

THE CITY OF NEW YORK

SINGLE AUDIT REPORT

FOR THE

FISCAL YEAR ENDED JUNE 30, 2015

THE CITY OF NEW YORK SINGLE AUDIT REPORT

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The City of New York

Comprehensive
Annual Financial Report
of the
Comptroller

FINANCIAL SECTION
PART I

Fiscal Year Ended June 30, 2015

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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. We also have audited the financial statements of each of The City's nonmajor governmental and fiduciary funds and each nonmajor component unit presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the years ended June 30, 2015 and 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The financial statements of the Pension Trust Funds, The New York City Other Postemployment Benefit Plan, and New York City Technology Development Corporation which were audited by us; are audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards* and, accordingly, are not covered by our reports in accordance with *Government Auditing Standards*.

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. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the individual nonmajor governmental and fiduciary funds of The City and each nonmajor component unit, as of June 30, 2015 and 2014, and the respective changes in financial position, where applicable, 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 7 through 32, Schedule of Changes in the City's Net Pension Liability and Related Ratios for Single-Employer Pension Plans at June 30, 2015 on page 129, Schedule of the City's Proportionate Share of the Net Pension Liabilities for Cost-Sharing Multiple-Employer Pension Plans at June 30, 2015 on page 130, Schedule of City Contributions for all Pension Plans for Fiscal Years Ended June 30, 2015 on page 131, and Schedule of Funding Progress for the New York City Other Postemployment Benefits Plan on page 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.

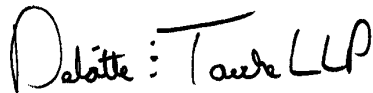
Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise The City's basic financial statements. The accompanying Consolidated Schedule of Expenditures of Federal Awards and related exhibits are required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Nonprofit Organizations*, and the Schedule of State of New York Department of Transportation Assistance Expended as required by *Part 43 of the New York State Codification of Rules and Regulation*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These schedules and exhibits are the responsibility of The City's management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules and exhibits are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2015 on our consideration of The City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Deloitte : Touche LLP". The signature is written in a cursive, flowing style.

October 29, 2015

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FINANCIAL SECTION

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.

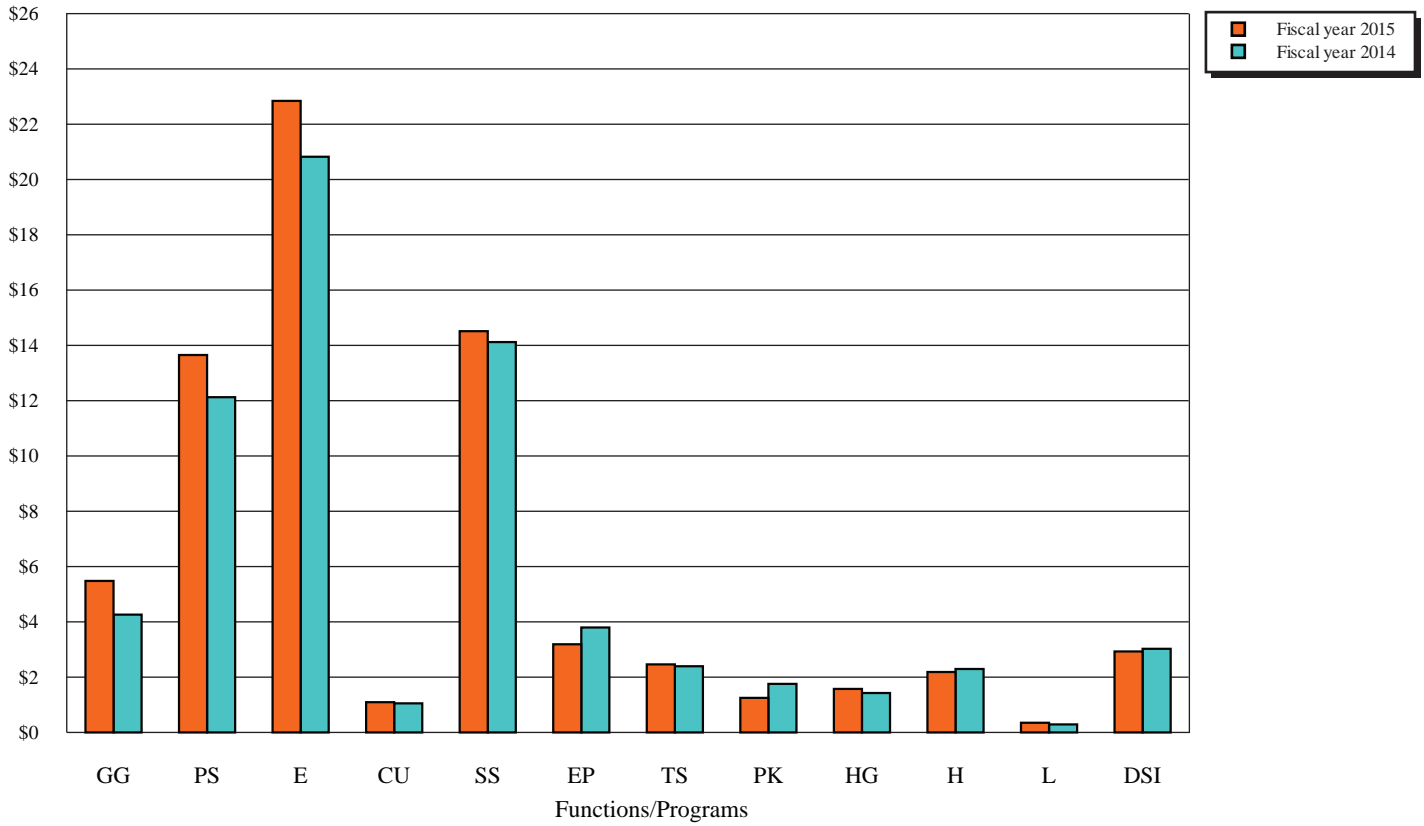
Key elements of the reconciliation of these two sets of statements are that the government-wide statements of activities report the incurrence and issuance of debt as a liability, the purchases of capital assets as assets. The cost of assets are then charged to expense over their useful lives (depreciated/amortized), 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.	<u>80,829,951</u>	<u>74,041,610</u>	<u>72,176,285</u>
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.	<u>71,522,277</u>	<u>70,400,163</u>	<u>76,300,058</u>
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	<u><u>\$(181,795,513)</u></u>	<u><u>\$(191,103,187)</u></u>	<u><u>\$(194,744,634)</u></u>

(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)**



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

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.

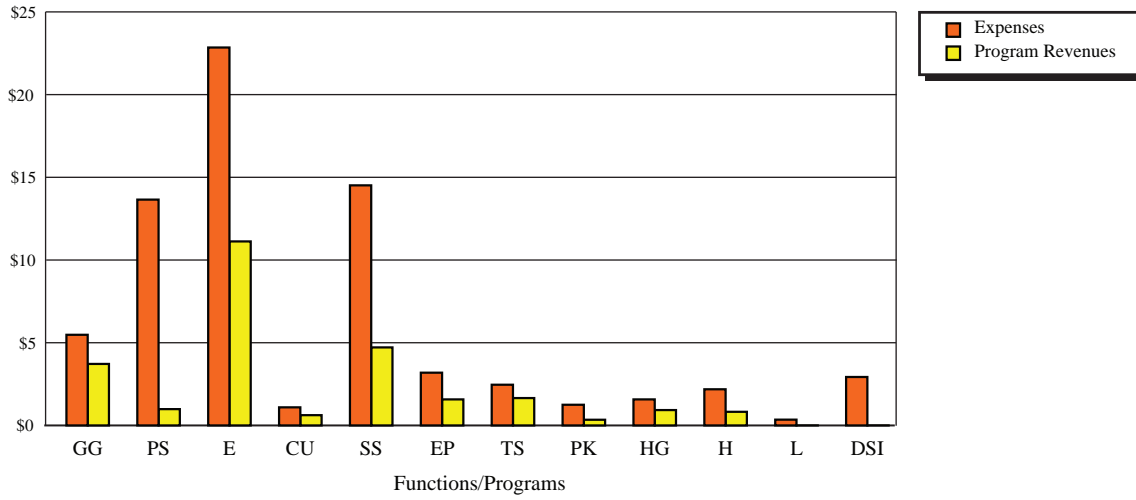
In Fiscal Year 2014, the government-wide revenues increased from Fiscal Year 2013 by approximately \$1.9 billion and government-wide expenses decreased by approximately \$5.9 billion.

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

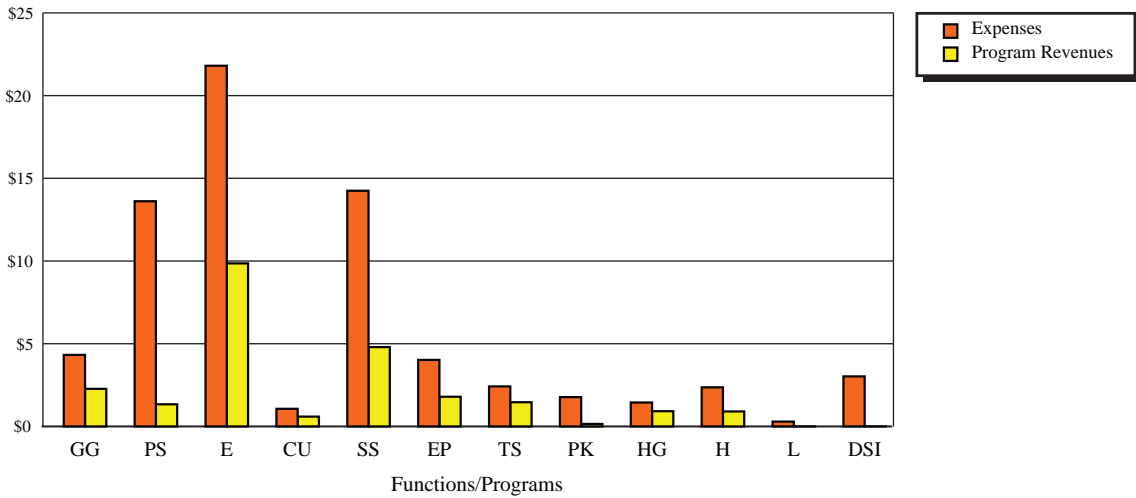
- Grants decreased slightly due to fewer reimbursements for costs associated with Superstorm Sandy, which impacted New York City in October 2012.
- Tax revenues, net of refunds, increased overall as a result of the following:
 - The increase in real estate taxes results from growth in billable assessed 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 cultural 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)**



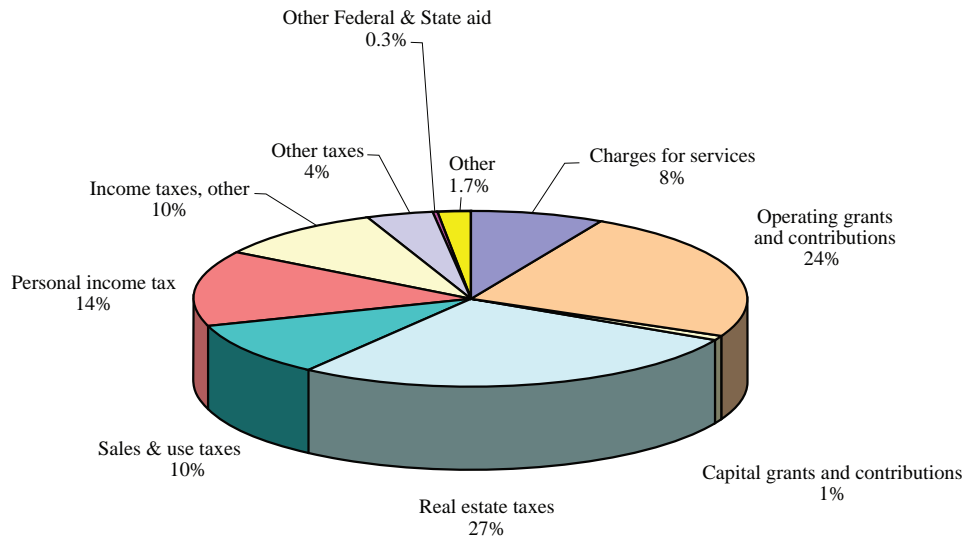
**Expenses and Program Revenues — Governmental Activities
for the Fiscal Year ended June 30, 2014
(in billions)**



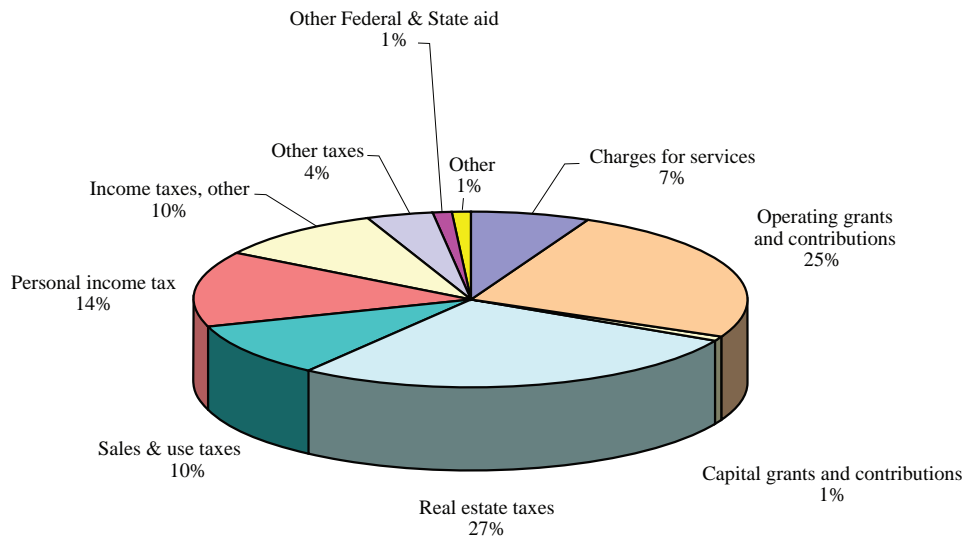
Functions/Programs	
GG	General government
PS	Public safety and judicial
E	Education (Primary and Secondary)
CU	City University
SS	Social services
EP	Environmental protection
TS	Transportation services
PK	Parks, recreation, and cultural activities
HG	Housing
H	Health, including payments to HHC
L	Libraries
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		
	<u>2015</u>	<u>2014</u>	<u>2013 (restated)</u>
		(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	<u>93,489,567</u>	<u>88,309,671</u>	<u>86,014,567</u>
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	<u>262,524,548</u>	<u>258,198,602</u>	<u>269,895,810</u>
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)	<u>(180,891,494)</u>	<u>(188,027,418)</u>	<u>(192,666,950)</u>
Total net position (deficit)	<u><u>\$ (181,795,513)</u></u>	<u><u>\$ (191,103,187)</u></u>	<u><u>\$ (194,744,634)</u></u>

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:

	<u>Components of Net Deficit</u>	
	<u>2015</u>	<u>2014</u>
	(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	<u>5.3</u>	<u>4.4</u>
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	<u>(180.9)</u>	<u>(188.0)</u>
Total net position (deficit)	<u><u>\$(181.8)</u></u>	<u><u>\$(191.1)</u></u>

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						
	<u>NYCERS*</u>	<u>TRS**</u>	<u>BERS**</u>	<u>POLICE*</u>	<u>FIRE*</u>	<u>Total</u>
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)	<u>\$ 11.2</u>	<u>\$ 20.2</u>	<u>\$ 1.1</u>	<u>\$ 12.5</u>	<u>\$ 7.0</u>	<u>\$ 52.0</u>
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						
	<u>NYCERS*</u>	<u>TRS**</u>	<u>BERS**</u>	<u>POLICE*</u>	<u>FIRE*</u>	<u>Total</u>
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)	<u>\$ 10.0</u>	<u>\$ 17.3</u>	<u>\$ 0.9</u>	<u>\$ 11.8</u>	<u>\$ 6.5</u>	<u>\$ 46.6</u>
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						
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>General Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Adjustments/ Eliminations</u>	<u>Total</u>
	(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	<u>\$ 467,621</u>	<u>\$(1,779,591)</u>	<u>\$ 1,970,220</u>	<u>\$ 4,378,186</u>	<u>\$ —</u>	<u>\$ 5,036,436</u>

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.

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:

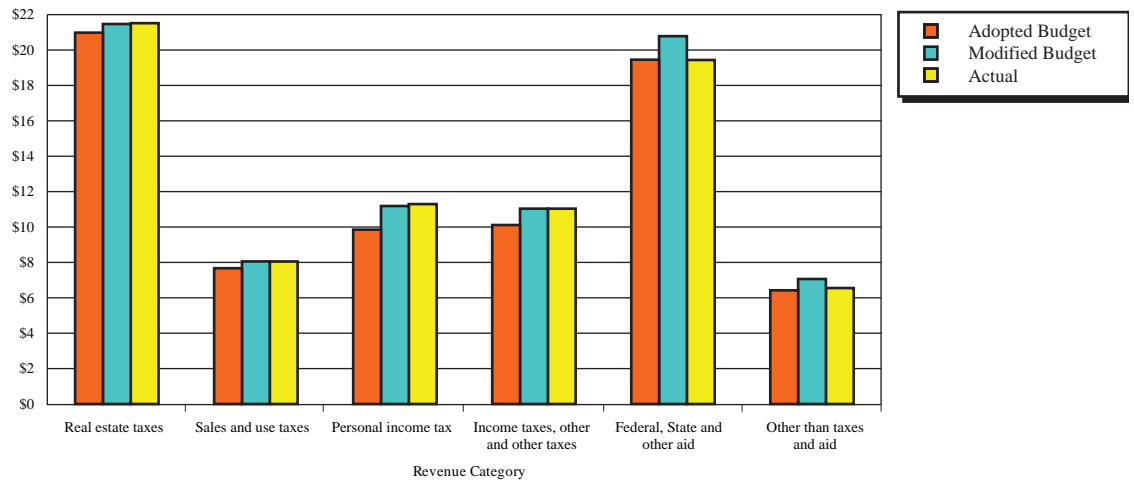
**General Fund
Budgetary Highlights**

	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	<u>\$ 254,620</u>	<u>\$ 313,727</u>

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.

