which has been closed since 2002. Upon the landfill becoming inactive, the City is required by Federal and State law, and under Consent Order with the New York State Department of Environmental Conservation to complete the Final Closure Plan, and to provide postclosure care for a minimum period of 30 years following closure. The Final Closure Plan includes the construction of final cover, stormwater management, leachate mitigation and/or corrective measures, and landfill gas control systems. Postclosure care includes environmental monitoring, and the operation, maintenance, recordkeeping and reporting for the final closure systems.

The liability for these activities as of June 30, 2015, which equates to the total estimated current cost, is $1.30 billion. There are no costs remaining to be recognized. Cost estimates are based on current data including contracts awarded by the City, contract bids, and engineering studies. These estimates are subject to adjustment for inflation and to account for any changes in landfill conditions, regulatory requirements, technologies, or cost estimates. For government-wide financial statements, the liability for closure and postclosure care is based on total estimated current cost. For fund financial statements, expenditures are recognized using the modified accrual basis of accounting when the related liability is incurred and the payment is due.

Resource Conservation and Recovery Act Subtitle D Part 258, which became effective April, 1997, requires financial assurance regarding closure and postclosure care. This assurance was most recently provided, on February 26, 2015, by the City's Chief Financial Officer placing in the Fresh Kills landfill operating record representations in satisfaction of the Local Government Financial Test. As of June 30, 2015, the financial assurance cost estimate for the Fresh Kills Landfill is $1.07 billion.

The City has five inactive hazardous waste sites not covered by the EPA rule. The City has recorded the long-term liability for these postclosure care costs in the government-wide financial statements.

During Fiscal Year 2015, expenditures for landfill and inactive hazardous waste site closure and postclosure care costs totaled $67.1 million.

The following represents the City's total landfill and hazardous waste sites liability which is recorded in the government-wide *Statement of Net Position*:

	Amount (in thousands)
Landfill	$1,299,077
Hazardous waste sites	209,283
Total landfill and hazardous waste sites liability	$1,508,360

Pollution Remediation Obligations

The pollution remediation obligations (PROs) at June 30, 2015 and June 30, 2014 summarized by obligating event and pollution type, respectively, are as follows:

Obligating Event	**Fiscal Year 2015**		**Fiscal Year 2014**	
	Amount (in thousands)	**Percentage**	**Amount (in thousands)**	**Percentage**
Imminent endangerment	$ 111	—%	$ 143	0.1%
Violation of pollution prevention-related permit or license	—	—	108	0.1
Named by regulator as a potentially responsible party	50,964	20.4	50,344	21.1
Voluntary commencement	199,156	79.6	187,012	78.7
Total	$250,231	100.0%	$237,607	100.0%

Pollution Type	**Amount (in thousands)**	**Percentage**	**Amount (in thousands)**	**Percentage**
Asbestos removal	$135,900	54.3%	$139,837	58.9%
Lead paint removal	8,501	3.4	12,145	5.0
Soil remediation	46,338	18.5	32,927	13.9
Water remediation	57,784	23.1	50,791	21.4
Other	1,708	0.7	1,907	0.8
Total	$250,231	100.0%	$237,607	100.0%

(1) There are no expected recoveries to reduce the liability.

The PRO liability is derived from registered multi-year contracts which offsets cumulative expenditures (liquidated/unliquidated) against original encumbered contractual amounts. The potential for changes to existing PRO estimates is recognized due to such factors as: additional remediation work arising during the remediation of an existing pollution project; remediation activities may find unanticipated site conditions resulting in necessary modifications to work plans; changes in methodology during the course of a project may cause cost estimates to change, e.g., the new ambient air quality standard for lead considered a drastic change will trigger the adoption of new/revised technologies for compliance purposes; and changes in the quantity which is paid based on actual field measured quantity for unit price items measured in cubic meters, linear meters, etc. Consequently, changes to original estimates are processed as change orders. Further, regarding pollution remediation liabilities that are not yet recognized because they are not reasonably estimable, the Law Department relates that we have approximately 22 cases involving hazardous substances, including spills from above and underground storage tanks, and other condemnation on, or caused by facilities on City-owned property. There are also two cases involving environmental review and land use, and two cases involving polychlorinated biphenyls caulk in the public schools. Due to the uncertainty of the legal proceedings we cannot estimate a future liability.

The City of New York, in compliance with New York State Department of Environmental Conservation Permit Number 2-6302-00007/00019 issued pursuant to 6 NYCRR Part 360, must provide financial assurance for the closure of the North Shore Marine Transfer Station. Such surety instrument must conform to the requirements of 6 NYCRR Part 260-1.12. The liability for closure as of June 30, 2015, which equates to the total current cost, is $964 thousand. The cost estimate is based on current data and is representative of the cost that would be incurred by an independent party. The estimate is subject to adjustment for inflation and to account for changes in regulatory requirements or cost estimates. For government-wide financial statements, the liability for closure is based on total estimated current cost. For fund financial statements, expenditures are recognized using the modified accrual basis of accounting when the related liability is incurred and the payment is due.

On Monday, October 29, 2012, Superstorm Sandy hit the Mid-Atlantic East Coast. The storm caused widespread damage to the coastal and other low lying areas of the City and power failures in various parts of the City, including most of downtown Manhattan. Although it is not possible for the City to quantify the full, long-term impact of the storm on the City and its economy, the current estimate of costs to the City and HHC is approximately $9.7 billion. Of such amount, approximately $2.1 billion represents expense funding for emergency response, debris removal and emergency protective measures, and approximately $7.6 billion represents capital funding of long-term permanent work to restore damaged infrastructure.

The Financial Plan assumes that the City's costs relating to emergency services and the repair of damaged infrastructure as a result of the storm will ultimately be paid from non-City sources, primarily the federal government. On January 29, 2013, President Obama signed legislation providing for approximately $50.5 billion in storm-related aid for the region affected by the storm. The maximum reimbursement rate from the Federal Emergency Management Agency (FEMA) is 90% of total costs. Other funding sources may have larger local share percentages. The City expects to use $755 million of Community Development Block Grant Recovery funding allocated by the U.S. Department of Housing and Urban Development to meet the local share requirements of the FEMA funding, as well as recovery work not funded by FEMA or other federal sources. This allocation would be available to fill gaps in such FEMA funding. No assurance can be given that the City will be reimbursed for all of its costs or that such reimbursements will be received within the time periods assumed in the Financial Plan. In addition, the City may incur costs relating to flood insurance that are not reflected in the Financial Plan, which could offset some reimbursements.

In June 2013, the City released a report that analyzed the City's climate risks and outlined certain recommendations to address those risks. The report included a first phase of recommendations with a total estimated cost of nearly $20 billion. Such recommendations involve City and non-City assets and programs, and reflect both expense and capital funding from the City along with other sources. The report identified approximately $10 billion to be provided through a combination of $6.5 billion of City capital funding included in the Ten Year Capital Strategy for City infrastructure and coastal protection and federal relief already appropriated by Congress and allocated to the City. Additional costs would require increased federal or other funding and increased City capital or expense funding. The City issued an updated report in April 2015 as part of One New York: The Plan for a Strong and Just City.

On March 2, 2010, the United States Environmental Protection Agency (EPA) listed the Gowanus Canal (the Canal), a waterway located in the City, as a federal Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). EPA considers the City a potentially responsible party (PRP) under CERCLA, based on contaminants from currently and formerly City-owned and operated properties, as well as from the City's combined sewer overflows (CSOs). On September 30, 2013, EPA issued the Record of Decision (ROD) for the Canal, setting forth requirements for dredging contaminated sediment in the Canal and covering it with a cap as well as source control requirements. The ROD requires that two CSO retention tanks be constructed as part of the source control component of the remedy. EPA estimates that the costs of the tanks will be approximately $85 million and the overall cleanup costs (to be allocated among potentially responsible parties) will be $506 million. The City anticipates that the actual cleanup costs could substantially exceed EPA's cost estimate. On May 28, 2014, EPA issued a unilateral administrative order requiring the City to design major components of the remedy for the Canal, including the CSO retention tanks, remediation of the First Street basin (a currently filled-in portion of the Canal), and stormwater controls. On June 23, 2014, the City notified EPA of its intent to commence design of the tanks but also outlined several major legal and practical problems with the unilateral administrative order. The City is proceeding with siting and design for the proposed tanks, in accordance with the order.

On September 27, 2010, EPA listed Newtown Creek, the waterway on the border between Brooklyn and Queens, New York, as a Superfund site. On April 6, 2010, EPA notified the City that EPA considers the City a PRP under CERCLA for hazardous substances in Newtown Creek. In its Newtown Creek PRP notice letter, EPA identified historical City activities that filled former wetlands and low lying areas in and around Newtown Creek and releases from formerly City-owned and operated facilities, including municipal incinerators, as well as discharges from sewers and CSO outfalls, as potential sources of hazardous substances in Newtown Creek. In July, 2011, the City entered into an Administrative Settlement Agreement and Order on Consent (AOC) with EPA and five other PRPs to conduct an investigation of conditions in Newtown Creek and evaluate feasible remedies. The investigation and feasibility study is expected to take approximately seven years. Under the AOC, the City is required to establish and maintain financial security in the amount of $25 million for the benefit of EPA in order to secure the full and final completion of the work required to be performed under the AOC by the City and the Newtown Creek Group, the group of five companies that are respondents to the AOC, in addition to the City. The City has made its demonstration of financial assurance pursuant to the Resource Conservation and Recovery Act, 40 C.F.R. §258.74(f).This assurance was most recently provided February 2015, to the EPA in satisfaction of the AOC. The City's share will be determined in a future allocation proceeding. The City's share will be determined in a future allocation proceeding. The settlement does not cover any remedy that may ultimately be chosen by EPA to address the contamination identified as a result of the investigation and evaluation.

On May 8, 2014, EPA listed the former Wolff-Alport Chemical Company site (Wolff-Alport Site) in Ridgewood, Queens, as a Superfund site. The designation is based on radioactive contamination resulting from the operations of the Wolff-Alport Chemical Company during the 1920s to 1950s which, among other things, disposed of radioactive thorium on-site and via the sewer system. In 2013, EPA, in cooperation with City and State agencies, completed a response action to implement certain interim remedial measures at the Wolff-Alport Site to address the site's short-term public health risks. The Superfund process will include an investigation of impacts to the sewer system from operations at the Wolff-Alport Site.

The National Park Service (NPS) is undertaking a CERCLA removal action at Great Kills Park on Staten Island to address radioactive contamination that has been detected at the site. Great Kills Park was owned by the City until roughly 1972, when it was transferred to NPS for inclusion in the Gateway National Recreation Area. While owned by the City, the site was used as a sanitary landfill, and the park was also expanded using urban fill. NPS believes that the radioactive contamination is the result of City activities and that the City is, therefore, liable for the investigation and remediation under CERCLA. The City is currently negotiating a settlement with NPS to address a remedial investigation and feasibility study. No other PRPs have been identified at this time.

Under CERCLA, a responsible party may be held responsible for monies expended for response actions at a Superfund site, including investigative, planning, removal, remedial and EPA enforcement actions. A responsible party may also be ordered by EPA to take response actions itself. Responsible parties include, among others, past or current owners or operators of a facility from which there is a release of a hazardous substance that causes the incurrence of response costs. The nature, extent, and cost of response actions at either the Canal, Newtown Creek, the Wolff-Alport Site, or Great Kills Park, the contribution, if any, of discharges from the City's sewer system or other municipal operations, and the extent of the City's liability, if any, for monies expended for such response actions, will likely not be determined for several years and could be material.

6. Interfund Receivables, Payables, and Transfers

At June 30, 2015 and 2014, City and discretely presented component units receivable and payable balances and interfund transfers were as follows:

Governmental activities:

Due from/to other funds:

Receivable by	Payable by	2015	2014
		(in thousands)	
General Fund	Capital Projects Fund	$2,915,207[1]	$3,104,484[1]
	HYIC—General Fund	—	1,636
	TDC—General Fund	191	—
	TFA—Debt Service	107,735	48,641
Capital Projects Fund	TFA—Capital Projects Fund	990,794	99,696
	HYIC—Capital Projects Fund	2,233	2,702
HYDC—Capital Projects Fund	HYIC—Capital Projects Fund	124	47
HYIC—Debt Service Fund	HYIC—Capital Projects Fund	255	255
Total due from/to other funds		$4,016,539	$3,257,461

Component Units:

Due from/to City and Component Units:

Receivable by	Payable by	2015	2014
		(in thousands)	
City—General Fund	Component Units—HDC	$ 903,331	$1,085,778
	HHC	704,985	746,740
	less: allowance for uncollectable amounts	(296,811)	—
		1,311,505	1,832,518
City—Capital Projects Fund	Component Units—Water Authority	500,587	522,036
	EDC	111,383	111,579
		611,970	633,615
Total due from Component Units		$1,923,475	$2,466,133
Component Unit—Water Board	City—General Fund	$ 119,756	$ 23,414
Total due to Component Units		$ 119,756	$ 23,414

(1) Net of eliminations within the same fund type.

Note: During Fiscal Years 2015 and 2014, the Capital Projects Fund reimbursed the General Fund for expenditures made on its behalf.

The outstanding balances between funds are the result of the time lag between the dates that the interfund goods and services are provided, the date the transactions are recorded in the accounting system and the date payments between funds are made. All interfund balances are expected to be settled during the subsequent year.

Governmental activities:
Interfund transfers[1]

	Fiscal Year 2015					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
	(in thousands)					
Transfer from (to):						
General Fund	$ —	$ —	$4,979,173	$ 1,986,222	$ —	$6,965,395
General Debt Service Fund	(4,979,173)	—	—	—	—	(4,979,173)
Capital Projects Fund	—	—	—	(5,765,533)	—	(5,765,533)
Nonmajor Debt Service Funds	(2,542,426)	—	—	(123,341)	556,204	(2,109,563)
Nonmajor Capital Projects Funds	—	5,765,533	—	2,083	—	5,767,616
Nonmajor Special Revenue Funds	—	—	—	121,258	—	121,258
Total	$(7,521,599)	$ 5,765,533	$4,979,173	$(3,779,311)	$556,204	$ —

	Fiscal Year 2014					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
	(in thousands)					
Transfer from (to):						
General Fund	$ —	$ —	$1,483,355	$ 1,717,760	$ —	$ 3,201,115
General Debt Service Fund	(1,483,355)	—	—	6,220	—	(1,477,135)
Capital Projects Fund	—	—	—	(3,518,579)	—	(3,518,579)
Nonmajor Debt Service Funds	(3,359,071)	—	(6,220)	(40,040)	1,641,311	(1,764,020)
Nonmajor Capital Projects Funds	—	3,518,579	—	4,020	—	3,522,599
Nonmajor Special Revenue Funds	—	—	—	36,020	—	36,020
Total	$(4,842,426)	$3,518,579	$1,477,135	$(1,794,599)	$ 1,641,311	$ —

(1) Transfers are used to: (i) move unrestricted General Fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as aid or matching funds for grant programs, (ii) move restricted amounts borrowed by authorized fund or component unit to finance Capital Projects Fund expenditures, (iii) move unrestricted surplus revenue from the General Fund to finance Capital Projects Fund expenditures and prepay debt service coming due in the next fiscal year, and (iv) move revenue from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due.

In the fiscal year ended 2015, the City made the following transfers: Transfers of unrestricted grants from the General Fund in the amount of $1,677 million to TFA. These funds were used to fund debt service requirements for future tax secured debt ($1.6 billion) and building aid revenue debt ($76.8 million) during the fiscal year ending June 30, 2016.

In the fiscal year ended June 30, 2014, the City made the following one-time transfer: A transfer from the General Fund of an unrestricted grant of $1,362 million on June 26, 2014 to TFA. These funds were used to fund debt service requirements for future tax secured debt during the fiscal year ending June 30, 2015.

7. Superstorm Sandy

Government Assistance

On October 29, 2012, Superstorm Sandy made landfall in the City. The storm surge and high winds caused significant damage in the City, as well as other states and cities along the U.S. eastern seaboard. The City incurred costs for emergency response and storm related damages to, and destruction of, City buildings and other assets. As of June 30, 2015, the estimated value of damages and recovery costs was approximately $9.7 billion—this includes $7.6 billion for capital construction and $2.1 billion for cleanup, relief, and repairs.

In response to the damages caused by Superstorm Sandy, President Obama signed a major disaster declaration on October 30, 2012, authorizing the Federal Emergency Management Agency (FEMA) to provide Public Assistance grants (PA) to government entities for response and recovery efforts. The emergency declaration supports the reimbursement of eligible emergency work (categorized as Emergency Protective Measures and Debris Removal) and permanent work (categorized as restoration of Roads and Bridges, Water Control Facilities, Buildings and Equipment, Utilities, and Parks and Recreational facilities). On June 26, 2013, the President authorized reimbursement of eligible costs at a 90% rate.

In addition to the FEMA PA, the City has been awarded more than $4.2 billion of Community Development Block Grant Disaster Recovery (CDBG-DR) funding through the U.S. Department of Housing and Urban Development. The major portion of these funds is being used in a variety of home restoration and replacement programs, small business assistance programs, and resiliency/hazard mitigation programs. The remainder is being used to pay certain Superstorm Sandy-related costs that are not reimbursable by FEMA as well as the 10% non-FEMA share of eligible costs, to the extent that those are eligible for CDBG-DR funding.

Approximately $2 billion in emergency and recovery spending was obligated for reimbursement by FEMA during the City's Fiscal Year 2015, the remainder of eligible reimbursement will be obligated going forward. To the extent that eligible Superstorm Sandy related costs were incurred as of June 30, 2015, the FEMA reimbursement has been received or accrued as receivable in Fiscal Year 2015.

E. Other Information

1. Audit Responsibility

In Fiscal Years 2015 and 2014, respectively, the separately administered organizations included in the financial statements of the City audited by auditors other than Deloitte & Touche LLP are TSASC, Inc., New York City School Construction Authority, New York City Health and Hospitals Corporation, New York City Housing Development Corporation, New York City Industrial Development Agency, New York City Economic Development Corporation, Business Relocation Assistance Corporation, Brooklyn Navy Yard Development Corporation, Deferred Compensation Plan, WTC Captive Insurance Company, Inc., New York City Educational Construction Fund, Sales Tax Asset Receivable Corporation, Fiscal Year 2005 Securitization Corporation, NYCTL Trusts, New York City Housing Authority, Hudson Yards Infrastructure Corporation, Hudson Yards Development Corporation, Brooklyn Bridge Park Corporation, The Trust for Governors Island, Build NYC, New York City Land Development Corporation, and the New York City Neighborhood Capital Corporation.

	Government-wide				Fund-based			
	Governmental Activities		Component Units		Nonmajor Governmental Funds		Fiduciary Funds	
	2015	2014	2015	2014	2015	2014	2015	2014
Total assets	3%	3%	50%	50%	37%	42%	7%	6%
Revenues, other financing sources and net position held in trust	4%	4%	76%	77%	71%	62%	8%	8%

2. Subsequent Events

The following events occurred subsequent to June 30, 2015:

Long-Term Financing

City Swap Portfolio: On August 4, 2015, the City terminated a swap with Bank of New York Mellon. The total notional amount terminated was $364,100,000 and the City received a payment of $2,410,000 from the Bank of New York Mellon as a result of the termination.

NYCTLT 2015-A: On August 5, 2015, NYCTLT 2015-A issued Tax Lien Collateralized Bonds, Series 2015-A of $71,790,000 to fund the purchase of certain liens from the City.

City Debt: On August 13, 2015, the City issued $750,475,000 of Fiscal 2016 Series AB General Obligation bonds for refunding purposes.

TFA Debt: On September 29, 2015, the New York City Transitional Finance Authority issued $1,150,000,000 of Fiscal 2016 Series A Future Tax Secured bonds for capital purposes.

ECF: On October 1, 2015, ECF redeemed series 2005A Revenue Bond with an outstanding amount of $23,455,000.

3. Other Employee Benefit Trust Funds

Deferred Compensation Plans For Employees of The City of New York and Related Agencies and Instrumentalities (DCP) and the New York City Employee Individual Retirement Account (NYCE IRA)

DCP offers employees of The City of New York and Related Agencies and Instrumentalities two defined contribution plans in accordance with Internal Revenue Code Sections 457 and 401(k). DCP permits employees to defer a portion of their salary on either a pre-tax (traditional) or after-tax (Roth) basis until future years. Funds may not be withdrawn until termination, retirement, death, Board-approved unforeseen emergency or hardship (as defined by the Internal Revenue Code) or, if still working for the City, upon attainment of age 70 ½ in the 457 Plan or upon age 59 ½ for the 401(k). A 401(a) defined contribution plan is available to certain employees of the Lieutenant’s Benevolent Association and the Captains Endowment Association of The City of New York Police Department.

The NYCE IRA is a deemed Individual Retirement Account (IRA) in accordance with Internal Revenue Code Section 408(q) and is available as both a traditional and Roth IRA to those employees eligible to participate in the 457 Plan and 401(k) Plan and their spouses along with former employees and their spouses. Funds may be withdrawn from the NYCE IRA at any time, subject to an early withdrawal penalty.

Amounts maintained under a deferred compensation plan and an IRA by a state or local government are held in trusts (or in a custodial accounts) for the exclusive benefit of participants and their beneficiaries. The DCP plans and IRA are presented together as an Other Employee Benefit Trust Fund in the City’s financial statements.

Participants in DCP or NYCE IRA can choose among seven investment options, or one of twelve pre-arranged portfolios consisting of varying percentages of those investment options. Participants can also invest a portion of their assets in a self-directed brokerage option.

The New York City Other Postemployment Benefits Plan (OPEB Plan)

The OPEB Plan is a fiduciary component unit of the City and is composed of: (1) the New York City Retiree Health Benefits Trust (RHBT) which is used to receive, hold, and disburse assets accumulated to pay for some of the OPEB provided by the City to its retired employees, and (2) OPEB paid for directly by the City out of its general resources rather than through RHBT. RHBT was established for the exclusive benefit of the City’s retired employees and their eligible spouses and dependents, to fund some of the OPEB provided in accordance with the City’s various collective bargaining agreements and the City’s Administrative Code. Amounts contributed to RHBT by the City are held in an irrevocable trust and may not be used for any other purpose than to fund the costs of health and welfare benefits of its eligible participants. Consequently, the OPEB Plan is presented as an Other Employee Benefit Trust Fund in the City’s financial statements. The separate annual financial statements of the OPEB Plan are available at: Office of the Comptroller, Bureau of Accountancy—Room 200 South, 1 Centre Street, New York, New York 10007, or at www.comptroller.nyc.gov.

Summary of Significant Accounting Policies:

Basis of Accounting. The measurement focus of the OPEB Plan is on the flow of economic resources. This focus emphasizes the determination of changes in the OPEB Plan's net position. With this measurement focus, all assets and liabilities associated with the operation of this fiduciary fund are included on the *Statement of Fiduciary Net Position*. This fund uses the accrual basis of accounting whereby contributions from the employer are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments. Investments are reported on the *Statement of Fiduciary Net Position* at fair value based on quoted market prices.

The Schedule of Funding Progress of OPEB valuations appears in the RSI Section, immediately following the notes to financial statements.

4. Other Postemployment Benefits

Program Description. The New York City Health Benefits Program (Program) is a single-employer defined benefit healthcare plan funded by PLAN, an Other Employee Benefit Trust Fund of the City, which provides Other Postemployment Benefits (OPEB) to eligible retirees and beneficiaries. OPEB includes: health insurance, Medicare Part B Premium reimbursements and welfare fund contributions. PLAN issues a publicly available financial report that includes financial statements and required supplementary information for funding PLAN's OPEB and the report is available at: Office of the Comptroller, Bureau of Accountancy—Room 200 South, 1 Centre Street, New York, New York 10007.

Funding Policy. The Administrative Code of The City of New York (ACNY) defines OPEB to include Health Insurance and Medicare Part B Premium reimbursements; Welfare Fund Benefits stem from the City's various collective bargaining agreements. The City is not required by law or contractual agreement to provide funding for the Program other than the pay-as-you-go (PAYG) amounts necessary to provide current benefits to retirees and eligible beneficiaries/dependents. For the fiscal year ended June 30, 2015, the City paid $3.1 billion on behalf of the Program. Based on current practice (the Substantive Plan which is derived from ACNY, the City 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 actuarial valuations by using age and gender adjusted premium amounts. Program 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 City also reimburses covered employees and eligible spouses 100% of the Medicare Part B Premium rate applicable to a given year and there is no retiree contribution to the Welfare Funds. The City pays per capita contributions to the Welfare Funds, the amounts of which are based on negotiated contract provisions.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount that was actuarially determined by using the Entry Age Actuarial Cost Method (one of the actuarial cost methods in accordance with the parameters of GASB Statement No. 45).

The method is unchanged from the actuarial cost method used in the prior OPEB actuarial valuation.

Under this method, as used in the June 30, 2014 OPEB actuarial valuation, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The employer portion of this APVB allocated to a valuation year is the Employer Normal Cost. The portion of this APVB not provided for at a valuation date by the APV of Future Employer Normal Costs is the Actuarial Accrued Liability (AAL).

The excess, if any, of the AAL over the Actuarial Asset Value (AAV) is the Unfunded Actuarial Accrued Liability (UAAL).

Under this method, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized.

Increases (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

The following table shows the elements of the City's annual OPEB cost for the year, the amount actually paid on behalf of the Program, and changes in the City's net OPEB obligation to the Program for the year ended June 30, 2015:

	Amount (in thousands)
Annual required contribution	$ 88,620,926
Interest on net OPEB obligation	3,579,405
Adjustment to annual required contribution	(93,064,528)
Annual OPEB expense	(864,197)
Payments made	3,136,373
Increase in net OPEB obligation	(4,000,570)
Net OPEB obligation-beginning of year	89,485,122
Net OPEB obligation-end of year	$ 85,484,552

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Program, and the net OPEB obligation for the fiscal years ended June 30, 2015, 2014, 2013, 2012, 2011, and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
	($ in thousands)		
6/30/15	$ (864,197)	**	$85,484,552
6/30/14	78,551	3,965.3%	89,485,122
6/30/13	5,542,845	21.6	92,521,346
6/30/12	5,707,001	25.2	88,174,139
6/30/11	10,494,993	15.0	83,906,953
6/30/10	11,021,425	14.3	74,984,832

** Not Determined due to Annual OPEB Cost (AOC) being less than zero. This results from the impact of one-year amortization of experience gains and one-year amortization of actuarial assumption changes established as of June 30, 2014.