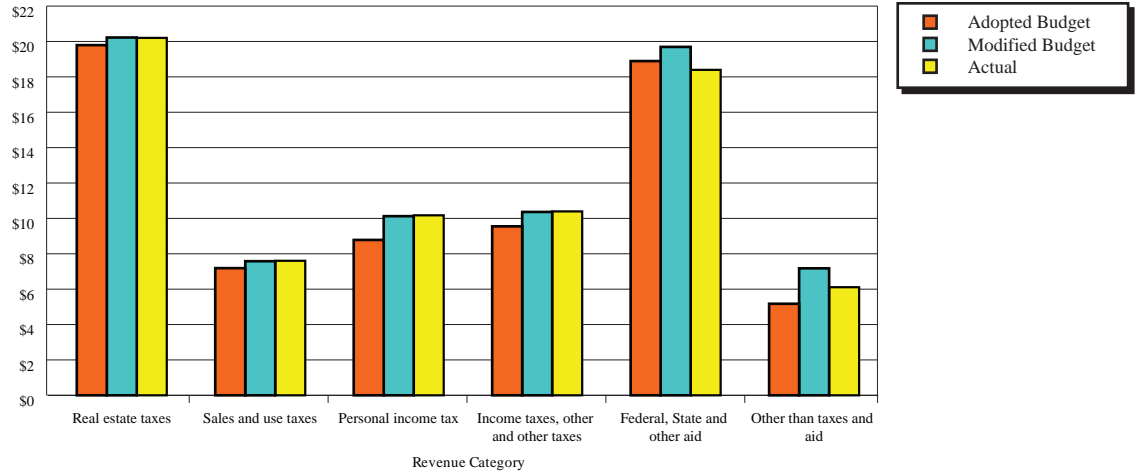
**General Fund Revenues
Fiscal Year 2015
(in billions)**



**General Fund Revenues
Fiscal Year 2015**

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>
	(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)	<u>48,617</u>	<u>51,747</u>	<u>51,941</u>
Federal, State and other aid:			
Categorical	<u>19,455</u>	<u>20,784</u>	<u>19,438</u>
Federal, State and other aid	<u>19,455</u>	<u>20,784</u>	<u>19,438</u>
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	<u>6,422</u>	<u>7,062</u>	<u>6,656</u>
Total revenues	<u>\$74,494</u>	<u>\$79,593</u>	<u>\$78,035</u>

**General Fund Revenues
Fiscal Year 2014
(in billions)**



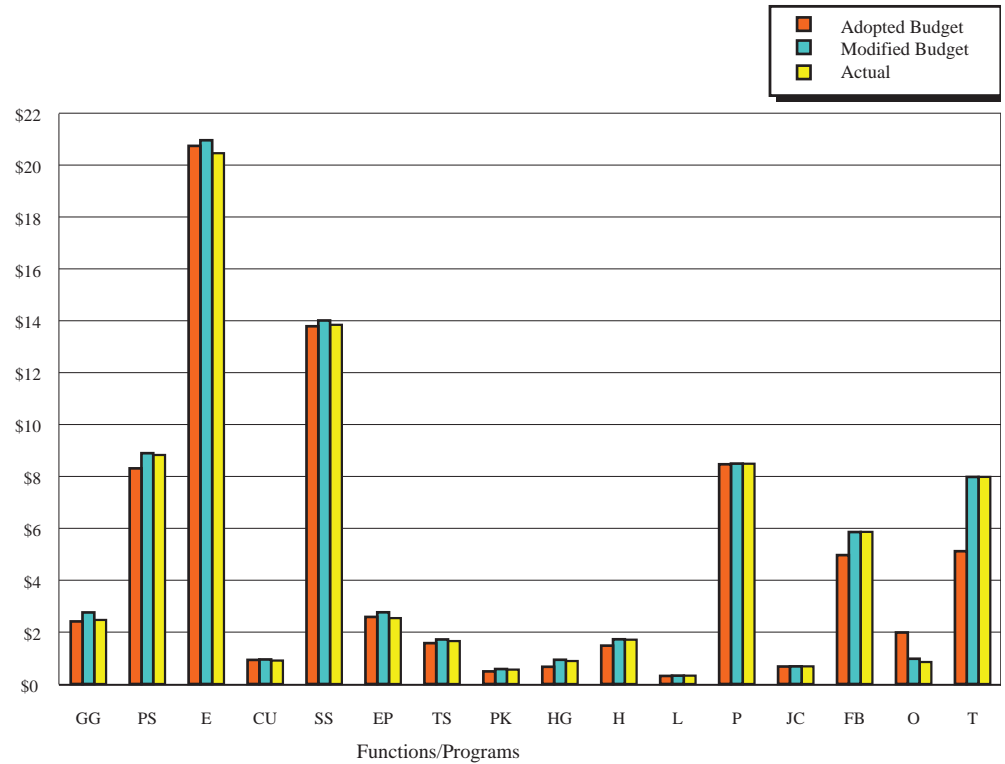
**General Fund Revenues
Fiscal Year 2014**

	<u>Adopted Budget</u>	<u>Modified Budget</u> (in millions)	<u>Actual</u>
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)	<u>45,314</u>	<u>48,293</u>	<u>48,375</u>
Federal, State and other aid:			
Categorical	18,892	19,693	18,395
Federal, State and other aid	<u>18,892</u>	<u>19,693</u>	<u>18,395</u>
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	<u>5,175</u>	<u>7,178</u>	<u>6,110</u>
Total revenues	<u>\$69,381</u>	<u>\$75,164</u>	<u>\$72,880</u>

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.

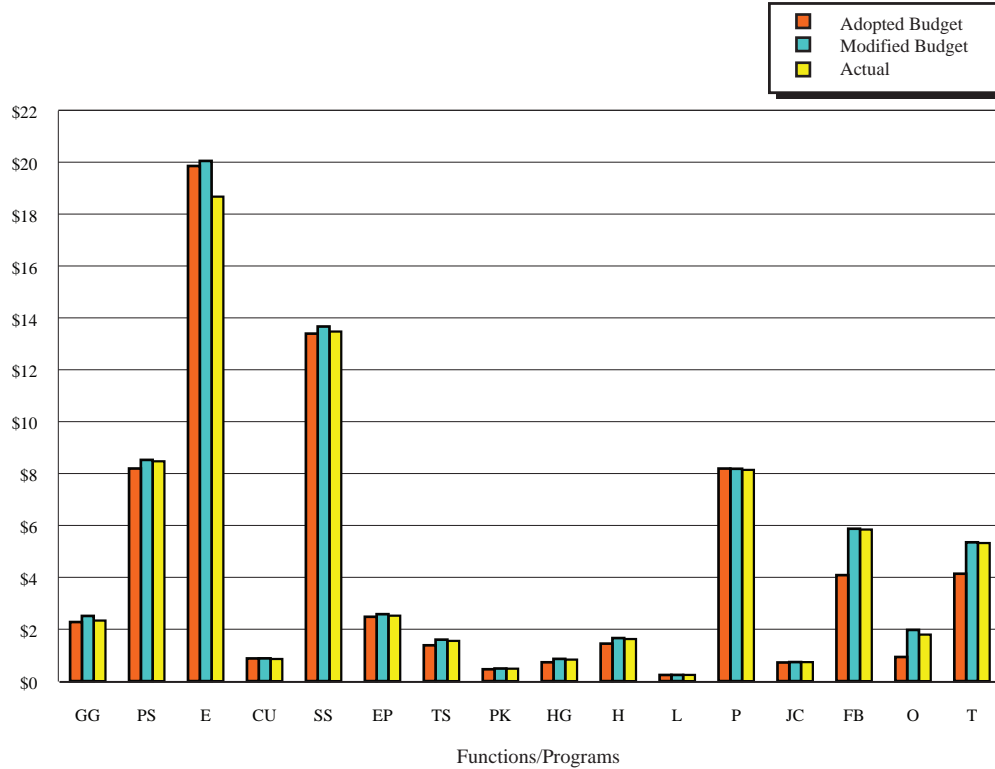
**General Fund Expenditures
Fiscal Year 2015
(in billions)**



**General Fund Expenditures
Fiscal Year 2015**

	<u>Adopted Budget</u>	<u>Modified Budget</u> (in millions)	<u>Actual</u>
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	<u>\$74,494</u>	<u>\$79,593</u>	<u>\$78,030</u>

**General Fund Expenditures
Fiscal Year 2014
(in billions)**



**General Fund Expenditures
Fiscal Year 2014**

	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Actual</u>
		(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	<u><u>\$69,381</u></u>	<u><u>\$75,164</u></u>	<u><u>\$72,875</u></u>

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:

	<u>Governmental Activities</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
	(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)	3,601	2,006	2,807
Reported surplus	<u>5</u>	<u>5</u>	<u>5</u>
Total surplus	<u>\$3,606</u>	<u>\$2,011</u>	<u>\$2,812</u>

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:

	<u>2015</u>
Additional Resources:	(in millions)
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	<u>7,099</u>
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	<u>7,094</u>
Reported Surplus	<u>\$ 5</u>

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:

	<u>2014</u>
	(in millions)
Additional Resources:	
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	<u>7,710</u>
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	<u>7,705</u>
Reported Surplus	<u>\$ 5</u>

Capital Assets

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

	Governmental Activities		
	2015	2014 (in millions)	2013
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	<u>\$53,122</u>	<u>\$51,662</u>	<u>\$50,510</u>

* 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 (in millions)	2013
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	<u>\$84,975</u>	<u>\$82,701</u>	<u>\$80,636</u>

(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:

	<u>Tax-Exempt</u>	<u>Taxable</u>
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:

	<u>Tax-Exempt</u>
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):

<i>City Swap Portfolio:</i>	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.
<i>NYCTLT 2015-A:</i>	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.
<i>City Debt:</i>	On August 13, 2015, The City of New York issued \$750,475,000 of Fiscal 2016 Series AB General Obligation bonds for refunding purposes.
<i>TFA Debt:</i>	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.
<i>ECF:</i>	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.

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The City of New York

**Comprehensive
Annual Financial Report
of the
Comptroller**

**BASIC
FINANCIAL STATEMENTS**

Part II-A

Fiscal Year Ended June 30, 2015



David N. Dinkins Municipal Building

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)

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	
					<u>Governmental Activities</u>	<u>Component Units</u>
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	<u>\$71,522,277</u>	<u>\$ 6,078,264</u>	<u>\$19,437,743</u>	<u>\$ 973,430</u>	<u>(45,032,840)</u>	<u>—</u>
Component Units	<u>\$16,929,460</u>	<u>\$12,941,245</u>	<u>\$ 2,738,923</u>	<u>\$1,148,696</u>	—	<u>\$ (100,596)</u>
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					<u>54,340,514</u>	<u>874,664</u>
Change in net position					9,307,674	774,068
Net position (deficit)—beginning					(191,103,187)	(286,481)
Net position (deficit)—ending					<u>\$(181,795,513)</u>	<u>\$ 487,587</u>

See accompanying notes to financial statements.

THE CITY OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	
					<u>Governmental Activities</u>	<u>Component Units</u>
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	<u>\$70,400,163</u>	<u>\$ 5,242,253</u>	<u>\$18,395,238</u>	<u>\$ 695,650</u>	<u>(46,067,022)</u>	<u>—</u>
Component Units	<u>\$16,688,297</u>	<u>\$12,519,179</u>	<u>\$ 2,377,078</u>	<u>\$1,465,007</u>	—	<u>\$ (327,033)</u>
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					<u>49,708,469</u>	<u>1,148,226</u>
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					<u>\$(191,103,187)</u>	<u>\$ (286,481)</u>

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	<u>\$31,930,606</u>	<u>\$ 3,596,106</u>	<u>\$1,973,168</u>	<u>\$7,077,615</u>	<u>\$(540,578)</u>	<u>\$44,036,917</u>
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	<u>19,337,935</u>	<u>5,375,697</u>	<u>2,948</u>	<u>1,880,950</u>	<u>(540,578)</u>	<u>26,056,952</u>
DEFERRED 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	<u>12,125,050</u>	<u>—</u>	<u>—</u>	<u>818,479</u>	<u>—</u>	<u>12,943,529</u>
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) ..	<u>467,621</u>	<u>(1,779,591)</u>	<u>1,970,220</u>	<u>4,378,186</u>	<u>—</u>	<u>5,036,436</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$31,930,606</u>	<u>\$ 3,596,106</u>	<u>\$1,973,168</u>	<u>\$7,077,615</u>	<u>\$(540,578)</u>	<u>\$44,036,917</u>

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	<u>\$30,760,926</u>	<u>\$ 2,313,491</u>	<u>\$ 643,937</u>	<u>\$6,192,999</u>	<u>\$(306,119)</u>	<u>\$39,605,234</u>
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	<u>19,140,001</u>	<u>5,349,372</u>	<u>5,085</u>	<u>739,792</u>	<u>(306,119)</u>	<u>24,928,131</u>
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	<u>11,158,406</u>	<u>—</u>	<u>—</u>	<u>587,205</u>	<u>—</u>	<u>11,745,611</u>
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) ..	<u>462,519</u>	<u>(3,035,881)</u>	<u>638,852</u>	<u>4,866,002</u>	<u>—</u>	<u>2,931,492</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$30,760,926</u>	<u>\$ 2,313,491</u>	<u>\$ 643,937</u>	<u>\$6,192,999</u>	<u>\$(306,119)</u>	<u>\$39,605,234</u>

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 <i>governmental activities</i> 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 <i>governmental activities</i> 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	<u><u>\$ (191,103,187)</u></u>

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	<u>77,482,450</u>	<u>2,359,933</u>	<u>126,223</u>	<u>4,907,069</u>	<u>(3,230,345)</u>	<u>81,645,330</u>
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	<u>70,196,875</u>	<u>7,836,311</u>	<u>3,781,824</u>	<u>8,965,577</u>	<u>(2,674,141)</u>	<u>88,106,446</u>
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)	<u>(7,280,473)</u>	<u>6,732,668</u>	<u>4,986,969</u>	<u>3,570,692</u>	<u>556,204</u>	<u>8,566,060</u>
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	<u>\$ 467,621</u>	<u>\$(1,779,591)</u>	<u>\$ 1,970,220</u>	<u>\$ 4,378,186</u>	<u>\$ —</u>	<u>\$ 5,036,436</u>

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	<u>72,259,770</u>	<u>2,240,805</u>	<u>127,522</u>	<u>4,674,329</u>	<u>(3,831,660)</u>	<u>75,470,766</u>
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	<u>67,705,878</u>	<u>7,902,711</u>	<u>3,742,518</u>	<u>5,565,135</u>	<u>(2,190,349)</u>	<u>82,725,893</u>
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)	<u>(4,548,840)</u>	<u>5,661,781</u>	<u>1,487,141</u>	<u>1,497,562</u>	<u>1,641,311</u>	<u>5,738,955</u>
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	<u>\$ 462,519</u>	<u>\$(3,035,881)</u>	<u>\$ 638,852</u>	<u>\$ 4,866,002</u>	<u>\$ —</u>	<u>\$ 2,931,492</u>

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 <i>governmental activities</i> 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	<u>(3,428,753)</u>	2,099,349
The net effect of various miscellaneous transactions involving capital assets and other (<i>i.e.</i> sales, trade-ins, and donations) is to decrease net position		(548,216)
The issuance of long-term debt (<i>i.e.</i> , 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.	<u>307,849</u>	(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		<u>(12,624)</u>
Change in net position—governmental activities.		<u>\$ 9,307,674</u>

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 <i>governmental activities</i> 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	<u>(2,973,430)</u>	2,315,763
The net effect of various miscellaneous transactions involving capital assets and other (<i>i.e.</i> sales, trade-ins, and donations) is to decrease net position		(1,074,426)
The issuance of long-term debt (<i>i.e.</i> , 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	<u>157,685</u>	(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		<u>(20,853)</u>
Change in net position—governmental activities		<u>\$ 3,641,447</u>

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		Actual	Better (Worse) Than Modified Budget
	Adopted	Modified		
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		Actual	Better (Worse) Than Modified Budget
	Adopted	Modified		
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	<u>69,072,567</u>	<u>74,551,812</u>	<u>72,259,770</u>	<u>(2,292,042)</u>
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	<u>65,413,718</u>	<u>69,967,600</u>	<u>67,705,878</u>	<u>2,261,722</u>
Excess of revenues over expenditures	<u>3,658,849</u>	<u>4,584,212</u>	<u>4,553,892</u>	<u>(30,320)</u>
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	<u>(3,658,849)</u>	<u>(4,584,212)</u>	<u>(4,548,840)</u>	<u>(35,372)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES . .	<u>\$ —</u>	<u>\$ —</u>	5,052	<u>\$ 5,052</u>
FUND BALANCE AT BEGINNING OF YEAR			457,467	
FUND BALANCE AT END OF YEAR			<u>\$ 462,519</u>	

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)

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

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)

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

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	—	—	—	—	—	1,772	29,424
Debt service	1,224,925	—	1,117,381	135,961	27,652	—	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	79,997	55,539		5,061	27,427	117,227	205,254
Derivative instruments-interest rate swaps						11,938	11,938
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.

THE CITY OF NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 and 2014

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:

Item	Changes in Fair Value from June 30, 2014		Fair Value at June 30, 2015		Notional	
	Classification	Amount	Classification	Amount		
(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⁾ (in thousands)	Collateral Threshold below Baa3/BBB-	Collateral Amount ⁽⁵⁾
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	<u>\$(115,451)</u>		<u>\$46,879</u>		<u>\$117,779</u>

- (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	<u>\$ 5,498,864</u>	<u>\$234,981</u>	<u>\$ 544,247</u>	<u>\$220,043</u>
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	<u>\$18,259,396</u>	<u>\$545,102</u>	<u>\$21,758,503</u>	<u>\$805,093</u>

* 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 Type	Investment Maturities					
	(in years)					
	2015		2014			
	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	<u>\$2,692,347</u>	<u>\$5,475,470</u>	<u>\$(74,157)</u>	<u>\$4,873,628</u>	<u>\$592,036</u>	<u>\$(92,513)</u>
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	<u>\$1,810,404</u>	<u>\$ 548,962</u>	<u>\$ 16,900</u>	<u>\$1,515,968</u>	<u>\$271,600</u>	<u>\$ 22,743</u>

⁽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	Fair Value Measurements Using			Fair Value Measurements Using		
	6/30/2015	Quoted Prices in	Significant	6/30/2014	Quoted Prices in	Significant
		Active Markets	Other		Active Markets	Other
	Assets	Observable	Assets	Assets	Observable	
	(Level 1)	Inputs	(Level 2)	(Level 1)	Inputs	
	(in thousands)					(Level 2)
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	<u>\$11,632,472⁽²⁾</u>	<u>\$912,009</u>	<u>\$10,720,463</u>	<u>\$8,572,544⁽²⁾</u>	<u>\$208,507</u>	<u>\$8,364,037</u>

(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 U.S. 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, 2015
	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014 <small>(in thousands)</small>	Additions	Deletions	
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:

	<u>2015</u>	<u>2014</u>
	(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	<u>\$3,428,753</u>	<u>\$2,973,430</u>

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.

	<u>2015</u>	<u>2014</u>
	(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	<u>\$89,415,063</u>	<u>\$85,507,240</u>

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:

	<u>Capital Leases</u>	
	<u>2015</u>	<u>2014</u>
	(in thousands)	
Governmental activities:		
Capital asset:		
Buildings	\$2,447,311	\$2,563,373
Less accumulated amortization	808,068	861,934
Buildings, net	<u>\$1,639,243</u>	<u>\$1,701,439</u>

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:

	<u>Capital Leases</u>	<u>Operating Leases</u> (in thousands)	<u>Total</u>
Governmental activities:			
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	<u>2,317,400</u>	<u>\$6,189,464</u>	<u>\$8,506,864</u>
Less: Interest	<u>678,157</u>		
Present value of future minimum payments	<u>\$1,639,243</u>		

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:

	<u>Capital Leases</u>	<u>Operating Leases</u> <small>(in thousands)</small>	<u>Total</u>
Governmental activities:			
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	<u>38,770</u>	<u>\$5,838,459</u>	<u>\$5,877,229</u>
Less interest	<u>24,780</u>		
Present value of future minimum lease rentals	<u>\$13,990</u>		

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:

Concession Type	2015			2014		
	<u>Number of concessions</u>	<u>Deferred inflows</u>	<u>Capital Assets Value</u>	<u>Number of concessions</u>	<u>Deferred inflows</u>	<u>Capital Assets Value</u>
		<small>(in thousands)</small>			<small>(in thousands)</small>	
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	<u>66</u>	<u>\$145,661</u>	<u>\$267,545</u>	<u>67</u>	<u>\$171,039</u>	<u>\$276,432</u>

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	Additions	Deletions	Balance	Additions	Deletions	Balance	Due
	June 30, 2013			June 30, 2014			June 30, 2015	
(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	416,272	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:

Primary Government	Governmental Activities					
	City General Obligation Bonds		Other Bonds and Notes Payable		Revenue Bonds	
	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	<u>\$40,459,947</u>	<u>\$ —</u>	<u>\$26,511,125</u>	<u>\$ —</u>	<u>\$14,178,921</u>	<u>\$ —</u>

⁽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			Total
	General Obligation Bonds	Hedging Derivative Instruments, Net		
	Principal	Interest		
	(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	<u>\$294,145</u>	<u>\$3,135</u>	<u>\$93,753</u>	<u>\$391,033</u>

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*:

	<u>Amount</u> <u>(in thousands)</u>
Landfill	\$1,299,077
Hazardous waste sites	209,283
Total landfill and hazardous waste sites liability	<u>\$1,508,360</u>

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:

<u>Obligating Event</u>	<u>Fiscal Year 2015</u>		<u>Fiscal Year 2014</u>	
	<u>Amount</u> <u>(in thousands)</u>	<u>Percentage</u>	<u>Amount</u> <u>(in thousands)</u>	<u>Percentage</u>
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	<u>\$250,231</u>	<u>100.0%</u>	<u>\$237,607</u>	<u>100.0%</u>

<u>Pollution Type</u>	<u>Fiscal Year 2015</u>		<u>Fiscal Year 2014</u>	
	<u>Amount</u> <u>(in thousands)</u>	<u>Percentage</u>	<u>Amount</u> <u>(in thousands)</u>	<u>Percentage</u>
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	<u>\$250,231</u>	<u>100.0%</u>	<u>\$237,607</u>	<u>100.0%</u>

(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		<u>\$4,016,539</u>	<u>\$3,257,461</u>

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)	—
		<u>1,311,505</u>	<u>1,832,518</u>
City—Capital Projects Fund	Component Units—Water Authority	500,587	522,036
	EDC	111,383	111,579
		<u>611,970</u>	<u>633,615</u>
Total due from Component Units		<u>\$1,923,475</u>	<u>\$2,466,133</u>
Component Unit—Water Board	City—General Fund	\$ 119,756	\$ 23,414
Total due to Component Units		<u>\$ 119,756</u>	<u>\$ 23,414</u>

⁽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					Total
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	
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	<u>\$ (7,521,599)</u>	<u>\$ 5,765,533</u>	<u>\$ 4,979,173</u>	<u>\$ (3,779,311)</u>	<u>\$ 556,204</u>	<u>\$ —</u>

	Fiscal Year 2014					Total
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	
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	<u>\$ (4,842,426)</u>	<u>\$ 3,518,579</u>	<u>\$ 1,477,135</u>	<u>\$ (1,794,599)</u>	<u>\$ 1,641,311</u>	<u>\$ —</u>

⁽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

<i>City Swap Portfolio:</i>	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.
<i>NYCTLT 2015-A:</i>	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.
<i>City Debt:</i>	On August 13, 2015, the City issued \$750,475,000 of Fiscal 2016 Series AB General Obligation bonds for refunding purposes.
<i>TFA Debt:</i>	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.
<i>ECF:</i>	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:

	<u>Amount</u>
	<u>(in thousands)</u>
Annual required contribution	\$ 88,620,926
Interest on net OPEB obligation	3,579,405
Adjustment to annual required contribution . .	<u>(93,064,528)</u>
Annual OPEB expense	(864,197)
Payments made	<u>3,136,373</u>
Increase in net OPEB obligation	(4,000,570)
Net OPEB obligation-beginning of year	<u>89,485,122</u>
Net OPEB obligation-end of year	<u>\$ 85,484,552</u>

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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Paid</u>	<u>Net OPEB Obligation</u>
	(\$ 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:

Plan	Monthly Rates	
	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	<u>Calendar Year</u>	<u>Monthly Premium</u>
	2012	
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.