Funded Status and Funding Progress. As of June 30, 2014, the most recent actuarial valuation date, the funded status was 3.4%. The actuarial accrued liability for benefits was $70.4 billion, and the actuarial value of assets was $2.4 billion, resulting in an unfunded actuarial accrued liability (UAAL) of $68.0 billion. The covered payroll (annual payroll of active employees covered) was $20.7 billion, and the ratio of the UAAL to the covered payroll was 328.3%. 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 determined actuarial valuations of OPEB incorporated the use of demographic and salary increase assumptions among others as reflected below. Amounts determined regarding the funded status and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown in the RSI section immediately following the notes to financial statements, disclosures required by GASB Statement No. 43 for OPEB Plan reporting, presents GASB Statement No. 45 results of OPEB valuations as of June 30, 2014, 2013, 2012, 2011, 2010, 2009, 2008, and 2007 and the schedule provides an eight year information trend about whether the actuarial values of PLAN assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. The actuarial assumptions used in the June 30, 2014 and 2013 OPEB actuarial valuations are classified as those used in the New York City Retirement Systems (NYCRS) valuations and those specific to the OPEB valuations. NYCRS consist of: (i) New York City Employees' Retirement System (NYCERS); (ii) Teachers' Retirement System of The City of New York Qualified Pension Plan (TRS); (iii) New York City Board of Education Retirement System Qualified Pension Plan (BERS); (iv) New York City Police Pension Fund (POLICE); and (v) New York Fire Department Pension Fund (FIRE). The OPEB actuarial valuations incorporate only the use of certain NYCRS demographic and salary increase assumptions. The NYCRS demographic and salary scale assumptions are unchanged from the prior OPEB actuarial valuation. For purposes of determining pension obligations, the demographic and salary scale assumptions requiring NYCRS Board approval (available on the website of the Office of the Actuary at www.nyc.gov/actuary) were adopted by each respective Board of Trustees during fiscal year 2012 (the Silver Books). Chapter 3 of the Laws of 2013 enacted those actuarial assumptions and methods that require New York State Legislation.

The OPEB-specific actuarial assumptions used in the June 30, 2014 OPEB actuarial valuation of the Plan are as follows:

Valuation Date	June 30, 2014.
Discount Rate	4.0% per annum.[(1)]
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. 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. Insured premiums without age adjustment for other coverage. Premiums assumed to include administrative costs.

(1) 2.5% CPI, 1.5% real rate of return on short-term investments.

Employer premium contribution schedules for the month of July 2014 and January 2015 were reported by OLR. In most cases, the premium contributions remained the same throughout the year. 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 2015 premium rate was different than the July 2014 premium rate, the valuation assumed that the January 2015 premium rate was more representative of the long-range cost of the arrangement.

Initial monthly premium rates used in valuations are shown in the following tables:

	Monthly Rates	
Plan	**FY'15[(1)]**	**FY'14[(2)]**
HIP HMO		
Non-Medicare Single	$ 586.10	$ 579.04
Non-Medicare Family	1,435.95	1,418.66
Medicare	157.55	149.42
GHI/EBCBS		
Non-Medicare Single	507.79[(3)]	459.63
Non-Medicare Family	1,319.83[(3)]	1,194.24
Medicare	160.86	159.69
Others		
Non-Medicare Single	586.10	579.04
Non-Medicare Family	1,435.95	1,418.66
Medicare	160.86	159.69

(1) Used in June 30, 2014 OPEB actuarial valuation.

(2) Used in June 30, 2013 OPEB actuarial valuation.

(3) For June 30, 2014 valuation, GHI/EBCBS Pre-Medicare premiums decreased 2.05% to reflect 2014 Health Savings Agreement change to Care Management program and speciality drug (PICA) changes.

Welfare Funds . . . . For the June 30, 2014 valuation, the Welfare Fund contribution reported for Fiscal Year 2015, (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, 2014 under the 2014 MLC-NYC Health Savings Agreement, as well as further $25 annual increases effective July 1, 2015, July 1, 2016 and July 1, 2017. It is assumed that all Welfare Funds will ultimately be subject to that agreement, whether or not the union running the particular Welfare Fund has currently signed.

For the June 30, 2013 valuation, the Welfare Fund contributions reflected a three-year trended average of reported annual contribution amounts for current retirees. A trended average was used instead of a single reported Welfare Fund amount to smooth out negotiated variations. The Welfare Fund rates reported for the previous two valuations were trended to current levels based on a historic increase rate of 1.57% for Fiscal Year 2014 (used in calculating the impact of the negotiated Welfare Fund change), 1.64% for Fiscal Year 2013, and 2.33% for Fiscal Year 2012, approximating overall recent growth of Welfare Fund contributions.

For the June 30, 2013 OPEB actuarial valuation, certain lump-sum amounts had been included in calculating the three-year trended average. Furthermore, retroactive adjustments to Welfare Fund contribution rates were used in the trended average as of the dates they were effective (i.e., using the retroactive date).

Reported annual contribution amounts for the last three years are shown in Appendix B, Tables 2a to 2e of the Tenth Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program (Tenth Annual OPEB Report) dated September 17, 2015. The amounts shown for Fiscal Year 2015 as of June 30, 2014, increased by $25 as of July 1, 2014, are used for current retirees.

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.

Weighted average annual contribution rates used 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	
	FY’15	**FY’14**
NYCERS	$1,693	$1,700
TRS	1,746	1,754
BERS	1,677	1,683
POLICE	1,614	1,620
FIRE	1,707	1,712

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 3 fiscal years.

For Welfare Fund contribution amounts reflected in the June 30, 2013 OPEB actuarial valuation for current retirees, see the Ninth Annual OPEB Report.

Medicare Part B Premiums . . . .

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

* Reflected only in June 30, 2014 OPEB actuarial valuation.

2015 Medicare Part B Premium assumed to increase by Medicare Part B trend rates.

Medicare Part B Premium reimbursement amounts have been updated to reflect actual premium rates announced for Calendar Years through 2015. The actual 2016 Medicare Part B Premium was not announced at the time these calculations were prepared and, thus, was not reflected in the valuation. Social Security cost-of-living adjustment for calendar year 2016 benefits was not announced as of the time these calculations were prepared. Thus, Social Security benefits were assumed to increase such that Medicare Part B Premiums were not frozen at 2015 levels based on Social Security benefit amounts.

For the June 30, 2013 OPEB actuarial valuation (i.e., Fiscal Year 2014), the annual Premium used (i.e., $1,258.80) equaled 6 months of the Calendar Year 2013 premium plus 6 months of the Calendar Year 2014 premium.

For the June 30, 2014 OPEB actuarial valuation (i.e., Fiscal Year 2015), the annual Premium used (i.e., $1,258.80) equals 6 months of the Calendar Year 2014 premium (i.e., $104.90) plus 6 months of the Calendar Year 2015 Premium (i.e., $104.90).

Future Calendar Year Medicare Part B Premium rates are projected from the Calendar Year 2015 rate of $104.90 using the assumed Medicare Part B Premium trend.

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 for the June 30, 2014 OPEB actuarial valuation 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. Percentage amount compared to actual IRMAA payments reported by OLR through calendar year 2012.

	Income-related Medicare Part B Increase	
Fiscal Year	June 30, 2014 Valuation	June 30, 2013 Valuation
2014	NA	3.7%
2015	3.8%	3.8
2016	3.9	3.9
2017	4.0	4.0
2018	4.5	4.1
2019	5.0	4.2
2020	5.2	4.3
2021	5.3	4.4
2022	5.4	4.5
2023	5.5	4.6
2024	5.6	4.7
2025	5.8	4.8
2026	5.9	4.9
2027 and later	6.0	5.0

Medicare Part B Premium Reimbursement Assumption . . . . For the June 30, 2014 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 2015 (initial trend).

HCCTR Assumptions

Year Ending[1]	Pre-Medicare Plans	Medicare Plans	Medicare Part B Premiums
2015[2]	9.0%	5.0%	6.0%
2016[3]	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

(1) Fiscal Year for Pre-Medicare Plans and Medicare Plans and Calendar Year for Medicare Part B Premiums.

(2) For the June 30, 2014 OPEB actuarial valuation, rates shown for 2015 were not reflected since actual values for the Fiscal Year 2015 per capita costs, Fiscal Year 2015 Welfare Fund contributions and Calendar Year 2015 Medicare Part B Premium amounts were used.

(3) 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.

Age- and Gender-Related Morbidity . . . . The premiums are age adjusted for HIP HMO and GHI/EBCBS participants. Beginning with June 30, 2012 OPEB actuarial valuation, the premiums are also adjusted for gender.

Beginning with the June 30, 2012 OPEB actuarial valuation, the assumed relative costs of coverage are consistent with information presented in ***Health Care Costs—From Birth to Death,*** prepared by Dale H. Yamamoto[2] (“Yamamoto Study”).

For non-Medicare costs, relative factors were based on graduated 2010 PPO/POS data as presented in Chart 28 of the Yamamoto Study. The resultant relative factors, normalized to the male age 65 rate, used for non-Medicare costs (unchanged from the previous OPEB actuarial valuation) are as follows:

Age	Male	Female	Age	Male	Female
20	0.170	0.225	43	0.325	0.480
21	0.157	0.227	44	0.340	0.487
22	0.147	0.236	45	0.355	0.495
23	0.143	0.252	46	0.372	0.505
24	0.143	0.274	47	0.391	0.519
25	0.146	0.301	48	0.412	0.536
26	0.151	0.329	49	0.437	0.556
27	0.157	0.357	50	0.463	0.576
28	0.165	0.384	51	0.491	0.597
29	0.173	0.408	52	0.519	0.616
30	0.181	0.428	53	0.547	0.635
31	0.190	0.444	54	0.577	0.653
32	0.199	0.456	55	0.608	0.671
33	0.208	0.463	56	0.641	0.690
34	0.217	0.466	57	0.676	0.710
35	0.227	0.466	58	0.711	0.732
36	0.237	0.465	59	0.747	0.756
37	0.249	0.464	60	0.783	0.783
38	0.261	0.464	61	0.822	0.813
39	0.274	0.465	62	0.864	0.846
40	0.286	0.467	63	0.909	0.881
41	0.299	0.471	64	0.957	0.917
42	0.312	0.475			

Children costs were assumed to represent a relative factor of .229.

(2) http://www.healthcostinstitute.org/files /Age-Curve-Study_0.pdf. Retrieved July 15, 2013. The Study was sponsored by the Society of Actuaries and is part of the Health Care Cost Institute's Independent Report Series.

For Medicare costs, relative factors based on the Yamamoto Study for net Medicare costs for 2010 for inpatient, outpatient and professional costs were blended. Prescription drug costs were not reflected as NYCHBP excludes most drugs from coverage. Professional costs were weighted at 64%, based on the GHI portion of the combined GHI/EBCBS premiums reported historically. Inpatient costs were weighted as twice as prevalent as outpatient costs based on the relative allocation suggested in the Yamamoto Study. Costs prior to age 65 were approximated using the non-Medicare data, but assuming that individuals under age 65 on Medicare had an additional disability-related morbidity factor. The resultant Medicare relative factors are as follows:

Age	Males	Females	Age	Males	Females
20	0.323	0.422	60	1.493	1.470
21	0.297	0.426	61	1.567	1.526
22	0.280	0.443	62	1.646	1.588
23	0.272	0.474	63	1.731	1.653
24	0.272	0.516	64	1.822	1.721
25	0.278	0.565	65	0.919	0.867
26	0.288	0.618	66	0.917	0.864
27	0.300	0.671	67	0.918	0.864
28	0.314	0.721	68	0.924	0.867
29	0.329	0.766	69	0.933	0.875
30	0.346	0.804	70	0.946	0.885
31	0.363	0.834	71	0.961	0.898
32	0.380	0.856	72	0.978	0.911
33	0.397	0.869	73	0.996	0.925
34	0.414	0.875	74	1.013	0.939
35	0.432	0.876	75	1.032	0.953
36	0.452	0.874	76	1.049	0.967
37	0.474	0.872	77	1.067	0.982
38	0.497	0.871	78	1.085	0.996
39	0.521	0.873	79	1.103	1.012
40	0.545	0.878	80	1.122	1.029
41	0.569	0.885	81	1.141	1.047
42	0.594	0.893	82	1.161	1.065
43	0.620	0.902	83	1.180	1.083
44	0.647	0.914	84	1.199	1.100
45	0.676	0.929	85	1.217	1.116
46	0.708	0.949	86	1.234	1.130
47	0.744	0.975	87	1.250	1.143
48	0.785	1.007	88	1.264	1.155
49	0.832	1.043	89	1.277	1.164
50	0.883	1.082	90	1.287	1.169
51	0.935	1.120	91	1.295	1.171
52	0.988	1.156	92	1.301	1.167
53	1.042	1.191	93	1.305	1.156
54	1.099	1.225	94	1.306	1.139
55	1.159	1.260	95	1.304	1.113
56	1.222	1.295	96	1.299	1.077
57	1.288	1.333	97	1.292	1.033
58	1.355	1.374	98	1.281	0.978
59	1.423	1.419	99+	1.281	0.978

For the June 30, 2013 and June 30, 2014 OPEB actuarial valuations, an actual age and gender distribution based on reported census information was used for Medicare-eligible participants. For the June 30, 2013 and June 30, 2014 OPEB actuarial valuations, the Medicare participants in the HIP Medicare Advantage arrangement were assumed to have the same age and gender distribution as the data underlying the Yamamoto Study.

For the June 30, 2013 and June 30, 2014 OPEB actuarial valuations, the age and gender of non-Medicare eligible participants were based on the following assumed distribution table, assuming a total of 2,354 single contracts and 2,492 family contracts.

	Members Used	
Age Range	**Male**	**Female**
00-00	64	64
01-01	67	67
02-04	210	210
05-09	373	373
10-14	403	403
15-19	388	371
20-24	310	323
25-29	338	357
30-34	431	447
35-39	481	499
40-44	495	530
45-49	446	486
50-54	392	422
55-59	271	272
60-64	173	166
65+	89	76

For the June 30, 2014 OPEB actuarial valuation, the age adjustment for the non-Medicare GHI/EBCBS premium reflects a 5% reduction in the GHI portion of the monthly premium (with the GHI portion representing $247.74 out of $507.79 single and $657.40 out of $1,319.83 Family) and a 3% reduction in the EBCBS portion of the premium (with the EBCBS portion representing the remainder of the $507.79 and $1,319.83 premiums) for the estimated margin anticipated to be returned.

No adjustment was assumed for margin for the June 30, 2013 valuation.

The morbidity factors are used to age-adjust the reported premiums for the HIP and GHI/EBCBS arrangements. The stated premiums provided to OA by OLR reflect average cost of retirees and actives of the Program, not all of whom are included in this valuation report. The assumed underlying cost of the benefit provided to retirees is developed by taking the stated premiums, removing any known margin to get to underlying expected cost of benefits provided (including administrative costs), adjusting for any plan changes, and then finally adjusting for the age and gender of the particular retiree. The age and gender is compared to a distribution for the age and gender of the overall population reflected in developing the stated premium. The distribution can reflect the actual age and gender of the covered population, or can be an estimate if the actual data is not available.

Medicare Advantage Adjustment Factors . . The age-adjusted premiums for HIP HMO Medicare-eligible retirees were multiplied by the following factors to reflect actual Calendar Year 2015 premiums and future anticipated changes in Medicare Advantage reimbursement rates. As of June 30, 2009, the factors had been updated to reflect that Medicare Advantage reimbursement rates are expected to be significantly reduced over the next several years. The reductions in the reimbursement rates were part of the NHCR legislation and are likely to be most significant in areas where medical costs are greater, such as New York City. In developing the adjustment factors for the June 30, 2014 and the June 30, 2013 OPEB actuarial valuations, it was assumed that the cost of HIP coverage would not be allowed to exceed the cost of GHI/EBCBS coverage for Medicare retirees. Since for the June 30, 2014 valuation, the reported calendar year 2015 HIP Medicare Advantage premium is within 1/2% of the Fiscal Year 2015 GHI/EBCBS Medicare rate, the assumption that HIP would not be allowed to exceed the GHI/EBCBS rate has resulted in a factor of 1.0 for all future years. The adjustment factors used as of June 30, 2013 are shown for comparative purposes.

	Factor*	
Fiscal Year	**6/30/14 Valuation**	**6/30/13 Valuation**
2014	1.00%	1.00%
2015	1.00	1.03
2016	1.00	1.04
Thereafter	1.00	1.04

* Includes anticipated impact of National Health Care Reform

Medicare . . . . Medicare is assumed to be the primary payer over age 65 and for retirees currently on Medicare. For future disability retirements, Medicare is assumed to start 2.5 years after retirement for the following portion of retirees:

	Valuation as of June 30	
	2014	**2013**
NYCERS	35%	35%
TRS	45	45
BERS	45	45
POLICE	15	15
FIRE	20	20

Participation . . . . Active participation assumptions based on current retiree elections. Actual elections 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:

PLAN PARTICIPATION ASSUMPTIONS

Benefits	June 30, 2014 and June 30, 2013 Valuations				
	NYCERS	**TRS**	**BERS**	**POLICE**	**FIRE**
Pre-Medicare					
–GHI/EBCBS	65%	83%	73%	76%	71%
–HIP HMO	22	6	16	13	16
–Other HMO	8	4	3	9	12
–Waiver	5	7	8	2	1
Medicare					
–GHI	72	87	78	82	77
–HIP HMO	21	9	16	12	16
–Other HMO	4	2	2	4	6
–Waiver	3	2	4	2	1
Post-Medicare Migration					
–Other HMO to GHI	50	0	33	50	50
–HIP HMO to GHI	0	0	0	0	0
–Pre-Med. Waiver					
** To GHI @ 65	13	35	50	0	0
** To HIP @ 65	13	35	0	0	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.

Dependent Coverage .... Dependent coverage is assumed to terminate when a retiree dies, except in the following situations.

I. Lifetime coverage is provided to the surviving spouse or domestic partner and to children (coverage to age 26 based on legislative mandates under National Health Care Reform) of uniformed members of the Police or Fire Departments who die in the Line of Duty.

II. Effective November 13, 2001, other surviving spouses of retired uniformed members of the Police and Fire Departments may elect to continue coverage for life by paying 102% of stated premium.

III. Effective August 31, 2010, surviving spouses of retired uniformed members of the Departments of Correction and Sanitation may elect to continue coverage for life by paying 102% of stated premium.

For survivors of POLICE and FIRE who die other than in the Line of Duty (assumed to be all who terminate with Accidental Death Benefits), and for all survivors of uniformed members of the Departments of Correction and Sanitation, the valuation assumes that 30% of spouses eligible for survivor continuation will elect the benefit, with costs equal to 30% greater than the age-adjusted premiums for surviving spouses for HIP HMO and GHI/EBCBS participants.

Beginning with the June 30, 2010 OPEB actuarial valuation, the valuation includes an estimate of the value of benefits provided to existing survivors of POLICE and FIRE retirees who died other than in the Line of Duty, who qualified for lifetime continuation coverage prior to the valuation date, based on the assumptions outlined above. Beginning with the June 30, 2012 OPEB actuarial valuation, the valuation includes an estimate of the value of benefits provided to existing survivors of retired uniformed members of the Departments of Correction and Sanitation who qualified for lifetime continuation coverage prior to the valuation date, based on the assumptions outlined above.

The valuation includes the entire cost of additional surviving spouse benefits for basic coverage and Medicare Part B Premium reimbursement for Line of Duty survivors, although the OA understands that some of this amount may be reimbursed through Welfare Funds.

Dependents .... Dependent assumptions based on distribution of coverage of recent retirees are shown in the following table. Actual spouse data for current retirees. Child dependents of current retirees are assumed to receive coverage until age 26.

Beginning with the June 30, 2012 valuation, based on experience under the Plan, for NYCERS, TRS and BERS employees, male retirees were assumed to be four (4) years older than their wives, and female retirees were assumed to be two (2) years younger than their husbands; for POLICE and FIRE employees, husbands are assumed to be two (2) years older than their wives. Children are assumed to be covered for eight (8) years after retirement. For employees eligible to retire based only on service, children are assumed to be covered for an additional five (5) years.

Dependent Coverage Assumptions

Group	June 30, 2014 and June 30, 2013 Valuations				
	NYCERS	TRS	BERS	POLICE	FIRE
Male					
–Single Coverage	30%	45%	35%	15%	10%
–Spouse	40	35	55	15	20
–Child/No Spouse	5	5	2	5	5
–Spouse and Child	25	15	8	65	65
Total	100%	100%	100%	100%	100%
Female					
–Single Coverage	70%	60%	60%	45%	10%
–Spouse	20	32	35	10	20
–Child/No Spouse	5	3	2	25	5
–Spouse and Child	5	5	3	20	65
Total	100%	100%	100%	100%	100%

Note: For accidental death, 80% of POLICE and FIRE members are assumed to have family coverage.

Demographic Assumptions . . . . The same assumptions that were used to value the pension benefits of the NYCRS for determining employer contributions for fiscal years beginning 2012 adopted by the Boards of Trustees (see the Silver Books).

For assumptions used in the June 30, 2013 OPEB actuarial valuation, see the Ninth Annual OPEB Report.

COBRA Benefits . . . . Although COBRA beneficiaries pay 102% of “premiums,” typical claim costs for COBRA participants run about 50% greater than other participants.

There is no cost to the City for COBRA beneficiaries who enroll in community-rated HMO’s, including HIP, since these individuals pay their full community rate. However, the City’s costs under the experience-rated GHI/EBCBS coverage are affected by the claims for COBRA-covered individuals.

In order to reflect the cost of COBRA coverage, the cost of excess claims for GHI covered individuals and families is estimated assuming 15% of employees not eligible for other benefits included in the valuation elect COBRA coverage for 15 months. These assumptions are based on experience of other large employers. This percentage is applied to the overall enrollment in the active plan and reflects a load for individuals not yet members of the retirement systems who are still eligible for COBRA benefits. This results in an assumption in the June 30, 2014 OPEB actuarial valuation of a lump-sum COBRA cost of $875 for terminations during Fiscal Year 2015 ($800 lump-sum cost during Fiscal Year 2014 was assumed in the June 30, 2013 OPEB actuarial valuation). The $875 ($800) lump-sum amount is increased by the Pre-Medicare HCCTR for future years but is not adjusted for age-related morbidity.

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 2018 under NHCR.

The tax is 40% of the excess of (a) over (b) where (a) is the cost of medical coverage, and (b) is the statutory limits ($10,200 for single coverage and $27,500 for family coverage), adjusted for the following:

- The limit will first be increased by the excess of accumulated trend for the period from 2010 through 2018 over 55% (reflecting the adjustment for excess trend on the standard Federal Blue Cross/Blue Shield option). The calculation reflects actual trend on the standard Federal Blue Cross/Blue Shield option for 2010 through 2015. Trend was estimated using the Pre-Medicare trend for the period from 2015 through 2018 and actual Federal Blue Cross/Blue Shield trend for the period 2010-2015.

- For Pre-Medicare retirees above the age of 55, the limit will be further increased by $1,650 for single coverage; $3,450 for family coverage.

- For 2019, the 2018 limit was increased by CPI + 1% (e.g. 3.5%). For each year after 2019, the limit is further increased by CPI (2.5%).

The impact of the Cadillac Tax for the NYCHBP benefits is calculated based on the following assumptions about the cost of medical coverage:

- Benefit costs were based on Pre-Medicare and Medicare plan premiums as stated, without adjustment for age.

- For Medicare participants, the cost of reimbursing the Medicare Part B Premium was reflected based on average cost assumed in the valuation, including IRMAA.

- The cost for each benefit option (GHI, HIP, or other HMO, combined with Medicare Part B Premium reimbursement, if applicable) was separately compared to the applicable limit.

- The additional Cadillac Tax due to the riders or optional benefit arrangements is assumed to be reflected in the contribution required for the rider or optional benefit.

- The additional Cadillac Tax due to amounts provided by Welfare Fund benefits is assumed to be absorbed by the Welfare Fund or by lower net Welfare Fund contribution amounts.

- There is no assumption of additional amounts required from the various benefit administrators due to the fact that the Cadillac Tax is not deductible to tax-paying entities. Instead, it is assumed that by 2018, financial arrangements are structured such that the tax exempt status of the City results in no need to gross up the cost of the Cadillac Tax for additional taxes.

- The additional amount for Pre-Medicare retirees above age 55 is available to Medicare retirees or retirees who are younger than age 55 for plans sponsored by an employer where the majority of employees are engaged in high-risk professions including law enforcement officers and fire fighters. It has been assumed that the majority of the employees of the City are not engaged in such professions and have not extended the adjustment to these additional ages.

In cases where the City provides only a portion of the OPEB benefits which give rise to the Cadillac Tax, the calculated Cadillac Tax is allocated to the appropriate paying entity in proportion to the OPEB liabilities for relevant OPEB benefits.

Active/Inactives Liabilities	Beginning with the June 30, 2010 OPEB actuarial valuation, it was assumed that the liability for the Active/Inactive members should be 40% of the measured liability of the Active/Inactive population. This is roughly equivalent to assuming that 60% of the Active/Inactive members will terminate membership prior to vesting and not receive OPEB. Beginning with the June 30, 2012 OPEB actuarial valuation, the Entry Age Actuarial Accrued Liability is assumed to include the 40% of the measured present value of projected benefits.
Stabilization Fund	A .6% load is applied on all City GASB45 obligations (.7% last year). The same loads apply to the GASB43 obligations in the current and preceding valuation. The load is not applicable to Component Units.
Educational Construction Fund	The actuarial assumptions used for determining GASB45 obligations for ECF are shown in Appendix E of the Tenth Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program (Report) dated September 17, 2015. The Report is available at the Office of the Comptroller, Bureau of Accountancy—Room 200 South, 1 Centre Street, New York, New York 10007 and on the website of the New York City Office of the Actuary (http://www.nyc.gov/html/actuary).
CUNY TIAA	The actuarial assumptions used for determining obligations for CUNY TIAA are shown in Appendix F of the Tenth Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program (Report) dated September 17, 2015. The Report is available at the Office of the Comptroller, Bureau of Accountancy—Room 200 South, 1 Centre Street, New York, New York 10007 and on the website of the New York City Office of the Actuary (http://www.nyc.gov/html/actuary).

5. Pensions

Plan Descriptions

The City sponsors or participates in five pension trusts providing benefits to its employees, the majority of whom are members of one of these pension trusts (collectively referred to as NYCRS). Each of the trusts administers a qualified pension plan (QPP) and one or more variable supplements funds (VSFs) or tax-deferred annuity programs (TDA Programs) that supplement the pension benefits provided by the QPP. The trusts administered by NYCRS function in accordance with existing State statutes and City laws, which are the basis by which benefit terms and employer and member contribution requirements are established. The QPPs combine features of a defined benefit pension plan with those of a defined contribution pension plan; however, they are considered defined benefit plans for financial reporting purposes. The VSFs are considered defined benefit pension plans and the TDA Programs are considered defined contribution plans for financial reporting purposes. A brief description of each of the NYCRS and the individual plans they administer follows:

1. New York City Employees' Retirement System (NYCERS) administers the NYCERS QPP and five VSFs. The NYCERS QPP is a cost-sharing multiple-employer pension plan that provides pension benefits for employees of the City not covered by one of the other NYCRS, and employees of certain component units of the City and certain other governmental units.