<u>Fiscal Year</u>	<u>Income-related Medicare Part B Increase</u>	
	<u>June 30, 2014 Valuation</u>	<u>June 30, 2013 Valuation</u>
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:

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
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:

<u>Age</u>	<u>Males</u>	<u>Females</u>	<u>Age</u>	<u>Males</u>	<u>Females</u>
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.

<u>Age Range</u>	<u>Members Used</u>	
	<u>Male</u>	<u>Female</u>
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.

Fiscal Year	Factor*	
	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
<u>Pre-Medicare</u>					
-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
<u>Medicare</u>					
-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
<u>Post-Medicare Migration</u>					
-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.

Group	Dependent Coverage Assumptions				
	June 30, 2014 and June 30, 2013 Valuations				
	NYCERS	TRS	BERS	POLICE	FIRE
<u>Male</u>					
-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	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>
<u>Female</u>					
-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	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

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 NYCERS 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 NYCERS). 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 NYCERS 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 NYCERS 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 NYCERS, 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 NYCERS 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:

	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>	<u>Total</u>
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	<u>185,971</u>	<u>112,481</u>	<u>25,848</u>	<u>34,775</u>	<u>10,182</u>	<u>369,257</u>
Total QPP Membership	<u>351,938</u>	<u>208,208</u>	<u>45,612</u>	<u>83,727</u>	<u>27,039</u>	<u>716,524</u>
	<u>NYCERS</u>	<u>TRS</u>	<u>BERS</u>	<u>POLICE</u>	<u>FIRE</u>	<u>Total</u>
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	<u>187,114</u>	<u>112,460</u>	<u>27,840</u>	<u>34,240</u>	<u>10,267</u>	<u>371,921</u>
Total QPP Membership	<u>350,334</u>	<u>208,556</u>	<u>46,203</u>	<u>82,982</u>	<u>27,226</u>	<u>715,301</u>

As of June 30, 2014 and 2013, the dates of the most recent actuarial valuations, membership data for the NYCERS VSFs are as follows:

	<u>TPOVSF</u>	<u>TPSOVSF</u>	<u>HPOVSF</u>	<u>HPSOVSF</u>	<u>COVSF</u>	<u>Total</u>
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	<u>339</u>	<u>258</u>	<u>175</u>	<u>232</u>	<u>15,257</u>	<u>16,261</u>
	<u>TPOVSF</u>	<u>TPSOVSF</u>	<u>HPOVSF</u>	<u>HPSOVSF</u>	<u>COVSF</u>	<u>Total</u>
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	<u>343</u>	<u>261</u>	<u>181</u>	<u>238</u>	<u>15,109</u>	<u>16,132</u>

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:

	<u>PSOVSF</u>	<u>POVSF</u>	<u>Total POLICE</u>	<u>FOVSF</u>	<u>FFVSF</u>	<u>Total FIRE</u>
Membership at June 30, 2014						
Retirees Receiving Benefits	17,608	12,251	29,859	1,629	3,691	5,320
Active Members	<u>12,198</u>	<u>22,204</u>	<u>34,402</u>	<u>2,696</u>	<u>7,623</u>	<u>10,319</u>
Total Membership	<u>29,806</u>	<u>34,455</u>	<u>64,261</u>	<u>4,325</u>	<u>11,314</u>	<u>15,639</u>
	<u>PSOVSF</u>	<u>POVSF</u>	<u>Total POLICE</u>	<u>FOVSF</u>	<u>FFVSF</u>	<u>Total FIRE</u>
Membership at June 30, 2013						
Retirees Receiving Benefits	16,996	11,777	28,773	1,653	3,720	5,373
Active Members	<u>12,137</u>	<u>22,638</u>	<u>34,775</u>	<u>2,485</u>	<u>7,697</u>	<u>10,182</u>
Total Membership	<u>29,133</u>	<u>34,415</u>	<u>63,548</u>	<u>4,138</u>	<u>11,417</u>	<u>15,555</u>

*Summary of Plan Benefits**QPPs*

The NYCERS QPPs provide pension benefits to retired employees generally based on salary, length of service, and pension tier. For certain members of the NYCERS QPPs, voluntary member contributions also impact pension benefits provided. The NYCERS 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 NYCERS 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 NYCERS 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 NYCERS, 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):

<u>QPP</u>	<u>Fiscal</u> <u>Year 2015</u> <u>Aggregate</u> <u>Statutory</u> <u>Contribution</u>	<u>Fiscal</u> <u>Year 2015</u> <u>City</u> <u>Statutory/Actual</u> <u>Contribution</u>	<u>Fiscal</u> <u>Year 2014</u> <u>Aggregate</u> <u>Statutory</u> <u>Contribution</u>	<u>Fiscal</u> <u>Year 2014</u> <u>City</u> <u>Statutory/Actual</u> <u>Contribution</u>
	(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
<i>Investment Rate of Return</i>	<i>7.0% per annum, net of investment expenses (Actual Return for Variable Funds).</i>	<i>7.0% per annum, net of investment expenses (Actual Return for Variable Funds).</i>
<i>Post-Retirement Mortality</i>	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.</i>	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.</i>
<i>Active Service: Withdrawal, Death, Disability, Retirement</i>	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.</i>	<i>Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.</i>
<i>Salary Increases¹</i>	<i>In general, Merit and Promotion increases, plus assumed General Wage Increases of 3.0% per year.</i>	<i>In general, Merit and Promotion increases, plus assumed General Wage Increases of 3.0% per year.</i>
<i>Cost-of-Living Adjustments¹</i>	<i>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.</i>	<i>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.</i>

⁽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		
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected RROR</u>
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)	<u>10.00%</u>	4.00%
Total	100.00%	

BERS		
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected RROR</u>
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)	<u>7.00%</u>	4.00%
Total	100.00%	

TRS		
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected RROR</u>
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)	<u>6.00%</u>	4.00%
Total	100.00%	

POLICE		
<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected RROR</u>
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)	<u>11.00%</u>	4.00%
Total	100.00%	

<u>Asset Class</u>	FIRE	
	<u>Target Asset Allocation</u>	<u>Long-Term Expected RROR</u>
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)	<u>10.00%</u>	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	<u>1,737</u>	<u>5,004</u>	<u>(3,267)</u>	<u>456</u>	<u>1,636</u>	<u>(1,180)</u>
Balances at 6/30/2014	<u>46,287</u>	<u>34,456</u>	<u>11,831</u>	<u>17,980</u>	<u>11,458</u>	<u>6,522</u>
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	<u>1,571</u>	<u>889</u>	<u>682</u>	<u>622</u>	<u>221</u>	<u>401</u>
Balances at 6/30/2015	<u>\$47,858</u>	<u>\$35,345</u>	<u>\$12,513</u>	<u>\$18,602</u>	<u>\$11,679</u>	<u>\$ 6,923</u>

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:

QPPs	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)					
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 NYCERS 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	<u>\$5,208</u>	<u>\$4,636</u>

NOTES TO FINANCIAL STATEMENTS, Continued

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2015 and 2014 for each NYCERS 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	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
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	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
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	<u>\$(1,046,623)</u>	<u>\$(2,788,783)</u>	<u>\$(543,520)</u>	<u>\$(1,441,246)</u>	<u>\$(271,436)</u>	<u>\$(6,091,608)</u>



The Flatiron Building

The City of New York

**Comprehensive
Annual Financial Report
of the
Comptroller**

Required Supplementary Information

Part II-B

Fiscal Year Ended June 30, 2015

THE CITY OF NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

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)	<u>47,857,707</u>	<u>46,286,703</u>	<u>18,601,755</u>	<u>17,980,492</u>
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)	<u>35,345,052</u>	<u>34,456,182</u>	<u>11,679,331</u>	<u>11,458,638</u>
Employer's net pension liability—ending ^{(a)-(b)}	<u>\$12,512,655</u>	<u>\$11,830,521</u>	<u>\$ 6,922,424</u>	<u>\$ 6,521,854</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73.85%</u>	<u>74.44%</u>	<u>62.79%</u>	<u>63.73%</u>
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	<u>356.20%</u>	<u>345.89%</u>	<u>622.66%</u>	<u>591.61%</u>

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%

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued

C. Schedule of City Contributions for All Pension Plans for the Fiscal Years ended June 30,

	2015	2014	2013	2012*	2011* (in thousands except %)	2010* (in thousands except %)	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.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued

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) Entry Age ⁵	June 30, 2014 (Lag) Entry Age ⁵	June 30, 2011 (Lag) Entry Age ⁵	June 30, 2010 (Lag) Entry Age ⁵	June 30, 2009 (Lag) Frozen Initial Liability ¹				
Actuarial cost method	NA	NA	NA	NA	NA	NA				
Amortization method for Unfunded Actuarial Accrued Liabilities (UAAL):										
Pre-2010 UAALs	Increasing Dollar Payments, Level Dollar Payments.	Increasing Dollar Payments, Level Dollar Payments.	Increasing Dollar Payments, Level Dollar Payments.	Increasing Dollar Payments, Level Dollar Payments.	Increasing Dollar Payments, Level Dollar Payments.	NA				
Post-2010 UAALs	NA	NA	NA	NA	NA	NA				
Remaining amortization period:										
Pre-2010 UAALs	NA	NA	NA	NA	NA	NA				
Initial 2010 UAAL	19 Years (Closed).	20 Years (Closed).	21 Years (Closed).	22 years (Closed).	22 years (Closed).	NA				
2010 ERI	3 Years (Closed).	4 Years (Closed).	5 Years (Closed).	5 Years (Closed).	5 Years (Closed).	NA				
2011 (G)/L	13 Years (Closed).	14 Years (Closed).	14 Years (Closed).	15 Years (Closed).	15 Years (Closed).	NA				
2012 (G)/L	14 Years (Closed).	15 Years (Closed).	15 Years (Closed).	NA	NA	NA				
2013 (G)/L	15 Years (Closed).	NA	NA	NA	NA	NA				
Transit Refunds	5 Years (Closed).	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, 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, 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). Tables adopted by Boards of Trustees during Fiscal Year 2012.	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS). Tables adopted by Boards of Trustees during Fiscal Year 2012.	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS). Tables adopted by Boards of Trustees during Fiscal Year 2012.	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS). Tables adopted by Boards of Trustees during Fiscal Year 2012.	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS). Tables adopted by Boards of Trustees during Fiscal Year 2012.	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS). Tables adopted by Boards of Trustees during Fiscal Year 2006.				
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 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 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	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.	1.5% per annum for Auto Cola. 2.5% per annum for Escalation.	1.5% per annum for Auto Cola. 2.5% per annum for Escalation.				

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued

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 mortality	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.

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited), Continued

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.

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The City of New York

**Comprehensive
Annual Financial Report
of the
Comptroller**

SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL INFORMATION —
GOVERNMENTAL FUNDS**

Part II-C

Fiscal Year Ended June 30, 2015



Downtown Manhattan

THE CITY OF NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2015
(in thousands)

	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 106,251	\$ 4	\$ 61,871	\$ 168,126
Investments	—	1,668,002	422	1,668,424
Accounts receivable:				
Taxes other than real estate	—	610,735	—	610,735
Tobacco settlement revenues	—	27,676	46,324	74,000
Other receivable	—	—	330,868	330,868
Restricted cash and investments	1,334,424	1,915,138	15,029	3,264,591
Due from other funds	540,696	255	6	540,957
Other	227,335	191,598	981	419,914
Total assets	<u>\$2,208,706</u>	<u>\$4,413,408</u>	<u>\$455,501</u>	<u>\$7,077,615</u>
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 763,868	\$ 729	\$ 11,951	\$ 776,548
Unearned revenue	—	—	3,070	3,070
Due to other funds	993,406	107,735	191	1,101,332
Total liabilities	<u>1,757,274</u>	<u>108,464</u>	<u>15,212</u>	<u>1,880,950</u>
DEFERRED INFLOWS OF RESOURCES:				
Personal income tax revenue	—	503,000	—	503,000
Other deferred inflows of resources	—	30,167	285,312	315,479
Total deferred inflows of resources	<u>—</u>	<u>533,167</u>	<u>285,312</u>	<u>818,479</u>
FUND BALANCES:				
Nonspendable	—	—	619	619
Spendable:				
Restricted				
Nonmajor Capital Project Fund	451,432	—	—	451,432
Nonmajor Debt Service Fund	—	2,103,811	—	2,103,811
Assigned	—	1,667,966	15,347	1,683,313
Unassigned	—	—	139,011	139,011
Total fund balances	<u>451,432</u>	<u>3,771,777</u>	<u>154,977</u>	<u>4,378,186</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$2,208,706</u>	<u>\$4,413,408</u>	<u>\$455,501</u>	<u>\$7,077,615</u>

THE CITY OF NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2014
(in thousands)

	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 74,165	\$ —	\$ 48,736	\$ 122,901
Investments	31	1,362,390	460	1,362,881
Accounts receivable:				
Taxes other than real estate	—	286,641	—	286,641
Tobacco settlement revenues	—	28,050	46,950	75,000
Other receivable	—	—	365,090	365,090
Restricted cash and investments	1,544,210	1,683,357	13,046	3,240,613
Due from other funds	306,164	255	2	306,421
Other	170,973	261,513	966	433,452
Total assets	\$ 2,095,543	\$ 3,622,206	\$ 475,250	\$ 6,192,999
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 576,049	\$ 474	\$ 9,799	\$ 586,322
Unearned revenue	—	—	493	493
Due to other funds	104,336	48,641	—	152,977
Total liabilities	680,385	49,115	10,292	739,792
DEFERRED INFLOWS OF RESOURCES				
Personal income tax revenue	—	238,000	—	238,000
Other deferred inflows of resources	—	30,000	319,205	349,205
Total deferred inflows of resources	—	268,000	319,205	587,205
FUND BALANCES:				
Nonspendable	—	—	611	611
Spendable:				
Restricted				
Nonmajor Capital Project Fund	1,415,158	—	—	1,415,158
Nonmajor Debt Service Fund	—	1,942,821	—	1,942,821
Assigned	—	1,362,270	143,218	1,505,488
Unassigned	—	—	1,924	1,924
Total fund balances	1,415,158	3,305,091	145,753	4,866,002
Total liabilities, deferred inflows of resources and fund balances	\$ 2,095,543	\$ 3,622,206	\$ 475,250	\$ 6,192,999

THE CITY OF NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES:				
Investment income	\$ 2,368	\$ 5,984	\$ 104,508	\$ 112,860
Personal income tax	—	530,441	25,763	556,204
Tobacco settlement	—	67,313	113,781	181,094
NYS Local Government Assistance Corporation				
Revenue	—	169,625	375	170,000
Tax equivalency payment revenue	—	—	17,609	17,609
Other revenues	<u>2,678,380</u>	<u>923,638</u>	<u>267,284</u>	<u>3,869,302</u>
Total revenues	<u>2,680,748</u>	<u>1,697,001</u>	<u>529,320</u>	<u>4,907,069</u>
EXPENDITURES:				
General government	128,008	—	—	128,008
Education	2,610,157	—	—	2,610,157
Administrative and other	23,358	643,192	264,349	930,899
Debt Service:				
Interest	—	1,615,424	—	1,615,424
Redemptions	—	3,681,089	—	3,681,089
Total expenditures	<u>2,761,523</u>	<u>5,939,705</u>	<u>264,349</u>	<u>8,965,577</u>
Excess (deficiency) of revenues over expenditures	<u>(80,775)</u>	<u>(4,242,704)</u>	<u>264,971</u>	<u>(4,058,508)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from (to) General Fund	—	2,216,178	(229,956)	1,986,222
Transfers from (to) Nonmajor Capital Projects Funds ..	—	1,386	697	2,083
Transfers from (to) Nonmajor Debt Service Funds	(1,386)	—	(121,955)	(123,341)
Transfers from (to) Nonmajor Special Revenue Funds ..	(697)	121,955	—	121,258
Principal amount of bonds issued	4,390,000	2,035,330	95,479	6,520,809
Bond premium (discount)	494,665	487,841	(12)	982,494
Issuance of refunding debt	—	785,795	—	785,795
Transfers from (to) Capital Projects Fund	(5,765,533)	—	—	(5,765,533)
Payments to refunded bond escrow holder	—	(939,095)	—	(939,095)
Total other financing sources (uses)	<u>(882,951)</u>	<u>4,709,390</u>	<u>(255,747)</u>	<u>3,570,692</u>
Net change in fund balances	(963,726)	466,686	9,224	(487,816)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,415,158</u>	<u>3,305,091</u>	<u>145,753</u>	<u>4,866,002</u>
FUND BALANCES AT END OF YEAR	<u>\$ 451,432</u>	<u>\$ 3,771,777</u>	<u>\$ 154,977</u>	<u>\$ 4,378,186</u>

THE CITY OF NEW YORK
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014
(in thousands)

	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES:				
Investment income	\$ 2,095	\$ 7,472	\$ 93,274	\$ 102,841
Interest on mortgages, net	—	605	—	605
Personal income tax	—	1,614,682	26,629	1,641,311
Tobacco settlement	—	78,684	132,932	211,616
NYS Local Government Assistance Corporation				
Revenue	—	169,636	364	170,000
Tax equivalency payment revenue	—	—	13,087	13,087
Other revenues	<u>2,215,637</u>	<u>27,073</u>	<u>292,159</u>	<u>2,534,869</u>
Total revenues	<u>2,217,732</u>	<u>1,898,152</u>	<u>558,445</u>	<u>4,674,329</u>
EXPENDITURES:				
General government	191,443	—	—	191,443
Education	2,166,172	—	—	2,166,172
Administrative and other	15,246	4,419	289,580	309,245
Debt Service:				
Interest	—	1,580,924	—	1,580,924
Redemptions	—	1,317,351	—	1,317,351
Total expenditures	<u>2,372,861</u>	<u>2,902,694</u>	<u>289,580</u>	<u>5,565,135</u>
Excess (deficiency) of revenues over expenditures	<u>(155,129)</u>	<u>(1,004,542)</u>	<u>268,865</u>	<u>(890,806)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from (to) General Fund	—	1,962,671	(244,911)	1,717,760
Transfers from (to) Nonmajor Capital Projects Funds ..	—	2,351	1,669	4,020
Transfers from (to) Nonmajor Debt Service Funds	(2,351)	—	(37,689)	(40,040)
Transfers from (to) Nonmajor Special Revenue Funds ..	(1,669)	37,689	—	36,020
Principal amount of bonds issued	2,805,280	—	91,366	2,896,646
Bond premium (discount)	159,846	46,049	(4)	205,891
Issuance of refunding debt	—	579,140	—	579,140
Transfers from (to) Capital Projects Fund	(3,518,579)	—	—	(3,518,579)
Transfers from (to) General Debt Service Fund	—	6,220	—	6,220
Payments to refunded bond escrow holder	—	(389,516)	—	(389,516)
Transfers from (to) New York City Tax Lien Trusts	—	72,444	(72,444)	—
Total other financing sources (uses)	<u>(557,473)</u>	<u>2,317,048</u>	<u>(262,013)</u>	<u>1,497,562</u>
Net change in fund balances	(712,602)	1,312,506	6,852	606,756
FUND BALANCES AT BEGINNING OF YEAR	<u>2,127,760</u>	<u>1,992,585</u>	<u>138,901</u>	<u>4,259,246</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,415,158</u>	<u>\$ 3,305,091</u>	<u>\$ 145,753</u>	<u>\$ 4,866,002</u>

THE CITY OF NEW YORK
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET SCHEDULE

JUNE 30, 2015
(in thousands)

	School Construction Authority	Transitional Finance Authority	Educational Construction Fund	Hudson Yards Development Corporation	Hudson Yards Infrastructure Corporation	Total Nonmajor Capital Projects Funds
ASSETS:						
Cash and cash equivalents	\$ 106,251	\$ —	\$ —	\$ —	\$ —	\$ 106,251
Restricted cash and investments . . .	—	1,056,496	9,330	—	268,598	1,334,424
Due from other funds	540,578	—	—	118	—	540,696
Other	227,335	—	—	—	—	227,335
Total assets	<u>\$ 874,164</u>	<u>\$1,056,496</u>	<u>\$ 9,330</u>	<u>\$ 118</u>	<u>\$ 268,598</u>	<u>\$2,208,706</u>
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 736,463	\$ 1,281	\$ —	\$ 118	\$ 26,006	\$ 763,868
Due to other funds	—	990,794	—	—	2,612	993,406
Total liabilities	<u>736,463</u>	<u>992,075</u>	<u>—</u>	<u>118</u>	<u>28,618</u>	<u>1,757,274</u>
FUND BALANCES:						
Spendable:						
Restricted						
Capital Projects	137,701	64,421	9,330	—	239,980	451,432
Total fund balances	<u>137,701</u>	<u>64,421</u>	<u>9,330</u>	<u>—</u>	<u>239,980</u>	<u>451,432</u>
Total liabilities and fund balances	<u>\$ 874,164</u>	<u>\$1,056,496</u>	<u>\$ 9,330</u>	<u>\$ 118</u>	<u>\$ 268,598</u>	<u>\$2,208,706</u>

THE CITY OF NEW YORK
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET SCHEDULE

JUNE 30, 2014
(in thousands)

	School Construction Authority	Transitional Finance Authority	Educational Construction Fund	Hudson Yards Development Corporation	Hudson Yards Infrastructure Corporation	Total Nonmajor Capital Projects Funds
ASSETS:						
Cash and cash equivalents	\$ 74,165	\$ —	\$ —	\$ —	\$ —	\$ 74,165
Investments	—	—	31	—	—	31
Restricted cash and investments . . .	59,967	1,068,001	9,786	—	406,456	1,544,210
Due from other funds	306,119	—	—	45	—	306,164
Other	170,973	—	—	—	—	170,973
Total assets	<u>\$ 611,224</u>	<u>\$ 1,068,001</u>	<u>\$ 9,817</u>	<u>\$ 45</u>	<u>\$ 406,456</u>	<u>\$ 2,095,543</u>
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 541,864	\$ 326	\$ 320	\$ 45	\$ 33,494	\$ 576,049
Due to other funds	—	99,697	—	—	4,639	104,336
Total liabilities	<u>541,864</u>	<u>100,023</u>	<u>320</u>	<u>45</u>	<u>38,133</u>	<u>680,385</u>
FUND BALANCES:						
Spendable:						
Restricted						
Capital Projects	69,360	967,978	9,497	—	368,323	1,415,158
Total fund balances	<u>69,360</u>	<u>967,978</u>	<u>9,497</u>	<u>—</u>	<u>368,323</u>	<u>1,415,158</u>
Total liabilities and fund balances	<u>\$ 611,224</u>	<u>\$ 1,068,001</u>	<u>\$ 9,817</u>	<u>\$ 45</u>	<u>\$ 406,456</u>	<u>\$ 2,095,543</u>

THE CITY OF NEW YORK
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

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

	School Construction Authority	Transitional Finance Authority	Educational Construction Fund	Hudson Yards Development Corporation	Hudson Yards Infrastructure Corporation	Total Nonmajor Capital Projects Funds
REVENUES:						
Investment income	\$ —	\$ 1,276	\$ 11	\$ —	\$ 1,081	\$ 2,368
Other revenues	2,678,256	—	—	124	—	2,678,380
Total revenues	<u>2,678,256</u>	<u>1,276</u>	<u>11</u>	<u>124</u>	<u>1,081</u>	<u>2,680,748</u>
EXPENDITURES:						
General government	—	—	—	749	127,259	128,008
Education	2,609,915	—	242	—	—	2,610,157
Administrative and other	—	23,358	—	—	—	23,358
Total expenditures	<u>2,609,915</u>	<u>23,358</u>	<u>242</u>	<u>749</u>	<u>127,259</u>	<u>2,761,523</u>
Excess (deficiency) of revenues over expenditures	68,341	(22,082)	(231)	(625)	(126,178)	(80,775)
OTHER FINANCING SOURCES (USES):						
Principal amount of bonds issued . . .	—	4,390,000	—	—	—	4,390,000
Bond premium	—	494,665	—	—	—	494,665
Transfers from (to) Capital Projects Fund	—	(5,765,533)	—	—	—	(5,765,533)
Transfers from (to) Nonmajor Capital Projects Funds	—	—	—	625	(625)	—
Transfers from (to) Nonmajor Debt Service Funds	—	(564)	—	—	(822)	(1,386)
Transfers from (to) Nonmajor Special Revenue Funds	—	(43)	64	—	(718)	(697)
Total other financing sources (uses) . .	<u>—</u>	<u>(881,475)</u>	<u>64</u>	<u>625</u>	<u>(2,165)</u>	<u>(882,951)</u>
Net change in fund balances	68,341	(903,557)	(167)	—	(128,343)	(963,726)
FUND BALANCES AT BEGINNING OF YEAR . .	69,360	967,978	9,497	—	368,323	1,415,158
FUND BALANCES AT END OF YEAR	<u>\$ 137,701</u>	<u>\$ 64,421</u>	<u>\$ 9,330</u>	<u>\$ —</u>	<u>\$ 239,980</u>	<u>\$ 451,432</u>

THE CITY OF NEW YORK
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

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

	School Construction Authority	Transitional Finance Authority	Educational Construction Fund	Hudson Yards Development Corporation	Hudson Yards Infrastructure Corporation	Total Nonmajor Capital Projects Funds
REVENUES:						
Investment income	\$ —	\$ 996	\$ 18	\$ —	\$ 1,081	\$ 2,095
Other revenues	2,215,637	—	—	—	—	2,215,637
Total revenues	<u>2,215,637</u>	<u>996</u>	<u>18</u>	<u>—</u>	<u>1,081</u>	<u>2,217,732</u>
EXPENDITURES:						
General government	—	—	—	602	190,841	191,443
Education	2,165,637	—	535	—	—	2,166,172
Administrative and other	—	15,205	41	—	—	15,246
Total expenditures	<u>2,165,637</u>	<u>15,205</u>	<u>576</u>	<u>602</u>	<u>190,841</u>	<u>2,372,861</u>
Excess (deficiency) of revenues over expenditures	<u>50,000</u>	<u>(14,209)</u>	<u>(558)</u>	<u>(602)</u>	<u>(189,760)</u>	<u>(155,129)</u>
OTHER FINANCING SOURCES (USES):						
Principal amount of bonds issued ..	—	2,805,280	—	—	—	2,805,280
Bond premium	—	159,846	—	—	—	159,846
Transfers from (to) Capital Projects Fund	—	(3,518,579)	—	—	—	(3,518,579)
Transfers from (to) Nonmajor Capital Projects Funds	—	—	—	602	(602)	—
Transfers from (to) Nonmajor Debt Service Funds	—	(1,302)	—	—	(1,049)	(2,351)
Transfers from (to) Nonmajor Special Revenue Funds	—	—	—	(38)	(1,631)	(1,669)
Total other financing sources (uses) ..	<u>—</u>	<u>(554,755)</u>	<u>—</u>	<u>564</u>	<u>(3,282)</u>	<u>(557,473)</u>
Net change in fund balances	50,000	(568,964)	(558)	(38)	(193,042)	(712,602)
FUND BALANCES AT BEGINNING OF YEAR ..	19,360	1,536,942	10,055	38	561,365	2,127,760
FUND BALANCES AT END OF YEAR	<u>\$ 69,360</u>	<u>\$ 967,978</u>	<u>\$ 9,497</u>	<u>\$ —</u>	<u>\$ 368,323</u>	<u>\$ 1,415,158</u>

THE CITY OF NEW YORK
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET SCHEDULE

JUNE 30, 2015
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Private Housing Loan Programs	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Total New York City Tax Lien Trusts	Total Nonmajor Debt Service Funds
ASSETS:									
Cash and cash equivalents	\$ 4	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4
Investments	1,667,936	—	66	—	—	—	—	—	1,668,002
Accounts receivable:									
Taxes other than real estate	610,735	—	—	—	—	—	—	—	610,735
Tobacco settlement revenues	—	27,676	—	—	—	—	—	—	27,676
Restricted cash, investments and interest receivable	1,119,231	116,796	34,809	—	217,748	169,876	237,998	18,680	1,915,138
Due from other funds	—	—	—	—	—	—	255	—	255
Other	322	—	—	—	—	—	191,276	—	191,598
Total assets	\$3,398,228	\$ 144,472	\$ 34,875	\$ —	\$ 217,748	\$ 169,876	\$ 429,529	\$ 18,680	\$4,413,408
LIABILITIES:									
Accounts payable and accrued liabilities	\$ 599	\$ —	\$ —	\$ —	\$ —	\$ 130	\$ —	\$ —	\$ 729
Due to other funds	107,735	—	—	—	—	—	—	—	107,735
Total liabilities	108,334	—	—	—	—	130	—	—	108,464
DEFERRED INFLOWS OF RESOURCES:									
Personal income tax revenue	503,000	—	—	—	—	—	—	—	503,000
Other deferred inflows of resources	—	27,676	—	—	—	—	2,491	—	30,167
Total deferred inflows of resources	503,000	27,676	—	—	—	—	2,491	—	533,167
FUND BALANCES:									
Spendable:									
Restricted:									
Debt Service	1,118,928	116,796	34,875	—	217,748	169,746	427,038	18,680	2,103,811
Assigned:									
Debt Service	1,667,966	—	—	—	—	—	—	—	1,667,966
Total fund balances	2,786,894	116,796	34,875	—	217,748	169,746	427,038	18,680	3,771,777
Total liabilities, deferred inflow of resources and fund balances	\$3,398,228	\$ 144,472	\$ 34,875	\$ —	\$ 217,748	\$ 169,876	\$ 429,529	\$ 18,680	\$4,413,408

THE CITY OF NEW YORK
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET SCHEDULE

JUNE 30, 2014
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Private Housing Loan Programs	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Total New York City Tax Lien Trusts	Total Nonmajor Debt Service Funds
ASSETS:									
Investments	\$ 1,362,270	\$ —	\$ 120	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,362,390
Accounts receivable:									
Taxes other than real estate	286,641	—	—	—	—	—	—	—	286,641
Tobacco settlement revenues	—	28,050	—	—	—	—	—	—	28,050
Restricted cash, investments and interest receivable	886,304	117,040	37,375	—	258,213	339,622	25,606	19,197	1,683,357
Due from other funds	—	—	—	—	—	—	255	—	255
Other	—	—	—	—	—	—	261,513	—	261,513
Total assets	\$ 2,535,215	\$ 145,090	\$ 37,495	\$ —	\$ 258,213	\$ 339,622	\$ 287,374	\$ 19,197	\$ 3,622,206
LIABILITIES:									
Accounts payable and accrued liabilities	\$ 474	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 474
Due to other funds	48,641	—	—	—	—	—	—	—	48,641
Total liabilities	49,115	—	—	—	—	—	—	—	49,115
DEFERRED INFLOWS OF RESOURCES:									
Personal income tax revenue	238,000	—	—	—	—	—	—	—	238,000
Other deferred inflows of resources	—	28,050	—	—	—	—	1,950	—	30,000
Total deferred inflows of resources	238,000	28,050	—	—	—	—	1,950	—	268,000
FUND BALANCES:									
Spendable:									
Restricted:									
Debt Service	885,830	117,040	37,495	—	258,213	339,622	285,424	19,197	1,942,821
Assigned:									
Debt Service	1,362,270	—	—	—	—	—	—	—	1,362,270
Total fund balances	2,248,100	117,040	37,495	—	258,213	339,622	285,424	19,197	3,305,091
Total liabilities, deferred inflow of resources and fund balances	\$ 2,535,215	\$ 145,090	\$ 37,495	\$ —	\$ 258,213	\$ 339,622	\$ 287,374	\$ 19,197	\$ 3,622,206

THE CITY OF NEW YORK
NONMAJOR DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

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

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Private Housing Loan Programs	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Total New York City Tax Lien Trusts	Total Nonmajor Debt Service Funds
REVENUES:									
Investment income (loss)	\$ 1,480	\$ 498	\$ 371	\$ —	\$ 3,587	\$ 226	\$ (183)	\$ 5	\$ 5,984
District improvement bonus revenue	—	—	—	—	—	—	192,865	—	192,865
Personal income tax	530,441	—	—	—	—	—	—	—	530,441
NYS Local Government Assistance									
Corporation Revenue	—	—	—	—	—	169,625	—	—	169,625
Tobacco settlement	—	67,313	—	—	—	—	—	—	67,313
Other revenues	726,700	—	—	—	—	37	4,036	—	730,773
Total revenues	1,258,621	67,811	371	—	3,587	169,888	196,718	5	1,697,001
EXPENDITURES:									
Administrative and other	4,148	—	—	—	—	636,708	—	2,336	643,192
Debt Service:									
Interest	1,291,812	61,720	13,457	—	10,537	104,263	132,814	821	1,615,424
Redemptions	1,547,472	6,335	1,965	—	33,415	1,984,872	—	107,030	3,681,089
Total expenditures	2,843,432	68,055	15,422	—	43,952	2,725,843	132,814	110,187	5,939,705
Excess (deficiency) of revenues over expenditures	(1,584,811)	(244)	(15,051)	—	(40,365)	(2,555,955)	63,904	(110,182)	(4,242,704)
OTHER FINANCING SOURCES (Uses):									
Transfers from (to) General Fund, net	2,139,568	—	—	—	—	—	76,610	—	2,216,178
Transfers from (to) Nonmajor Capital Projects Funds	564	—	—	—	—	—	822	—	1,386
Transfers from (to) Nonmajor Special Revenue Funds	(319)	—	12,431	—	(100)	—	278	109,665	121,955
Principal amount of bonds issued	—	—	—	—	—	2,035,330	—	—	2,035,330
Bond premium	137,092	—	—	—	—	350,749	—	—	487,841
Issuance of refunding debt	785,795	—	—	—	—	—	—	—	785,795
Payments to refunded bond escrow holder	(939,095)	—	—	—	—	—	—	—	(939,095)
Total other financing sources (uses)	2,123,605	—	12,431	—	(100)	2,386,079	77,710	109,665	4,709,390
Net change in fund balances	538,794	(244)	(2,620)	—	(40,465)	(169,876)	141,614	(517)	466,686
FUND BALANCES AT BEGINNING OF YEAR	2,248,100	117,040	37,495	—	258,213	339,622	285,424	19,197	3,305,091
FUND BALANCES AT END OF YEAR	\$ 2,786,894	\$ 116,796	\$ 34,875	\$ —	\$ 217,748	\$ 169,746	\$ 427,038	\$ 18,680	\$ 3,771,777

**THE CITY OF NEW YORK
NONMAJOR DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED JUNE 30, 2014

(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Private Housing Loan Programs	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Total New York City Tax Lien Trusts	Total Nonmajor Debt Service Funds
REVENUES:									
Investment income	\$ 1,044	\$ 941	\$ 535	\$ —	\$ 4,547	\$ 326	\$ 78	\$ 1	\$ 7,472
Interest on mortgages, net	—	—	—	605	—	—	—	—	605
District improvement bonus revenue	—	—	—	—	—	—	10,828	—	10,828
Personal income tax	1,614,682	—	—	—	—	—	—	—	1,614,682
NYS Local Government Assistance	—	—	—	—	—	169,636	—	—	169,636
Corporation Revenue	—	—	—	—	—	—	—	—	78,684
Tobacco settlement	—	78,684	—	—	—	—	—	—	78,684
Other revenues	—	—	—	174	—	—	16,069	2	16,245
Total revenues	1,615,726	79,625	535	779	4,547	169,962	26,975	3	1,898,152
EXPENDITURES:									
Administrative and other	2,101	—	—	—	—	—	—	2,318	4,419
Debt Service:									
Interest	1,248,505	62,530	13,536	303	12,025	99,263	143,848	914	1,580,924
Redemptions	1,172,310	17,070	1,890	6,895	29,060	10,885	—	79,241	1,317,351
Total expenditures	2,422,916	79,600	15,426	7,198	41,085	110,148	143,848	82,473	2,902,694
Excess (deficiency) of revenues over expenditures	(807,190)	25	(14,891)	(6,419)	(36,538)	59,814	(116,873)	(82,470)	(1,004,542)
OTHER FINANCING SOURCES (Uses):									
Transfers from (to) General Fund, net	1,886,777	—	—	—	—	—	75,894	—	1,962,671
Transfers from (to) Nonmajor Capital Projects Funds	1,302	—	—	—	—	—	1,049	—	2,351
Transfers from (to) Nonmajor Special Revenue Funds	(322)	—	16,883	—	(100)	—	363	20,865	37,689
Transfers from (to) General Debt Service Fund	—	—	—	6,220	—	—	—	—	6,220
Transfers from (to) other New York City Tax Lien Trusts	—	—	—	—	—	—	—	72,444	72,444
Bond premium	46,049	—	—	—	—	—	—	—	46,049
Issuance of refunding debt	579,140	—	—	—	—	—	—	—	579,140
Payments to refunded bond escrow holder	(389,516)	—	—	—	—	—	—	—	(389,516)
Total other financing sources (uses)	2,123,430	—	16,883	6,220	(100)	—	77,306	93,309	2,317,048
Net change in fund balances	1,316,240	25	1,992	(199)	(36,638)	59,814	(39,567)	10,839	1,312,506
FUND BALANCES AT BEGINNING OF YEAR	931,860	117,015	35,503	199	294,851	279,808	324,991	8,358	1,992,585
FUND BALANCES AT END OF YEAR	\$2,248,100	\$ 117,040	\$ 37,495	\$ —	\$ 258,213	\$ 339,622	\$ 285,424	\$ 19,197	\$3,305,091

**THE CITY OF NEW YORK
NONMAJOR DEBT SERVICE FUNDS
NEW YORK CITY TAX LIEN TRUSTS
COMBINING BALANCE SHEET SCHEDULE**

JUNE 30, 2015
(in thousands)

	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	NYCTL 2014-A TRUST	Total New York City Tax Lien Trusts
ASSETS:				
Restricted investments	\$ —	\$ —	\$ 18,680	\$ 18,680
Total assets	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 18,680</u>	<u>\$ 18,680</u>
LIABILITIES:				
Total liabilities	\$ —	\$ —	\$ —	\$ —
FUND BALANCES:				
Spendable:				
Restricted:				
Debt Service	—	—	18,680	18,680
Total fund balances	—	—	<u>18,680</u>	<u>18,680</u>
Total liabilities and fund balances	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 18,680</u>	<u>\$ 18,680</u>

THE CITY OF NEW YORK
NONMAJOR DEBT SERVICE FUNDS
NEW YORK CITY TAX LIEN TRUSTS
COMBINING BALANCE SHEET SCHEDULE

JUNE 30, 2014
(in thousands)

	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	Total New York City Tax Lien Trusts
ASSETS:			
Restricted investments	\$ 6,111	\$ 13,086	\$ 19,197
Total assets	\$ 6,111	\$ 13,086	\$ 19,197
LIABILITIES:			
Total liabilities	\$ —	\$ —	\$ —
FUND BALANCES:			
Spendable:			
Restricted:			
Debt Service	6,111	13,086	19,197
Total fund balances	6,111	13,086	19,197
Total liabilities and fund balances	\$ 6,111	\$ 13,086	\$ 19,197

THE CITY OF NEW YORK
NONMAJOR DEBT SERVICE FUNDS
NEW YORK CITY TAX LIEN TRUSTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