   NYCERS also administers the following VSFs, which operate pursuant to the provisions of Title 13, Chapter 1 of the Administrative Code of The City of New York (ACNY):

   - Transit Police Officers' Variable Supplements Fund (TPOVSF), which provides supplemental benefits to NYCERS QPP members who retire for service on or after July 1, 1987 with 20 or more years of service as Transit Police Officers.

   - Transit Police Superior Officers' Variable Supplements Fund (TPSOVSF), which provides supplemental benefits to NYCERS QPP members who retire for service on or after July 1, 1987 as Transit Police Superior Officers with 20 or more years of service.

- Housing Police Officers' Variable Supplements Fund (HPOVSF), which provides supplemental benefits to NYCERS QPP members who retire for service on or after July 1, 1987 with 20 or more years of service as Housing Police Officers.
- Housing Police Superior Officers' Variable Supplements Fund (HPSOVSF), which provides supplemental benefits to NYCERS QPP members who retire for service on or after July 1, 1987 as Housing Police Superior Officers with 20 or more years of service.
- Correction Officers' Variable Supplements Fund (COVSF), which provides supplemental benefits to NYCERS QPP members who retire for service on or after July 1, 1999 (with 20 or 25 years of service, depending upon the plan) as members of the Uniformed Correction Force.

TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF are closed to new entrants.

2. Teachers' Retirement System of The City of New York (TRS) administers the TRS QPP and the TRS TDA Program. The TRS QPP is a cost-sharing, multiple-employer pension plan for pedagogical employees in the public schools of the City and certain Charter Schools and certain other specified school and CUNY employees. The TRS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b) and Chapter 4 of Title 13 of ACNY. The TRS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the TRS QPP have the option to participate in the TRS TDA Program.

3. New York City Board of Education Retirement System (BERS) administers the BERS QPP and the BERS TDA Program. The BERS QPP is a cost-sharing, multiple-employer pension plan for non-pedagogical employees of the Department of Education and certain Charter Schools and certain employees of the School Construction Authority. The BERS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b), the New York State Education Law and the BERS Rules and Regulations. The BERS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the BERS QPP have the option to participate in the BERS TDA Program.

4. New York City Police Pension Fund (POLICE) administers the POLICE QPP, along with the Police Officers' Variable Supplements Fund (POVSF) and Police Superior Officers' Variable Supplements Fund (PSOVSF). The POLICE QPP is a single-employer pension plan for all full-time uniformed employees of the New York City Police Department.

   POVSF and PSOVSF operate pursuant to the provisions of Title 13, Chapter 2 of the ACNY. POVSF provides supplemental benefits to POLICE QPP members who retire for service on or after October 1, 1968 with 20 or more years of service as police officers. PSOVSF provides supplemental benefits to POLICE QPP members who retire for service on or after October 1, 1968 as police superior officers with 20 or more years of service.

5. New York Fire Department Pension Fund (FIRE) administers the FIRE QPP, along with the Firefighters' Variable Supplements Fund (FFVSF) and the Fire Officers' Variable Supplements Fund (FOVSF). The FIRE QPP is a single-employer pension plan for full-time uniformed employees of the New York City Fire Department.

   FFVSF and FOVSF operate pursuant to the provisions of Title 13, Chapter 3 of the ACNY. FFVSF provides supplemental benefits to FIRE QPP members who retire for service on or after October 1, 1968 with 20 or more years of service as firefighters or wipers. FOVSF provides supplemental benefits to FIRE QPP members who retire for service on or after October 1, 1968 as fire officers, and all pilots and marine uniformed engineers, with 20 or more years of service.

Except for NYCERS and BERS, permanent, full-time employees are generally required to become members of a NYCRS QPP upon employment. Permanent full-time employees who are eligible to participate in the NYCERS QPP and BERS QPP are generally required to become members within six months of their permanent employment status but may elect to become members earlier. Other employees who are eligible to participate in the NYCERS QPP and BERS QPP may become members at their option.

As of June 30, 2013 and June 30, 2012, the dates of the most recent actuarial valuations, system-wide membership data for the QPPs are as follows:

	NYCERS	TRS	BERS	POLICE	FIRE	Total
QPP Membership at June 30, 2013						
Retirees and Beneficiaries Receiving Benefits	139,399	78,177	15,455	46,950	16,807	296,788
Terminated Vested Members Not Yet Receiving Benefits	10,086	10,867	182	715	33	21,883
Other Inactives	16,482	6,683	4,127	1,287	17	28,596
Active Members	185,971	112,481	25,848	34,775	10,182	369,257
Total QPP Membership	351,938	208,208	45,612	83,727	27,039	716,524

	NYCERS	TRS	BERS	POLICE	FIRE	Total
QPP Membership at June 30, 2012						
Retirees and Beneficiaries Receiving Benefits	137,987	76,539	14,874	46,638	16,917	292,955
Terminated Vested Members Not Yet Receiving Benefits	8,880	9,868	184	746	30	19,708
Other Inactives	16,353	9,689	3,305	1,358	12	30,717
Active Members	187,114	112,460	27,840	34,240	10,267	371,921
Total QPP Membership	350,334	208,556	46,203	82,982	27,226	715,301

As of June 30, 2014 and 2013, the dates of the most recent actuarial valuations, membership data for the NYCERS VSFs are as follows:

	TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Total
Membership at June 30, 2014						
Retirees Receiving or Eligible to Receive Benefits	339	258	175	232	6,645	7,649
Active Members	—	—	—	—	8,612	8,612
Total Membership	339	258	175	232	15,257	16,261

	TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Total
Membership at June 30, 2013						
Retirees Receiving or Eligible to Receive Benefits	343	261	181	238	6,434	7,457
Active Members	—	—	—	—	8,675	8,675
Total Membership	343	261	181	238	15,109	16,132

As of June 30, 2014 and 2013, the dates of the most recent actuarial valuations, membership data for the POLICE and FIRE VSFs are as follows:

	PSOVSF	POVSF	Total POLICE	FOVSF	FFVSF	Total FIRE
Membership at June 30, 2014						
Retirees Receiving Benefits	17,608	12,251	29,859	1,629	3,691	5,320
Active Members	12,198	22.204	34,402	2,696	7,623	10,319
Total Membership	29,806	34,455	64,261	4,325	11,314	15,639

	PSOVSF	POVSF	Total POLICE	FOVSF	FFVSF	Total FIRE
Membership at June 30, 2013						
Retirees Receiving Benefits	16,996	11,777	28,773	1,653	3,720	5,373
Active Members	12,137	22,638	34,775	2,485	7,697	10,182
Total Membership	29,133	34,415	63,548	4,138	11,417	15,555

Summary of Plan Benefits

QPPs

The NYCRS QPPs provide pension benefits to retired employees generally based on salary, length of service, and pension tier. For certain members of the NYCRS QPPs, voluntary member contributions also impact pension benefits provided. The NYCRS also provide automatic Cost-of-Living Adjustments (COLA) and other supplemental pension benefits to certain retirees and beneficiaries. In the event of disability during employment, participants may receive retirement allowances based on satisfaction of certain service requirements and other provisions. The NYCRS QPPs also provide death benefits. Subject to certain conditions, members become fully vested as to benefits upon the completion of 5 or 10 years of service depending on tier. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions, including accumulated interest, less any outstanding loan balances.

The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, 1976, 1983 and 2012, significant amendments made to the State Retirement and Social Security Law (RSSL) modified certain benefits for employees joining the QPPs on or after the effective date of such amendments, creating membership tiers. Currently, there are several tiers referred to as Tier I, Tier II, Tier III, Tier IV and Tier VI. Members are assigned a tier based on membership date. The specific membership dates for each tier may vary depending on the respective QPP. The Tier II Plan ended as of June 30, 2009. This affects new hires into the uniformed forces of the New York City Police Department and the New York City Fire Department (new members of the POLICE QPP and FIRE QPP) and Detective Investigators who become new members of the NYCERS QPP from July 1, 2009 to March 31, 2012. Chapter 18 of the Laws of 2012 (Chapter 18/12) amended the retirement benefits of public employees who establish membership in one of the NYCRS on or after April 1, 2012. Chapter 18/12 is commonly referred to as Tier VI.

VSFs

The VSFs provide a guaranteed schedule of supplemental benefits for respective eligible members. Currently, these annual supplemental benefits generally are a maximum amount of $12,000. For COVSF prior to Calendar Year 2019, total supplemental benefits paid, although determined in the same manner as for other VSFs, are only paid if the assets of COVSF are sufficient to pay the full amount due to all eligible retirees. Scheduled benefits to COVSF participants were paid for Calendar Years 2000 to 2005 and for Calendar Year 2014. Due to insufficient assets, no benefits were paid to COVSF participants from Calendar Year 2006 to Calendar Year 2013. For Calendar Years 2019 and later, COVSF provides for a schedule of defined supplemental benefits that are guaranteed. COVSF benefits are expected to be paid in Calendar Year 2015.

In accordance with ACNY, VSFs are not pension funds or retirement systems. Instead, they provide scheduled supplemental payments, in accordance with applicable statutory provisions. While a portion of these payments are guaranteed by the City, the Legislature has reserved to itself and The State of New York, the right and power to amend, modify, or repeal VSFs and the payments they provide. However, any assets transferred to the VSFs are held in trust solely for the benefit of its members.

TDA Programs

Benefits provided under the TRS and BERS TDA Programs are derived from members' accumulated contributions. No benefits are provided by employer contributions. A participant may withdraw all or part of the balance of his or her account at the time of retirement or termination of employment. Beginning January 1, 1989, the tax laws restricted withdrawals of tax-deferred annuity contributions and accumulated earnings thereon for reasons other than retirement or termination. Contributions made after December 31, 1988, and investment earnings credited after December 31, 1988, may only be withdrawn upon attainment of age 59-1/2 or for reasons of hardship (as defined by Internal Revenue Service regulations). Hardship withdrawals are limited to contributions only.

An active member may withdraw all or part of the contributions made before January 1, 1989, and the earnings credited to the account before January 1, 1989. The member making the withdrawals may not contribute to the TDA Program for the remainder of the current year.

If a member dies while an active employee, the full value of his or her account at the date of death is paid to the member's beneficiary or estate.

When a member resigns before attaining vested rights under the respective QPP, he or she may withdraw the value of his or her TDA Program account or leave the account in the TDA Program for a period of up to five years after the date of resignation. If a member resigns after attaining vested rights under the respective QPP, he or she may leave his or her account in the TDA Program, accruing earnings until reaching an age requiring minimum distribution as required by IRS regulations. Once a withdrawal is made from the respective QPP, an automatic termination and refund of the value of the account in the TDA Program will be made to the member. In lieu of making withdrawals from his or her TDA Program account upon retirement, a member may choose to take the balance in the form of an annuity that is calculated based on the statutory rate of interest (discussed below) and statutory mortality assumptions.

The TDA Programs have several investment options broadly categorized as fixed return funds and variable return funds. Under the fixed return funds, deposits from members' TDA Program accounts are used by the respective QPP to purchase investments, and such TDA Program accounts are credited with a statutory rate of interest, currently 7% for UFT members and 8.25% for all other members. The QPP is initially responsible for funding any deficiency between the statutory rates and actual rate of return of the QPP. If earnings on the respective QPP are less than the amount credited to the TDA Program members' accounts, then additional payments by the City to the respective QPP may be required. If the earnings are higher, then lower payments by the City to the QPP may be required.

All investment securities held in the fixed return funds are owned and reported by the QPP. A receivable due from the QPP equal in amount to the aggregate original principal amounts contributed by TDA Program members to the fixed return funds, plus accrued interest at the statutory rate, is owned by the TDA Program. The balance of TDA Program fixed return funds held by the TRS QPP as of June 30, 2015 and 2014 were $18.7 billion and $17.2 billion, respectively, and interest paid on TDA Program fixed return funds by the TRS QPP for the years then ended were $1.2 billion and $1.1 billion, respectively. The balance of TDA Program fixed return funds held by the BERS QPP as of June 30, 2015 and 2014 are $1,153 million and $999 million, respectively, and interest paid on TDA Program fixed return funds by the BERS QPP for the years then ended were $45.0 million and $206.6 million, respectively. Under the variable return funds, members' TDA Program accounts are adjusted for actual returns on the underlying investments of the specific fund selected. Members may switch all or a part of their TDA contributions between the fixed and variable return funds on a quarterly basis.

Contributions and Funding Policy

QPPs

The City's funding policy is to contribute statutorily-required contributions (Statutory Contributions). Statutory Contributions for the NYCRS, determined by the Actuary in accordance with State statutes and City laws, are generally funded by the employers within the appropriate Fiscal Year. The Statutory Contributions are determined under the One-Year Lag Methodology (OYLM). Under OYLM, the actuarial valuation date is used for calculating the Employer Contributions for the second following Fiscal Year. For example, the June 30, 2013 actuarial valuation was used for determining the Fiscal Year 2015 Statutory Contributions. Statutory Contributions are determined annually to be an amount that, together with member contributions and investment income, provides for QPP assets to be sufficient to pay benefits when due. The aggregate Statutory Contributions due to each QPP from participating employers for Fiscal Years 2015 and 2014 and the amount of the City's Statutory and Actual contribution to each QPP for such fiscal years are as follows (in millions):

QPP	Fiscal Year 2015 Aggregate Statutory Contribution	Fiscal Year 2015 City Statutory/Actual Contribution	Fiscal Year 2014 Aggregate Statutory Contribution	Fiscal Year 2014 City Statutory/Actual Contribution
	(in millions)			
NYCERS	$3,160	$1,758	$3,114	$1,730
TRS	3,270	3,181	2,999	2,917
BERS	258	258	215	215
POLICE	2,310	2,310	2,321	2,321
FIRE	989	989	970	970

Member contributions are established by law and vary by QPP. In general, Tier I and Tier II member contribution rates are dependent upon the employee's age at membership and retirement plan election. In general, Tier III and Tier IV members make basic contributions of 3.0% of salary regardless of age at membership. Effective October 1, 2000, in accordance with Chapter 126 of the Laws of 2000, these members, except for certain Transit Authority employees, are not required to make basic contributions after the 10th anniversary of their membership date or completion of ten years of credited service, whichever is earlier. Effective December 2000, certain Transit Authority Tier III and Tier IV members make basic member contributions of 2.0% of salary in accordance with Chapter 10 of the Laws of 2000. Certain members of the NYCERS QPP, TRS QPP and BERS QPP also make additional member contributions. Tier VI members contribute between 3.0% and 6.0% of salary, depending on salary level.

VSFs

ACNY provides that the POLICE QPP and FIRE QPP transfer to their respective VSFs amounts equal to certain excess earnings on QPP equity investments, generally limited to the unfunded accumulated benefit obligation for each VSF. ACNY also provides that the NYCERS QPP transfer to COVSF a fraction of certain excess earnings on NYCERS QPP equity investments, such fraction reflecting the ratio of Uniformed Correction member salaries to the salaries of all active members of the NYCERS QPP. In each case, the earnings to be transferred (or the appropriate fraction thereof in the case of COVSF) are the amount by which earnings on equity investments exceed what the earnings would have been had such funds been invested at a yield comparable to that available from fixed income securities, less any cumulative past deficiencies (Excess Earnings).

In addition to the transfer of Excess Earnings, under Chapter 3 of the Laws of 2013, should the assets of the POVSF or the PSOVSF be insufficient to pay annual benefits, the POLICE QPP is required to transfer amounts sufficient to make such benefit payments. Additionally, under Chapter 583 of the Laws of 1989, should the assets of the FFVSF or the FOVSF be insufficient to pay annual benefits, the City is required to transfer amounts sufficient to make such benefit payments. Further, under Chapter 255 of the Laws of 2000, the NYCERS QPP is required to make transfers to TPOVSF, TPSOVSF, HPOVSF and HPSOVSF sufficient to meet their annual benefit payments.

For Fiscal Year 2015, Excess Earnings on equity investments, inclusive of prior year's cumulative deficiencies, exceeded zero, and therefore, transfers of assets from the QPPs to their respective VSFs were required. As of the date of this report, the amount of such transfer due for Fiscal Year 2015 from the NYCERS QPP to COVSF is estimated to be $30 million. The amounts of such transfers due for Fiscal Year 2015 from the POLICE QPP to POVSF and PSOVSF are estimated to be $330 million and $260 million, respectively. The amounts of such transfers due for Fiscal Year 2015 from the FIRE QPP to FFVSF and FOVSF are estimated to be $30 million and $10 million, respectively. Additionally, in Fiscal Year 2015, the NYCERS QPP made required transfers of $4.1 million, $3.1 million, $2.1 million, and $2.7 million to TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF, respectively, to fund annual benefits.

For Fiscal Year 2014, Excess Earnings on equity investments, inclusive of prior year's cumulative deficiencies, exceeded zero, and therefore, transfers of assets from the QPPs to their respective VSFs were required. The amount of such transfer due for Fiscal Year 2014 from the NYCERS QPP to COVSF was estimated to be $190 million. The amounts of such transfers due for Fiscal Year 2014 from the POLICE QPP to POVSF and PSOVSF were estimated to be $1.29 billion and $1.02 billion, respectively. The amounts of such transfers due for Fiscal Year 2014 from the FIRE QPP to FFVSF and FOVSF were estimated to be $110 million and $10 million, respectively. Additionally, in Fiscal Year 2014, the NYCERS QPP made required transfers of $4.1 million, $3.1 million, $2.2 million and $2.8 million to TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF, respectively, to fund annual benefits. Also, because PSOVSF assets were insufficient to pay benefits, the POLICE QPP made required transfers to PSOVSF of approximately $231 million in Fiscal Year 2014.

TDA Programs

Contributions to the TDA Programs are made by the members only and are voluntary. Active members of the respective QPP are required to submit a salary reduction agreement and an enrollment request to make contributions. A participant may elect to exclude an amount (within the maximum allowed by the Internal Revenue Service) of his or her compensation from current taxable income by contributing it to the TDA Programs. This maximum is determined annually by the IRS for each calendar year. Additionally, members can elect either a fixed or variable investment program for investment of their contributions.

No employer contributions are made to the TDA Programs. However, the TDA Programs offer a fixed return investment option as discussed above which could increase or decrease the City's contribution to the respective QPPs.

Net Pension Liability

The City's net pension liabilities for each of the QPPs reported at June 30, 2015 and 2014 were measured as of those fiscal year-end dates. The total pension liabilities used to calculate those net pension liabilities were determined by actuarial valuations as of June 30, 2013 and June 30, 2012, respectively, based on the OLYM described above, and rolled forward to the respective fiscal year-end measurement dates. Information about the fiduciary net position of each QPP and additions to and deductions from each QPP's fiduciary net position has been determined on the same basis as they are reported by the respective QPP. For this purpose, benefits and refunds are recognized when due and payable in accordance with the terms of the respective qualified pension plan and investments are reported at fair value.

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 and June 30, 2012 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2013	**June 30, 2012**
Investment Rate of Return	*7.0% per annum, net of investment expenses (Actual Return for Variable Funds).*	*7.0% per annum, net of investment expenses (Actual Return for Variable Funds).*
Post-Retirement Mortality	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.*	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.*
Active Service: Withdrawal, Death, Disability, Retirement	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.*	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.*
Salary Increases[1]	*In general, Merit and Promotion increases, plus assumed General Wage Increases of 3.0% per year.*	*In general, Merit and Promotion increases, plus assumed General Wage Increases of 3.0% per year.*
Cost-of-Living Adjustments[1]	*1.5% per annum for Tiers I, II, IV, and certain Tier III and Tier VI retirees. 2.5% per annum for certain Tier III and Tier VI retirees.*	*1.5% per annum for Tiers I,II,IV and certain Tier III and Tier VI retirees. 2.5% per annum for certain Tier III and Tier VI retirees.*

(1) *Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year.*

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded QPPs are conducted by an independent actuarial firm every two years. The most recent actuarial study analyzed experience for the four-year and ten-year periods ended June 30, 2013. In a report dated October 23, 2015, the independent actuarial auditor confirmed that the Actuary's calculations of employer contributions for Fiscal Year 2014 were reasonable and appropriate and recommended the consideration of changes to the mortality, overtime, and investment return assumptions.

In accordance with the ACNY and with appropriate practice, the Boards of Trustees of the five actuarially-funded QPPs are to periodically review and adopt certain actuarial assumptions as proposed by the Actuary for use in the determination of Employer Contributions, which are also generally used to determine the total pension liability, as applicable. Based, in part, upon a review of the then two most recently completed experience studies, the Actuary issued reports for the QPPs proposing changes in actuarial assumptions and methods for Fiscal Years beginning on and after July 1, 2011 (February 2012 Reports). Where required, the Boards of Trustees of the NYCRS adopted those changes to actuarial assumptions that require Board approval. The State Legislature enacted Chapter 3/13 to provide for those changes to the actuarial assumptions and methods that require legislation, including the Actuarial Interest Rate (AIR) assumption of 7.0% per annum, net of investment expenses.

Management of each of the pension funds has determined its long-term expected rate of return to be 7.0% per annum. This is based upon weighted expected real rates of return (RROR) ranging from 5.34% to 5.58% and a long-term Consumer Price Inflation assumption of 2.5% offset by investment related expenses. The target asset allocation of each of the funds and the expected RROR for each of the asset classes are summarized in the following tables:

	NYCERS	
Asset Class	Target Asset Allocation	Long-Term Expected RROR
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%	

	BERS	
Asset Class	Target Asset Allocation	Long-Term Expected RROR
U.S. Public Market Equities	35.00%	6.60%
International Public Market Equities	17.00%	7.00%
Emerging Public Market Equities	5.00%	7.90%
Private Market Equities	6.00%	9.90%
Fixed Income	30.00%	2.70%
Alternatives (Real Assets, Hedge Funds)	7.00%	4.00%
Total	100.00%	

	TRS	
Asset Class	Target Asset Allocation	Long-Term Expected RROR
U.S. Public Market Equities	34.00%	6.60%
International Public Market Equities	9.00%	7.00%
Emerging Public Market Equities	8.00%	7.90%
Private Market Equities	6.00%	9.90%
Fixed Income	37.00%	2.70%
Alternatives (Real Assets, Hedge Funds)	6.00%	4.00%
Total	100.00%	

	POLICE	
Asset Class	Target Asset Allocation	Long-Term Expected RROR
U.S. Public Market Equities	34.00%	6.60%
International Public Market Equities	10.00%	7.00%
Emerging Public Market Equities	6.00%	7.90%
Private Market Equities	7.00%	9.90%
Fixed Income	32.00%	2.70%
Alternatives (Real Assets, Hedge Funds)	11.00%	4.00%
Total	100.00%	

	FIRE	
Asset Class	**Target Asset Allocation**	**Long-Term Expected RROR**
U.S. Public Market Equities	32.00%	6.60%
International Public Market Equities	10.00%	7.00%
Emerging Public Market Equities	6.50%	7.90%
Private Market Equities	7.00%	9.90%
Fixed Income	34.50%	2.70%
Alternatives (Real Assets, Hedge Funds)	10.00%	4.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability of each QPP as of June 30, 2015 and 2014 was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the rates applicable to the current tier for each member and that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, each QPP's fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active QPP members. Therefore, the long-term expected rate of return on QPP investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability—POLICE and FIRE QPPs

Changes in the City's net pension liability for POLICE and FIRE for the Fiscal Years ended June 30, 2015 and 2014 are as follows:

	POLICE			FIRE		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(in millions)					
Balances at 6/30/2013	$44,550	$29,452	$15,098	$17,524	$ 9,822	$ 7,702
Changes for Fiscal Year 2014:						
Service cost	1,302	—	1,302	413	—	413
Interest	3,117	—	3,117	1,215	—	1,215
Contributions—employer	—	2,321	(2,321)	—	970	(970)
Contributions—employee	—	229	(229)	—	109	(109)
Net investment income	—	5,147	(5,147)	—	1,689	(1,689)
Benefit payments, including refunds of employee contributions	(2,682)	(2,682)	—	(1,172)	(1,172)	—
Administrative expense	—	(17)	17	—	—	—
Other changes	—	6	(6)	—	40	(40)
Net changes	1,737	5,004	(3,267)	456	1,636	(1,180)
Balances at 6/30/2014	46,287	34,456	11,831	17,980	11,458	6,522
Changes for the Fiscal Year 2015:						
Service cost	1,311	—	1,311	413	—	413
Interest	3,222	—	3,222	1,258	—	1,258
Differences between Expected and Actual Experience	(215)	—	(215)	171	—	171
Contributions—employer	—	2,310	(2,310)	—	989	(989)
Contributions—employee	—	241	(241)	—	109	(109)
Net investment income	—	1,098	(1,098)	—	302	(302)
Benefit payments, including refunds of employee contributions	(2,747)	(2,747)	—	(1,220)	(1,220)	—
Administrative expense	—	(18)	18	—	—	—
Other changes	—	5	(5)	—	41	(41)
Net changes	1,571	889	682	622	221	401
Balances at 6/30/2015	$47,858	$35,345	$12,513	$18,602	$11,679	$ 6,923

The following table presents the City's net pension liability for POLICE and FIRE calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	Fiscal Year 2015			Fiscal Year 2014		
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
	(in millions)					
POLICE	$17,703	$12,513	$8,202	$16,893	$11,831	$7,577
FIRE	8,890	6,923	5,225	8,449	6,522	4,885

City Proportion of Net Pension Liability—NYCERS, TRS and BERS (Excluding TDAs)

The following table presents the City's proportionate share of the net pension liability of the NYCERS, TRS and BERS QPPs at June 30, 2015 and 2014, and the proportion percentage of the aggregate net pension liability of each QPP allocated to the City:

	June 30, 2015			June 30, 2014		
	NYCERS	TRS	BERS	NYCERS	TRS	BERS
	(in millions, except for %)					
City's proportion of the net pension liability	55.55%	97.27%	99.99%	55.54%	97.28%	99.99%
City's proportionate share of the net pension liability	$11,244	$20,219	$1,100	$10,008	$17,331	$907

The City's proportion of the respective QPP's net pension liability was based on actual required contributions of each of the participating employers.

The following table presents the City's proportionate share of net pension liability for the NYCERS, TRS, and BERS QPPs calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the respective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	Fiscal Year 2015			Fiscal Year 2014		
QPPs	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
	(in millions)					
NYCERS	$15,550	$11,244	$ 7,244	$14,435	$10,008	$ 5,900
TRS	26,453	20,219	15,065	23,414	17,331	12,088
BERS	1,596	1,100	666	1,377	907	511

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense recognized by the City for the Fiscal Years ended June 30, 2015 and 2014 related to the NYCRS are as follows:

NYCRS	2015	2014
	(in millions)	
NYCERS	$1,160	$ 911
TRS (Excluding TDA)	2,103	1,686
BERS (Excluding TDA)	139	258
POLICE	1,204	1,274
FIRE	602	507
TOTAL	$5,208	$4,636

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2015 and 2014 for each NYCRS are as follows:

Fiscal Year 2015

	NYCERS		TRS		BERS		POLICE		FIRE		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)											
Differences between expected and actual experience	$ —	$ 112,928	$1,088,801	$ —	$34,945	$ —	$ —	$ 127,492	$104,152	$ —	$1,227,898	$ 240,420
Changes of assumptions	—	—	—	—	—	—	—	—	—	—	—	—
Net difference between projected and actual earnings on pension plan investments	1,168,314	2,103,705	1,078,088	4,955,787	38,589	617,015	1,045,207	2,358,961	397,376	772,965	3,727,574	10,808,433
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	—	3,566	—	(52)	—	(57)	—	—	—	—	—	3,457
Total	$1,168,314	$2,220,199	$2,166,889	$4,955,735	$73,534	$616,958	$1,045,207	$2,486,453	$501,528	$ 772,965	$4,955,472	$11,052,310

Fiscal Year 2014

	NYCERS		TRS		BERS		POLICE		FIRE		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)											
Differences between expected and actual experience	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Changes of assumptions	—	—	—	—	—	—	—	—	—	—	—	—
Net difference between projected and actual earnings on pension plan investments	—	2,873,795	—	6,809,048	—	856,456	—	3,229,364	—	1,059,072	—	14,827,735
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	—	—	—	—	—	—	—	—	—	—	—	—
Total	$ —	$2,873,795	$ —	$6,809,048	$ —	$856,456	$ —	$3,229,364	$ —	$1,059,072	$ —	$14,827,735

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2015 will be recognized in pension expense as follows:

	NYCERS	TRS	BERS	POLICE	FIRE	TOTAL
			(in thousands)			
Year ending June 30:						
2016	$ (529,872)	$(1,205,563)	$(214,533)	$ (697,026)	$(119,568)	$(2,766,562)
2017	(529,872)	(1,205,564)	(214,533)	(648,667)	(149,806)	(2,748,442)
2018	(278,485)	(647,167)	(124,102)	(356,855)	(101,406)	(1,508,015)
2019	291,606	269,511	9,648	261,302	99,344	931,411
Thereafter	—	—	—	—	—	—
Total	$(1,046,623)	$(2,788,783)	$(543,520)	$(1,441,246)	$(271,436)	$(6,091,608)

The City of New York

Comprehensive
Annual Financial Report
of the
Comptroller

Required Supplementary Information

Part II-B

Fiscal Year Ended June 30, 2015

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A. Schedule of Changes in the City's Net Pension Liability and Related Ratios for Single-Employer Pension Plans at June 30,

	POLICE		FIRE	
	2015	**2014**	**2015**	**2014**
		(in thousands, except %)		
Total pension liability:				
Service cost	$ 1,310,965	$ 1,301,753	$ 412,826	$ 412,911
Interest	3,222,241	3,117,317	1,257,531	1,215,277
Benefit payments and withdrawals	(2,746,784)	(2,682,223)	(1,220,441)	(1,171,998)
Difference between Expected and Actual Experience	(215,418)	—	171,347	—
Net change in total pension liability	1,571,004	1,736,847	621,263	456,190
Total pension liability-beginning	46,286,703	44,549,856	17,980,492	17,524,303
Total pension liability-ending[(a)]	47,857,707	46,286,703	18,601,755	17,980,492
Plan fiduciary net position:				
Employer contributions	2,309,619	2,320,910	988,784	969,956
Member contributions	241,102	228,783	108,582	108,859
Net investment income	1,098,220	5,147,483	302,567	1,689,485
Benefit payments and withdrawals	(2,746,784)	(2,682,223)	(1,220,441)	(1,171,998)
Administrative expenses	(17,903)	(17,450)	—	—
Other	4,616	6,911	41,201	39,980
Net change in plan fiduciary net position	888,870	5,004,414	220,693	1,636,282
Plan fiduciary net position—beginning	34,456,182	29,451,768	11,458,638	9,822,356
Plan fiduciary net position—ending[(b)]	35,345,052	34,456,182	11,679,331	11,458,638
Employer's net pension liability—ending[(a)-(b)]	$12,512,655	$11,830,521	$ 6,922,424	$ 6,521,854
Plan fiduciary net position as a percentage of the total pension liability	73.85%	74.44%	62.79%	63.73%
Covered-employee payroll	$ 3,512,778	$ 3,420,296	$1,111,744	$ 1,102,396
Employer's net pension liability as a percentage of covered-employee payroll	356.20%	345.89%	622.66%	591.61%

B. Schedule of the City's Proportionate Share of the Net Pension Liabilities of Cost-Sharing Multiple-Employer Pension Plans at June 30,

	NYCERS		TRS		BERS	
	2015	2014	2015	2014	2015	2014
			(in millions, except %)			
City's proportion of the net pension liability	55.55%	55.54%	97.27%	97.28%	99.99%	99.99%
City's proportionate share of the net pension liability	$11,244.3	$10,008.2	$20,219.3	$17,331.1	$ 1,100.3	$ 906.5
City's covered-employee payroll	$ 6,500.5	$ 6,506.4	$ 7,869.8	$ 7,772.8	$ 1,016.3	$ 988.8
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	172.98%	153.83%	256.92%	222.97%	108.27%	91.68%
Plan fiduciary net position as a percentage of the total pension liability	73.13%	75.32%	68.04%	71.79%	75.33%	78.60%

C. Schedule of City Contributions for All Pension Plans for the Fiscal Years ended June 30,

(in thousands except %)

	2015	2014	2013	2012*	2011*	2010*	2009*	2008*	2007*	2006*
NYCERS										
Contractually required contribution	$1,758,378	$1,729,616	$1,692,278	$3,017,004	$2,387,216	$2,197,717	$2,150,438	$1,874,242	$1,471,030	$1,024,358
Contributions in relation to the contractually required contribution	1,758,378	1,729,616	1,692,278	3,017,004	2,387,216	2,197,717	2,150,438	1,874,242	1,471,030	1,024,358
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	6,500,475	6,506,353	6,322,125	11,812,858	11,465,975	10,977,607	10,454,244	9,863,942	9,456,351	9,193,664
Contributions as a percentage of covered-employee payroll	27.050%	26.583%	26.768%	25.540%	20.820%	20.020%	20.570%	19.001%	15.556%	11.142%
TRS										
Contractually required contribution	$3,180,865	$2,917,129	$2,777,966	$2,673,078	$2,468,973	$2,484,074	$2,223,644	$1,916,520	$1,600,904	$1,316,611
Contributions in relation to the contractually required contribution	3,180,865	2,917,129	2,777,966	2,673,078	2,468,973	2,484,074	2,223,644	1,916,520	1,600,904	1,316,611
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	7,869,774	7,772,827	7,683,465	7,920,935	7,935,248	7,859,999	7,221,499	6,998,174	6,285,203	6,183,304
Contributions as a percentage of covered-employee payroll	40.419%	37.530%	36.155%	33.747%	31.114%	31.604%	30.792%	27.386%	25.471%	21.293%
BERS										
Contractually required contribution	$ 258,055	$ 214,574	$ 196,231	$ 213,651	$ 180,191	$ 147,349	$ 134,225	$ 143,100	$ 129,820	$ 90,839
Contributions in relation to the contractually required contribution	258,055	214,574	196,231	213,651	180,191	147,349	134,225	143,100	129,820	90,839
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	1,016,277	988,757	885,491	879,476	880,656	826,782	755,516	729,098	696,421	608,596
Contributions as a percentage of covered-employee payroll	25.392%	21.701%	22.161%	24.293%	20.461%	17.822%	17.766%	19.627%	18.641%	14.926%
POLICE										
Contractually required contribution	$2,309,619	$2,320,910	$2,424,690	$2,385,731	$2,083,633	$1,980,996	$1,932,150	$1,797,824	$1,544,341	$1,337,715
Contributions in relation to the contractually required contribution	2,309,619	2,320,910	2,424,690	2,385,731	2,083,633	1,980,996	1,932,150	1,797,824	1,544,341	1,337,715
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	3,512,778	3,420,312	3,459,889	3,448,784	3,252,729	3,097,484	2,946,698	2,797,429	2,788,324	2,750,632
Contributions as a percentage of covered-employee payroll	65.749%	67.857%	70.080%	69.176%	64.058%	63.955%	65.570%	64.267%	55.386%	48.633%
FIRE										
Contractually required contribution	$ 988,784	$ 969,956	$ 962,173	$ 976,895	$ 890,706	$ 874,331	$ 843,751	$ 780,202	$ 683,193	$ 608,771
Contributions in relation to the contractually required contribution	988,784	969,956	962,173	976,895	890,706	874,331	843,751	780,202	683,193	608,771
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	1,111,744	1,102,396	1,129,921	1,149,423	1,057,243	1,059,911	1,013,661	944,463	916,582	872,490
Contributions as a percentage of covered-employee payroll	88.940%	87.986%	85.154%	84.990%	84.248%	82.491%	83.238%	82.608%	74.537%	69.774%

* For City Fiscal Years 2012, 2011, 2010, 2009, 2008, 2007 and 2006 reported contributions and covered payroll amounts are those of each retirement system as a whole (i.e., the sums for all participating employers.) City-only covered payroll is not readily available for years prior to 2013; and due to methodological changes during the periods 2005 through 2012, the City-only employer contributions are not comparable over the ten year period.

Notes to Schedule C:

The above actuarially determined and contractually required contributions were developed using a One-Year Lag Methodology, under which the actuarial valuation determines the employer contribution for the second following fiscal year (e.g. Fiscal Year 2015 contributions were determined using an actuarial valuation as of June 30, 2013). The methods and assumptions used to determine the actuarially determined and contractually required contributions are as follows:

Fiscal Year	2015	2014	2013	2012	2011
Valuation Dates	June 30, 2013 (Lag)	June 30, 2012 (Lag)	June 30, 2011 (Lag)	June 30, 2010 (Lag)	June 30, 2009 (Lag)
Actuarial cost method	Entry Age[5]	Entry Age[5]	Entry Age[5]	Entry Age[5]	Frozen Initial Liability[1]
Amortization method for Unfunded Actuarial Accrued Liabilities (UAAL):					
Pre-2010 UAALs	NA	NA	NA	NA	NA
Initial 2010 UAAL	Increasing Dollar Payments.	Increasing Dollar Payments.	Increasing Dollar Payments.	Increasing Dollar Payments.	NA
Post-2010 UAALs	Level Dollar Payments.	Level Dollar Payments.	Level Dollar Payments.	Level Dollar Payments.	NA
Remaining amortization period:					
Pre-2010 UAALs	NA	NA	NA	NA	NA
Initial 2010 UAAL	19 Years (Closed).	20 Years (Closed).	21 years (Closed).	22 years (Closed).	NA
2010 ERI	3 Years (Closed).	4 Years (Closed).	5 Years (Closed).	NA	NA
2011 (G)/L	13 Years (Closed).	14 Years (Closed).	15 Years (Closed).	NA	NA
2012 (G)/L	14 Years (Closed).	15 Years (Closed).	NA	NA	NA
2013 (G)/L	15 Years (Closed).	NA	NA	NA	NA
Transit Refunds	5 Years (Closed).	NA	NA	NA	NA
Actuarial Asset Valuation (AAV) Method	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6].	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6].	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6].	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6].	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.
Actuarial assumptions:					
Assumed rate of return	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum, gross of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).
Post-retirement mortality	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2006.
Active service: withdrawal, death, disability, service retirement	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2006.
Salary increases	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]
Cost-of-Living Adjustments[4]	1.5% per annum for Auto Cola. 2.5% per annum for Escalation.	1.5% per annum for Auto Cola. 2.5% per annum for Escalation.	1.5% per annum for Auto Cola. 2.5% per annum for Escalation.	1.5% per annum for Auto Cola. 2.5% per annum for Escalation.	1.3% per annum[4]

Notes to Schedule C:

Fiscal Year	2010	2009	2008	2007	2006
Valuation Dates	June 30, 2008 (Lag)	June 30, 2007 (Lag)	June 30, 2006 (Lag)	June 30, 2005(Lag)	June 30, 2004 (Lag)
Actuarial cost method	Frozen Initial Liability[1]	Frozen Initial Liability[1]	Frozen Initial Liability[1]	Frozen Initial Liability[1]	Frozen Initial Liability[1]
Amortization method for Unfunded Actuarial Accrued Liabilities (UAAL):					
Pre-2010 UAALs	Increasing dollar for FIRE[2] All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE[2] All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE[2] Level dollar for UAAL attributable to NYCERS, TRS and BERS 2002 ERI (Part A only).[3] All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE[2] Level dollar for UAAL attributable to NYCERS, TRS and BERS 2002 ERI (Part A only).[3] All outstanding components of UAAL are being amortized over closed periods.	Increasing dollar for FIRE[2]. Level dollar for UAAL attributable to NYCERS 2000 Early Retirement Incentive (ERI); BERS, NYCERS and TRS 2002 ERI (Part A only).[3] All outstanding components of UAAL are being amortized over closed periods.
Initial 2010 UAAL	NA	NA	NA	NA	NA
Post-2010 UAALs	NA	NA	NA	NA	NA
Remaining amortization period:					
Pre-2010 UAALs	1 year for FIRE[2].	2 years for FIRE[2].	3 years for FIRE[2], and 1 year for 2002 ERI (Part A Only).	4 years for FIRE[2], and 2 years for 2002 ERI (Part A Only).	5 years for FIRE[2], 1 year for 2000 ERI, and 3 years for 2002 ERI (Part A only).
Initial 2010 UAAL	NA	NA	NA	NA	NA
2010 ERI	NA	NA	NA	NA	NA
2011 (G)/L	NA	NA	NA	NA	NA
2012 (G)/L	NA	NA	NA	NA	NA
2013 (G)/L	NA	NA	NA	NA	NA
Transit Refunds	NA	NA	NA	NA	NA
Actuarial Asset Valuation(AAV) Method	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 1999.
Actuarial assumptions:					
Assumed rate of return	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).
Post retirement morality	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006..	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.
Active service: withdrawal, death, disability, service retirement	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.

Notes to Schedule C:

Fiscal Year	2010	2009	2008	2007	2006
Salary Increases	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]
Cost-of-Living Adjustments[2]	1.3% per annum[4]	1.3% per annum[4]	1.3% per annum[4]	1.3% per annum[4]	1.3% per annum[4]

[1] Under the Frozen Initial Liability Actuarial Cost Method, the excess of the Actuarial Present Value (APV) of projected benefits of the membership as of the valuation date, over the sum of the Actuarial Value of Assets plus the UAAL, if any, and the APV of future employee contributions is allocated on a level basis over the future earnings of members who are on the payroll of the valuation date. The Initial Liability was reestablished by the Entry Age Actuarial Cost Method as of June 20, 1999 but with the UAAL not less than $0. Actuarial gains and losses are reflected in the employer normal contribution rate.

[2] In conjunction with Chapter 85 of the Laws of 2000 (Chapter 85/100), there is an amortization method. However, the initial pre-2010 UAAL of NYCERS, TRS, BERS, and POLICE equal $0 and no amortization periods are required.

[3] Laws of established UAAL for Early Retirement Inventive Programs to be amortized on a level dollar basis over periods of 5 years.

[4] Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year.

[5] Beginning with the June 30, 2010 (Lag) actuarial valuation under the 2012 A&M, the Entry Age Actuarial Cost Method (EAACM) of funding is utilized by the Actuary to calculate the contributions required of the Employer. Under this method, the Actuarial Present Value (APV) of Benefits (APVB) of each individual included in the actuarial valuation is allocated on a level basis over the earnings (or service) of the individual between entry age and assumed exit ages. The employer portion of this APV allocated to a valuation year is the Normal Cost. The portion of this APV not provided for at a valuation date by the APV of Future Normal Costs or future member contributions is the Actuarial Accrued Liability (AAL). The excess, if any, of the AAL over the Actuarial Asset Value (AAV) is the Unfunded Actuarial Accrued Liability (UAAL). Under this method, actuarial gains (losses), as they occur, reduce (increase) the UAAL and are explicitly identified and amortized. Increases (decreases) in obligations due to benefit changes, actuarial assumption changes and/or actuarial method changes are also explicitly identified and amortized.

[6] Market Value Restart as of June 30, 2011. Actuarial Asset Value (AAV) as of June 30, 2010 defined to recognize Fiscal Year 2011 investment performance. The June 30, 2010 AAV is derived as equal to the June 30, 2011 Market Value of Assets, discounted by the Actuarial Interest Rate assumption (adjusted for cash flow) to June 30, 2010.

D. Schedule of Funding Progress for the New York City Other Postemployment Benefits Plan

The schedule of funding progress presents GASB No. 45 results of OPEB valuations as of Fiscal Years ended June 30, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, and 2007. The schedule provides a nine year information trend about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL)	(4) Funded Ratio	(5) Covered Payroll	(6) UAAL as a Percentage of Covered Payroll
			(2)-(1)	(1)÷(2)		(3)÷(5)
			(in thousands, except %)			
6/30/14	$2,378,144	$70,381,602	$68,003,458	3.4%	$20,712,782	328.3%
6/30/13	1,363,073	71,338,386	69,975,313	1.9	20,252,631	345.5
6/30/12	2,115,846	71,417,253	69,301,407	3.0	20,262,853	342.0
6/30/11*	2,631,584	85,971,494	83,339,910	3.1	19,912,761	418.5
6/30/10*	3,022,624	82,063,852	79,041,228	3.7	19,731,127	400.6
6/30/09*	3,103,186	73,674,157	70,570,971	4.2	19,469,182	362.5
6/30/08*	3,186,139	65,164,503	61,978,364	4.9	18,721,681	331.1
6/30/07*	2,594,452	62,135,453	59,541,001	4.2	17,355,874	343.1
6/30/06*	1,001,332	56,077,151	55,075,819	1.8	16,546,829	332.8

* Based on the Frozen Entry Age Actuarial Cost Method.

THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015
(in thousands)

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2014	The New York City Other Postemployment Benefits Plan	Total
ASSETS:				
Cash and cash equivalents	$ 161,429	$ 14,820	$ 897,653	$ 1,073,902
Receivables:				
Member loans	2,011,781	231,103	—	2,242,884
Investment securities sold	5,260,694	—	—	5,260,694
Accrued interest and dividends	510,306	—	2,749	513,055
Other receivables	11	—	205	216
Total receivables	7,782,792	231,103	2,954	8,016,849
Investments:				
Fixed return funds	66,235,609	—	—	66,235,609
Short-term investments	5,898,713	—	—	5,898,713
Debt securities	23,029,758	—	3,130,228	26,159,986
Equity securities	37,975,076	—	—	37,975,076
Alternative investments	17,482,513	—	—	17,482,513
Mutual funds	—	10,204,567	—	10,204,567
Collective trust funds	31,509,882	—	—	31,509,882
Collateral from securities lending transactions	11,188,889	—	—	11,188,889
Guaranteed investment contracts	—	5,159,254	—	5,159,254
Total investments	193,320,440	15,363,821	3,130,228	211,814,489
Other assets	187,325	2,732	222	190,279
Total assets	201,451,986	15,612,476	4,031,057	221,095,519
LIABILITIES:				
Accounts payable and accrued liabilities	940,616	6,239	524,822	1,471,677
Payable for investment securities purchased	10,207,496	—	109,711	10,317,207
Accrued benefits payable	723,878	—	—	723,878
Securities lending transactions	11,188,889	—	—	11,188,889
Other liabilities	1,754	—	—	1,754
Total liabilities	23,062,633	6,239	634,533	23,703,405
NET POSITION:				
Restricted for benefits to be provided by QPPs	145,675,088	—	—	145,675,088
Restricted for benefits to be provided by VSFs	3,775,111	—	—	3,775,111
Restricted for benefits to be provided by TDA program	28,939,154	—	—	28,939,154
Restricted for other employee benefits	—	15,606,237	3,396,524	19,002,761
Total net position	$178,389,353	$15,606,237	$3,396,524	$197,392,114

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014
(in thousands)

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2013	The New York City Other Postemployment Benefits Plan	Total
ASSETS:				
Cash and cash equivalents	$ 252,309	$ 14,439	$1,125,586	$ 1,392,334
Receivables:				
Member loans	2,008,938	219,445	—	2,228,383
Investment securities sold	5,411,629	—	—	5,411,629
Accrued interest and dividends	486,841	—	328	487,169
Other receivables	16	—	272	288
Total receivables	7,907,424	219,445	600	8,127,469
Investments:				
Fixed return funds	64,161,348	—	—	64,161,348
Short-term investments	4,281,436	—	—	4,281,436
Debt securities	20,807,294	—	1,811,563	22,618,857
Equity securities	41,917,755	—	—	41,917,755
Alternative investments	16,803,357	—	—	16,803,357
Mutual funds	26,254	9,262,627	—	9,288,881
Collective trust funds	30,541,183	—	—	30,541,183
Collateral from securities lending transactions	16,618,377	—	—	16,618,377
Guaranteed investment contracts	—	5,057,209	—	5,057,209
Total investments	195,157,004	14,319,836	1,811,563	211,288,403
Other assets	92,538	1,175	43	93,756
Total assets	203,409,275	14,554,895	2,937,792	220,901,962
LIABILITIES:				
Accounts payable and accrued liabilities	805,580	4,718	559,649	1,369,947
Payable for investment securities purchased	9,952,997	—	—	9,952,997
Accrued benefits payable	636,319	—	—	636,319
Securities lending transactions	16,623,227	—	—	16,623,227
Other liabilities	1,484	—	—	1,484
Total liabilities	28,019,607	4,718	559,649	28,583,974
NET POSITION:				
Restricted for benefits to be provided by QPPs	144,537,893	—	—	144,537,893
Restricted for benefits to be provided by VSFs	3,540,824	—	—	3,540,824
Restricted for benefits to be provided by TDA program	27,310,951	—	—	27,310,951
Restricted for other employee benefits	—	14,550,177	2,378,143	16,928,320
Total net position	$175,389,668	$14,550,177	$2,378,143	$192,317,988

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2014	The New York City Other Postemployment Benefits Plan	Total
ADDITIONS:				
Contributions:				
Member contributions	$ 1,752,458	$ 773,269	$ —	$ 2,525,727
Employer contributions	9,986,767	—	3,135,897	13,122,664
Other employer contributions	55,521	—	—	55,521
Total contributions	11,794,746	773,269	3,135,897	15,703,912
Investment income:				
Interest income	1,991,785	126,421	10,030	2,128,236
Dividend income	2,832,442	—	—	2,832,442
Net appreciation in fair value of investments	631,087	784,761	—	1,415,848
Investment expenses	(708,866)	(32,748)	—	(741,614)
Investment income, net	4,746,448	878,434	10,030	5,634,912
Securities lending transactions:				
Securities lending income	82,478	—	—	82,478
Securities lending fees	(5,353)	—	—	(5,353)
Net securities lending income	77,125	—	—	77,125
Other	2,713	—	—	2,713
Total additions	16,621,032	1,651,703	3,145,927	21,418,662
DEDUCTIONS:				
Benefit payments and withdrawals	13,443,504	582,006	2,127,022	16,152,532
Administrative expenses	170,701	13,637	524	184,862
Other	7,142	—	—	7,142
Total deductions	13,621,347	595,643	2,127,546	16,344,536
Net increase in net position	2,999,685	1,056,060	1,018,381	5,074,126
NET POSITION:				
Restricted for benefits:				
Beginning of year	175,389,668	14,550,177	2,378,143	192,317,988
End of year	$178,389,353	$15,606,237	$3,396,524	$197,392,114

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2013	The New York City Other Postemployment Benefits Plan	Total
ADDITIONS:				
Contributions:				
Member contributions	$ 1,680,232	$ 735,396	$ —	$ 2,415,628
Employer contributions	9,618,218	—	3,114,329	12,732,547
Other employer contributions	55,730	—	—	55,730
Total contributions	11,354,180	735,396	3,114,329	15,203,905
Investment income:				
Interest income	1,953,632	142,099	8,207	2,103,938
Dividend income	2,374,721	—	—	2,374,721
Net appreciation in fair value of investments	22,950,337	2,077,933	—	25,028,270
Investment expenses	(530,151)	(30,471)	—	(560,622)
Investment income, net	26,748,539	2,189,561	8,207	28,946,307
Securities lending transactions:				
Securities lending income	33,813	—	—	33,813
Securities lending fees	(9,367)	—	—	(9,367)
Net securities lending income	24,446	—	—	24,446
Other	(129,246)	—	—	(129,246)
Total additions	37,997,919	2,924,957	3,122,536	44,045,412
DEDUCTIONS:				
Benefit payments and withdrawals	12,733,668	503,441	2,107,092	15,344,201
Administrative expenses	143,418	13,580	373	157,371
Other	7,228	—	—	7,228
Total deductions	12,884,314	517,021	2,107,465	15,508,800
Net increase in net position	25,113,605	2,407,936	1,015,071	28,536,612
NET POSITION:				
Restricted for benefits:				
Beginning of year	150,276,063	12,142,241	1,363,072	163,781,376
End of year	$175,389,668	$14,550,177	$2,378,143	$192,317,988