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

	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	NYCTL 2014-A TRUST	Total New York City Tax Lien Trusts
REVENUES:				
Investment income	\$ 1	\$ 1	\$ 3	\$ 5
Total revenues	1	1	3	5
EXPENDITURES:				
Administrative and other	—	—	2,336	2,336
Debt Service:				
Interest	72	228	521	821
Redemptions	10,850	34,932	61,248	107,030
Total expenditures	10,922	35,160	64,105	110,187
(Deficiency) of revenues over expenditures	(10,921)	(35,159)	(64,102)	(110,182)
OTHER FINANCING SOURCES (USES):				
Transfers from (to) Nonmajor Special Revenue Funds	4,810	22,073	82,782	109,665
Total other financing sources (uses)	4,810	22,073	82,782	109,665
Net change in fund balances	(6,111)	(13,086)	18,680	(517)
FUND BALANCES AT BEGINNING OF YEAR	6,111	13,086	—	19,197
FUND BALANCES AT END OF YEAR	\$ —	\$ —	\$ 18,680	\$ 18,680

THE CITY OF NEW YORK
NONMAJOR DEBT SERVICE FUNDS
NEW YORK CITY TAX LIEN TRUSTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

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

	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	Total New York City Tax Lien Trusts
REVENUES:			
Investment income	\$ 1	\$ —	\$ 1
Other revenues	—	2	2
Total revenues	1	2	3
EXPENDITURES:			
Administrative and other	—	2,318	2,318
Debt Service:			
Interest	307	607	914
Redemptions	22,806	56,435	79,241
Total expenditures	23,113	59,360	82,473
(Deficiency) of revenues over expenditures	(23,112)	(59,358)	(82,470)
OTHER FINANCING SOURCES (USES):			
Transfers from (to) Nonmajor Special Revenue Funds	20,865	—	20,865
Transfer from (to) other New York City Tax Lien Trusts	—	72,444	72,444
Total other financing sources (uses)	20,865	72,444	93,309
Net change in fund balances	(2,247)	13,086	10,839
FUND BALANCES AT BEGINNING OF YEAR	8,358	—	8,358
FUND BALANCES AT END OF YEAR	6,111	\$ 13,086	\$ 19,197

THE CITY OF NEW YORK
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET SCHEDULE

JUNE 30, 2015
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Hudson Yards Development Corporation	NYC Technology Development Corporation	Total New York City Tax Lien Trusts	Total Nonmajor Special Revenue Funds
ASSETS:										
Cash and cash equivalents . . .	\$ 7,551	\$ 216	\$ 45,271	\$ 415	\$ 505	\$ 4,862	\$ 188	\$ 336	\$ 2,527	\$ 61,871
Investments	—	416	6	—	—	—	—	—	—	422
Prepaid items	—	167	157	—	139	154	1	1	—	619
Accounts receivable:										
Tobacco settlement revenue	—	46,324	—	—	—	—	—	—	—	46,324
Other receivables, net	—	—	—	—	—	—	—	—	330,868	330,868
Restricted cash and investments	—	—	—	—	—	—	—	—	15,029	15,029
Due from other funds	—	—	—	—	—	—	6	—	—	6
Other	362	—	—	—	—	—	—	—	—	362
Total assets	\$ 7,913	\$ 47,123	\$ 45,434	\$ 415	\$ 644	\$ 5,016	\$ 195	\$ 337	\$ 348,424	\$ 455,501
LIABILITIES:										
Accounts payable and accrued liabilities	\$ 3,854	\$ 22	\$ 64	\$ 17	\$ 12	\$ 20	\$ 67	\$ 196	\$ 7,262	\$ 11,514
Overages due to taxpayers . . .	—	—	—	—	—	—	—	—	437	437
Unearned revenues	—	—	3,070	—	—	—	—	—	—	3,070
Due to other funds	—	—	—	—	—	—	—	191	—	191
Total liabilities	3,854	22	3,134	17	12	20	67	387	7,699	15,212
DEFERRED INFLOWS OF RESOURCES:										
Other deferred inflows of resources	—	46,324	—	—	—	—	—	—	238,988	285,312
FUND BALANCES:										
Nonspendable:										
Prepaid expenses	—	167	157	—	139	154	1	1	—	619
Assigned:										
Operations	—	—	—	—	—	—	—	—	15,347	15,347
Unassigned	4,059	610	42,143	398	493	4,842	127	(51)	86,390	139,011
Total fund balances . . .	4,059	777	42,300	398	632	4,996	128	(50)	101,737	154,977
Total liabilities, deferred inflows of resources and fund balances . .	\$ 7,913	\$ 47,123	\$ 45,434	\$ 415	\$ 644	\$ 5,016	\$ 195	\$ 337	\$ 348,424	\$ 455,501

THE CITY OF NEW YORK
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET SCHEDULE

JUNE 30, 2014
(in thousands)

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Hudson Yards Development Corporation	NYC Technology Development Corporation	Total New York City Tax Lien Trusts	Total Nonmajor Special Revenue Funds
ASSETS:										
Cash and cash equivalents	\$ 4,770	\$ 194	\$ 39,165	\$ 414	\$ 556	\$ 197	\$ 85	\$ 457	\$ 2,898	\$ 48,736
Investments	—	460	—	—	—	—	—	—	—	460
Prepaid items	—	167	148	—	139	154	2	1	—	611
Accounts receivable:										
Tobacco settlement revenue	—	46,950	—	—	—	—	—	—	—	46,950
Other receivables, net	—	—	—	—	—	—	—	—	365,090	365,090
Restricted cash and investments	—	—	—	—	—	—	—	—	13,046	13,046
Due from other funds	—	—	—	—	—	—	2	—	—	2
Other	322	—	—	—	—	—	33	—	—	355
Total assets	\$ 5,092	\$ 47,771	\$ 39,313	\$ 414	\$ 695	\$ 351	\$ 122	\$ 458	\$ 381,034	\$ 475,250
LIABILITIES:										
Accounts payable and accrued liabilities	\$ 3,202	\$ 21	\$ —	\$ 16	\$ 12	\$ 31	\$ 86	\$ 481	\$ 5,338	\$ 9,187
Overages due to taxpayers	—	—	—	—	—	—	—	—	612	612
Unearned revenues	—	—	493	—	—	—	—	—	—	493
Total liabilities	3,202	21	493	16	12	31	86	481	5,950	10,292
DEFERRED INFLOWS OF RESOURCES:										
Other deferred inflows of resources	—	46,950	—	—	—	—	—	—	272,255	319,205
FUND BALANCES:										
Nonspendable:										
Prepaid expenses	—	167	148	—	139	154	2	1	—	611
Assigned:										
Operations	—	633	38,672	398	544	166	—	(24)	102,829	143,218
Unassigned	1,890	—	—	—	—	—	34	—	—	1,924
Total fund balances	1,890	800	38,820	398	683	320	36	(23)	102,829	145,753
Total liabilities, deferred inflows of resources and fund balances	\$ 5,092	\$ 47,771	\$ 39,313	\$ 414	\$ 695	\$ 351	\$ 122	\$ 458	\$ 381,034	\$ 475,250

THE CITY OF NEW YORK
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

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

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Fiscal year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Hudson Yards Development Corporation	NYC Technology Development Corporation	Total New York City Tax Lien Trusts	Total Nonmajor Special Revenue Funds
REVENUES:										
Tax liens receivable from The City of New York	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 90,443	\$ 90,443
Investment income	5	5	65	—	—	—	—	104,433	104,508	
Personal income tax revenues	25,763	—	—	—	—	—	—	—	25,763	
Tobacco settlement	—	113,781	—	—	—	—	—	—	113,781	
NYS Local Government Assistance Corporation										
Revenue	—	—	—	—	375	—	—	—	—	375
Rental income and tax equivalency revenue	—	—	17,609	—	—	—	—	—	—	17,609
Other revenues	116,587	—	—	—	—	5,468	—	3,679	51,107	176,841
Total revenues	142,355	113,786	17,674	—	375	5,468	—	3,679	245,983	529,320
EXPENDITURES:										
Administrative and other	23,961	440	1,699	100	426	514	626	3,706	232,877	264,349
Total expenditures	23,961	440	1,699	100	426	514	626	3,706	232,877	264,349
Excess (deficiency) of revenues over expenditures	118,394	113,346	15,975	(100)	(51)	4,954	(626)	(27)	13,106	264,971
OTHER FINANCING SOURCES (USES):										
Transfers from (to) General Fund, net	(116,587)	(113,369)	—	—	—	—	—	—	—	(229,956)
Transfers from (to) Nonmajor Capital Projects Funds	43	—	(64)	—	—	—	718	—	—	697
Transfers from (to) Nonmajor Debt Service Funds	319	—	(12,431)	100	—	(278)	—	—	(109,665)	(121,955)
Principal amount of bonds issued	—	—	—	—	—	—	—	—	95,479	95,479
Bond (discount)	—	—	—	—	—	—	—	—	(12)	(12)
Total other financing sources (uses)	(116,225)	(113,369)	(12,495)	100	(51)	(278)	718	(27)	(14,198)	(255,747)
Net change in fund balances	2,169	(23)	3,480	—	4,676	92	—	—	(1,092)	9,224
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	1,890	800	38,820	398	683	320	36	(23)	102,829	145,753
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 4,059	\$ 777	\$ 42,300	\$ 398	\$ 632	\$ 4,996	\$ 128	\$ (50)	\$ 101,737	\$ 154,977

THE CITY OF NEW YORK
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

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

	Transitional Finance Authority	TSASC, Inc.	Educational Construction Fund	Fiscal Year 2005 Securitization Corporation	Sales Tax Asset Receivable Corporation	Hudson Yards Infrastructure Corporation	Hudson Yards Development Corporation	NYC Technology Development Corporation	Total New York City Tax Lien Trusts	Total Nonmajor Special Revenue Funds
REVENUES:										
Tax liens receivable from The City of New York	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 155,526	\$ 155,526
Investment income	4	2	5	—	—	—	5	—	93,258	93,274
Personal income tax revenues	26,629	—	—	—	—	—	—	—	—	26,629
Tobacco settlement	—	132,932	—	—	—	—	—	—	—	132,932
NYS Local Government Assistance Corporation Revenue	—	—	—	—	364	—	—	—	—	364
Rental income and tax equivalency revenue	—	—	13,087	—	—	—	—	—	—	13,087
Other revenues	113,235	—	7,000	—	—	—	—	3,489	12,909	136,633
Total revenues	139,868	132,934	20,092	—	364	—	5	3,489	261,693	558,445
EXPENDITURES:										
Administrative and other	23,295	440	1,536	99	370	435	1,622	4,011	257,772	289,580
Total expenditures	23,295	440	1,536	99	370	435	1,622	4,011	257,772	289,580
Excess (deficiency) of revenues over expenditures	116,573	132,494	18,556	(99)	(6)	(435)	(1,617)	(522)	3,921	268,865
OTHER FINANCING SOURCES (USES):										
Transfers from (to) General Fund, net	(113,235)	(132,474)	—	—	—	798	—	—	—	(244,911)
Transfers from (to) Nonmajor Capital Projects Funds	—	—	—	—	—	—	1,669	—	—	1,669
Transfers from (to) Nonmajor Debt Service Funds	322	—	(16,883)	100	—	(363)	—	—	(20,865)	(37,689)
Transfers from (to) other New York City Tax Lien Trusts	—	—	—	—	—	—	—	—	(72,444)	(72,444)
Principal amount of bonds issued	—	—	—	—	—	—	—	—	91,366	91,366
Bond (discount)	—	—	—	—	—	—	—	—	(4)	(4)
Total other financing sources (uses)	(112,913)	(132,474)	(16,883)	100	—	435	1,669	—	(1,947)	(262,013)
Net change in fund balances	3,660	20	1,673	1	(6)	—	52	(522)	1,974	6,852
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	(1,770)	780	37,147	397	689	320	(16)	499	100,855	138,901
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 1,890	\$ 800	\$ 38,820	\$ 398	\$ 683	\$ 320	\$ 36	\$ (23)	\$ 102,829	\$ 145,753

THE CITY OF NEW YORK
NONMAJOR SPECIAL REVENUE FUNDS
NEW YORK CITY TAX LIEN TRUSTS
COMBINING BALANCE SHEET SCHEDULE

JUNE 30, 2015
(in thousands)

	NYCTL 1998-2 TRUST	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	NYCTL 2014-A TRUST	NYCTL 2015-A TRUST	Total New York City Tax Lien Trusts
ASSETS:						
Cash and cash equivalents	\$ 856	\$ —	\$ —	\$ 293	\$ 1,378	\$ 2,527
Accounts receivable:						
Tax liens receivable, net	229,009	—	—	54,084	47,775	330,868
Restricted investments	15,029	—	—	—	—	15,029
Total assets	\$ 244,894	\$ —	\$ —	\$ 54,377	\$ 49,153	\$ 348,424
LIABILITIES:						
Accounts payable and accrued liabilities	\$ 5,092	\$ —	\$ —	\$ 2,170	\$ —	\$ 7,262
Overages due to taxpayers	28	—	—	407	2	437
Total liabilities	5,120	—	—	2,577	2	7,699
DEFERRED INFLOWS OF RESOURCES:						
Other deferred inflows of resources	180,208	—	—	29,597	29,183	238,988
FUND BALANCES:						
Spendable:						
Assigned:						
Operations	15,347	—	—	—	—	15,347
Unassigned	44,219	—	—	22,203	19,968	86,390
Total fund balances	59,566	—	—	22,203	19,968	101,737
Total liabilities, deferred inflows of resources and fund balances	\$ 244,894	\$ —	\$ —	\$ 54,377	\$ 49,153	\$ 348,424

THE CITY OF NEW YORK
NONMAJOR SPECIAL REVENUE FUNDS
NEW YORK CITY TAX LIEN TRUSTS
COMBINING BALANCE SHEET SCHEDULE

JUNE 30, 2014
(in thousands)

	NYCTL 1998-2 TRUST	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	NYCTL 2014-A TRUST	Total New York City Tax Lien Trusts
ASSETS:					
Cash and cash equivalents	\$ 1,013	\$ 95	\$ 493	\$ 1,297	\$ 2,898
Accounts receivable:					
Tax liens receivable, net	180,081	35,976	82,873	66,160	365,090
Restricted investments	13,046	—	—	—	13,046
Total assets	<u>\$ 194,140</u>	<u>\$ 36,071</u>	<u>\$ 83,366</u>	<u>\$ 67,457</u>	<u>\$ 381,034</u>
LIABILITIES:					
Accounts payable and accrued liabilities	\$ 3,362	723	1,253	—	5,338
Overages due to taxpayers	(98)	250	459	1	612
Total liabilities	<u>3,264</u>	<u>973</u>	<u>1,712</u>	<u>1</u>	<u>5,950</u>
DEFERRED INFLOWS OF RESOURCES:					
Other deferred inflows of resources	153,849	25,451	52,015	40,940	272,255
FUND BALANCES:					
Spendable:					
Assigned:					
Operations	37,027	9,647	29,639	26,516	102,829
Total fund balances	<u>37,027</u>	<u>9,647</u>	<u>29,639</u>	<u>26,516</u>	<u>102,829</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 194,140</u>	<u>\$ 36,071</u>	<u>\$ 83,366</u>	<u>\$ 67,457</u>	<u>\$ 381,034</u>

THE CITY OF NEW YORK
NONMAJOR SPECIAL REVENUE FUNDS
NEW YORK CITY TAX LIEN TRUSTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

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

	NYCTL 1998-2 TRUST	NYCTL 2011-A TRUST	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	NYCTL 2014-A TRUST	NYCTL 2015-A TRUST	Total New York City Tax Lien Trusts
REVENUES:							
Tax liens receivable from The City of New York	\$ 4,812	\$ —	\$ —	\$ —	\$ 36,960	\$ 48,671	\$ 90,443
Investment income	82,741	—	3,551	7,942	9,542	657	104,433
Other revenues	51,107	—	—	—	—	—	51,107
Total revenues	138,660	—	3,551	7,942	46,502	49,328	245,983
EXPENDITURES:							
Administrative and other	137,443	—	1,056	1,518	63,500	29,360	232,877
Total expenditures	137,443	—	1,056	1,518	63,500	29,360	232,877
Excess (deficiency) of revenues over expenditures	1,217	—	2,495	6,424	(16,998)	19,968	13,106
OTHER FINANCING SOURCES (USES):							
Transfers from (to) Nonmajor Debt Service Funds . . .	—	—	(4,810)	(22,073)	(82,782)	—	(109,665)
Transfers from (to) other New York City Tax Lien Trusts	21,322	—	(7,332)	(13,990)	—	—	—
Principal amount of bonds issued	—	—	—	—	95,479	—	95,479
Bond (discount)	—	—	—	—	(12)	—	(12)
Total other financing sources (uses)	21,322	—	(12,142)	(36,063)	12,685	—	(14,198)
Net change in fund balances	22,539	—	(9,647)	(29,639)	(4,313)	19,968	(1,092)
FUND BALANCES AT BEGINNING OF YEAR	37,027	—	9,647	29,639	26,516	—	102,829
FUND BALANCES AT END OF YEAR	\$ 59,566	\$ —	\$ —	\$ —	\$ 22,203	\$ 19,968	\$ 101,737

THE CITY OF NEW YORK
NONMAJOR SPECIAL REVENUE FUNDS
NEW YORK CITY TAX LIEN TRUSTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

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

	NYCTL 1998-2 TRUST	NYCTL 2011-A TRUST	NYCTL 2012-A TRUST	NYCTL 2013-A TRUST	NYCTL 2014-A TRUST	Total New York City Tax Lien Trusts
REVENUES:						
Tax liens receivable from The City of New York	\$ 45,964	\$ —	\$ —	\$ 42,215	\$ 67,347	\$ 155,526
Investment income	71,529	2,743	5,457	12,524	1,005	93,258
Other revenues	12,909	—	—	—	—	12,909
Total revenues	<u>130,402</u>	<u>2,743</u>	<u>5,457</u>	<u>54,739</u>	<u>68,352</u>	<u>261,693</u>
EXPENDITURES:						
Administrative and other	146,768	350	(7,778)	76,596	41,836	257,772
Total expenditures	<u>146,768</u>	<u>350</u>	<u>(7,778)</u>	<u>76,596</u>	<u>41,836</u>	<u>257,772</u>
Excess (deficiency) of revenues over expenditures	<u>(16,366)</u>	<u>2,393</u>	<u>13,235</u>	<u>(21,857)</u>	<u>26,516</u>	<u>3,921</u>
OTHER FINANCING SOURCES (USES):						
Transfers from (to) Nonmajor Debt Service Funds	—	—	(20,865)	—	—	(20,865)
Transfers from (to) other New York City Tax Lien Trusts	20,461	(20,461)	—	(72,444)	—	(72,444)
Principal amount of bonds issued	—	—	—	91,366	—	91,366
Bond (discount)	—	—	—	(4)	—	(4)
Total other financing sources (uses)	<u>20,461</u>	<u>(20,461)</u>	<u>(20,865)</u>	<u>18,918</u>	<u>—</u>	<u>(1,947)</u>
Net change in fund balances	4,095	(18,068)	(7,630)	(2,939)	26,516	1,974
FUND BALANCES AT BEGINNING OF YEAR	32,932	18,068	17,277	32,578	—	100,855
FUND BALANCES AT END OF YEAR	<u>\$ 37,027</u>	<u>\$ —</u>	<u>\$ 9,647</u>	<u>\$ 29,639</u>	<u>\$ 26,516</u>	<u>\$ 102,829</u>



Brooklyn Bridge

The City of New York

**Comprehensive
Annual Financial Report
of the
Comptroller**

SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL INFORMATION —
FIDUCIARY FUNDS**

Part II-D

Fiscal Year Ended June 30, 2015



Statue of Liberty

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)

	Pension Funds*	Other Employee Benefit Trust Funds		Total
		Deferred Compensation Plans December 31, 2014	The New York City Other Postemployment Benefits Plan	
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	<u>11,794,746</u>	<u>773,269</u>	<u>3,135,897</u>	<u>15,703,912</u>
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	<u>4,746,448</u>	<u>878,434</u>	<u>10,030</u>	<u>5,634,912</u>
Securities lending transactions:				
Securities lending income	82,478	—	—	82,478
Securities lending fees	(5,353)	—	—	(5,353)
Net securities lending income	<u>77,125</u>	<u>—</u>	<u>—</u>	<u>77,125</u>
Other	2,713	—	—	2,713
Total additions	<u>16,621,032</u>	<u>1,651,703</u>	<u>3,145,927</u>	<u>21,418,662</u>
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	<u>13,621,347</u>	<u>595,643</u>	<u>2,127,546</u>	<u>16,344,536</u>
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	<u>\$178,389,353</u>	<u>\$15,606,237</u>	<u>\$3,396,524</u>	<u>\$197,392,114</u>

* 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)

	Pension Funds*	Other Employee Benefit Trust Funds		Total
		Deferred Compensation Plans December 31, 2013	The New York City Other Postemployment Benefits Plan	
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	<u>11,354,180</u>	<u>735,396</u>	<u>3,114,329</u>	<u>15,203,905</u>
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	<u>26,748,539</u>	<u>2,189,561</u>	<u>8,207</u>	<u>28,946,307</u>
Securities lending transactions:				
Securities lending income	33,813	—	—	33,813
Securities lending fees	(9,367)	—	—	(9,367)
Net securities lending income	<u>24,446</u>	<u>—</u>	<u>—</u>	<u>24,446</u>
Other	(129,246)	—	—	(129,246)
Total additions	<u>37,997,919</u>	<u>2,924,957</u>	<u>3,122,536</u>	<u>44,045,412</u>
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	<u>12,884,314</u>	<u>517,021</u>	<u>2,107,465</u>	<u>15,508,800</u>
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	<u>\$175,389,668</u>	<u>\$14,550,177</u>	<u>\$2,378,143</u>	<u>\$192,317,988</u>

* 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	<u>2,934,177</u>	<u>3,633,072</u>	<u>137,017</u>	<u>840,998</u>	<u>237,528</u>	<u>7,782,792</u>
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	<u>60,469,144</u>	<u>75,666,426</u>	<u>5,230,352</u>	<u>39,016,971</u>	<u>12,937,547</u>	<u>193,320,440</u>
Other assets	140,813	3,681	22,356	14,879	5,596	187,325
Total assets	<u>63,588,430</u>	<u>79,329,169</u>	<u>5,407,780</u>	<u>39,925,168</u>	<u>13,201,439</u>	<u>201,451,986</u>
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	<u>8,559,400</u>	<u>7,740,922</u>	<u>442,412</u>	<u>4,766,639</u>	<u>1,553,260</u>	<u>23,062,633</u>
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	<u>\$55,029,030</u>	<u>\$71,588,247</u>	<u>\$4,965,368</u>	<u>\$35,158,529</u>	<u>\$11,648,179</u>	<u>\$178,389,353</u>

* 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	<u>2,707,135</u>	<u>3,728,879</u>	<u>262,765</u>	<u>923,534</u>	<u>285,111</u>	<u>7,907,424</u>
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	<u>60,761,863</u>	<u>77,538,576</u>	<u>5,159,953</u>	<u>38,936,348</u>	<u>12,760,264</u>	<u>195,157,004</u>
Other assets	42,940	12,901	17,773	13,678	5,246	92,538
Total assets	<u>63,602,788</u>	<u>81,357,705</u>	<u>5,452,296</u>	<u>39,923,947</u>	<u>13,072,539</u>	<u>203,409,275</u>
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	<u>8,992,861</u>	<u>10,994,276</u>	<u>735,569</u>	<u>5,651,297</u>	<u>1,645,604</u>	<u>28,019,607</u>
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	<u>\$54,609,927</u>	<u>\$70,363,429</u>	<u>\$4,716,727</u>	<u>\$34,272,650</u>	<u>\$11,426,935</u>	<u>\$175,389,668</u>

* 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	<u>3,627,387</u>	<u>4,146,719</u>	<u>372,553</u>	<u>2,550,721</u>	<u>1,097,366</u>	<u>11,794,746</u>
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	<u>1,148,598</u>	<u>2,023,829</u>	<u>197,272</u>	<u>1,079,588</u>	<u>297,161</u>	<u>4,746,448</u>
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	<u>4,806,636</u>	<u>6,194,609</u>	<u>525,096</u>	<u>3,653,557</u>	<u>1,441,134</u>	<u>16,621,032</u>
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	<u>4,387,533</u>	<u>4,969,791</u>	<u>276,455</u>	<u>2,767,678</u>	<u>1,219,890</u>	<u>13,621,347</u>
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	<u>54,609,927</u>	<u>70,363,429</u>	<u>4,716,727</u>	<u>34,272,650</u>	<u>11,426,935</u>	<u>175,389,668</u>
End of year	<u>\$55,029,030</u>	<u>\$71,588,247</u>	<u>\$4,965,368</u>	<u>\$35,158,529</u>	<u>\$11,648,179</u>	<u>\$178,389,353</u>

* 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	<u>3,561,757</u>	<u>3,848,365</u>	<u>315,550</u>	<u>2,549,693</u>	<u>1,078,815</u>	<u>11,354,180</u>
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	<u>7,902,223</u>	<u>11,059,202</u>	<u>956,675</u>	<u>5,140,220</u>	<u>1,690,219</u>	<u>26,748,539</u>
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	<u>11,477,429</u>	<u>14,916,086</u>	<u>1,092,037</u>	<u>7,704,087</u>	<u>2,808,280</u>	<u>37,997,919</u>
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	<u>4,098,104</u>	<u>4,638,790</u>	<u>267,032</u>	<u>2,709,059</u>	<u>1,171,329</u>	<u>12,884,314</u>
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	<u>\$54,609,927</u>	<u>\$70,363,429</u>	<u>\$4,716,727</u>	<u>\$34,272,650</u>	<u>\$11,426,935</u>	<u>\$175,389,668</u>

* 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
Transferable 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	(49,000)	257,254
Transferable earnings due from QPP to VSFs	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)					COVSF	Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	CVSOVSF			
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	(190,000)	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)				COVSF	Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF			
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	—	—	—	—	—	—	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	—	—	—	—	—	—	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	—	(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)				COVSF	Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF			
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	<u>3,169,987</u>	<u>463,085</u>	<u>—</u>	<u>3,633,072</u>
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	<u>66,620,612</u>	<u>9,045,814</u>	<u>—</u>	<u>75,666,426</u>
Investment in fixed return funds	—	18,699,332	(18,699,332)	—
Other assets	27,855	3,725	(27,899)	3,681
Total assets	<u>69,841,128</u>	<u>28,215,272</u>	<u>(18,727,231)</u>	<u>79,329,169</u>
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	<u>25,586,463</u>	<u>881,690</u>	<u>(18,727,231)</u>	<u>7,740,922</u>
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	<u>\$44,254,665</u>	<u>\$27,333,582</u>	<u>\$ —</u>	<u>\$71,588,247</u>

* 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	<u>3,281,844</u>	<u>447,035</u>	<u>—</u>	<u>3,728,879</u>
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	<u>68,728,589</u>	<u>8,809,987</u>	<u>—</u>	<u>77,538,576</u>
Investment in fixed return funds	—	17,236,032	(17,236,032)	—
Other assets	32,391	2,390	(21,880)	12,901
Total assets	<u>72,117,653</u>	<u>26,497,964</u>	<u>(17,257,912)</u>	<u>81,357,705</u>
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	<u>27,627,713</u>	<u>624,475</u>	<u>(17,257,912)</u>	<u>10,994,276</u>
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	<u>\$44,489,940</u>	<u>\$25,873,489</u>	<u>\$ —</u>	<u>\$70,363,429</u>

* 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	<u>3,484,118</u>	<u>662,601</u>	<u>4,146,719</u>
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	<u>1,591,629</u>	<u>432,200</u>	<u>2,023,829</u>
Securities lending transactions:			
Securities lending income	21,713	3,811	25,524
Securities lending fees	(1,413)	(379)	(1,792)
Net securities lending income	<u>20,300</u>	<u>3,432</u>	<u>23,732</u>
Interest on TDA program fixed return funds	(1,248,988)	1,248,988	—
Other	329	—	329
Total additions	<u>3,847,388</u>	<u>2,347,221</u>	<u>6,194,609</u>
DEDUCTIONS:			
Benefit payments and withdrawals	4,024,272	861,345	4,885,617
Administrative expenses	58,391	25,783	84,174
Total deductions	<u>4,082,663</u>	<u>887,128</u>	<u>4,969,791</u>
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	<u>\$44,254,665</u>	<u>\$27,333,582</u>	<u>\$71,588,247</u>

* 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	<u>95,753</u>	<u>41,264</u>	<u>—</u>	<u>137,017</u>
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	<u>4,781,215</u>	<u>449,137</u>	<u>—</u>	<u>5,230,352</u>
Investment in fixed return funds	—	1,152,729	(1,152,729)	—
Other assets	18,077	4,279	—	22,356
Total assets	<u>4,912,978</u>	<u>1,647,531</u>	<u>(1,152,729)</u>	<u>5,407,780</u>
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	<u>1,553,182</u>	<u>41,959</u>	<u>(1,152,729)</u>	<u>442,412</u>
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	<u>\$3,359,796</u>	<u>\$1,605,572</u>	<u>\$ —</u>	<u>\$4,965,368</u>

* 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	<u>223,663</u>	<u>39,102</u>	<u>—</u>	<u>262,765</u>
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	<u>4,739,837</u>	<u>420,116</u>	<u>—</u>	<u>5,159,953</u>
Investment in fixed return funds	—	999,123	(999,123)	—
Other assets	14,154	3,619	—	17,773
Total assets	<u>4,986,557</u>	<u>1,464,862</u>	<u>(999,123)</u>	<u>5,452,296</u>
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	<u>1,707,292</u>	<u>27,400</u>	<u>(999,123)</u>	<u>735,569</u>
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	<u>\$ 3,279,265</u>	<u>\$ 1,437,462</u>	<u>\$ —</u>	<u>\$ 4,716,727</u>

* 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	<u>777,773</u>	<u>507,897</u>	<u>376,328</u>	<u>(821,000)</u>	<u>840,998</u>
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	<u>36,703,980</u>	<u>1,555,434</u>	<u>757,557</u>	<u>—</u>	<u>39,016,971</u>
Other assets	14,879	—	—	—	14,879
Total assets	<u>37,544,784</u>	<u>2,066,358</u>	<u>1,135,026</u>	<u>(821,000)</u>	<u>39,925,168</u>
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	<u>5,188,811</u>	<u>218,424</u>	<u>180,404</u>	<u>(821,000)</u>	<u>4,766,639</u>
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	<u>\$32,355,973</u>	<u>\$1,847,934</u>	<u>\$ 954,622</u>	<u>\$ —</u>	<u>\$35,158,529</u>

* 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)			Total New York City Police Pension Funds
		POVSF	PSOVSF	Eliminations	
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)			Total New York City Police Pension Funds
		POVSF	PSOVSF	Eliminations	
ADDITIONS:					
Contributions:					
Member contributions	\$ 241,102	\$ —	\$ —	\$ —	\$ 241,102
Employer contributions	2,309,619	—	—	—	2,309,619
Total contributions	<u>2,550,721</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,550,721</u>
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	<u>1,000,545</u>	<u>60,529</u>	<u>18,514</u>	<u>—</u>	<u>1,079,588</u>
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	<u>17,961</u>	<u>490</u>	<u>181</u>	<u>—</u>	<u>18,632</u>
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	<u>3,573,781</u>	<u>391,044</u>	<u>279,045</u>	<u>(590,313)</u>	<u>3,653,557</u>
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	<u>2,968,700</u>	<u>152,045</u>	<u>237,246</u>	<u>(590,313)</u>	<u>2,767,678</u>
Net increase in net position	605,081	238,999	41,799	—	885,879
NET POSITION:					
Restricted for benefits:					
Beginning of year	<u>31,750,892</u>	<u>1,608,935</u>	<u>912,823</u>	<u>—</u>	<u>34,272,650</u>
End of year	<u>\$32,355,973</u>	<u>\$1,847,934</u>	<u>\$954,622</u>	<u>\$ —</u>	<u>\$35,158,529</u>

* 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	<u>2,549,693</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,549,693</u>
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	<u>5,064,134</u>	<u>76,041</u>	<u>45</u>	<u>—</u>	<u>5,140,220</u>
Securities lending transactions:					
Securities lending income	8,412	31	—	—	8,443
Securities lending fees	(1,016)	(18)	(146)	—	(1,180)
Net securities lending income	<u>7,396</u>	<u>13</u>	<u>(146)</u>	<u>—</u>	<u>7,263</u>
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	<u>7,628,034</u>	<u>1,366,134</u>	<u>1,250,943</u>	<u>(2,541,024)</u>	<u>7,704,087</u>
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	<u>4,864,083</u>	<u>150,627</u>	<u>235,373</u>	<u>(2,541,024)</u>	<u>2,709,059</u>
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	<u>\$31,750,892</u>	<u>\$1,608,935</u>	<u>\$ 912,823</u>	<u>\$ —</u>	<u>\$34,272,650</u>

* 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	<u>226,077</u>	<u>48,126</u>	<u>15,325</u>	<u>(52,000)</u>	<u>237,528</u>
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	<u>12,091,388</u>	<u>519,422</u>	<u>326,737</u>	<u>—</u>	<u>12,937,547</u>
Due from QPP	—	—	15	(15)	—
Due from FFVSF	—	—	32	(32)	—
Other assets	5,596	—	—	—	5,596
Total assets	<u>12,331,436</u>	<u>579,298</u>	<u>342,752</u>	<u>(52,047)</u>	<u>13,201,439</u>
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	<u>1,516,106</u>	<u>53,854</u>	<u>35,347</u>	<u>(52,047)</u>	<u>1,553,260</u>
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	<u>\$10,815,330</u>	<u>\$525,444</u>	<u>\$307,405</u>	<u>\$ —</u>	<u>\$11,648,179</u>

* 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)		Eliminations	Total New York City Fire Pension Funds
		FFVSF	FOVSF		
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	<u>273,076</u>	<u>118,524</u>	<u>13,511</u>	<u>(120,000)</u>	<u>285,111</u>
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	<u>11,952,185</u>	<u>468,283</u>	<u>339,796</u>	<u>—</u>	<u>12,760,264</u>
Other assets	5,246	—	—	—	5,246
Total assets	<u>12,240,308</u>	<u>598,398</u>	<u>353,833</u>	<u>(120,000)</u>	<u>13,072,539</u>
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	<u>1,644,470</u>	<u>74,427</u>	<u>46,707</u>	<u>(120,000)</u>	<u>1,645,604</u>
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	<u>\$10,595,838</u>	<u>\$523,971</u>	<u>\$ 307,126</u>	<u>\$ —</u>	<u>\$11,426,935</u>

* 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	<u>1,097,366</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,097,366</u>
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	<u>266,444</u>	<u>18,661</u>	<u>12,056</u>	<u>—</u>	<u>297,161</u>
Securities lending transactions:					
Securities lending income	5,332	243	206	—	5,781
Securities lending fees	(346)	(16)	(13)	—	(375)
Net securities lending income	<u>4,986</u>	<u>227</u>	<u>193</u>	<u>—</u>	<u>5,406</u>
Transferrable earnings due from QPP to VSFs	—	30,000	10,000	(40,000)	—
Other	41,201	—	—	—	41,201
Total additions	<u>1,409,997</u>	<u>48,888</u>	<u>22,249</u>	<u>(40,000)</u>	<u>1,441,134</u>
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	<u>1,190,505</u>	<u>47,415</u>	<u>21,970</u>	<u>(40,000)</u>	<u>1,219,890</u>
Net increase in net position	219,492	1,473	279	—	221,244
NET POSITION:					
Restricted for benefits:					
Beginning of year	<u>10,595,838</u>	<u>523,971</u>	<u>307,126</u>	<u>—</u>	<u>11,426,935</u>
End of year	<u>\$10,815,330</u>	<u>\$525,444</u>	<u>\$307,405</u>	<u>\$ —</u>	<u>\$11,648,179</u>

* 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)		Eliminations	Total New York City Fire Pension Funds
		FFVSF	FOVSF		
ADDITIONS:					
Contributions:					
Member contributions	\$ 108,859	\$ —	\$ —	\$ —	\$ 108,859
Employer contributions	969,956	—	—	—	969,956
Total contributions	<u>1,078,815</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,078,815</u>
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	<u>1,569,983</u>	<u>68,971</u>	<u>51,265</u>	<u>—</u>	<u>1,690,219</u>
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	<u>(970)</u>	<u>56</u>	<u>180</u>	<u>—</u>	<u>(734)</u>
Transferrable earnings due from QPP to VSFs	—	110,000	10,000	(120,000)	—
Other	39,980	—	—	—	39,980
Total additions	<u>2,687,808</u>	<u>179,027</u>	<u>61,445</u>	<u>(120,000)</u>	<u>2,808,280</u>
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	<u>1,219,162</u>	<u>50,425</u>	<u>21,742</u>	<u>(120,000)</u>	<u>1,171,329</u>
Net increase in net position	1,468,646	128,602	39,703	—	1,636,951
NET POSITION:					
Restricted for benefits:					
Beginning of year	<u>9,127,192</u>	<u>395,369</u>	<u>267,423</u>	<u>—</u>	<u>9,789,984</u>
End of year	<u>\$10,595,838</u>	<u>\$523,971</u>	<u>\$307,126</u>	<u>\$ —</u>	<u>\$11,426,935</u>

* 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	Total
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	
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	Total
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	
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	Total
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	
ADDITIONS:					
Contributions:					
Member contributions	\$ 545,251	\$ 197,072	\$ 30,231	\$ 715	\$ 773,269
Total contributions	<u>545,251</u>	<u>197,072</u>	<u>30,231</u>	<u>715</u>	<u>773,269</u>
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	<u>774,947</u>	<u>93,414</u>	<u>8,735</u>	<u>1,338</u>	<u>878,434</u>
Total additions	<u>1,320,198</u>	<u>290,486</u>	<u>38,966</u>	<u>2,053</u>	<u>1,651,703</u>
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	<u>520,142</u>	<u>63,683</u>	<u>11,398</u>	<u>420</u>	<u>595,643</u>
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	<u>12,649,339</u>	<u>1,691,596</u>	<u>191,529</u>	<u>17,713</u>	<u>14,550,177</u>
End of year	<u>\$13,449,395</u>	<u>\$1,918,399</u>	<u>\$219,097</u>	<u>\$19,346</u>	<u>\$15,606,237</u>

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	Total
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	
ADDITIONS:					
Contributions:					
Member contributions	\$ 533,030	\$ 166,331	\$ 35,290	\$ 745	\$ 735,396
Total contributions	<u>533,030</u>	<u>166,331</u>	<u>35,290</u>	<u>745</u>	<u>735,396</u>
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	<u>1,952,586</u>	<u>217,048</u>	<u>16,221</u>	<u>3,706</u>	<u>2,189,561</u>
Total additions	<u>2,485,616</u>	<u>383,379</u>	<u>51,511</u>	<u>4,451</u>	<u>2,924,957</u>
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	<u>458,250</u>	<u>50,281</u>	<u>8,289</u>	<u>201</u>	<u>517,021</u>
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	<u>10,621,973</u>	<u>1,358,498</u>	<u>148,307</u>	<u>13,463</u>	<u>12,142,241</u>
End of year	<u>\$12,649,339</u>	<u>\$1,691,596</u>	<u>\$191,529</u>	<u>\$17,713</u>	<u>\$14,550,177</u>

THE CITY OF NEW YORK
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2015
 (in thousands)

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and investments	<u>\$3,289,873</u>	<u>\$1,548,069</u>	<u>\$1,302,905</u>	<u>\$3,535,037</u>
LIABILITIES:				
Other	<u>\$3,289,873</u>	<u>\$1,548,069</u>	<u>\$1,302,905</u>	<u>\$3,535,037</u>

THE CITY OF NEW YORK
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2014
 (in thousands)

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
ASSETS:				
Cash and investments	<u>\$1,990,203</u>	<u>\$1,876,336</u>	<u>\$576,666</u>	<u>\$3,289,873</u>
LIABILITIES:				
Other	<u>\$1,990,203</u>	<u>\$1,876,336</u>	<u>\$576,666</u>	<u>\$3,289,873</u>



Staten Island Ferry

The City of New York

**Comprehensive
Annual Financial Report
of the
Comptroller**

SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL INFORMATION —
COMPONENT UNITS**

Part II-E

Fiscal Year Ended June 30, 2015



One World Trade Center

**THE CITY OF NEW YORK
NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION**

June 30, 2015
(in thousands)