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2015
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Funds	New York City Fire Pension Funds	Total
ASSETS:						
Cash and cash equivalents	$ 44,296	$ 25,990	$ 18,055	$ 52,320	$ 20,768	$ 161,429
Receivables:						
Member loans	1,027,069	618,116	81,184	256,288	29,124	2,011,781
Investment securities sold	1,639,525	2,856,517	55,004	521,013	188,635	5,260,694
Accrued interest and dividends	267,572	158,439	829	63,697	19,769	510,306
Other receivables	11	—	—	—	—	11
Total receivables	2,934,177	3,633,072	137,017	840,998	237,528	7,782,792
Investments:						
Fixed return funds	—	61,802,772	4,432,837	—	—	66,235,609
Short-term investments	2,673,869	141,023	5,570	2,354,399	723,852	5,898,713
Debt securities	12,231,677	558,889	10,314	7,622,814	2,606,064	23,029,758
Equity securities	18,188,567	10,724,984	449,889	6,668,018	1,943,618	37,975,076
Alternative investments	9,824,907	—	—	5,770,380	1,887,226	17,482,513
Collective trust funds:						
Debt securities	3,258,890	—	—	1,838,110	827,186	5,924,186
Domestic equity	—	—	—	5,940,312	1,951,729	7,892,041
International equity	9,501,921	—	—	6,030,187	2,161,547	17,693,655
Collateral from securities lending transactions	4,789,313	2,438,758	331,742	2,792,751	836,325	11,188,889
Total investments	60,469,144	75,666,426	5,230,352	39,016,971	12,937,547	193,320,440
Other assets	140,813	3,681	22,356	14,879	5,596	187,325
Total assets	63,588,430	79,329,169	5,407,780	39,925,168	13,201,439	201,451,986
LIABILITIES:						
Accounts payable and accrued liabilities	142,088	481,746	7,989	233,964	74,829	940,616
Payable for investment securities purchased	3,368,991	4,709,879	91,175	1,445,424	592,027	10,207,496
Accrued benefits payable	257,254	110,539	11,506	294,500	50,079	723,878
Securities lending transactions	4,789,313	2,438,758	331,742	2,792,751	836,325	11,188,889
Other liabilities	1,754	—	—	—	—	1,754
Total liabilities	8,559,400	7,740.922	442,412	4,766,639	1,553,260	23,062,633
NET POSITION:						
Restricted for benefits to be provided by QPPs	54,889,324	44,254,665	3,359,796	32,355,973	10,815,330	145,675,088
Restricted for benefits to be provided by VSFs	139,706	—	—	2,802,556	832,849	3,775,111
Restricted for benefits to be provided by TDA program	—	27,333,582	1,605,572	—	—	28,939,154
Total net position	$55,029,030	$71,588,247	$4,965,368	$35,158,529	$11,648,179	$178,389,353

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2014
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Funds	New York City Fire Pension Funds	Total
ASSETS:						
Cash and cash equivalents	$ 90,850	$ 77,349	$ 11,805	$ 50,387	$ 21,918	$ 252,309
Receivables:						
Member loans	1,058,426	589,201	77,069	255,808	28,434	2,008,938
Investment securities sold	1,389,323	2,993,708	185,119	606,996	236,483	5,411,629
Accrued interest and dividends	259,370	145,970	577	60,730	20,194	486,841
Other receivables	16	—	—	—	—	16
Total receivables	2,707,135	3,728,879	262,765	923,534	285,111	7,907,424
Investments:						
Fixed return funds	—	59,881,566	4,279,782	—	—	64,161,348
Short-term investments	2,310,548	141,098	5,161	1,302,542	522,087	4,281,436
Debt securities	11,043,530	590,661	10,055	7,053,821	2,109,227	20,807,294
Equity securities	20,010,747	11,185,676	435,423	7,882,275	2,403,634	41,917,755
Alternative investments	9,630,142	—	—	5,411,415	1,761,800	16,803,357
Mutual funds—international equity	—	—	—	—	26,254	26,254
Collective trust funds:						
Debt securities	2,927,243	—	—	1,796,458	815,841	5,539,542
Domestic equity	—	—	—	5,949,347	1,905,476	7,854,823
International equity	9,186,090	—	—	5,794,519	2,166,209	17,146,818
Collateral from securities lending transactions	5,653,563	5,739,575	429,532	3,745,971	1,049,736	16,618,377
Total investments	60,761,863	77,538,576	5,159,953	38,936,348	12,760,264	195,157,004
Other assets	42,940	12,901	17,773	13,678	5,246	92,538
Total assets	63,602,788	81,357,705	5,452,296	39,923,947	13,072,539	203,409,275
LIABILITIES:						
Accounts payable and accrued liabilities	133,798	469,379	14,825	141,773	45,805	805,580
Payable for investment securities purchased	2,960,761	4,711,075	277,646	1,500,827	502,688	9,952,997
Accrued benefits payable	241,504	72,675	13,566	261,905	46,669	636,319
Securities lending transactions	5,655,314	5,741,147	429,532	3,746,792	1,050,442	16,623,227
Other liabilities	1,484	—	—	—	—	1,484
Total liabilities	8,992,861	10,994,276	735,569	5,651,297	1,645,604	28,019,607
NET POSITION:						
Restricted for benefits to be provided by QPPs	54,421,958	44,489,940	3,279,265	31,750,892	10,595,838	144,537,893
Restricted for benefits to be provided by VSFs	187,969	—	—	2,521,758	831,097	3,540,824
Restricted for benefits to be provided by TDA program	—	25,873,489	1,437,462	—	—	27,310,951
Total net position	$54,609,927	$70,363,429	$4,716,727	$34,272,650	$11,426,935	$175,389,668

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Funds	New York City Fire Pension Funds	Total
ADDITIONS:						
Contributions:						
Member contributions	$ 467,129	$ 821,191	$ 114,454	$ 241,102	$ 108,582	$ 1,752,458
Employer contributions	3,160,258	3,270,007	258,099	2,309,619	988,784	9,986,767
Other employer contributions	—	55,521	—	—	—	55,521
Total contributions	3,627,387	4,146,719	372,553	2,550,721	1,097,366	11,794,746
Investment income:						
Interest income	635,757	791,153	40,009	402,092	122,774	1,991,785
Dividend income	795,259	1,016,098	51,814	730,243	239,028	2,832,442
Net (depreciation) appreciation in fair value of investments	(50,658)	422,297	116,300	139,762	3,386	631,087
Investment expenses	(231,760)	(205,719)	(10,851)	(192,509)	(68,027)	(708,866)
Investment income, net	1,148,598	2,023,829	197,272	1,079,588	297,161	4,746,448
Securities lending transactions:						
Securities lending income	28,196	25,524	3,050	19,927	5,781	82,478
Securities lending fees	(1,685)	(1,792)	(206)	(1,295)	(375)	(5,353)
Net securities lending income	26,511	23,732	2,844	18,632	5,406	77,125
Other	4,140	329	(47,573)	4,616	41,201	2,713
Total additions	4,806,636	6,194,609	525,096	3,653,557	1,441,134	16,621,032
DEDUCTIONS:						
Benefit payments and withdrawals	4,325,756	4,885,617	262,466	2,749,775	1,219,890	13,443,504
Administrative expenses	54,635	84,174	13,989	17,903	—	170,701
Other	7,142	—	—	—	—	7,142
Total deductions	4,387,533	4,969,791	276,455	2,767,678	1,219,890	13,621,347
Net increase in net position	419,103	1,224,818	248,641	885,879	221,244	2,999,685
NET POSITION:						
Restricted for benefits:						
Beginning of year	54,609,927	70,363,429	4,716,727	34,272,650	11,426,935	175,389,668
End of year	$55,029,030	$71,588,247	$4,965,368	$35,158,529	$11,648,179	$178,389,353

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Funds	New York City Fire Pension Funds	Total
ADDITIONS:						
Contributions:						
Member contributions	$ 447,689	$ 793,941	$ 100,960	$ 228,783	$ 108,859	$ 1,680,232
Employer contributions	3,114,068	2,998,694	214,590	2,320,910	969,956	9,618,218
Other employer contributions	—	55,730	—	—	—	55,730
Total contributions	3,561,757	3,848,365	315,550	2,549,693	1,078,815	11,354,180
Investment income:						
Interest income	658,691	742,961	47,198	378,344	126,438	1,953,632
Dividend income	739,163	970,861	65,626	447,569	151,502	2,374,721
Net appreciation in fair value of investments	6,688,980	9,515,116	856,022	4,435,137	1,455,082	22,950,337
Investment expenses	(184,611)	(169,736)	(12,171)	(120,830)	(42,803)	(530,151)
Investment income, net	7,902,223	11,059,202	956,675	5,140,220	1,690,219	26,748,539
Securities lending transactions:						
Securities lending income	10,251	9,594	1,084	8,443	4,441	33,813
Securities lending fees	(1,450)	(1,479)	(83)	(1,180)	(5,175)	(9,367)
Net securities lending income (expense)	8,801	8,115	1,001	7,263	(734)	24,446
Other	4,648	404	(181,189)	6,911	39,980	(129,246)
Total additions	11,477,429	14,916,086	1,092,037	7,704,087	2,808,280	37,997,919
DEDUCTIONS:						
Benefit payments and withdrawals	4,040,445	4,575,560	254,725	2,691,609	1,171,329	12,733,668
Administrative expenses	50,431	63,230	12,307	17,450	—	143,418
Other	7,228	—	—	—	—	7,228
Total deductions	4,098,104	4,638,790	267,032	2,709,059	1,171,329	12,884,314
Net increase in net position	7,379,325	10,277,296	825,005	4,995,028	1,636,951	25,113,605
NET POSITION:						
Restricted for benefits:						
Beginning of year	47,230,602	60,086,133	3,891,722	29,277,622	9,789,984	150,276,063
End of year	$54,609,927	$70,363,429	$4,716,727	$34,272,650	$11,426,935	$175,389,668

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2015
(in thousands)

	NYCERS Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)					Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF		
Assets:								
Cash and cash equivalents	$ 40,548	$ 16	$ 33	$ 30	$ 38	$ 3,631	$ —	$ 44,296
Receivables:								
Member loans	1,027,069	—	—	—	—	—	—	1,027,069
Investment securities sold	1,639,525	—	—	—	—	—	—	1,639,525
Accrued interest and dividends	267,570	—	—	—	—	2	—	267,572
Other receivables	—	—	—	—	1	10	—	11
Transferrable earnings due from QPP to VSFs	—	—	—	—	—	49,000	(49,000)	—
Total receivables	2,934,164	—	—	—	1	49,012	(49,000)	2,934,177
Investments:								
Short-term investments	2,547,113	—	—	—	—	126,756	—	2,673,869
Debt securities	12,231,677	—	—	—	—	—	—	12,231,677
Equity securities	18,188,567	—	—	—	—	—	—	18,188,567
Alternative investments	9,824,907	—	—	—	—	—	—	9,824,907
Collective trust funds:								
Debt securities	3,258,890	—	—	—	—	—	—	3,258,890
International equity	9,501,921	—	—	—	—	—	—	9,501,921
Collateral from securities lending transactions	4,789,313	—	—	—	—	—	—	4,789,313
Total investments	60,342,388	—	—	—	—	126,756	—	60,469,144
Due from QPP	—	2,019	1,530	1,044	1,354	—	(5,947)	—
Other assets	140,813	—	—	—	—	—	—	140,813
Total assets	63,457,913	2,035	1,563	1,074	1,393	179,399	(54,947)	63,588,430
Liabilities:								
Accounts payable and accrued liabilities	142,067	21	—	—	—	—	—	142,088
Payable for investment securities purchased	3,368,991	—	—	—	—	—	—	3,368,991
Accrued benefits payable	211,517	2,014	1,563	1,074	1,393	39,693	—	257,254
Transferrable earnings due from QPP to VSFs	49,000	—	—	—	—	—	(49,000)	—
Due to VSFs	5,947	—	—	—	—	—	(5,947)	—
Securities lending transactions	4,789,313	—	—	—	—	—	—	4,789,313
Other liabilities	1,754	—	—	—	—	—	—	1,754
Total liabilities	8,568,589	2,035	1,563	1,074	1,393	39,693	(54,947)	8,559,400
Net Position:								
Restricted for benefits to be provided by QPP	54,889,324	—	—	—	—	—	—	54,889,324
Restricted for benefits to be provided by VSFs	—	—	—	—	—	139,706	—	139,706
Total net position	$54,889,324	$ —	$ —	$ —	$ —	$139,706	$ —	$55,029,030

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2014
(in thousands)

	NYCERS Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)					Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF		
ASSETS:								
Cash and cash equivalents	$ 90,534	$ 22	$ 26	$ 13	$ 30	$ 225	$ —	$ 90,850
Receivables:								
Member loans	1,058,426	—	—	—	—	—	—	1,058,426
Investment securities sold	1,389,323	—	—	—	—	—	—	1,389,323
Accrued interest and dividends	259,369	—	—	—	—	1	—	259,370
Other receivables	—	1	—	—	5	10	—	16
Transferrable earnings due from QPP to VSFs	—	—	—	—	—	190,000	(190,000)	—
Total receivables	2,707,118	1	—	—	5	190,011	(190,000)	2,707,135
Investments:								
Short-term investments	2,274,801	—	—	—	—	35,747	—	2,310,548
Debt securities	11,043,530	—	—	—	—	—	—	11,043,530
Equity securities	20,010,747	—	—	—	—	—	—	20,010,747
Alternative investments	9,630,142	—	—	—	—	—	—	9,630,142
Collective trust funds:								
Debt securities	2,927,243	—	—	—	—	—	—	2,927,243
International equity	9,186,090	—	—	—	—	—	—	9,186,090
Collateral from securities lending transactions	5,653,563	—	—	—	—	—	—	5,653,563
Total investments	60,726,116	—	—	—	—	35,747	—	60,761,863
Due from QPP	—	2,034	1,540	1,065	1,387	—	(6,026)	—
Other assets	42,940	—	—	—	—	—	—	42,940
Total assets	63,566,708	2,057	1,566	1,078	1,422	225,983	(196,026)	63,602,788
LIABILITIES:								
Accounts payable and accrued liabilities	133,798	—	—	—	—	—	—	133,798
Payable for investment securities purchased	2,960,761	—	—	—	—	—	—	2,960,761
Accrued benefits payable	197,367	2,057	1,566	1,078	1,422	38,014	—	241,504
Transferrable earnings due from QPP to VSFs	190,000	—	—	—	—	—	(190,000)	—
Due to VSFs	6,026	—	—	—	—	—	(6,026)	—
Securities lending transactions	5,655,314	—	—	—	—	—	—	5,655,314
Other liabilities	1,484	—	—	—	—	—	—	1,484
Total liabilities	9,144,750	2,057	1,566	1,078	1,422	38,014	(196,026)	8,992,861
NET POSITION:								
Restricted for benefits to be provided by QPP	54,421,958	—	—	—	—	—	—	54,421,958
Restricted for benefits to be provided by VSFs	—	—	—	—	—	187,969	—	187,969
Total net position	$54,421,958	$ —	$ —	$ —	$ —	$187,969	$ —	$54,609,927

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*

NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015

(in thousands)

	NYCERS Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)					Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF		
ADDITIONS:								
Contributions:								
Member contributions	$ 467,129	$ —	$ —	$ —	$ —	$ —	$ —	$ 467,129
Employer contributions	3,160,258	—	—	—	—	—	—	3,160,258
Total contributions	3,627,387	—	—	—	—	—	—	3,627,387
Investment income:								
Interest income	635,747	—	—	—	—	10	—	635,757
Dividend income	795,259	—	—	—	—	—	—	795,259
Net depreciation in fair value of investments	(50,658)	—	—	—	—	—	—	(50,658)
Investment expenses	(231,760)	—	—	—	—	—	—	(231,760)
Investment income, net	1,148,588	—	—	—	—	10	—	1,148,598
Securities lending transactions:								
Securities lending income	28,196	—	—	—	—	—	—	28,196
Securities lending fees	(1,685)	—	—	—	—	—	—	(1,685)
Net securities lending income	26,511	—	—	—	—	—	—	26,511
Payments from QPP	—	4,040	3,080	2,100	2,686	12	(11,918)	—
Transferrable earnings due from QPP to VSFs	—	—	—	—	—	30,000	(30,000)	—
Other	4,140	—	—	—	—	—	—	4,140
Total additions	4,806,626	4,040	3,080	2,100	2,686	30,022	(41,918)	4,806,636
DEDUCTIONS:								
Benefit payments and withdrawals	4,235,565	4,040	3,080	2,100	2,686	78,285	—	4,325,756
Payments to VSFs	11,918	—	—	—	—	—	(11,918)	—
Transferrable earnings due from QPP to VSFs	30,000	—	—	—	—	—	(30,000)	—
Administrative expenses	54,635	—	—	—	—	—	—	54,635
Other	7,142	—	—	—	—	—	—	7,142
Total deductions	4,339,260	4,040	3,080	2,100	2,686	78,285	(41,918)	4,387,533
Net increase (decrease) in net position	467,366	—	—	—	—	(48,263)	—	419,103
NET POSITION:								
Restricted for benefits:								
Beginning of year	54,421,958	—	—	—	—	187,969	—	54,609,927
End of year	$54,889,324	$ —	$ —	$ —	$ —	$139,706	$ —	$55,029,030

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK
PENSION TRUST FUNDS*
NEW YORK CITY EMPLOYEES’ RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

	NYCERS Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)						Total New York City Employees’ Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Eliminations	
ADDITIONS:								
Contributions:								
Member contributions	$ 447,689	$ —	$ —	$ —	$ —	$ —	$ —	$ 447,689
Employer contributions	3,114,068	—	—	—	—	—	—	3,114,068
Total contributions	3,561,757	—	—	—	—	—	—	3,561,757
Investment income:								
Interest income	658,671	—	—	—	—	20	—	658,691
Dividend income	739,163	—	—	—	—	—	—	739,163
Net appreciation in fair value of investments	6,688,980	—	—	—	—	—	—	6,688,980
Investment expenses	(184,611)	—	—	—	—	—	—	(184,611)
Investment income, net	7,902,203	—	—	—	—	20	—	7,902,223
Securities lending transactions:								
Securities lending income	10,251	—	—	—	—	—	—	10,251
Securities lending fees	(1,450)	—	—	—	—	—	—	(1,450)
Net securities lending income	8,801	—	—	—	—	—	—	8,801
Payments from QPP	—	4,070	3,090	2,168	2,797	—	(12,125)	—
Transferrable earnings due from QPP to VSFs	—	—	—	—	—	190,000	(190,000)	—
Other	4,648	—	—	—	—	—	—	4,648
Total additions	11,477,409	4,070	3,090	2,168	2,797	190,020	(202,125)	11,477,429
DEDUCTIONS:								
Benefit payments and withdrawals	3,990,306	4,070	3,090	2,168	2,797	38,014	—	4,040,445
Payments to VSFs	12,125	—	—	—	—	—	(12,125)	—
Transferrable earnings due from QPP to VSFs	190,000	—	—	—	—	—	(190,000)	—
Administrative expenses	50,431	—	—	—	—	—	—	50,431
Other	7,228	—	—	—	—	—	—	7,228
Total deductions	4,250,090	4,070	3,090	2,168	2,797	38,014	(202,125)	4,098,104
Net increase in net position	7,227,319	—	—	—	—	152,006	—	7,379,325
NET POSITION:								
Restricted for benefits:								
Beginning of year	47,194,639	—	—	—	—	35,963	—	47,230,602
End of year	$54,421,958	$ —	$ —	$ —	$ —	$187,969	$ —	$54,609,927

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2015
(in thousands)

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Eliminations	Total Teachers' Retirement System
ASSETS:				
Cash and cash equivalents	$ 22,674	$ 3,316	$ —	$ 25,990
Receivables:				
Member loans	257,043	361,073	—	618,116
Investment securities sold	2,766,976	89,541	—	2,856,517
Accrued interest and dividends	145,968	12,471	—	158,439
Total receivables	3,169,987	463,085	—	3,633,072
Investments:				
Fixed return funds:				
Short-term investments	3,804,020	—	—	3,804,020
Debt securities	14,936,440	—	—	14,936,440
Equity securities	21,988,143	—	—	21,988,143
Alternative investments	6,002,260	—	—	6,002,260
Collective trust funds:				
International equity	11,615,671	—	—	11,615,671
Fixed income	3,456,238	—	—	3,456,238
Collateral from securities lending transactions	1,663,710	—	—	1,663,710
Variable Funds:				
Short-term investments	34,767	106,256	—	141,023
Debt securities	97,139	461,750	—	558,889
Equity securities	2,822,011	7,902,973	—	10,724,984
Collateral from securities lending transactions	200,213	574,835	—	775,048
Total investments	66,620,612	9,045,814	—	75,666,426
Investment in fixed return funds	—	18,699,332	(18,699,332)	—
Other assets	27,855	3,725	(27,899)	3,681
Total assets	69,841,128	28,215,272	(18,727,231)	79,329,169
LIABILITIES:				
Accounts payable and accrued liabilities	391,945	117,700	(27,899)	481,746
Payable for investment securities purchased	4,616,284	93,595	—	4,709,879
Accrued benefits payable	14,979	95,560	—	110,539
Due to TDA program fixed return funds	18,699,332	—	(18,699,332)	—
Securities lending transactions	1,863,923	574,835	—	2,438,758
Total liabilities	25,586,463	881,690	(18,727,231)	7,740,922
NET POSITION:				
Restricted for benefits to be provided by QPP	44,254,665	—	—	44,254,665
Restricted for benefits to be provided by TDA program	—	27,333,582	—	27,333,582
Total net position	$44,254,665	$27,333,582	$ —	$71,588,247

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2014
(in thousands)

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Eliminations	Total Teachers' Retirement System
ASSETS:				
Cash and cash equivalents	$ 74,829	$ 2,520	$ —	$ 77,349
Receivables:				
Member loans	240,266	348,935	—	589,201
Investment securities sold	2,907,019	86,689	—	2,993,708
Accrued interest and dividends	134,559	11,411	—	145,970
Total receivables	3,281,844	447,035	—	3,728,879
Investments:				
Fixed return funds:				
Short-term investments	2,603,828	—	—	2,603,828
Debt securities	12,373,225	—	—	12,373,225
Equity securities	24,690,600	—	—	24,690,600
Alternative investments	5,353,828	—	—	5,353,828
Collective trust funds:				
International equity	11,492,097	—	—	11,492,097
Fixed income	3,367,988	—	—	3,367,988
Collateral from securities lending transactions	5,262,907	—	—	5,262,907
Variable Funds:				
Short-term investments	39,110	101,988	—	141,098
Debt securities	123,143	467,518	—	590,661
Equity securities	3,283,257	7,902,419	—	11,185,676
Collateral from securities lending transactions	138,606	338,062	—	476,668
Total investments	68,728,589	8,809,987	—	77,538,576
Investment in fixed return funds	—	17,236,032	(17,236,032)	—
Other assets	32,391	2,390	(21,880)	12,901
Total assets	72,117,653	26,497,964	(17,257,912)	81,357,705
LIABILITIES:				
Accounts payable and accrued liabilities	353,907	137,352	(21,880)	469,379
Payable for investment securities purchased	4,623,463	87,612	—	4,711,075
Accrued benefits payable	11,226	61,449	—	72,675
Due to TDA program fixed return funds	17,236,032	—	(17,236,032)	—
Securities lending transactions	5,403,085	338,062	—	5,741,147
Total liabilities	27,627,713	624,475	(17,257,912)	10,994,276
NET POSITION:				
Restricted for benefits to be provided by QPP	44,489,940	—	—	44,489,940
Restricted for benefits to be provided by TDA program	—	25,873,489	—	25,873,489
Total net position	$44,489,940	$25,873,489	$ —	$70,363,429

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Total Teachers' Retirement System
ADDITIONS:			
Contributions:			
Member contributions	$ 158,590	$ 662,601	$ 821,191
Employer contributions	3,270,007	—	3,270,007
Other employer contributions	55,521	—	55,521
Total contributions	3,484,118	662,601	4,146,719
Investment income:			
Interest income	758,526	32,627	791,153
Dividend income	889,231	126,867	1,016,098
Net appreciation in fair value of investments	146,833	275,464	422,297
Investment expenses	(202,961)	(2,758)	(205,719)
Investment income, net	1,591,629	432,200	2,023,829
Securities lending transactions:			
Securities lending income	21,713	3,811	25,524
Securities lending fees	(1,413)	(379)	(1,792)
Net securities lending income	20,300	3,432	23,732
Interest on TDA program fixed return funds	(1,248,988)	1,248,988	—
Other	329	—	329
Total additions	3,847,388	2,347,221	6,194,609
DEDUCTIONS:			
Benefit payments and withdrawals	4,024,272	861,345	4,885,617
Administrative expenses	58,391	25,783	84,174
Total deductions	4,082,663	887,128	4,969,791
Net (decrease) increase in net position	(235,275)	1,460,093	1,224,818
NET POSITION:			
Restricted for benefits:			
Beginning of year	44,489,940	25,873,489	70,363,429
End of year	$44,254,665	$27,333,582	$71,588,247

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Total Teachers' Retirement System
ADDITIONS:			
Contributions:			
Member contributions	$ 154,962	$ 638,979	$ 793,941
Employer contributions	2,998,694	—	2,998,694
Other employer contributions	55,730	—	55,730
Total contributions	3,209,386	638,979	3,848,365
Investment income:			
Interest income	709,594	33,367	742,961
Dividend income	854,701	116,160	970,861
Net appreciation in fair value of investments	8,027,414	1,487,702	9,515,116
Investment expenses	(162,208)	(7,528)	(169,736)
Investment income, net	9,429,501	1,629,701	11,059,202
Securities lending transactions:			
Securities lending income	7,699	1,895	9,594
Securities lending fees	(1,294)	(185)	(1,479)
Net securities lending income	6,405	1,710	8,115
Interest on TDA program fixed return funds	(1,147,923)	1,147,923	—
Other	404	—	404
Total additions	11,497,773	3,418,313	14,916,086
DEDUCTIONS:			
Benefit payments and withdrawals	3,818,248	757,312	4,575,560
Administrative expenses	46,042	17,188	63,230
Total deductions	3,864,290	774,500	4,638,790
Net increase in net position	7,633,483	2,643,813	10,277,296
NET POSITION:			
Restricted for benefits:			
Beginning of year	36,856,457	23,229,676	60,086,133
End of year	$44,489,940	$25,873,489	$70,363,429

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2015
(in thousands)

	BERS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Eliminations	Total Board of Education Retirement System
ASSETS:				
Cash and cash equivalents	$ 17,933	$ 122	$ —	$ 18,055
Receivables:				
Member loans	44,675	36,509	—	81,184
Investment securities sold	50,839	4,165	—	55,004
Accrued interest and dividends	239	590	—	829
Total receivables	95,753	41,264	—	137,017
Investments:				
Fixed return funds:				
Short-term investments	210,042	—	—	210,042
Debt securities	851,577	—	—	851,577
Equity securities	1,766,390	—	—	1,766,390
Alternative investments	385,819	—	—	385,819
Collective trust funds:				
Debt securities	249,171	—	—	249,171
International equity	969,838	—	—	969,838
Collateral from securities lending transactions	298,872	—	—	298,872
Variable funds:				
Short-term investments	553	5,017	—	5,570
Debt securities	1,024	9,290	—	10,314
Equity securities	44,666	405,223	—	449,889
Collateral from securities lending transactions	3,263	29,607	—	32,870
Total investments	4,781,215	449,137	—	5,230,352
Investment in fixed return funds	—	1,152,729	(1,152,729)	—
Other assets	18,077	4,279	—	22,356
Total assets	4,912,978	1,647,531	(1,152,729)	5,407,780
LIABILITIES:				
Accounts payable and accrued liabilities	6,110	1,879	—	7,989
Payable for investment securities purchased	86,747	4,428	—	91,175
Accrued benefits payable	5,461	6,045	—	11,506
Due to TDA program fixed return funds	1,152,729	—	(1,152,729)	—
Securities lending transactions	302,135	29,607	—	331,742
Total liabilities	1,553,182	41,959	(1,152,729)	442,412
NET POSITION:				
Restricted for benefits to be provided by QPP	3,359,796	—	—	3,359,796
Restricted for benefits to be provided by TDA program	—	1,605,572	—	1,605,572
Total net position	$3,359,796	$1,605,572	$ —	$4,965,368