	WTC Captive Insurance Company, Inc. December 31, 2014	Brooklyn Navy Yard Development Corporation	Industrial Development Agency	The Trust for Governors Island	Brooklyn Bridge Park Corporation	Business Relocation Assistance Corporation	Build NYC Resource Corporation	NYC Land Development Corporation	NYC Neighborhood Capital Corporation	Total
ASSETS:										
Cash and cash equivalents	\$ 6,257	\$ 11,224	\$ 3,048	\$ 867	\$ 58,939	\$ 425	\$ 4,290	\$ 5	\$ 80	\$ 85,135
Investments	314,209	—	47,381	—	—	—	4,034	—	—	365,624
Lease receivables	—	—	1,718,818	—	—	—	—	—	—	1,718,818
Other receivables	—	6,337	53	2,011	714	—	3	20	—	9,138
Restricted cash and investments	5,275	80,052	154,018	18,403	25,204	—	—	—	—	282,952
Other	113	1,177	—	4	43	—	—	—	—	1,337
Capital assets:										
Land and construction										
work-in-progress	—	—	—	78,226	83,971	—	—	—	—	162,197
Buildings and equipment	—	494,138	—	252,676	113,845	—	—	—	—	860,659
Accumulated depreciation	—	(139,211)	—	(12,289)	(13,966)	—	—	—	—	(165,466)
Total assets	325,854	453,717	1,923,318	339,898	268,750	425	8,327	25	80	3,320,394
DEFERRED OUTFLOWS OF RESOURCES	—	—	18,317	—	—	—	—	—	—	18,317
LIABILITIES:										
Accounts payable and										
accrued liabilities	5,392	7,053	443	13,250	9,827	3	47	20	5	36,040
Unearned revenues	—	16,465	325	16,136	19,999	—	—	—	—	52,925
Other	—	4,589	123,943	280	—	—	39	—	—	128,851
Derivative instruments-interest rate swaps	—	—	18,317	—	—	—	—	—	—	18,317
Noncurrent Liabilities:										
Due within one year	—	—	25,228	—	—	—	—	—	—	25,228
Bonds and notes payable (net of amount										
due within one year)	—	—	1,723,665	—	—	—	—	—	—	1,723,665
OPEB liability	—	—	—	192	63	—	—	—	—	255
Other (net of amount due within one year)	320,462	140,520	—	—	—	—	—	—	—	460,982
Total liabilities	325,854	168,627	1,891,921	29,858	29,889	3	86	20	5	2,446,263
NET POSITION:										
Net investment in capital assets	—	261,419	—	318,613	183,851	—	—	5	75	763,963
Restricted for:										
Capital projects	—	—	—	—	1,772	—	—	—	—	1,772
Loans/security deposits	—	4,589	—	—	—	422	—	—	—	5,011
Unrestricted (deficit)	—	19,082	49,714	(8,573)	53,238	—	8,241	—	—	121,702
Total net position	\$ —	\$ 285,090	\$ 49,714	\$ 310,040	\$ 238,861	\$ 422	\$ 8,241	\$ 5	\$ 75	\$ 892,448

THE CITY OF NEW YORK
NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION

June 30, 2014
(in thousands)

	WTC Captive Insurance Company, Inc. December 31, 2013	Brooklyn Navy Yard Development Corporation	Industrial Development Agency	The Trust for Governors Island	Brooklyn Bridge Park Corporation	Business Relocation Assistance Corporation	Build NYC Resource Corporation	NYC Land Development Corporation	Total
ASSETS:									
Cash and cash equivalents	\$ 290,914	\$ 8,552	\$ 19,832	\$ 1,336	\$ 40,096	\$ 524	\$ 1,519	\$ 5	\$ 362,778
Investments	36,892	—	30,448	—	—	—	4,302	—	71,642
Lease receivables	—	—	1,738,664	—	—	—	—	—	1,738,664
Other receivables	—	10,537	76	9,485	265	—	—	20	20,383
Restricted cash and investments	4,077	94,330	151,559	23,501	30,553	—	—	—	304,020
Other	39	1,191	—	3	2	—	—	—	1,235
Capital assets:									
Land and construction work-in-progress	—	—	—	141,346	44,570	—	—	—	185,916
Buildings and equipment	—	435,205	—	124,171	113,426	—	—	—	672,802
Accumulated depreciation	—	(127,127)	—	(3,167)	(8,378)	—	—	—	(138,672)
Total assets	331,922	422,688	1,940,579	296,675	220,534	524	5,821	25	3,218,768
DEFERRED OUTFLOWS OF RESOURCES	—	—	11,938	—	—	—	—	—	11,938
LIABILITIES:									
Accounts payable and accrued liabilities	4,182	3,820	934	19,202	9,916	6	50	20	38,130
Unearned revenues	—	16,994	367	23,496	22,991	—	—	—	63,848
Other	—	3,233	113,792	173	—	—	29	—	117,227
Derivative instruments-interest rate swaps	—	—	11,938	—	—	—	—	—	11,938
Noncurrent Liabilities:									
Due within one year	—	—	24,942	—	—	—	—	—	24,942
Bonds and notes payable (net of amount due within one year)	—	—	1,751,489	—	41	—	—	—	1,751,489
OPEB liability	—	—	—	353	—	—	—	—	394
Other (net of amount due within one year) ..	327,740	125,820	—	—	—	—	—	—	453,560
Total liabilities	331,922	149,867	1,903,462	43,224	32,948	6	79	20	2,461,528
NET POSITION:									
Net investment in capital assets	—	245,730	—	262,349	149,618	—	—	—	657,697
Restricted for:									
Capital projects	—	—	—	—	512	—	—	—	512
Loans/security deposits	—	3,233	—	—	—	518	—	—	3,751
Unrestricted (deficit)	—	23,858	49,055	(8,898)	37,456	—	5,742	5	107,218
Total net position	\$ —	\$ 272,821	\$ 49,055	\$ 253,451	\$ 187,586	\$ 518	\$ 5,742	\$ 5	\$ 769,178

**THE CITY OF NEW YORK
NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES**

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

	WTC Captive Insurance Company, Inc. December 31, 2014	Brooklyn Navy Yard Development Corporation	Industrial Development Agency	The Trust for Governors Island	Brooklyn Bridge Park Corporation	Business Relocation Assistance Corporation	Build NYC Resource Corporation	NYC Land Development Corporation	NYC Neighborhood Capital Corporation	Total
EXPENSES	\$ (3,627)	\$ 45,362	\$ 105,270	\$ 26,310	\$ 13,004	\$ 96	\$ 1,843	\$ 20	\$ 50	\$ 188,328
PROGRAM REVENUES:										
Charges for services	—	34,814	6,775	2,089	33,650	—	4,327	20	—	81,675
Operating grants and contributions	—	455	—	11,548	—	—	—	—	—	12,003
Capital grants, contributions and other	—	22,082	—	69,228	30,409	—	—	—	125	121,844
Total program revenues	—	57,351	6,775	82,865	64,059	—	4,327	20	125	215,522
Net (expenses) program revenues	3,627	11,989	(98,495)	56,555	51,055	(96)	2,484	—	75	27,194
GENERAL REVENUES:										
Investment (loss) income	(3,627)	280	193	25	35	—	15	—	—	(3,079)
Other	—	—	98,961	9	185	—	—	—	—	99,155
Total general revenue	(3,627)	280	99,154	34	220	—	15	—	—	96,076
Change in net position (deficit)	—	12,269	659	56,589	51,275	(96)	2,499	—	75	123,270
Net position—beginning	—	272,821	49,055	253,451	187,586	518	5,742	5	—	769,178
Net position—ending	\$ —	\$ 285,090	\$ 49,714	\$ 310,040	\$ 238,861	\$ 422	\$ 8,241	\$ 5	\$ 75	\$ 892,448

**THE CITY OF NEW YORK
NONMAJOR COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES**

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

	WTC Captive Insurance Company, Inc. December 31, 2013	Brooklyn Navy Yard Development Corporation	Industrial Development Agency	The Trust for Governors Island	Brooklyn Bridge Park Corporation	Business Relocation Assistance Corporation	Build NYC Resource Corporation	NYC Land Development Corporation	Total
EXPENSES	\$ (3,942)	\$ 45,937	\$ 108,811	\$ 16,057	\$ 19,293	\$ 53	\$ 215	\$ 20	\$ 186,444
PROGRAM REVENUES:									
Charges for services	—	34,642	7,420	1,142	42,445	—	3,256	20	88,925
Operating grants and contributions	—	435	—	11,356	—	—	—	—	11,791
Capital grants, contributions and other	—	20,185	—	103,930	39,441	—	—	—	163,556
Total program revenues	—	55,262	7,420	116,428	81,886	—	3,256	20	264,272
Net (expenses) program revenues	3,942	9,325	(101,391)	100,371	62,593	(53)	3,041	—	77,828
GENERAL REVENUES:									
Investment (loss) income	(3,942)	253	54	32	30	1	3	—	(3,569)
Other	—	—	99,680	9	16	—	—	—	99,705
Total general revenue	(3,942)	253	99,734	41	46	1	3	—	96,136
Change in net position (deficit)	—	9,578	(1,657)	100,412	62,639	(52)	3,044	—	173,964
Net position—beginning	—	263,243	50,712	153,039	124,947	570	2,698	5	595,214
Net position—ending	\$ —	\$ 272,821	\$ 49,055	\$ 253,451	\$ 187,586	\$ 518	\$ 5,742	\$ 5	\$ 769,178



Verrazano Narrows Bridge

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The People of The City of New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise The City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of The City's nonmajor governmental and fiduciary funds and each nonmajor component unit presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, and have issued our report thereon dated October 29, 2015.

We did not audit the financial statements of those entities disclosed in Note E.1 which represent 22 percent and 23 percent, as of and for the year ended June 30, 2015, of the assets and revenues of the government-wide financial statements, 6 percent and 7 percent, as of and for the year ended June 30, 2015, of the assets and revenues of the fund financial statements, 7 percent and 6 percent, as of and for the year ended June 30, 2015, of the assets and net position of the fiduciary fund financial statements, and 50 percent and 50 percent, as of and for the year ended June 30, 2015, 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.

Our report includes a reference to other auditors who audited the financial statement of entities listed in Note E.1 as described in our report on The City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Pension Trust Funds, The New York City Other Postemployment Benefit Plan, and New York City Technology Development Corporation which were audited by us; are audited in accordance with generally accepted auditing standards, but were not audited in accordance with *Government Auditing Standards* and, accordingly, are not covered by our reports in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the

purpose of expressing an opinion on the effectiveness of The City's internal control. Accordingly, we do not express an opinion on the effectiveness of The City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of The City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

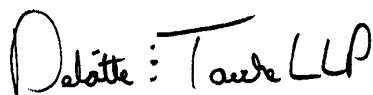
Compliance and Other Matters

As part of obtaining reasonable assurance about whether The City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the Audit Committee and management of The City in a separate letter dated October 29, 2015.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Deloitte : Touche LLP". The signature is written in a cursive, flowing style.

October 29, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The People of The City of New York:

Report on Compliance for Each Major Federal Program

We have audited The City of New York's ("The City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* ("OMB Circular A-133") that could have a direct and material effect on each of The City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The City's basic financial statements includes the operation of the New York City Health and Hospital Corporation and New York City Economic Development Corporation. These entities expended \$370,026,000 in federal funds and are included in the Consolidated Schedule of Expenditures of Federal Awards. Our audit of compliance did not include the operations of the entities listed in Note E.1, except as listed above, because those entities engaged other auditors or us to perform separate audits in accordance with OMB Circular A-133 or did not require an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The City's compliance.

Opinion on Each Major Federal Program

In our opinion, The City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, 2015-003, 2015-004, 2015-005, 2015-006, 2015-007, 2015-008, 2015-009, 2015-010, 2015-011, 2015-012, 2015-013, 2015-014, 2015-015, and 2015-016. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the accompanying, *Schedule of Findings and Questioned Costs*. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

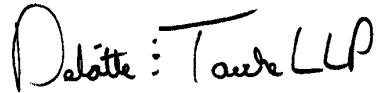
Management of The City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal programs on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal programs will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-003, 2015-005, 2015-007, 2015-010, 2015-015, and 2015-016, that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying *schedule of findings and questioned costs*. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Deloitte : Touche LLP

October 29, 2015

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THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF AGRICULTURE:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	NYS OTDA	\$ 262,719	\$ -
	10.561	NYS DOH	1,675	
	10.561	Direct Federal	2,741	
Child Nutrition Cluster:				
School Breakfast Program	10.553	Direct Federal	201	
	10.553	NYS ED	67,689	
National School Lunch Program	10.555	Direct Federal	329	
	10.555	NYS ED	299,697	
Summer Food Service Program for Children	10.559	NYS ED	25,807	
	10.559	NYS DOH	74	
Total Child Nutrition Cluster			393,797	-
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	NYS DOH	18,259	69,421
Child and Adult Care Food Program	10.558	NYS DOH	8,261	
	10.558	NYS ED	33,643	
Commodity Supplemental Food Program	10.565	NYS DOH	2,639	
	10.565	Direct Federal		33,189
Farm to School Grant Program	10.575	Direct Federal	18	
Child Nutrition Discretionary Grants Limited Availability	10.579	NYS ED	11	
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580	Direct Federal	459	
Fresh Fruit and Vegetable Program	10.582	NYS ED	1,328	
Cooperative Forestry Assistance	10.664	Direct Federal	368	
Total U.S. Department of Agriculture			725,918	102,610
U.S. DEPARTMENT OF COMMERCE:				
Coastal Zone Management Administration Awards	11.419	Direct Federal	27	
Office for Coastal Management	11.473	WCS	75	
ARRA—Broadband Technology Opportunities Program (BTOP)	11.557	Direct Federal	27	
Total U.S. Department of Commerce			129	-
U.S. DEPARTMENT OF DEFENSE:				
Procurement Technical Assistance for Business Firms	12.002	Direct Federal	300	
Military Medical Research and Development	12.420	Direct Federal	6	
Language Grant Program	12.900	Direct Federal	115	
Total U.S. Department of Defense			421	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Direct Federal	2,125	
Community Compass Technical Assistance and Capacity Building	14.259	Direct Federal	242	
Community Development Block Grants/Entitlement Grants	14.218	Direct Federal	198,783	
Urban Development Action Grants	14.221	Direct Federal	142	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Direct Federal	22,433	
	14.228	LMDC	11,836	
	14.228	NYC SBS	6,169	
Emergency Shelter Grants Program	14.231	Direct Federal	11,086	
Supportive Housing Program	14.235	Direct Federal	1,322	
Shelter Plus Care	14.238	Direct Federal	3,075	
HOME Investment Partnerships Program	14.239	Direct Federal	65,444	

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

(Continued)

THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Housing Opportunities for Persons with AIDS	14.241	Direct Federal	\$ 59,054	\$ -
Brownfield Economic Development Initiative	14.246	Direct Federal	99	
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	Direct Federal	1,377	
	14.251	NYC SBS	989	
Continuum of Care Program	14.267	Direct Federal	27,146	
Hurricane Sandy Community Development Block Grant				
Disaster Recovery Grants (CDBG-DR)	14.269	Direct Federal	356,845	
	14.269	NYC OMB	372	
	14.269	NYC SBS	29,533	
Lower Income Housing Assistance Program- Section 8 Moderate Rehabilitation	14.856	Direct Federal	14,304	
Section 8 Housing Choice Vouchers	14.871	Direct Federal	419,872	
Family Self-Sufficiency Program	14.896	Direct Federal	429	
Lead Hazard Reduction Demonstration Grant Program	14.905	Direct Federal	1,303	
			<u>1,233,980</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development				
U.S. DEPARTMENT OF THE INTERIOR:				
National Fish and Wildlife Foundation	15.663	Direct Federal	100	
Hurricane Sandy Program	15.979	Direct Federal	30	
Save America's Treasures	15.929	Direct Federal	84	
			<u>214</u>	<u>-</u>
Total U.S. Department of the Interior				
U.S. DEPARTMENT OF JUSTICE:				
Law Enforcement Assistance—Narcotics and Dangerous Drugs Training	16.004	Direct Federal	4,187	
Law Enforcement Assistance—National Crime Information Center	16.304	Direct Federal	12	
Services for Trafficking Victims	16.320	Direct Federal	199	
Juvenile Accountability Block Grants	16.523	Direct Federal	184	
	16.523	NYS DCJS	190	
Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528	Direct Federal	41	
Juvenile Justice and Delinquency Prevention—Allocation to States	16.540	NYS DCJS	41	
	16.540	Direct Federal	35	
Missing Children's Assistance	16.543	Direct Federal	441	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	Direct Federal	624	
Public Safety Officers' Benefits Programs	16.571	Direct Federal	126	
Crime Victim Assistance	16.575	NYS OVS	904	
Edward Byrne Memorial Formula Grant Program	16.579	NYS DCJS	563	
Crime Victim Assistance/ Discretionary Grants	16.582	Direct Federal	5	
Drug Court Discretionary Grant Program	16.585	Direct Federal	200	
Violence Against Women Formula Grants	16.588	Direct Federal	343	
	16.588	NYS DCJS	578	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	Direct Federal	463	
	16.590	NYS DCJS	45	
Residential Substance Abuse Treatment for State Prisoners	16.593	Direct Federal	40	
State Criminal Alien Assistance Program	16.606	Direct Federal	5,962	
Bulletproof Vest Partnership Program	16.607	Direct Federal	2	
PREA Program: Demonstration Projects to Establish " Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities	16.735	Direct Federal	312	
Edward Byrne Memorial Justice Assistance Grant Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct Federal	4,059	
	16.738	NYS DCJS	950	
ARRA—Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	NYS DCJS	31	
Total Edward Byrne Memorial Justice Assistance Grant Program Cluster			<u>5,040</u>	<u>-</u>

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

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THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Forensic DNA Backlog Reduction Program	16.741	Direct Federal	\$ 1,260	\$ -
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	Direct Federal	60	
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Direct Federal	401	
Edward Byrne Memorial Competitive Grant Program	16.751	Direct Federal	171	
Economic High-Tech and Cyber Crime Prevention	16.752	Direct Federal	297	
Harold Rogers Prescription Drug Monitoring Program	16.754	Direct Federal	220	
Second Chance Act Prisoner Reentry Initiative	16.812	Direct Federal	1,156	
Northern Border Prosecution Initiative Program	16.814	Direct Federal	57	
Byrne Criminal Justice Innovation Program	16.817	Direct Federal	27	
Postconviction Testing of DNA Evidence to Exonerate the Innocent	16.820	NYS DCJS	453	
Equitable Sharing Program	16.922	Direct Federal	19,829	
Total U.S. Department of Justice			<u>44,468</u>	<u>-</u>
U.S. DEPARTMENT OF LABOR:				
Senior Community Service Employment Program	17.235	NYS OFA	3,544	
	17.235	Direct Federal	301	
Trade Adjustment Assistance	17.245	Direct Federal	865	
Farm to School Grant program	17.274	Direct Federal	594	
Hurricane Sandy Disaster Relief Appropriations Act Supplemental National Emergency Grants (NEGs)	17.284	Direct Federal	711	
WIOA Cluster:				
WIOA Adult Program	17.258	Direct Federal	26,150	
WIOA Youth Activities	17.259	Direct Federal	25,149	
WIOA Dislocated Workers Formula Grants	17.278	Direct Federal	13,126	
Total WIOA Cluster			<u>64,425</u>	<u>-</u>
WIOA National Emergency Grants	17.277	Direct Federal	5,498	-
Total U.S. Department of Labor			<u>75,938</u>	<u>-</u>
U.S. DEPARTMENT OF STATE:				
Professional and Cultural Exchange Programs	19.012	Direct Federal	23,545	
Cultural Technical and Educational Centers	19.015	Direct Federal	964	
Total U.S. Department of State			<u>24,509</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION:				
Airport Improvement Program	20.106	Direct Federal	14,000	
Highway Planning and Construction	20.205	NYS DOT	269,696	
	20.205	NYC DOT	4,746	
	20.205	Direct Federal	14,531	
	20.205	NYMTC	2,754	
	20.205	NYS DHSES	39,982	
Federal Transit Cluster:				
Federal Transit—Capital Investment Grants	20.500	Direct Federal	16,572	
Federal Transit—Formula Grants	20.507	Direct Federal	19,649	
	20.507	NYS DOT	205	
Total Federal Transit Cluster			<u>36,426</u>	<u>-</u>
Federal Transit Administration—Metropolitan Transportation Planning	20.505	Direct Federal	2,205	
	20.505	NYMTC	1,806	
	20.505	NYS DOT	7,131	
	20.505	NYC DOT	890	
Transit Services Programs Cluster:				
Federal Transit Administration—Job Access— Reverse Commute	20.516	Direct Federal	4,302	
Federal Transit Administration—New Freedom Program	20.521	Direct Federal	1,011	
Total Transit Services Programs Cluster			<u>5,313</u>	<u>-</u>
Paul S. Sarbanes Transit in the Parks	20.520	Direct Federal	162	