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2014
(in thousands)

	BERS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Eliminations	Total Board of Education Retirement System
ASSETS:				
Cash and cash equivalents	$ 8,903	$ 2,902	$ —	$ 11,805
Receivables:				
Member loans	42,307	34,762	—	77,069
Investment securities sold	181,295	3,824	—	185,119
Accrued interest and dividends	61	516	—	577
Total receivables	223,663	39,102	—	262,765
Investments:				
Fixed return funds:				
Short-term investments	152,828	—	—	152,828
Debt securities	781,227	—	—	781,227
Equity securities	472,007	—	—	472,007
Alternative investments	280,168	—	—	280,168
Collective trust funds:				
Debt securities	245,030	—	—	245,030
International equity	958,686	—	—	958,686
Domestic equity	1,389,836	—	—	1,389,836
Collateral from securities lending transactions	410,598	—	—	410,598
Variable funds:				
Short-term investments	544	4,617	—	5,161
Debt securities	1,059	8,996	—	10,055
Equity securities	45,860	389,563	—	435,423
Collateral from securities lending transactions	1,994	16,940	—	18,934
Total investments	4,739,837	420,116	—	5,159,953
Investment in fixed return funds	—	999,123	(999,123)	—
Other assets	14,154	3,619	—	17,773
Total assets	4,986,557	1,464,862	(999,123)	5,452,296
LIABILITIES:				
Accounts payable and accrued liabilities	14,783	42	—	14,825
Payable for investment securities purchased	273,978	3,668	—	277,646
Accrued benefits payable	6,816	6,750	—	13,566
Due to TDA program fixed return funds	999,123	—	(999,123)	—
Securities lending transactions	412,592	16,940	—	429,532
Total liabilities	1,707,292	27,400	(999,123)	735,569
NET POSITION:				
Restricted for benefits to be provided by QPP	3,279,265	—	—	3,279,265
Restricted for benefits to be provided by TDA program	—	1,437,462	—	1,437,462
Total net position	$ 3,279,265	$ 1,437,462	$ —	$ 4,716,727

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

	BERS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Total Board of Education Retirement System
ADDITIONS:			
Contributions:			
Member contributions	$ 39,564	$ 74,890	$ 114,454
Employer contributions	258,099	—	258,099
Total contributions	297,663	74,890	372,553
Investment income:			
Interest income	36,898	3,111	40,009
Dividend income	46,207	5,607	51,814
Net appreciation in fair value of investments	101,496	14,804	116,300
Investment expenses	(10,098)	(753)	(10,851)
Investment income, net	174,503	22,769	197,272
Securities lending transactions:			
Securities lending income	2,849	201	3,050
Securities lending fees	(186)	(20)	(206)
Net securities lending income	2,663	181	2,844
Interest on TDA program fixed return funds	(44,954)	44,954	—
Other (receipts), payments from other retirement systems	(115,144)	67,571	(47,573)
Total additions	314,731	210,365	525,096
DEDUCTIONS:			
Benefit payments and withdrawals	223,244	39,222	262,466
Administrative expenses	10,956	3,033	13,989
Total deductions	234,200	42,255	276,455
Net increase in net position	80,531	168,110	248,641
NET POSITION:			
Restricted for benefits:			
Beginning of year	3,279,265	1,437,462	4,716,727
End of year	$3,359,796	$1,605,572	$4,965,368

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

	BERS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Total Board of Education Retirement System
ADDITIONS:			
Contributions:			
Member contributions	$ 37,193	$ 63,767	$ 100,960
Employer contributions	214,590	—	214,590
Total contributions	251,783	63,767	315,550
Investment income:			
Interest income	44,321	2,877	47,198
Dividend income	60,033	5,593	65,626
Net appreciation in fair value of investments	781,671	74,351	856,022
Investment expenses	(11,486)	(685)	(12,171)
Investment income, net	874,539	82,136	956,675
Securities lending transactions:			
Securities lending income	997	87	1,084
Securities lending fees	(83)	—	(83)
Net securities lending income	914	87	1,001
Interest on TDA program fixed return funds	(206,615)	206,615	—
Other receipts from other retirement systems	(70,916)	(110,273)	(181,189)
Total additions	849,705	242,332	1,092,037
DEDUCTIONS:			
Benefit payments and withdrawals	214,315	40,410	254,725
Administrative expenses	9,776	2,531	12,307
Total deductions	224,091	42,941	267,032
Net increase in net position	625,614	199,391	825,005
NET POSITION:			
Restricted for benefits:			
Beginning of year	2,653,651	1,238,071	3,891,722
End of year	$3,279,265	$1,437,462	$4,716,727

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY POLICE PENSION FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2015
(in thousands)

	POLICE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)		Eliminations	Total New York City Police Pension Funds
		POVSF	PSOVSF		
ASSETS:					
Cash and cash equivalents	$ 48,152	$ 3,027	$ 1,141	$ —	$ 52,320
Receivables:					
Member loans	256,288	—	—	—	256,288
Investment securities sold	461,115	46,598	13,300	—	521,013
Transferrable earnings due from QPP to VSFs	—	459,000	362,000	(821,000)	—
Accrued interest and dividends	60,370	2,299	1,028	—	63,697
Total receivables	777,773	507,897	376,328	(821,000)	840,998
Investments:					
Short-term investments	2,272,902	41,182	40,315	—	2,354,399
Debt securities	7,074,891	371,413	176,510	—	7,622,814
Equity securities	6,668,018	—	—	—	6,668,018
Alternative investments	5,770,380	—	—	—	5,770,380
Collective trust funds:					
Debt securities	1,838,110	—	—	—	1,838,110
Domestic equity	4,989,666	642,058	308,588	—	5,940,312
International equity	5,411,168	430,625	188,394	—	6,030,187
Collateral from securities lending transactions	2,678,845	70,156	43,750	—	2,792,751
Total investments	36,703,980	1,555,434	757,557	—	39,016,971
Other assets	14,879	—	—	—	14,879
Total assets	37,544,784	2,066,358	1,135,026	(821,000)	39,925,168
LIABILITIES:					
Accounts payable and accrued liabilities	233,964	—	—	—	233,964
Payable for investment securities purchased	1,347,025	72,623	25,776	—	1,445,424
Accrued benefits payable	107,977	75,645	110,878	—	294,500
Transferrable earnings due from QPP to VSFs	821,000	—	—	(821,000)	—
Securities lending transactions	2,678,845	70,156	43,750	—	2,792,751
Total liabilities	5,188,811	218,424	180,404	(821,000)	4,766,639
NET POSITION:					
Restricted for benefits to be provided by QPP	32,355,973	—	—	—	32,355,973
Restricted for benefits to be provided by VSFs	—	1,847,934	954,622	—	2,802,556
Total net position	$32,355,973	$1,847,934	$ 954,622	$ —	$35,158,529

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY POLICE PENSION FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2014
(in thousands)

	POLICE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs) POVSF	PSOVSF	Eliminations	Total New York City Police Pension Funds
ASSETS:					
Cash and cash equivalents	$ 45,733	$ 3,307	$ 1,347	$ —	$ 50,387
Receivables:					
Member loans	255,808	—	—	—	255,808
Investment securities sold	581,149	25,846	1	—	606,996
Transferrable earnings due from QPP to VSFs	—	1,290,000	1,020,000	(2,310,000)	—
Accrued interest and dividends	59,897	816	17	—	60,730
Total receivables	896,854	1,316,662	1,020,018	(2,310,000)	923,534
Investments:					
Short-term investments	1,279,645	22,840	57	—	1,302,542
Debt securities	6,933,743	120,078	—	—	7,053,821
Equity securities	7,882,275	—	—	—	7,882,275
Alternative investments	5,411,415	—	—	—	5,411,415
Collective trust funds:					
Debt securities	1,796,458	—	—	—	1,796,458
Domestic equity	5,685,263	264,084	—	—	5,949,347
International equity	5,794,509	10	—	—	5,794,519
Collateral from securities lending transactions	3,704,504	41,467	—	—	3,745,971
Total investments	38,487,812	448,479	57	—	38,936,348
Other assets	13,678	—	—	—	13,678
Total assets	39,444,077	1,768,448	1,021,422	(2,310,000)	39,923,947
LIABILITIES:					
Accounts payable and accrued liabilities	141,773	—	—	—	141,773
Payable for investment securities purchased	1,457,714	43,113	—	—	1,500,827
Accrued benefits payable	78,373	74,933	108,599	—	261,905
Transferrable earnings due from QPP to VSFs	2,310,000	—	—	(2,310,000)	—
Securities lending transactions	3,705,325	41,467	—	—	3,746,792
Total liabilities	7,693,185	159,513	108,599	(2,310,000)	5,651,297
NET POSITION:					
Restricted for benefits to be provided by QPP	31,750,892	—	—	—	31,750,892
Restricted for benefits to be provided by VSFs	—	1,608,935	912,823	—	2,521,758
Total net position	$ 31,750,892	$ 1,608,935	$ 912,823	$ —	$34,272,650

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY POLICE PENSION FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

	POLICE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs) POVSF	PSOVSF	Eliminations	Total New York City Police Pension Funds
ADDITIONS:					
Contributions:					
Member contributions	$ 241,102	$ —	$ —	$ —	$ 241,102
Employer contributions	2,309,619	—	—	—	2,309,619
Total contributions	2,550,721	—	—	—	2,550,721
Investment income:					
Interest income	392,792	7,280	2,020	—	402,092
Dividend income	703,701	19,099	7,443	—	730,243
Net appreciation in fair value of investments	96,151	34,438	9,173	—	139,762
Investment expenses	(192,099)	(288)	(122)	—	(192,509)
Investment income, net	1,000,545	60,529	18,514	—	1,079,588
Securities lending transactions:					
Securities lending income	19,209	524	194	—	19,927
Securities lending fees	(1,248)	(34)	(13)	—	(1,295)
Net securities lending income	17,961	490	181	—	18,632
Payments from QPP	—	—	313	(313)	—
Transferrable earnings due from QPP to VSFs	—	330,000	260,000	(590,000)	—
Other	4,554	25	37	—	4,616
Total additions	3,573,781	391,044	279,045	(590,313)	3,653,557
DEDUCTIONS:					
Benefit payments and withdrawals	2,360,484	152,045	237,246	—	2,749,775
Payments to VSFs	313	—	—	(313)	—
Transferrable earnings due from QPP to VSFs	590,000	—	—	(590,000)	—
Administrative expenses	17,903	—	—	—	17,903
Total deductions	2,968,700	152,045	237,246	(590,313)	2,767,678
Net increase in net position	605,081	238,999	41,799	—	885,879
NET POSITION:					
Restricted for benefits:					
Beginning of year	31,750,892	1,608,935	912,823	—	34,272,650
End of year	$32,355,973	$1,847,934	$954,622	$ —	$35,158,529

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY POLICE PENSION FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

	POLICE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)			Total New York City Police Pension Funds
		POVSF	PSOVSF	Eliminations	
ADDITIONS:					
Contributions:					
Member contributions	$ 228,783	$ —	$ —	$ —	$ 228,783
Employer contributions	2,320,910	—	—	—	2,320,910
Total contributions	2,549,693	—	—	—	2,549,693
Investment income:					
Interest income	374,192	4,149	3	—	378,344
Dividend income	441,568	5,993	8	—	447,569
Net appreciation in fair value of investments	4,369,202	65,899	36	—	4,435,137
Investment expenses	(120,828)	—	(2)	—	(120,830)
Investment income, net	5,064,134	76,041	45	—	5,140,220
Securities lending transactions:					
Securities lending income	8,412	31	—	—	8,443
Securities lending fees	(1,016)	(18)	(146)	—	(1,180)
Net securities lending income	7,396	13	(146)	—	7,263
Payments from QPP	—	—	231,024	(231,024)	—
Transferrable earnings due from QPP to VSFs	—	1,290,000	1,020,000	(2,310,000)	—
Other	6,811	80	20	—	6,911
Total additions	7,628,034	1,366,134	1,250,943	(2,541,024)	7,704,087
DEDUCTIONS:					
Benefit payments and withdrawals	2,305,609	150,627	235,373	—	2,691,609
Payments to VSFs	231,024	—	—	(231,024)	—
Transferrable earnings due from QPP to VSFs	2,310,000	—	—	(2,310,000)	—
Administrative expenses	17,450	—	—	—	17,450
Total deductions	4,864,083	150,627	235,373	(2,541,024)	2,709,059
Net increase in net position	2,763,951	1,215,507	1,015,570	—	4,995,028
NET POSITION:					
Restricted for benefits:					
Beginning of year	28,986,941	393,428	(102,747)	—	29,277,622
End of year	$31,750,892	$1,608,935	$ 912,823	$ —	$34,272,650

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY FIRE PENSION FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2015
(in thousands)

	FIRE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)		Eliminations	Total New York City Fire Pension Funds
		FFVSF	FOVSF		
ASSETS:					
Cash and cash equivalents	$ 8,375	$ 11,750	$ 643	$ —	$ 20,768
Receivables:					
Member loans	29,124	—	—	—	29,124
Investment securities sold	178,385	6,383	3,867	—	188,635
Accrued interest and dividends	18,568	743	458	—	19,769
Transferrable earnings due from QPP to VSFs	—	41,000	11,000	(52,000)	—
Total receivables	226,077	48,126	15,325	(52,000)	237,528
Investments:					
Short-term investments	695,095	20,850	7,907	—	723,852
Debt securities	2,463,809	88,272	53,983	—	2,606,064
Equity securities	1,943,618	—	—	—	1,943,618
Alternative investments	1,887,226	—	—	—	1,887,226
Collective trust funds:					
Debt securities	767,331	36,331	23,524	—	827,186
Domestic equity	1,516,030	273,828	161,871	—	1,951,729
International equity	2,022,335	77,890	61,322	—	2,161,547
Collateral from securities lending transactions	795,944	22,251	18,130	—	836,325
Total investments	12,091,388	519,422	326,737	—	12,937,547
Due from QPP	—	—	15	(15)	—
Due from FFVSF	—	—	32	(32)	—
Other assets	5,596	—	—	—	5,596
Total assets	12,331,436	579,298	342,752	(52,047)	13,201,439
LIABILITIES:					
Accounts payable and accrued liabilities	74,773	—	56	—	74,829
Payable for investment securities purchased	574,447	9,941	7,639	—	592,027
Accrued benefits payable	18,927	21,630	9,522	—	50,079
Transferrable earnings due from QPP to VSFs	52,000	—	—	(52,000)	—
Due to FOVSF	15	32	—	(47)	—
Securities lending transactions	795,944	22,251	18,130	—	836,325
Total liabilities	1,516,106	53,854	35,347	(52,047)	1,553,260
NET POSITION:					
Restricted for benefits to be provided by QPP	10,815,330	—	—	—	10,815,330
Restricted for benefits to be provided by VSFs	—	525,444	307,405	—	832,849
Total net position	$10,815,330	$525,444	$307,405	$ —	$11,648,179

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY FIRE PENSION FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2014
(in thousands)

	FIRE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs) FFVSF	FOVSF	Eliminations	Total New York City Fire Pension Funds
ASSETS:					
Cash and cash equivalents	$ 9,801	$ 11,591	$ 526	$ —	$ 21,918
Receivables:					
Member loans	28,434	—	—	—	28,434
Investment securities sold	225,735	7,769	2,979	—	236,483
Accrued interest and dividends	18,907	755	532	—	20,194
Transferrable earnings due from QPP to VSFs	—	110,000	10,000	(120,000)	—
Total receivables	273,076	118,524	13,511	(120,000)	285,111
Investments:					
Short-term investments	497,864	17,503	6,720	—	522,087
Debt securities	1,973,972	76,719	58,536	—	2,109,227
Equity securities	2,403,634	—	—	—	2,403,634
Alternative investments	1,761,800	—	—	—	1,761,800
Mutual funds—international equity	—	15,535	10,719	—	26,254
Collective trust funds:					
Debt securities	756,344	36,116	23,381	—	815,841
Domestic equity	1,516,964	226,046	162,466	—	1,905,476
International equity	2,051,440	63,353	51,416	—	2,166,209
Collateral from securities lending transactions	990,167	33,011	26,558	—	1,049,736
Total investments	11,952,185	468,283	339,796	—	12,760,264
Other assets	5,246	—	—	—	5,246
Total assets	12,240,308	598,398	353,833	(120,000)	13,072,539
LIABILITIES:					
Accounts payable and accrued liabilities	45,749	—	56	—	45,805
Payable for investment securities purchased	472,882	19,382	10,424	—	502,688
Accrued benefits payable	14,966	22,034	9,669	—	46,669
Transferrable earnings due from QPP to VSFs	120,000	—	—	(120,000)	—
Securities lending transactions	990,873	33,011	26,558	—	1,050,442
Total liabilities	1,644,470	74,427	46,707	(120,000)	1,645,604
NET POSITION:					
Restricted for benefits to be provided by QPP	10,595,838	—	—	—	10,595,838
Restricted for benefits to be provided by VSFs	—	523,971	307,126	—	831,097
Total net position	$10,595,838	$523,971	$ 307,126	$ —	$11,426,935

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY FIRE PENSION FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

	FIRE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)		Eliminations	Total New York City Fire Pension Funds
		FFVSF	FOVSF		
ADDITIONS:					
Contributions:					
Member contributions	$ 108,582	$ —	$ —	$ —	$ 108,582
Employer contributions	988,784	—	—	—	988,784
Total contributions	1,097,366	—	—	—	1,097,366
Investment income:					
Interest income	115,571	4,297	2,906	—	122,774
Dividend income	227,390	7,138	4,500	—	239,028
Net (depreciation) appreciation in fair value of investments	(8,490)	7,226	4,650	—	3,386
Investment expenses	(68,027)	—	—	—	(68,027)
Investment income, net	266,444	18,661	12,056	—	297,161
Securities lending transactions:					
Securities lending income	5,332	243	206	—	5,781
Securities lending fees	(346)	(16)	(13)	—	(375)
Net securities lending income	4,986	227	193	—	5,406
Transferrable earnings due from QPP to VSFs	—	30,000	10,000	(40,000)	—
Other	41,201	—	—	—	41,201
Total additions	1,409,997	48,888	22,249	(40,000)	1,441,134
DEDUCTIONS:					
Benefit payments and withdrawals	1,150,505	47,415	21,970	—	1,219,890
Transferrable earnings due from QPP to VSFs	40,000	—	—	(40,000)	—
Total deductions	1,190,505	47,415	21,970	(40,000)	1,219,890
Net increase in net position	219,492	1,473	279	—	221,244
NET POSITION:					
Restricted for benefits:					
Beginning of year	10,595,838	523,971	307,126	—	11,426,935
End of year	$10,815,330	$525,444	$307,405	$ —	$11,648,179

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK
PENSION TRUST FUNDS*
NEW YORK CITY FIRE PENSION FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

	FIRE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs) FFVSF	FOVSF	Eliminations	Total New York City Fire Pension Funds
ADDITIONS:					
Contributions:					
Member contributions	$ 108,859	$ —	$ —	$ —	$ 108,859
Employer contributions	969,956	—	—	—	969,956
Total contributions	1,078,815	—	—	—	1,078,815
Investment income:					
Interest income	118,699	4,701	3,038	—	126,438
Dividend income	141,157	6,025	4,320	—	151,502
Net appreciation in fair value of investments	1,352,930	58,245	43,907	—	1,455,082
Investment expenses	(42,803)	—	—	—	(42,803)
Investment income, net	1,569,983	68,971	51,265	—	1,690,219
Securities lending transactions:					
Securities lending income	4,171	149	121	—	4,441
Securities lending fees	(5,141)	(93)	59	—	(5,175)
Net securities lending income	(970)	56	180	—	(734)
Transferrable earnings due from QPP to VSFs	—	110,000	10,000	(120,000)	—
Other	39,980	—	—	—	39,980
Total additions	2,687,808	179,027	61,445	(120,000)	2,808,280
DEDUCTIONS:					
Benefit payments and withdrawals	1,099,162	50,425	21,742	—	1,171,329
Transferrable earnings due from QPP to VSFs	120,000	—	—	(120,000)	—
Total deductions	1,219,162	50,425	21,742	(120,000)	1,171,329
Net increase in net position	1,468,646	128,602	39,703	—	1,636,951
NET POSITION:					
Restricted for benefits:					
Beginning of year	9,127,192	395,369	267,423	—	9,789,984
End of year	$10,595,838	$523,971	$307,126	$ —	$11,426,935

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

DECEMBER 31, 2014
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ASSETS:					
Cash and cash equivalents	$ 14,089	$ 718	$ 13	$ —	$ 14,820
Receivables:					
Member loans	207,615	23,488	—	—	231,103
Total receivables	207,615	23,488	—	—	231,103
Investments:					
Mutual funds	8,879,252	1,210,934	97,555	16,826	10,204,567
Guaranteed investment contracts	4,353,060	682,009	121,666	2,519	5,159,254
Total investments	13,232,312	1,892,943	219,221	19,345	15,363,821
Other assets	1,007	1,724	—	1	2,732
Total assets	13,455,023	1,918,873	219,234	19,346	15,612,476
LIABILITIES:					
Accounts payable and accrued liabilities	5,628	474	137	—	6,239
Total liabilities	5,628	474	137	—	6,239
NET POSITION:					
Restricted for other employee benefits	13,449,395	1,918,399	219,097	19,346	15,606,237
Total net position	$13,449,395	$1,918,399	$219,097	$19,346	$15,606,237

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

DECEMBER 31, 2013
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
Assets:					
Cash and cash equivalents	$ 12,095	$ 2,335	$ 9	$ —	$ 14,439
Receivables:					
Member loans	198,634	20,811	—	—	219,445
Total receivables	198,634	20,811	—	—	219,445
Investments:					
Mutual funds	8,131,160	1,038,279	77,784	15,404	9,262,627
Guaranteed investment contracts	4,310,505	630,547	113,848	2,309	5,057,209
Total investments	12,441,665	1,668,826	191,632	17,713	14,319,836
Other assets	960	215	—	—	1,175
Total assets	12,653,354	1,692,187	191,641	17,713	14,554,895
Liabilities:					
Accounts payable and accrued liabilities	4,015	591	112	—	4,718
Total liabilities	4,015	591	112	—	4,718
Net Position:					
Restricted for other employee benefits	12,649,339	1,691,596	191,529	17,713	14,550,177
Total net position	$12,649,339	$1,691,596	$191,529	$17,713	$14,550,177

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2014
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ADDITIONS:					
Contributions:					
Member contributions	$ 545,251	$ 197,072	$ 30,231	$ 715	$ 773,269
Total contributions	545,251	197,072	30,231	715	773,269
Investment income:					
Interest income	108,160	15,510	2,700	51	126,421
Net appreciation in fair value of investments	694,877	82,004	6,557	1,323	784,761
Investment expenses	(28,090)	(4,100)	(522)	(36)	(32,748)
Investment income, net	774,947	93,414	8,735	1,338	878,434
Total additions	1,320,198	290,486	38,966	2,053	1,651,703
DEDUCTIONS:					
Benefit payments and withdrawals	508,158	62,163	11,268	417	582,006
Administrative expenses	11,984	1,520	130	3	13,637
Total deductions	520,142	63,683	11,398	420	595,643
Net increase in net position	800,056	226,803	27,568	1,633	1,056,060
NET POSITION:					
Restricted for other employee benefits:					
Beginning of year	12,649,339	1,691,596	191,529	17,713	14,550,177
End of year	$13,449,395	$1,918,399	$219,097	$19,346	$15,606,237

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2013
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
Additions:					
Contributions:					
Member contributions	$ 533,030	$ 166,331	$ 35,290	$ 745	$ 735,396
Total contributions	533,030	166,331	35,290	745	735,396
Investment income:					
Interest income	122,652	16,505	2,885	57	142,099
Net appreciation in fair value of investments	1,856,185	204,270	13,796	3,682	2,077,933
Investment expenses	(26,251)	(3,727)	(460)	(33)	(30,471)
Investment income, net	1,952,586	217,048	16,221	3,706	2,189,561
Total additions	2,485,616	383,379	51,511	4,451	2,924,957
Deductions:					
Benefit payments and withdrawals	446,213	48,860	8,168	200	503,441
Administrative expenses	12,037	1,421	121	1	13,580
Total deductions	458,250	50,281	8,289	201	517,021
Net increase in net position	2,027,366	333,098	43,222	4,250	2,407,936
Net Position:					
Restricted for other employee benefits:					
Beginning of year	10,621,973	1,358,498	148,307	13,463	12,142,241
End of year	$12,649,339	$1,691,596	$191,529	$17,713	$14,550,177

THE CITY OF NEW YORK
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
ASSETS:				
Cash and investments	$3,289,873	$1,548,069	$1,302,905	$3,535,037
LIABILITIES:				
Other	$3,289,873	$1,548,069	$1,302,905	$3,535,037

APPENDIX C

VARIABLE RATE BONDS

Variable Rate Demand Bonds

Series	Outstanding Principal Amount	Provider	Facility Type	Expiration or Optional Termination by Provider
1994C	25,300,000	JPMorgan Chase Bank, N.A.	LOC[1]	September 16, 2016
1994E-2	40,700,000	JPMorgan Chase Bank, N.A.	LOC	September 16, 2016
1994H-3	75,700,000	State Street Bank and Trust Company	SBPA[2]	October 12, 2018
2002A-6	70,000,000	Dexia Crédit Local	SBPA	November 1, 2017
2002A-10	60,000,000	Dexia Crédit Local	SBPA	November 1, 2017
2004A-2	75,000,000	Bank of America, N.A.	LOC	June 29, 2018
2004A-3	100,000,000	Morgan Stanley Bank, N.A.	LOC	September 27, 2017
2004A-4	25,000,000	Bank of Montreal	LOC	August 29, 2016
2004A-5	50,000,000	Bank of Montreal	LOC	August 29, 2016
2004H-1	40,300,000	The Bank of New York Mellon	LOC	October 31, 2017
2004H-2	60,455,000	California Public Employees' Retirement System	LOC	October 31, 2017
2004H-3	60,455,000	California Public Employees' Retirement System	LOC	October 31, 2017
2004H-4	40,300,000	The Bank of New York Mellon	LOC	October 31, 2017
2004H-5	28,775,000	Dexia Crédit Local	LOC	February 2, 2022
2004H-6	31,305,000	Bank of America, N.A.	LOC	February 28, 2019
2004H-8	31,335,000	Bank of America, N.A.	LOC	February 28, 2019
2006E-2	87,530,000	Bank of America, N.A.	LOC	August 1, 2016
2006E-3	87,530,000	Bank of America, N.A.	LOC	August 1, 2016
2006E-4	87,525,000	Bank of America, N.A.	LOC	August 1, 2016
2006F-3	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 20, 2016
2006F-4A	40,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 20, 2016
2006F-4B	35,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	November 18, 2016
2006H-1	50,535,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2016
2006H-2	50,530,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2016
2006I-3	50,000,000	Bank of America, N.A.	LOC	May 12, 2017
2006I-4	125,000,000	California Public Employees' Retirement System	LOC	May 31, 2016
2006I-5	75,000,000	The Bank of New York Mellon	LOC	May 31, 2016
2006I-6	75,000,000	The Bank of New York Mellon	LOC	May 31, 2016
2006I-7	50,000,000	Bank of America, N.A.	LOC	May 12, 2017
2006I-8	50,000,000	State Street Bank and Trust Company	SBPA	July 10, 2019
2008D-3	50,000,000	Bank of Montreal	SBPA	December 3, 2019
2008D-4	50,000,000	Bank of Montreal	SBPA	December 3, 2019
2008J-3	75,000,000	Barclays Bank, PLC	SBPA	March 29, 2019
2008J-5	101,405,000	Bank of America, N.A.	SBPA	March 30, 2018
2008J-6	111,225,000	Landesbank Hessen-Thüringen Girozentrale	LOC	December 14, 2020
2008J-10	100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD.	LOC	April 28, 2017
2008L-3	80,000,000	Bank of America, N.A.	SBPA	April 21, 2017
2008L-4	100,000,000	US Bank, N.A.	LOC	December 20, 2017
2008L-5	145,400,000	Bank of America, N.A.	SBPA	April 20, 2018
2009B-3	100,000,000	TD Bank, N.A.	LOC	January 1, 2020
2010G-4	150,000,000	Barclays Bank, PLC	SBPA	March 29, 2019
2012A-3	25,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	December 14, 2020
2012A-4	100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD.	LOC	June 29, 2017
2012A-5	50,000,000	Royal Bank of Canada	LOC	June 29, 2017
2012D-3A	76,665,000	California Public Employees' Retirement System	LOC	October 31, 2017
2012D-3B	50,000,000	Royal Bank of Canada	LOC	October 31, 2017

See footnotes on page C-2

Series	Outstanding Principal Amount	Provider	Facility Type	Expiration or Optional Termination by Provider
2012G-3	300,000,000	Citibank, N.A.	LOC	March 30, 2018
2012G-4	100,000,000	Citibank, N.A.	LOC	March 30, 2018
2012G-6	200,000,000	Mizuho Bank, Ltd.	LOC	April 2, 2018
2012G-7	85,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	April 2, 2018
2013A-2	100,000,000	Mizuho Bank, Ltd.	LOC	October 15, 2018
2013A-3	100,000,000	Mizuho Bank, Ltd.	LOC	October 15, 2018
2013A-4	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 15, 2020
2013A-5	50,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 15, 2020
2013F-3	180,000,000	Bank of America, N.A.	LOC	March 15, 2019
2014D-3	225,000,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2016
2014D-4	100,000,000	TD Bank, N.A.	LOC	October 16, 2018
2014D-5	75,000,000	PNC Bank, National Association	LOC	October 14, 2016
2014I-2	100,000,000	JPMorgan Chase Bank, N.A.	SBPA	March 24, 2017
2015F-4	100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	June 15, 2018
2015F-5	100,000,000	Barclays Bank, PLC	SBPA	June 18, 2019
2015F-6	100,000,000	JPMorgan Chase Bank, N.A.	SBPA	June 18, 2018
2015F-7	50,000,000	Royal Bank of Canada	LOC	June 18, 2018
	$5,157,970,000			

Index Rate Bonds(3)

Series	Outstanding Principal Amount	Step up Date
1994E-4	$ 50,000,000	none
1995F-4	50,000,000	none
2003F	16,220,000	none
2004A-6	50,250,000	April 2, 2018
2008J-4	100,000,000	April 2, 2018
2008J-7	74,060,000	April 3, 2017
2008J-8(4)	74,060,000	April 1, 2016
2008J-9	100,000,000	April 3, 2017
2008J-11	100,000,000	April 1, 2019
2008L-6	150,000,000	June 23, 2019
2011F-3	75,000,000	December 1, 2020
2012G-5	75,000,000	April 3, 2020
2014I-3	200,000,000	April 1, 2019
	$1,114,590,000	

Auction Rate Bonds

Series	Outstanding Principal Amount
Various	$ 634,900,000

(1) Letter of Credit.
(2) Standby Bond Purchase Agreement.
(3) The City's index rate bonds pay interest based on a specified index. Such bonds, other than the Series 1994E-4, 1995 F-4 and 2003F Bonds, also provide for an increased rate of interest commencing on an identified step up date if such bonds are not converted or refunded.
(4) This subseries is expected to be converted to Variable Rate Demand Bonds pursuant to this Reoffering Circular.

APPENDIX D

DEFINITIONS

"Adjustable Rate Bonds" means the Multi-Modal Bonds that are not Auction Rate Bonds.

"Authorized Denominations" means during any Daily Rate Period, Two-Day Rate Period, Commercial Paper Rate Period, or Weekly Rate Period, $100,000 or any integral multiple of $5,000 in excess of $100,000.

"Authorized Officer" means the Deputy Comptroller for Public Finance of the City and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document.

"Authorizing Document" means specified Certificates and Supplemental Certificates of the Deputy Comptroller for Public Finance of the City of New York, including the Supplemental Certificate With Respect to the Bonds, dated March 29, 2016.

"Bank Bond" or *"Purchased Bond"* means any Multi-Modal Bond held pursuant to a Standby Agreement. The terms of Purchased Bonds are not described in detail in this Reoffering Circular.

"Bondholder" or *"Holder"* or *"Owner"* means any person who shall be the registered owner of any Multi-Modal Bonds.

"Bonds" means the City's General Obligation Bonds, Fiscal 2008 Series J, Subseries J-8.

"Book Entry Form" or *"Book Entry System"* means a form or system under which physical Multi-Modal Bond certificates in fully registered form are registered only in the name of the Securities Depository, with the physical certificates "immobilized" in the custody of the Securities Depository.

"Business Day" means a day other than (i) a Saturday and Sunday or (ii) a day on which the City, the New York Stock Exchange, the Federal Reserve Bank of New York, the Fiscal Agent, the Tender Agent, the Remarketing Agent or banks and trust companies in New York, New York, or any city where draws upon a Credit Facility or Liquidity Facility will be made, are authorized or required to remain closed.

"Certificate" means the Authorizing Document with all Exhibits, Schedules, appendices and related proceedings, including the Bonds and all supplemental certificates.

"City Account" means the account so designated in each Purchase and Remarketing Fund.

"Commercial Paper Mode" means a Rate Mode in which a Multi-Modal Bond for its Commercial Paper Rate Period bears interest at a Commercial Paper Rate.

"Commercial Paper Rate" means each rate at which a Multi-Modal Bond bears interest during a Commercial Paper Rate Period.

"Commercial Paper Rate Period" means, with respect to a particular Multi-Modal Bond, a period of one to 365 days during which such Bond bears interest at a Commercial Paper Rate; and the first day immediately following the last day of each Commercial Paper Rate Period shall be a Business Day and, with respect to at least the amount of such Bonds to be redeemed by mandatory redemption, shall be not later than the redemption date.

"Conversion" means a change in the Rate Mode of a Multi-Modal Bond. To "Convert" is the act of Conversion.

"Conversion Date" means the Business Day of a Conversion or proposed Conversion, which shall be an eligible Optional Redemption Date for the Rate Mode in effect.

"Conversion Notice" means a notice of a change in the Rate Mode.

"Credit Facility" means a Standby Agreement that specifies no Liquidity Conditions and provides for the purchase of Bonds in the event of the City's failure to pay interest or principal when due.

"Daily Rate" means the rate at which Multi-Modal Bonds bear interest during a Daily Rate Period.

"Daily Rate Mode" means a Rate Mode in which Multi-Modal Bonds bear interest at a Daily Rate.

"Daily Rate Period" means a period commencing on one Business Day and extending to, but not including, the next succeeding Business Day, during which Multi-Modal Bonds bear interest at the Daily Rate.

"Default Notice" or *"Termination Notice"* means, with respect to a notice given by a Standby Purchaser pursuant to a Standby Agreement to the effect that the Standby Agreement issued by such Standby Purchaser will terminate on the date specified in such notice or any comparable notice.

"Direct Participant" means a participant in the book-entry system of recording ownership interests in the Multi-Modal Bonds.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as Depository for the Multi-Modal Bonds, or any successor Depository for any Multi-Modal Bonds; and includes each nominee thereof.

"Electronic Means" means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other Electronic Means.

"Expiration Date" means the fixed date on which a Standby Agreement will expire, as such date may be extended from time to time; and includes the date of an early termination of a Standby Agreement caused by the City (excluding a Termination Date).

"Favorable Opinion of Bond Counsel" shall mean an opinion or opinions of nationally recognized bond counsel to the effect that the action proposed to be taken is authorized or permitted by the Certificate and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

"Fiduciary" means each Fiscal Agent, Paying Agent or Tender Agent.

"Fiscal Agent" means The Bank of New York Mellon and its successors as the City's fiscal agent.

"Fitch" means Fitch, Inc., and its successors and assigns; references to Fitch are effective so long as Fitch is a Rating Agency.

"Initial Period" means a period specified by the City, beginning on the Issue Date or a Conversion Date. The day following an Initial Period shall be a Business Day and shall not be treated as a Conversion Date.

"Initial Rate" means each rate of interest to be paid in an Initial Period as set forth in the Certificate.

"Interest Payment Date" means with respect to (a) any Daily Rate Period, any Two-Day Rate Period, any Weekly Rate Period, or any case not specified, the first Business Day of each month; (b) any Commercial Paper Rate Period, the first Business Day of each month and the Business Day following the last day of the Rate Period; or (c) any Rate Period, as may be specified by the City. With respect to all Multi-Modal Bonds, interest shall be payable on each Mandatory Tender Date, redemption date or maturity date.

"Issue Date" means the date of initial delivery of the Bonds.

"LFL" means the Local Finance Law of the State, as in effect from time to time.

"Liquidity Condition" means an event of immediate termination or suspension as specified in a Liquidity Facility, upon the occurrence of which the Standby Purchaser is not obligated to purchase Multi-Modal Bonds, and, accordingly, such Bonds are not subject to tender for purchase.

"Liquidity Enhanced Bonds" means the Multi-Modal Bonds bearing interest in the Daily Rate Mode, Two-Day Mode, Weekly Rate Mode or Commercial Paper Mode.

"Liquidity Facility" means a Standby Agreement that is not a Credit Facility.

"Mandatory Redemption Date" means, unless otherwise specified by the City, in each year so specified in the Bonds in the Daily Rate Mode, the Two-Day Mode, the Weekly Rate Mode or the Commercial Paper Mode, or in any case not specified, the first Business Day in the Maturity Month (which will be an Interest Payment Date).

"Mandatory Tender Date" means any date on which a Multi-Modal Bond is subject to mandatory tender in accordance with the Certificate.

"Maturity Month" and *"Opposite Month"* mean the respective months indicated below:

Maturity Month	Opposite Month
August	February

"Maximum Rate" means, with respect to the Bonds, 9%, or such Maximum Rate not exceeding 25% as may be specified by the City.

"Moody's" means Moody's Investors Service, and its successors and assigns; references to Moody's are effective so long as Moody's is a Rating Agency.

"Multi-Modal Bonds" means the Fiscal 2008 Series J, Subseries J-8 Bonds.

"Optional Redemption Date" means: (i) for Bonds in the Daily Rate Mode, Weekly Rate Mode or Two-Day Mode, any Business Day and (ii) for Bonds in the Commercial Paper Mode, each Mandatory Tender Date.

"Optional Tender Date" means any Business Day during a Daily Rate Period, Two-Day Rate Period or Weekly Rate Period.

"Paying Agent" means the Fiscal Agent and any additional paying agent for the Multi-Modal Bonds designated by the City.

*"Purchase Account" m*eans the account so designated in each Purchase and Remarketing Fund.

"Purchase and Remarketing Fund" means the Purchase and Remarketing Fund established pursuant to the Certificate.

"Purchase Price" means 100% of the principal amount of any Tendered Bond, plus (if not otherwise provided for) accrued and unpaid interest thereon to the Tender Date.

"Rate" means each Initial Rate, Daily Rate, Two-Day Rate, Commercial Paper Rate, Weekly Rate, or Bank Rate.

"Rate Mode" or *"Mode"* means the Daily Rate Mode, Two-Day Mode, Commercial Paper Rate Mode or Weekly Rate Mode.

"Rate Period" means any Initial Period, Daily Rate Period, Two-Day Rate Period, Commercial Paper Rate Period or Weekly Rate Period.

"Rating Agency" means each nationally recognized statistical rating organization that has, at the request of the City, a short-term rating in effect for the Multi-Modal Bonds.

"Rating Category" means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

"Rating Confirmation" means a written notice from each Rating Agency that its rating on the Multi-Modal Bonds will not be suspended, withdrawn or reduced (by Fitch or Moody's) or reduced in Rating Category (by other Rating Agencies) solely as a result of action proposed to be taken under the Certificate.

"Record Date" means, with respect to each Interest Payment Date (unless otherwise specified by an Authorized Officer of the City), for each Initial Period, Daily Rate Period, Two-Day Rate Period, Commercial Paper Rate Period or Weekly Rate Period the close of business on the Business Day preceding such Interest Payment Date.

"Remarketing Agent" means each remarketing agent for Multi-Modal Bonds appointed and serving in such capacity.

"Remarketing Agreement" means each Remarketing Agreement between the City and the Remarketing Agent for a Liquidity Enhanced Bond, as in effect from time to time.

"Remarketing Proceeds Account" means the account so designated in each Purchase and Remarketing Fund which may consist of one or more accounts established for the deposit of remarketing proceeds from the remarketing of one or more subseries of the City's bonds into which such remarketing proceeds may be deposited prior to the withdrawal of such proceeds to pay the purchase price of tendered bonds of that subseries.

"Reset Date" means the date on which the interest rate on a Multi-Modal Bond is to be determined.

"S&P" means Standard & Poor's Ratings Services and its successors and assigns; references to S&P are effective so long as S&P is a Rating Agency.

"Securities Depository" or *"Depository"* or *"DTC"* means The Depository Trust Company and its nominees, successors and assigns or any other securities depository selected by the City which agrees to follow the procedures required to be followed by such securities depository in connection with the Multi-Modal Bonds.

"Standby Agreement" means an agreement providing, to the extent required by the LFL, for the purchase of any Multi-Modal Bonds, as in effect from time to time.

"Standby Purchaser," "Credit Facility Provider," "Liquidity Provider," "Provider" "Subseries Bank" or *"Bank"* means any provider of a Standby Agreement then in effect.

"Subseries" shall mean the Subseries J-8 Bonds.

"Tender Agent" means the Fiscal Agent and any additional Tender Agent appointed by the City.

"Tender Date" means each Optional Tender Date or Mandatory Tender Date.

"Tender Notice" means the notice delivered by the Holder of a Liquidity Enhanced Bond subject to optional tender pursuant to the Certificate.

"Tendered Bond" means a Bond mandatorily tendered or tendered at the option of the Holder thereof for purchase in accordance with the Certificate, including a Bond deemed tendered, but not surrendered on the applicable Tender Date.

"Termination Date" means the date on which a Standby Agreement will terminate as set forth in a Default Notice delivered by the Standby Purchaser in accordance with the Standby Agreement.

"Two-Day Mode" means a Rate Mode in which Multi-Modal Bonds bear interest at a Two-Day Rate.

"Two-Day Rate" means the rate at which Multi-Modal Bonds bear interest during a Two-Day Rate Period.

"Two-Day Rate Period" means a period during which Multi-Modal Bonds bear interest at the Two-Day Rate.

"Weekly Rate" means the rate at which Multi-Modal Bonds bear interest during a Weekly Rate Period.

"Weekly Rate Mode" means a Rate Mode in which a Multi-Modal Bonds bear interest at a Weekly Rate.

"Weekly Rate Period" means a period of 7 days commencing on the Issue Date, on a Conversion Date or on the date (Thursday unless otherwise specified by an Authorized Officer of the City) following an Initial Period or a Weekly Rate Period. The Bonds will bear interest at an Initial Rate for an Initial Period ending on April 5, 2016. Thereafter, the Bonds will bear interest at a Weekly Rate commencing each Wednesday.

"Written Notice," "written notice" or "notice in writing" means notice in writing which may be delivered by hand or first class mail and includes Electronic Means.

MULTI-MODAL BONDS

The Multi-Modal Bonds are subject to the provisions summarized below. Capitalized terms used in this "APPENDIX E—MULTI-MODAL BONDS" which are not otherwise defined in the Reoffering Circular are defined in "APPENDIX D—DEFINITIONS."

General

The Multi-Modal Bonds are subject to mandatory tender for purchase as described under "Mandatory Tender for Purchase" and, if such Bonds are in a Daily Rate Mode, Two-Day Mode or Weekly Rate Mode, are subject to optional tender for purchase as described under "Optional Tender for Purchase." The Multi-Modal Bonds of a Subseries will continue in a Rate Mode until converted to another Rate Mode and will bear interest at a rate determined in accordance with the procedures for determining the interest rate during such Rate Mode. See "Conversion to an Alternate Rate Mode" and "Interest Rates and Reset Dates" below.

During any Initial Period for the Liquidity Enhanced Bonds, a Daily Rate Period, a Two-Day Rate Period, a Commercial Paper Rate Period or a Weekly Rate Period, interest will be computed on the basis of a 365-day or 366-day year for the actual number of days elapsed.

Interest on the Multi-Modal Bonds will be the interest accruing and unpaid through and including the day preceding the Interest Payment Date and will be payable on each Interest Payment Date to the registered owner thereof as shown on the registration books kept by the Fiscal Agent at the close of business on the applicable Record Date.

Conversion to an Alternate Rate Mode

Subject to the conditions in the Certificate, the City may convert all or a portion of the Multi-Modal Bonds in one Rate Mode to a different Rate Mode by delivering a Conversion Notice to, as applicable, the Remarketing Agent, the applicable Standby Purchaser, DTC, the Fiscal Agent and the Tender Agent specifying the Subseries of Multi-Modal Bonds to be converted, the Conversion Date and the Rate Mode that will be effective on the Conversion Date. The City must deliver such Conversion Notice not less than 15 days prior to the Conversion Date.

The Tender Agent, no later than one Business Day after receipt of the Conversion Notice, is to give notice by first-class mail to the Holders of the Bonds to be converted, which notice must state (i) the Conversion Date; (ii) that the Rate Mode will not be converted unless the City receives on the Conversion Date a Favorable Opinion of Bond Counsel; (iii) the name and address of the principal corporate trust offices of the Fiscal Agent and Tender Agent; (iv) whether the Bonds to be converted will be subject to mandatory tender for purchase on the Conversion Date; and (v) that upon the Conversion, if there is on deposit with the Tender Agent on the Conversion Date an amount sufficient to pay the Purchase Price of the Multi-Modal Bonds so tendered and converted, such Bonds not delivered to the Tender Agent on the Conversion Date will be deemed to have been properly tendered for purchase and will cease to represent a right on behalf of the Holder thereof to the payment of principal of or interest thereon and shall represent only the right to payment of the Purchase Price on deposit with the Tender Agent, without interest accruing thereon from and after the Conversion Date.

If less than all of the Multi-Modal Bonds then subject to a particular Rate Mode are to be converted to a new Rate Mode, the particular Multi-Modal Bonds which are to be converted to a new Rate Mode will be selected by the Fiscal Agent (or, if the City so elects, the City) subject to the provisions of the Certificate regarding Authorized Denominations.

If a Favorable Opinion of Bond Counsel cannot be obtained, or if the election to convert was withdrawn by the City, or if the Remarketing Agent has notified the Fiscal Agent, the City and the applicable Standby

Purchaser that it has been unable to remarket the Multi-Modal Bonds on the Conversion Date, the affected Multi-Modal Bonds will bear interest in the Rate Mode previously in effect or, with a Favorable Opinion of Bond Counsel, any other Rate Mode selected by the City to which such Bonds are duly converted.

Interest Rates and Reset Dates

General. The rate at which the Adjustable Rate Bonds will bear interest during any Rate Period will be the rate of interest that, if borne by the Adjustable Rate Bonds for such Rate Period, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for bonds or other securities which are comparable as to federal income tax treatment, credit and maturity or tender dates with the federal income tax treatment, credit and maturity or tender dates of the Adjustable Rate Bonds, would be the lowest interest rate that would enable the Adjustable Rate Bonds to be sold at a price equal to the principal amount thereof, plus accrued interest thereon, if any. No Rate Period for Liquidity Enhanced Bonds of a Subseries will extend beyond the scheduled Expiration Date of the Standby Agreement then in effect.

Maximum Rate. The Bonds may not bear interest at a rate greater than the Maximum Rate.

Daily Rate. The Daily Rate for any Business Day is to be determined by the Remarketing Agent and announced by 10:00 a.m., New York City time, on such Business Day. For any day which is not a Business Day, the Daily Rate will be the Daily Rate for the immediately preceding Business Day.

If (i) a Daily Rate for a Daily Rate Period has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Daily Rate so established is held to be invalid or unenforceable with respect to a Daily Rate Period, or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Daily Rate, then the Daily Rate for such Daily Rate Period shall continue in effect for two weeks, and thereafter such Bonds shall bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Two-Day Rate. When interest on a Subseries of Adjustable Rate Bonds is payable at a Two-Day Rate, the Remarketing Agent will set a Two-Day Rate on or before 10:00 a.m., New York City time, on the first day of a period during which such Bonds bear interest at a Two-Day Rate and on each Monday, Wednesday and Friday thereafter so long as interest on such Bonds is to be payable at a Two-Day Rate or, if any Monday, Wednesday or Friday is not a Business Day, on the next Monday, Wednesday or Friday that is a Business Day. The Two-Day Rate set on any Business Day will be effective as of such Business Day and will remain in effect until the next day on which a Two-Day Rate is required to be set in accordance with the preceding sentence.

If (i) a Two-Day Rate for a Two-Day Rate Period has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Two-Day Rate determined by the Remarketing Agent is held to be invalid or unenforceable or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Two-Day Rate, then the Two-Day Rate for such Two-Day Rate Period shall continue in effect for two weeks, and thereafter such Bonds shall bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Weekly Rate. Unless otherwise provided by the City pursuant to the Certificate, the Weekly Rate is to be determined by the Remarketing Agent and announced by 10:00 a.m., New York City time, on the first day of the Weekly Rate Period. The Weekly Rate Period means a period commencing on the day specified by the City and extending to and including the sixth day thereafter, e.g. if commencing on a Wednesday then extending to and including the next Tuesday.

If (i) a Weekly Rate has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Weekly Rate determined by the Remarketing Agent is held to be invalid or unenforceable with respect to a Weekly Rate Period, or (iv) pursuant to the Remarketing Agreement, the Remarketing Agent is not then required to establish a Weekly Rate, then the Weekly Rate for such Weekly Rate Period shall continue in effect for two weeks, and thereafter, such Bonds will bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Commercial Paper Rate. The Commercial Paper Rate Period for each Adjustable Rate Bond in a Commercial Paper Rate Mode is to be determined by the Remarketing Agent and announced by 12:30 p.m., New York City time, on the first day of each Commercial Paper Rate Period. Commercial Paper Rate Periods may be from 1 to 365 days. If the Remarketing Agent fails to specify the next succeeding Commercial Paper Rate Period, such Commercial Paper Rate Period will be the shorter of (i) seven days or (ii) the period remaining to but not including the maturity or redemption date of such Bond. Each Adjustable Rate Bond in a Commercial Paper Mode is to bear interest during a particular Commercial Paper Rate Period at a rate per annum equal to the interest rate determined above corresponding to the Commercial Paper Rate Period. An Adjustable Rate Bond can have a Commercial Paper Rate Period and bear interest at a Commercial Paper Rate that differs from other Adjustable Rate Bonds in the Commercial Paper Rate Mode.

If (i) a Commercial Paper Rate for a Commercial Paper Rate Period has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Commercial Paper Rate determined by the Remarketing Agent is held to be invalid or unenforceable with respect to a Commercial Paper Rate Period, or (iv) pursuant to the Remarketing Agreement, the Remarketing Agent is not then required to establish a Commercial Paper Rate, the Commercial Paper Rate for such Commercial Paper Rate Period will continue in effect on such Bonds for two weeks, and thereafter, such Bonds will bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Optional Tender for Purchase

If a Subseries of Adjustable Rate Bonds is supported by a Credit Facility, or by a Liquidity Facility and no Liquidity Condition is in effect, an Adjustable Rate Bond of such Subseries or any portion thereof equal to an Authorized Denomination may be tendered for purchase, at the Purchase Price, at the option of its registered owner on any Business Day during a Daily Rate Mode, Two-Day Mode or Weekly Rate Mode upon giving notice of the registered owner’s election to tender in the manner and at the times described below. Notice of an election to tender an Adjustable Rate Bond registered in the name of DTC is to be given by the Direct Participant on behalf of the Beneficial Owner of the Adjustable Rate Bond and will not be given by DTC. Notice of the election to tender for purchase of an Adjustable Rate Bond registered in any other name is to be given by the registered owner of such Adjustable Rate Bond or its attorney-in-fact.

A Direct Participant or the registered owner of an Adjustable Rate Bond must give written notice of its irrevocable election to tender such Adjustable Rate Bond or a portion thereof for purchase at its option to the Tender Agent with a copy to the Remarketing Agent at their respective principal offices, in the case of Adjustable Rate Bonds bearing interest in a Daily Rate Mode, by no later than 10:30 a.m. on the Optional Tender Date, in the case of Adjustable Rate Bonds bearing interest in a Two-Day Mode, not later than 3:00 p.m. on a Business Day at least two Business Days prior to the Optional Tender Date, and in the case of Adjustable Rate Bonds bearing interest in a Weekly Rate Mode, by no later than 5:00 p.m., New York City time, on a Business Day at least seven days prior to the Optional Tender Date. In addition, the registered owner of an Adjustable Rate Bond is required to deliver such Bond to the Tender Agent at its principal corporate trust office at or prior to 1:00 p.m., New York City time, on such Optional Tender Date.

Mandatory Tender for Purchase

If a Credit Facility is in effect (or if Bonds are supported by a Liquidity Facility and there is no existing Liquidity Condition), the Bonds which are affected by the following actions are subject to mandatory tender and purchase at the Purchase Price on the following dates (each, a “Mandatory Tender Date”):

(a) on each Conversion Date except a Conversion of all (but not less than all) Adjustable Rate Bonds between Daily Rates, Two-Day Rates and Weekly Rates;

(b) on the Business Day following each Rate Period for such Adjustable Rate Bonds in the Commercial Paper Mode;

(c) on a Business Day specified by the Tender Agent, at the direction of the City, which shall be not less than one Business Day prior to the substitution of a Standby Agreement (including assignments) or the Expiration

Date of any Standby Agreement (which Standby Agreement will be drawn upon to pay the Purchase Price of unremarketed Tendered Bonds), unless a substitution is occurring and Rating Confirmation has been received from each Rating Agency;

(d) on a Business Day that is not less than one Business Day prior to the Termination Date of a Standby Agreement relating to a Subseries of Adjustable Rate Bonds specified in a Default Notice delivered in accordance with the Standby Agreement.

Should a Credit Facility be in effect for a Subseries of Bonds, in addition to the preceding, upon any failure by the City to provide funds to the Fiscal Agent for the timely payment of principal or interest on the maturity or mandatory redemption date or Interest Payment Date for such Subseries of Bonds, the Tender Agent shall cause a draw to be made upon such Credit Facility for the immediate purchase of the applicable Bonds and notice of mandatory tender to be given to each Holder of such Bonds.

The Adjustable Rate Bonds of a Subseries are also subject to mandatory tender for purchase on any Optional Redemption Date, upon 10 days' notice to Holders of such Bonds, if the City has provided a source of payment therefor in accordance with the Certificate and State law; under such circumstances, the Purchase Price is not payable by the Liquidity Facility or Credit Facility.

Whenever Adjustable Rate Bonds are to be tendered for purchase in accordance with (a) above, the Tender Agent is to give notice to the Holders of such Adjustable Rate Bonds indicating that such Bonds are subject to mandatory tender for purchase on the date specified in such notice. The failure of any Holder of any portion of Adjustable Rate Bonds to receive such notice will not affect the validity of such Conversion to a new Rate Mode.

Whenever Adjustable Rate Bonds are to be tendered for purchase in accordance with (c) or (d) above, the Tender Agent is to give notice to the Holders of such Adjustable Rate Bonds indicating that such Bonds are subject to mandatory tender for purchase on the date specified in such notice. The Tender Agent is to give such notice by first-class mail and not less than five calendar days prior to the Expiration Date or Termination Date. The failure of any Holder of any portion of such Adjustable Rate Bonds to receive such notice will not affect the validity of the proceedings in connection with the effectiveness of the affected Standby Agreement.

Bonds Deemed Purchased

The Adjustable Rate Bonds or portions thereof required to be purchased upon a tender at the option of the registered owner thereof or upon a mandatory tender will be deemed to have been tendered and purchased for all purposes of the Certificate, irrespective of whether such Adjustable Rate Bonds have been presented and surrendered to the Tender Agent, if on the Tender Date money sufficient to pay the Purchase Price thereof is held by the Tender Agent. The former registered owner of a Tendered Bond or an Adjustable Rate Bond deemed to have been tendered and purchased will have no claim thereunder or under the Certificate or otherwise for payment of any amount other than the Purchase Price.

Purchase Price and Payment

On each Tender Date, a Tendered Bond will be purchased at the applicable Purchase Price. The Purchase Price of a Tendered Bond is the principal amount of the Adjustable Rate Bond to be tendered or the amount payable to the registered owner of a Bank Bond following receipt by such owner of a purchase notice from the Remarketing Agent, plus accrued and unpaid interest from the immediately preceding Interest Payment Date.

The Purchase Price of a Tendered Bond held in a book-entry-only system will be paid, in same-day funds, to DTC in accordance with DTC's standard procedures for effecting same-day payments, as described herein under the heading "Book-Entry Only System." Payment will be made without presentation and surrender of the Tendered Bonds to the Tender Agent and DTC will be responsible for effecting payment of the Purchase Price to the DTC Participants.

The Purchase Price of any other Adjustable Rate Bond will be paid, in same-day funds, only after presentation and surrender of the Adjustable Rate Bond to the Tender Agent at its designated office. Payment will be made by 3:00 p.m., New York City time, on the Tender Date on which an Adjustable Rate Bond is presented and surrendered to the Tender Agent.

The Purchase Price is payable solely from, and in the following order of priority, the proceeds of the remarketing of Adjustable Rate Bonds tendered for purchase, money made available by the Standby Purchaser under the Standby Agreement then in effect, and money furnished by or on behalf of the City (which has no obligation to do so).

No Extinguishment

Adjustable Rate Bonds held by any Standby Purchaser or by a Fiduciary for the account of any Standby Purchaser following payment of the Purchase Price of such Bonds by the Fiduciary with money provided by any Standby Purchaser shall not be deemed to be retired, extinguished or paid and shall for all purposes remain outstanding.

Liquidity Conditions

Upon the occurrence of a suspension condition, as specified in a Liquidity Facility, the Standby Purchaser's obligations to purchase the related Bonds shall immediately be suspended (but not terminated) without notice or demand to any person and thereafter the Standby Purchaser shall be under no obligation to purchase such Bonds (nor shall such Bonds be subject to optional or mandatory tender for purchase) unless and until the Standby Purchaser's commitment is reinstated pursuant to the related Liquidity Facility. Promptly upon the occurrence of such suspension condition, the Standby Purchaser shall notify the City, the Tender Agent and the Remarketing Agent of such suspension in writing and the Tender Agent shall promptly relay such notice to the affected Bondholders upon receipt; but the Standby Purchaser shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of its obligation to purchase such Bonds. If the suspension condition shall be cured as described in the related Liquidity Facility, the obligations of the Standby Purchaser under such Liquidity Facility shall be reinstated (unless the Standby Purchaser's obligations shall have expired or shall otherwise have been terminated or suspended as provided in such Liquidity Facility).

Upon the occurrence of an event of immediate termination, as specified in a Liquidity Facility, a Standby Purchaser's obligation under such Liquidity Facility to purchase the related Bonds shall immediately terminate without notice or demand to any person, and thereafter the Standby Purchaser shall be under no obligation to purchase such Bonds (nor shall such Bonds be subject to optional or mandatory tender for purchase). Promptly upon the occurrence of such event the affected Standby Purchaser shall give written notice of the same to the City, the Tender Agent and the Remarketing Agent and the Tender Agent shall promptly relay such notice to the affected Bondholders upon receipt; but the affected Standby Purchaser shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of its obligation to purchase such Bonds.

The Bonds will be initially supported by a Credit Facility without Liquidity Conditions.

Inadequate Funds for Tender

If the funds available for purchase of Tendered Bonds are inadequate for the purchase of all such Bonds tendered on any Tender Date, or a Liquidity Condition shall exist under a Liquidity Facility, then the affected Holders shall not have the right to require the City or other persons to repurchase such Bonds and the Tender Agent shall give written notice to all affected Bondholders. However, such Holders may submit their Bonds for remarketing pursuant to the procedures described herein and the Certificate and Remarketing Agreement. Any such Bonds that cannot be remarketed shall immediately be returned to the owners thereof and shall bear interest from such Tender Date at the Maximum Rate payable on the first Business Day of each month. Under a Credit Facility, or a Liquidity Facility as long as no Liquidity Condition exists, the obligation to deposit funds in sufficient amounts to purchase such Bonds pursuant to the applicable Standby Agreement shall remain enforceable, and shall only be discharged at such time as funds are deposited with the Tender Agent in an amount sufficient, together with the proceeds of remarketing, to purchase all such Bonds that were required to be purchased on such Tender Date, together with any interest which has accrued to the subsequent purchase date.

Remarketing of Bonds Upon Tender

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to use its best efforts to remarket a Tendered Bond on its Tender Date at a price equal to the Purchase Price. The Remarketing Agreement sets forth, among other things, certain conditions to the Remarketing Agent's obligation to remarket Tendered Bonds.

On each Tender Date, the Remarketing Agent is to give notice by Electronic Means to the related Liquidity Provider, the Fiscal Agent, the Tender Agent and the City specifying the principal amount of Tendered Bonds for which it has arranged a remarketing, along with the principal amount of Tendered Bonds, if any, for which it has not arranged a remarketing, and shall transfer to the Tender Agent the proceeds of the remarketing of the Tendered Bonds. The Tender Agent is, on such Tender Date, to obtain funds under the applicable Standby Agreement in accordance with its terms in an amount equal to the difference between the Purchase Price of the Tendered Bonds subject to purchase and the remarketing proceeds available to the Tender Agent.

Defeasance

For the purpose of determining whether Multi-Modal Bonds shall be deemed to have been defeased, the interest to come due on such Multi-Modal Bonds shall be calculated at the Maximum Rate; and if, as a result of such Multi-Modal Bonds having borne interest at less than the Maximum Rate for any period, the total amount on deposit for the payment of interest on such Multi-Modal Bonds exceeds the total amount required, the balance shall be paid to the City. In addition, Multi-Modal Bonds shall be deemed defeased only if there shall have been deposited in trust money in an amount sufficient for the timely payment of the maximum Purchase Price that could become payable to the Bondholders upon the exercise of any applicable optional or mandatory tender for purchase.

Liquidity or Credit Facility

For Adjustable Rate Bonds that are not defeased and are subject to optional or mandatory tender for purchase, the City shall, as required by law, keep in effect one or more Standby Agreements for the benefit of the Bondholders, which shall require a financially responsible party or parties other than the City to purchase all or any portion of Adjustable Rate Bonds duly tendered by the holders thereof for repurchase prior to the maturity of such Adjustable Rate Bonds. A financially responsible party or parties, for the purposes of this paragraph, shall mean a person or persons determined by the Mayor and the Comptroller of the City to have sufficient net worth and liquidity to purchase and pay for on a timely basis all of the Adjustable Rate Bonds which may be tendered for repurchase by the holders thereof.

Each owner of an Adjustable Rate Bond bearing interest at a Daily, Two-Day or Weekly Rate will be entitled to the benefits and subject to the terms of the Liquidity Facility or Credit Facility for such Bond. Under such Credit Facility or Liquidity Facility, the Bank agrees to make available to the Tender Agent, upon receipt of an appropriate demand for payment, the Purchase Price for Adjustable Rate Bonds. Mandatory purchase by the Bank of Adjustable Rate Bonds shall occur under the circumstances provided therefor, including, so long as a Credit Facility is provided or no Liquidity Condition exists, failure to extend or replace the Credit Facility or Liquidity Facility relating to such Adjustable Rate Bonds, and (at the option of the Bank) other events, including without limitation breaches of covenants, defaults on other bonds of the City or other entities, and events of insolvency. Notwithstanding the other provisions of the Adjustable Rate Bonds and the Certificate, upon the purchase of an Adjustable Rate Bond by the Bank, all interest accruing thereon from the last date for which interest was paid shall accrue for the benefit of and be payable to the Bank.

The City shall give Written Notice to each affected Bondholder at least 10 days prior to the effective date of the substitution of a Credit Facility or Liquidity Facility and not later than 10 days after the execution of an extension.

The obligation of the Bank to purchase Adjustable Rate Bonds pursuant and subject to the terms and conditions of the Credit Facility or Liquidity Facility for such Bonds is effective so long as a Credit Facility is provided or there exists no Liquidity Condition. The obligation of the City to repay amounts advanced by the Bank in respect of such Bank's purchase of Adjustable Rate Bonds shall be evidenced by the Bonds so purchased by such Bank.

The preceding is a summary of certain provisions expected to be included in the Credit Facility provided by Sumitomo Mitsui Banking Corporation, acting through its New York Branch, and proceedings under which the Multi-Modal Bonds are to be reoffered, and is subject in all respects to the underlying documents, copies of which will be available for inspection during business hours at the office of the Fiscal Agent. Information regarding the Bank is included herein as "APPENDIX H — THE BANK." Neither the City nor the Remarketing Agent makes any representation with respect to the information in "APPENDIX H — THE BANK."

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APPENDIX F

SIDLEY AUSTIN LLP
SIDLEY

SIDLEY AUSTIN LLP
787 SEVENTH AVENUE
NEW YORK, NY 10019
(212) 839 5300
(212) 839 5599 FAX

BEIJING
BOSTON
BRUSSELS
CENTURY CITY
CHICAGO
DALLAS
GENEVA
HONG KONG
HOUSTON
LONDON
LOS ANGELES
NEW YORK
PALO ALTO
SAN FRANCISCO
SHANGHAI
SINGAPORE
SYDNEY
TOKYO
WASHINGTON, D.C.

FOUNDED 1866

March 29, 2016

The City of New York
Norton Rose Fulbright US LLP
as Bond Counsel to the City for Tax Matters

We have acted as Bond Counsel to The City of New York (the “City”) in connection with the conversion of its General Obligation Bonds, Fiscal 2008 Series J, Subseries J-8 (the “Bonds”), to the weekly rate through the adoption of the Supplemental Certificate, dated March 29, 2016, of the Deputy Comptroller for Public Finance (the “Supplemental Certificate”). This letter is delivered pursuant to the Supplemental Certificate and to the Certificates identified therein (the “Certificates”). In rendering the opinions set forth herein, we have reviewed certificates of the City and such other agreements, documents and matters to the extent we deemed necessary to render our opinions. We have not undertaken an independent audit or investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the genuineness of all documents and signatures presented to us; the due and legal execution and delivery thereof by, and validity against, any parties other than the City; and the accuracy of the factual matters represented, warranted or certified therein.

In our opinion, based upon the foregoing:

1. The Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State of New York (the “State”) and the Charter of the City and constitute valid and legally binding obligations of the City for the payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of *ad valorem* taxes, without limit as to rate or amount, for payment of the principal of and interest on the Bonds.

2. The Supplemental Certificate and the actions ordered thereby (the “Conversion”) are authorized by law and the Certificates. The City has received the opinion of Norton Rose Fulbright US LLP regarding the effect of the Conversion on the exclusion from gross income of the interest on the Bonds, and we express no opinion as to tax matters.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted, to the extent constitutionally applicable, and the enforcement of related contractual and statutory covenants of the City and the State may also be subject to the exercise of the State’s police powers and of judicial discretion in appropriate cases.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to update this opinion in light of such actions or events.

Very truly yours,

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NORTON ROSE FULBRIGHT

Norton Rose Fulbright US LLP
666 Fifth Avenue, 31st Floor
New York, New York 10103-3198
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

March 29, 2016

The City of New York

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in connection with the conversion of the City's $74,060,000 General Obligation Bonds, Fiscal 2008 Series J, Subseries J-8 due August 1, 2021 (the "Bonds") to the Weekly Rate Mode (the "Conversion") on the date hereof, pursuant to the Supplemental Certificate of the Deputy Comptroller for Public Finance, dated March 29, 2016 (the "Supplemental Certificate").

The Bonds have been issued pursuant to the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance and related proceedings. We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem necessary to render our opinions. We have not undertaken an independent audit or investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, and the accuracy of the statements contained in such documents.

In rendering the opinions below, we are relying on the opinion of Sidley Austin LLP of even date herewith to the effect that the Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City.

Based upon the foregoing and our examination of existing law, we are of the opinion that:

1. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

2. The City has covenanted in a tax certificate dated the date hereof to comply with certain provisions of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), relating to the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation. Assuming compliance by the City with such covenants, interest on the Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes.

3. Interest on the Bonds is not an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of such Bonds or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Furthermore, we express no opinion as to the effect on the exclusion from gross income of interest on the Bonds of any action (including without limitation a change in the interest rate mode with respect to any of the Bonds) taken or not taken after the date of this opinion without our approval. Ownership of tax exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, "S" corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above. Finally, we express no opinion herein as to the accuracy, completeness or sufficiency of, or any other matter related to, the Reoffering Circular dated March 18, 2016, relating to the Bonds or any other offering material relating to the Bonds.

Very truly yours,

APPENDIX H

THE BANK

SUMITOMO MITSUI BANKING CORPORATION

Sumitomo Mitsui Banking Corporation (*Kabushiki Kaisha Mitsui Sumitomo Ginko*) ("SMBC") is a joint stock corporation with limited liability (*Kabushiki Kaisha*) under the laws of Japan. The registered head office of SMBC is located at 1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan.

SMBC was established in April 2001 through the merger of two leading banks, The Sakura Bank, Limited and The Sumitomo Bank, Limited. In December 2002, Sumitomo Mitsui Financial Group, Inc. ("SMFG") was established through a stock transfer as a holding company under which SMBC became a wholly-owned subsidiary. **SMFG reported ¥ 187,505,952 million (US $1,555,678.7 million) in consolidated total assets as of December 31, 2015.**

SMBC is one of the world's leading commercial banks and provides an extensive range of banking services to its customers in Japan and overseas. In Japan, SMBC accepts deposits, makes loans and extends guarantees to corporations, individuals, governments and governmental entities. It also offers financing solutions such as syndicated lending, structured finance and project finance. SMBC also underwrites and deals in bonds issued by or under the guarantee of the Japanese government and local government authorities, and acts in various administrative and advisory capacities for certain types of corporate and government bonds. Internationally, SMBC operates through a network of branches, representative offices, subsidiaries and affiliates to provide many financing products, including syndicated lending and project finance.

The New York Branch of SMBC is licensed by the New York State Department of Financial Services to conduct branch banking business at 277 Park Avenue, New York, New York, and is subject to examination by the New York State Department of Financial Services and the Federal Reserve Bank of New York.

Financial and Other Information

Audited consolidated financial statements for SMFG and its consolidated subsidiaries for the fiscal year 2014 ended March 31, 2015, as well as other corporate data, financial information and analyses, are available in English on SMFG's website at www.smfg.co.jp/english.

The information herein has been obtained from SMBC, which is solely responsible for its content. The delivery of the Reoffering Circular shall not create any implication that there has been no change in the affairs of SMBC since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

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APPENDIX I

THE CREDIT FACILITY

FORM OF LETTER OF CREDIT

IRREVOCABLE LETTER OF CREDIT
SUMITOMO MITSUI BANKING CORPORATION

Letter of Credit No. LG/MIS/NY-[ ]

March 29, 2016

The Bank of New York Mellon, as
Tender Agent
Attn: Corporate Trust Department
Municipal Finance Northeast Unit
101 Barclay Street, 8W
New York, New York 10286

Dear Sirs:

We hereby establish, at the request and for the account of THE CITY OF NEW YORK, a New York municipal corporation (the "*Issuer*"), in your favor, as Tender Agent under and as defined in the Certificate (including all attachments thereto, the "*Certificate*") of the Deputy Comptroller for Public Finance of the Issuer, an Irrevocable Letter of Credit (the "*Letter of Credit*"). In accordance with the Certificate and pursuant to the provisions of the Constitution and laws of the State of New York (the "*State*"), $74,060,000 aggregate principal amount of the General Obligation Bonds, Fiscal 2008, Series J, Subseries J-8 (Adjustable Rate Bonds) have been issued to mature on August 1, 2021 (the "*Bonds*"). The Letter of Credit is for the benefit of the holders of the Bonds, is in the total amount of $74,699,148 (as more fully described below), is effective as of the date hereof and expires on the Termination Date. As used herein, "*Termination Date*" shall mean the earliest of (i) August 2, 2021, (ii) the date on which the Principal Portion of the Letter of Credit Amount is reduced to zero pursuant to the terms hereof (other than as a result of a Tender Drawing), (iii) the date five days after we receive notice in the form of Annex 4 hereto directing us to terminate the Letter of Credit, (iv) the date on which the Letter of Credit is surrendered by the Tender Agent to us for cancellation and (v) the date which is eight days (or if such day is not a Business Day, the immediately succeeding Business Day) after the date on which you receive the Notice of Termination from us in the form of Annex 7 hereof.

Our obligation to make payments under this Letter of Credit shall be limited to the Letter of Credit Amount. The "*Letter of Credit Amount*" and the "*Principal Portion*" and "*Interest Portion*" thereof shall initially be the amounts set forth in Schedule I hereto, and shall thereafter, at any time, be equal to such amounts adjusted as set forth in this Letter of Credit. Notwithstanding any other provision of this Letter of Credit, at no time shall (i) the Principal Portion of the Letter of Credit Amount exceed the outstanding principal amount of the Bonds, (ii) the Interest Portion of the Letter of Credit Amount exceed 35 days interest at a per annum interest rate of 9% and a year of 365 days, calculated in accordance with the applicable provisions of the Certificate, or (iii) the Letter of Credit Amount exceed the sum of the amounts described in clause (i) and clause (ii) of this paragraph.

We hereby irrevocably authorize you to draw on us in accordance with the terms and conditions hereinafter set forth, by your draft, an aggregate amount not exceeding the Letter of Credit Amount, of which (i) an aggregate amount not exceeding the Principal Portion may be drawn with respect to payment of the portion of the purchase price equal to the principal amount of Bonds tendered or deemed tendered for purchase pursuant to the Certificate ("*Tendered Bonds*"), pursuant to Annex 2 or 3 hereto, as appropriate, and (ii) an aggregate amount not exceeding the Interest Portion (but no more in the case of any drawing than an amount equal to the interest accrued on the Bonds for the 35 days immediately preceding the date on which such interest is to be paid) may be drawn with respect to payment of the portion of the purchase price of Tendered Bonds representing interest accrued thereon, pursuant to Annex 2 or 3 hereof, as appropriate. The Letter of Credit Amount shall be reduced (y) immediately upon any drawing hereunder by the amount of such drawing (each such drawing, or portion thereof, allocable to principal or interest, as the case may be, to result in a reduction of the Principal Portion or Interest Portion, as appropriate) and (z) effective upon receipt by us of a notice of reduction from the Tender Agent substantially in the form of Annex 4 to this Letter of Credit, by the amount specified in such notice, allocated between the Principal Portion and Interest Portion in accordance with such notice. We will pay drawings hereunder with our own funds.

Only you as Tender Agent may make drawings under this Letter of Credit. Upon the payment to you or your account of the amount specified in a draft drawn hereunder, we shall be fully discharged on our obligations under this Letter of Credit with respect to such draft, and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such draft to you or to any other person, firm, corporation, or other entity who may have made to you or who makes to you a demand for payment of principal of or interest on any Bond or the purchase price thereof.

Immediately upon our receipt from you of a notice in the form of Annex 6 with respect to the sale of any Tendered Bond held by us or for our account through you, as Tender Agent, the Principal Portion and Interest Portion previously drawn pursuant to a drawing under the Certificate relating to (i) Optional Tenders or (ii) Mandatory Tenders (in either case, a "*Tender Drawing*") with respect to such Tendered Bonds shall be restored to the amounts set forth in such Annex 6 to the extent such amounts are actually received by us. Subject to the preceding sentence, drawings in respect of payments hereunder honored by us shall not, in the aggregate, exceed the Letter of Credit Amount as hereinabove provided.

Funds under this Letter of Credit are available to you against (a) your draft in the form of Annex 1 hereto, appropriately completed and (b) (i) if the drawing is being made with respect to a Mandatory Tender pursuant to the Certificate, a certificate signed by you in the form of Annex 2 attached hereto appropriately completed and (ii) if a drawing is being made with respect to an Optional Tender pursuant to the Certificate, a certificate signed by you in the form of Annex 3 attached hereto appropriately completed. Such draft(s) and certificate(s) shall be dated the date of presentation. The original of each such draft and certificate shall be filed at our office located at Sumitomo Mitsui Banking Corporation, , Attention: (or at any other office which may be designated by written notice delivered to you). If we receive your draft(s) and certificate(s) at such office, all in strict conformity with the terms and conditions of this Letter of Credit, at or prior to 12:00 Noon (New York City time) on a Business Day on or prior to the Termination Date, we will honor the same (to the extent required by this Letter of Credit) by making payment of immediately available funds by 2:30 P.M. (New York City time) on the Purchase Date to The Bank of New York Mellon, , Attention: , Reference: . Such account may be changed only by presentation to the Bank of a letter in form satisfactory to the Bank specifying a different account with the Tender Agent and executed by the Tender Agent. The "*Purchase Date*" for any drawing shall be the date specified in the applicable draft; but in no event shall the Purchase Date be (i) before the day the draft and certificate are received by the Bank or on the same day the draft and certificate are received if such draft and certificate are received by the Bank later than 12:00 Noon (New York City time) or (ii) after the Termination Date.

Each draft and certificate may be delivered to us in person, by mail, by a delivery service or by telecopy transmission at such number as is indicated below or as we shall notify you in writing from time to time. Such a draft or certificate shall be deemed to have been presented on the date actually received by us. Any draft or certificate you submit to us by telecopy transmission (with the original of any such draft or certificate to be delivered to us on the next succeeding Business Day) shall be sent to , attention: . We shall have no duty to and will not examine original documents confirming presentation by telecopy.

As used herein or in the Annexes hereto, (i) *"Business Day"* means a day other than (a) a Saturday and Sunday or (b) a day on which the City, the New York Stock Exchange or banks and trust companies in New York, New York, are authorized or required to remain closed; and (ii) "*Affiliate of the Issuer*" means any person, firm, corporation or other entity which is in control of or controlled by, or under common control by the same person as, the Issuer or any other Affiliate of the Issuer. For purposes of the preceding sentence, "*control*" means the power to direct the management and policies of a person, firm, corporation or other entity through the ownership of a majority of its voting securities, the right to determine or elect a majority of the members of its board of directors or other governing body or by contract or otherwise.

This Letter of Credit shall automatically terminate at the close of business on the Termination Date.

This Letter of Credit is subject to the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (*"ISP 98"*), and as to matters not governed by ISP98, be governed and construed in accordance with the laws of the State, including, without limitation, the Uniform Commercial Code as in effect in the State. Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at Sumitomo Mitsui Banking Corporation, , Attention: (or at any other office that we may designate by prior written notice to you), specifically referring to the number of this Letter of Credit.

This Letter of Credit is transferable in its entirety (but not in part) and may be successively transferred. Transfer of the available balance under this Letter of Credit to such transferee shall be effected by the presentation to us of this Letter of Credit accompanied by a certificate substantially in the form of Annex 5 attached hereto appropriately completed.

In connection with any drawing hereunder or transfer or substitution hereof, the Issuer shall pay the Bank a fee, in accordance with the Bank's schedule of customary fees for such transactions, in connection with the Bank's processing of such drawing, transfer or substitution.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds, the Certificate or the Reimbursement Agreement), except only the annexes, the certificates and the drafts referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such annexes, such certificates and such drafts.

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Very truly yours,

SUMITOMO MITSUI BANKING CORPORATION,
acting through its New York Branch

By: ____________________________________
Name: ____________________________________
Title: ____________________________________

Schedule 1
to the Letter of Credit

Allocated Letter of Credit Amount

Subseries	Maturity	Principal Portion	Interest Portion	Letter of Credit Amount
J-8	August 1, 2021	$74,060,000	$639,148	$74,699,148

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