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

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THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Alternatives Analysis	20.522	Direct Federal	\$ 76	\$ -
Public Transportation Emergency Relief Program	20.527	Direct Federal	6,751	
State and Community Highway Safety	20.600	NYS DMV	603	
	20.600	NYS GTSC	106	
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	NYS GTSC	329	
National Infrastructure Investments	20.933	Direct Federal	2,546	
Total U.S. Department of Transportation			410,053	-
U.S. TREASURY:				
Equitable Sharing Program—Treasury	21.unknown	Direct Federal	6,457	
Total U.S. Treasury			6,457	-
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION:				
Employment Discrimination—State and Local Fair Employment Practices Agency Contracts	30.002	Direct Federal	61	
Total U.S. Equal Employment Opportunity Commission			61	-
U.S. General Services Administration				
Public Buildings Services	39.012	Direct Federal	2,645	
Total U.S. General Services Administration			2,645	-
U.S. NATIONAL ENDOWMENT FOR THE ARTS:				
National Leadership Grants	45.312	Direct Federal	38	
Total U.S. National Endowment for the Arts			38	-
U.S. DEPARTMENT OF VETERANS AFFAIRS:				
VA Homeless Providers Grants and Per Diem Program	64.024	Direct Federal	1,875	
Total U.S. Department of Veterans Affairs			1,875	-
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
Congressionally Mandated Projects	66.202	Direct Federal	22	
Long Island Sound Program	66.437	Direct Federal	20	
Urban Waters Small Grants	66.440	Direct Federal	3	
Regional Wetland Program Development Grants	66.461	Direct Federal	61	
Beach Monitoring and Notification Program Implementation Grants	66.472	NYS DOH	45	
Science to Achieve Results (STAR) Research Program	66.509	Direct Federal	109	
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	Direct Federal	945	
	66.818	NYC OER	443	
Total U.S. Environmental Protection Agency			1,648	-

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

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THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF ENERGY:				
Office of Scientific and Technical Information	81.064	Direct Federal	\$ 38	\$ -
Energy Efficiency and Renewable Energy Information Dissemination				
Defense Nuclear Non-proliferation Research	81.113	Direct Federal	16	
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	NYC SBS	1	
ARRA—Energy Efficiency and Conservation Block Grant (EECBG)	81.128	Direct Federal	<u>2,370</u>	
Total U.S. Department of Energy			<u>2,425</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION:				
Title I Grants to Local Educational Agencies	84.010	NYS ED	665,239	
Reserve Officers Training Corps.	84.unknown	Direct Federal	3,174	
Special Education Cluster:				
Special Education Grants to States	84.027	NYS ED	261,753	
Special Education—Preschool Grants	84.173	NYS ED	<u>8,029</u>	
Total Special Education Cluster			<u>269,782</u>	<u>-</u>
Impact Aid	84.041	Direct Federal	5,250	
TRIO—Student Support Services	84.042	CUNY	705	
Career and Technical Education—Basic Grants to States	84.048	NYS ED	13,215	
Magnet Schools Assistance	84.165	NYS ED	8,200	
Special Education—Grants for Infants and Families	84.181	NYS DOH	2,463	
Safe and Drug-Free Schools and Communities—State Grants	84.186	NYS ED	364	
Education for Homeless Children and Youth	84.196	NYS ED	1,499	
Fund for the Improvement of Education	84.215	Direct Federal	573	
Twenty-First Century Community Learning Centers	84.287	NYS ED	20,085	
Education Research, Development and Dissemination	84.305	Rand Corp.	8	
	84.305	NYU	83	
Advanced Placement Program (AP Test Fee: AP Incentive Program Grants)	84.330	Direct Federal	140	
	84.330	NYS ED	44	
Arts in Education	84.351	Direct Federal	957	
School Leadership	84.363	Direct Federal	219	
English Language Acquisition Grants	84.365	NYS ED	34,150	
Mathematics and Science Partnerships	84.366	NYS ED	2,200	
Improving Teacher Quality State Grants	84.367	NYS ED	106,000	
Teacher Incentive Fund	84.374	NYS ED	17,799	
School Improvement Grant Cluster:				
School Improvement Grants	84.377	NYS ED	52,429	
ARRA—School Improvement Grant, Recovery Act	84.388	NYS ED	<u>1,311</u>	
Total School Improvement Grant Cluster:			<u>53,740</u>	<u>-</u>
ARRA—Race to the Top Incentive	84.395	NYS ED	25,870	
ARRA—State Fiscal Stabilization Fund (SFSF)—Investing in Innovation Fund, Recovery Act	84.396	NYS ED	1,641	
Investing in Innovation (13) Fund	84.411	Direct Federal	363	
Promoting Readiness of Minors in Supplemental Security Income	84.418	Direct Federal	<u>198</u>	
Total U.S. Department of Education			<u>1,233,961</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Special Programs for the Aging—Title VII, Chapter 2—Long Term Care				
Ombudsman Services for Older Individuals	93.042	NYS OFA	321	
Special Programs for the Aging—Title III, Part D—Disease Prevention and Health Promotion Services				
	93.043	NYS OFA	605	

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

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THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Aging Cluster:				
Special Programs for the Aging—Title III, Part B— Grants for Supportive Services and Senior Centers	93.044	NYS OFA	\$ 10,432	\$ -
Special Programs for the Aging—Title III, Part C—Nutrition Services	93.045	NYS OFA	18,707	
Nutrition Services Incentive Program	93.053	NYS OFA	9,417	
Total Aging Cluster			<u>38,556</u>	<u>-</u>
National Family Caregiver Support Title III, Part E	93.052	NYS OFA	3,636	
Training in General, Pediatric, and Public Health Dentistry	93.059	Direct Federal	214	
Environmental Public Health and Emergency Response	93.070	FPHNY	75	
Medicare Enrollment Assistance Program	93.071	NYS OFA	172	
Hospital Preparedness Program & Public Health Emergency Preparedness				
Aligned Cooperative Agreements	93.074	PHS	15,147	
Sodium Reduction in Communities	93.082	FPHNY	109	
Hurricane Sandy Relief Cluster:				
HHS Programs for Disaster Relief Appropriations Act-Non-Construction	93.095	NYS DOH	1,254	
	93.095	New York University	45	
	93.095	University of Pittsburg	56	
	93.095	Columbia University	53	
HHS Programs for Diaster Relief Appropriations Act- Construction	93.096	Direct Federal	457	
Total Hurricane Sandy Relief Cluster			<u>1,865</u>	<u>-</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Direct Federal	4,777	
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	Ed. Dev. Center, Inc.	275	
Emergency Medical Services for Children	93.127	Direct Federal	218	
Injury Prevention and Control Research, State and Community Based Programs	93.136	HRI	40	
	93.136	NYS DOH	25	
Community Programs to Improve Minority Health Grant Program	93.137	Direct Federal	217	
Projects for Assistance in Transition from Homelessness (PATH)	93.150	NYS OMH	2,731	
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	Direct Federal	1,282	
	93.153	Montefiore	420	
Research and Training in Complementary and Alternative Medicine	93.213	Direct Federal	5	
Family Planning—Services	93.217	NYS DOH	1,403	
Research on Healthcare Costs, Quality and Outcomes	93.226	Direct Federal	14	
Mental Health Research Grants	93.242	Direct Federal	13	
	93.242	CUNY	249	
	93.242	Columbia University	18	
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	Direct Federal	1,211	
	93.243	ASCNYC	90	
Poison Control Stabilization and Enhancement Grants	93.253	Direct Federal	719	
Occupational Safety and Health Program	93.262	Direct Federal	7,522	
	93.262	RFMH	43	
	93.262	Columbia University	100	
Immunization Grants	93.268	Direct Federal	494	98,045
	93.268	NYC DoHMH		20,765
Drug Abuse and Addiction Research Programs	93.279	St. Luke Roosevelt	127	
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.283	Direct Federal	2,915	

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THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Teenage Pregnancy Prevention Program	93.297	FPHNY	\$ 792	\$ -
Partnerships to Improve Community Health	93.331	FPHNY	11	
Non-ACA/PPHF- Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424	Direct Federal	89	
National Center for Advancing Translational Sciences	93.350	Direct Federal	353	
	93.350	NYU School of Medicine	266	
Nursing Research	93.361	Direct Federal	251	
Cancer Cause and Prevention Research	93.393	Direct Federal	129	
Cancer Treatment Research	93.395	Direct Federal	38	
Cancer Control	93.399	Direct Federal	290	
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	Direct Federal	42	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Programs	93.505	NYS DOH	897	
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	Direct Federal	443	
The Affordable Care Act: Building Epidemiology, Laboratory & Health Information Systems Capacity in the Epidemiology & Laboratory Capacity for Infectious Disease and Emerging Infections Program Cooperative Agreement	93.521	Direct Federal	10,246	
PPHF 2012: Community Transformation Grants and National Dissemination & Support for Community Transformation Grants	93.531	FPHNY	526	
Affordable Care Act: National Environmental Public Health Tracking Program—Network Implementation	93.538	Direct Federal	4,051	
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	Direct Federal	1,640	
Promoting Safe and Stable Families	93.556	NYS OTDA	18,803	
Temporary Assistance for Needy Families	93.558	Direct Federal	2,177	
	93.558	NYS DOH	1,549	
	93.558	NYS OTDA	1,263,289	
	93.558	NYS DOS	14,454	
Child Support Enforcement	93.563	NYS OTDA	85,792	
	93.563	Direct Federal	600	
Low-Income Home Energy Assistance	93.568	Direct Federal	30	
	93.568	NYS OTDA	43,695	
Community Services Block Grant	93.569	NYS DOS	31,073	
Child Care and Development Block Grant	93.575	NYS OCFS	9,969	
	93.575	NYS OTDA	489,702	
	93.575	Direct Federal	88	
Refugee and Entrant Assistance-Discretionary Grants	93.576	Direct Federal	9	
	93.576	NYS OTDA	852	
Head Start	93.600	Direct Federal	130,794	
Assistance for Torture Victims	93.604	Direct Federal	633	
Health Care Innovation Awards (HCIA)	93.610	Direct Federal	1,746	
	93.610	FPHNY	1,408	
Voting Access for Individuals with Disabilities—Grants to States	93.617	NYS Board of Elections	144	
Foster Care—Title IV—E	93.658	Direct Federal	3,076	
	93.658	NYS OTDA	257,911	
Adoption Assistance	93.659	Direct Federal	22	
	93.659	NYS OTDA	92,506	
Social Services Block Grant	93.667	Direct Federal	14,772	
	93.667	NYS OTDA	138,289	
	93.667	NYS OCFS	46,626	
Chafee Foster Care Independence Program	93.674	NYS OTDA	7,470	

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THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

(In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Child Lead Poisoning Prevention Surveillance Financed in part by Prevention and Public Health (PPHF) Program	93.753	Direct Federal	\$ 89	\$ -
State Children's Health Insurance Program Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.767	NYS DOH	14,696	
Medical Assistance Program (Medicaid)	93.733	Direct Federal	708	
Medical Assistance Program (New Medicaid)	93.778	NYS DOH	16,880,313	
	93.778	Direct Federal	372	
	93.778	NYS OTDA	271,250	
	93.778	NYS DOH	27,760	
	93.778	NYS Medicaid	30,193	
	93.778	FPHNY	388	
	93.778	Direct Federal	9,602	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	NYS OFA	578	
Cardiovascular Diseases Research	93.837	Direct Federal	41	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Direct Federal	7	
	93.847	FPHNY	279	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct Federal	108	
Allergy, Immunology and Transplantation Research	93.855	Direct Federal	43	
	93.855	University of California	89	
	93.855	Columbia University	197	
Child Health and Human Development Extramural Research	93.865	Direct Federal	266	
HIV Emergency Relief Project Grants	93.914	Direct Federal	100,443	
	93.914	PHS	9,213	
HIV Care Formula Grants	93.917	HRI	419	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	Direct Federal	2,225	
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	Direct Federal	820	
Healthy Start Initiative	93.926	FPHNY	128	
Special Projects of National Significance	93.928	Direct Federal	781	
National Institute of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	Direct Federal	62	
HIV Prevention Activities—Non-Governmental Organization Based	93.939	Direct Federal	1,545	
HIV Prevention Activities—Health Department Based	93.940	Direct Federal	27,215	
	93.940	PHS	3,256	
	93.940	NYS DOH	223	
Epidemiological Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	Direct Federal	63	
Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	Direct Federal	6,232	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	Direct Federal	271	
Block Grants for Community Mental Health Services	93.958	Direct Federal	828	
	93.958	NYS OMH	15,740	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Direct Federal	4,093	
	93.959	NYS OASAS	27,706	
Preventive Health Services—Sexually Transmitted Diseases Control Grants	93.977	Direct Federal	6,137	
Mental Health Disaster Assistance and Emergency Mental Health	93.982	FPHNY	18	
	93.982	Direct Federal	167	
Preventive Health and Health Services Block Grant	93.991	NYS DOH	96	
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH	3,609	
Total U.S. Department of Health and Human Services			<u>20,211,420</u>	<u>118,810</u>

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

(Continued)

THE CITY OF NEW YORK

CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015 (In thousands)

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES:				
Foster Grandparent Program	94.011	Direct Federal	\$ 1,618	\$ -
Total Corporation for National and Community Services			<u>1,618</u>	<u>-</u>
SOCIAL SECURITY ADMINISTRATION				
Supplemental Security Income	96.006	Direct Federal	<u>664</u>	<u>-</u>
Total Social Security Administration			<u>664</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Emergency Food and Shelter National Board Program	97.024	NYS OTDA	44	
National Urban Search and Rescue Response System	97.025	Direct Federal	1,498	
	97.025	NYS DHSES	246	
Crisis Counseling	97.032	Public Health Solutions	7,195	
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	NYS DHSES	331,752	
	97.036	NYC OMB	87,932	
	97.036	NYC SBS/Other Agencies	78,075	
Emergency Management Performance Grants	97.042	NYS DHSES	956	
Assistance to Firefighters Grant	97.044	Direct Federal	19	
Cooperating Technical Partners	97.045	Direct Federal	280	
Pre-Disaster Mitigation	97.047	NYS DHSES	266	
Interoperable Communications Equipment	97.055	NYS DHSES	219	
Port Security Grant Program	97.056	Direct Federal	10,758	
	97.056	PANY&NJ	15,611	
Homeland Security Grant Program	97.067	Direct Federal	5,475	
	97.067	NYS DHSES	216,847	
Rail and Transit Security Grant Program	97.075	MTA	22,290	
	97.075	Direct Federal	5,200	
Homeland Security Research, Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection	97.077	Direct Federal	9	
Homeland Security Biowatch Program	97.091	Direct Federal	3,145	
Securing the Cities	97.106	Direct Federal	15,666	
ARRA - Port Security Grant Program	97.116	Direct Federal	112	
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	NYS DHSES	<u>830</u>	
Total U.S. Department of Homeland Security			<u>804,425</u>	<u>-</u>
TOTAL CONSOLIDATED EXPENDITURES OF FEDERAL AWARDS			<u>\$24,782,867</u>	<u>\$221,420</u>

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

See accompanying notes to consolidated schedule of expenditures of Federal awards.

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THE CITY OF NEW YORK

EXHIBIT 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF AGRICULTURE:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	NYS OTDA	\$ 262,719	\$ -
	10.561	NYS DOH	1,675	
	10.561	Direct Federal	2,741	
Child Nutrition Cluster:				
School Breakfast Program	10.553	Direct Federal	201	
	10.553	NYS ED	147	
National School Lunch Program	10.555	Direct Federal	329	
	10.555	NYS ED	179	
Summer Food Service Program for Children	10.559	NYS DOH	74	
Total Child Nutrition Cluster			930	-
Child and Adult Care Food Program	10.558	NYS DOH	8,261	
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580	Direct Federal	459	
Cooperative Forestry Assistance	10.664	Direct Federal	368	
Total U.S. Department of Agriculture			277,153	-
U.S. DEPARTMENT OF COMMERCE:				
Coastal Zone Management Administration Awards	11.419	Direct Federal	27	
ARRA—Broadband Technology Opportunities Program (BTOP)	11.557	Direct Federal	27	
Total U.S. Department of Commerce			54	-
U.S. DEPARTMENT OF DEFENSE:				
Procurement Technical Assistance for Business Firms	12.002	Direct Federal	300	
Total U.S. Department of Defense			300	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	Direct Federal	2,125	
Community Compass Technical Assistance and Capacity Building	14.259	Direct Federal	242	
Community Development Block Grants/Entitlement Grants	14.218	Direct Federal	198,783	
Urban Development Action Grants	14.221	Direct Federal	142	
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Direct Federal	22,433	
	14.228	LMDC	11,836	
Emergency Shelter Grants Program	14.231	Direct Federal	11,086	
Supportive Housing Program	14.235	Direct Federal	1,322	
Shelter Plus Care	14.238	Direct Federal	3,075	
HOME Investment Partnerships Program	14.239	Direct Federal	65,444	
Housing Opportunities for Persons with AIDS	14.241	Direct Federal	59,054	
Brownfield Economic Development Initiative	14.246	Direct Federal	99	
Economic Development Initiative—Special Projects	14.251	Direct Federal	1,377	
Continuum of Care Program	14.267	Direct Federal	27,146	
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	Direct Federal	356,845	
Lower Income Housing Assistance Program- Section 8 Moderate Rehabilitation	14.856	Direct Federal	14,304	
Section 8 Housing Choice Vouchers	14.871	Direct Federal	419,872	
Family Self - Sufficiency Program	14.896	Direct Federal	429	
Lead Hazard Reduction Demonstration Grant Program	14.905	Direct Federal	1,303	
Total U.S. Department of Housing and Urban Development			1,196,917	-

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF THE INTERIOR:				
National Fish and Wildlife Foundation	15.663	Direct Federal	\$ 100	\$ -
Hurricane Sandy Program	15.979	Direct Federal	30	
Save America's Treasures	15.929	Direct Federal	84	
Total U.S. Department of the Interior			<u>214</u>	<u>-</u>
U.S. DEPARTMENT OF JUSTICE:				
Law Enforcement Assistance—Narcotics and Dangerous Drugs Training	16.004	Direct Federal	4,187	
Law Enforcement Assistance—National Crime Information Center	16.304	Direct Federal	12	
Services for Trafficking Victims	16.320	Direct Federal	199	
Juvenile Accountability Block Grants	16.523	NYS DCJS	190	
	16.523	Direct Federal	184	
Enhanced Training and Services to End Violence and Abuse of Women Later in Life	16.528	Direct Federal	41	
Juvenile Justice and Delinquency Prevention—Allocation to States	16.540	NYS DCJS	41	
	16.540	Direct Federal	35	
Missing Children's Assistance	16.543	Direct Federal	441	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	Direct Federal	624	
Public Safety Officer's Benefits Program	16.571	Direct Federal	126	
Crime Victim Assistance	16.575	NYS OVS	212	
Edward Byrne Memorial Formula Grant Program	16.579	NYS DCJS	563	
Crime Victim Assistance/ Discretionary Grants	16.582	Direct Federal	5	
Drug Court Discretionary Grant Program	16.585	Direct Federal	200	
Violence Against Women Formula Grants	16.588	Direct Federal	343	
	16.588	NYS DCJS	532	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	Direct Federal	463	
	16.590	NYS DCJS	45	
Residential Substance Abuse Treatment for State Prisoners	16.593	Direct Federal	40	
State Criminal Alien Assistance Program	16.606	Direct Federal	5,962	
Bulletproof Vest Partnership Program	16.607	Direct Federal	2	
PREA Program Demonstration Projects to Establish "Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities	16.735	Direct Federal	312	
Edward Byrne Memorial Justice Assistance Grant Program Cluster: Edward Byrne Memorial Justice Assistance Grant Program	16.738	Direct Federal	4,059	
	16.738	NYS DCJS	950	
ARRA—Recovery Act-Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	NYS DCJS	<u>31</u>	<u>-</u>
Total Edward Byrne Memorial Justice Assistance Grant Program Cluster			<u>5,040</u>	<u>-</u>
Forensic DNA Backlog Reduction Program	16.741	Direct Federal	1,260	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	Direct Federal	60	
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Direct Federal	401	
Edward Byrne Memorial Competitive Grant Program	16.751	Direct Federal	171	
Economic High-Tech and Cyber Crime Prevention	16.752	Direct Federal	297	
Harold Rogers Prescription Drug Monitoring Program	16.754	Direct Federal	220	
Second Chance Act Prisoner Reentry Initiative	16.812	Direct Federal	1,156	
Northern Border Prosecution Initiative Program	16.814	Direct Federal	57	
Byrne Criminal Justice Innovation Program	16.817	Direct Federal	27	
Postconviction Testing of DNA Evidence to Exonerate the Innocent	16.820	NYS DCJS	453	
Equitable Sharing Program	16.922	Direct Federal	19,829	
Total U.S. Department of Justice			<u>43,730</u>	<u>-</u>

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U. S. DEPARTMENT OF LABOR:				
Senior Community Service Employment Program	17.235	NYS OFA	\$ 3,544	\$ -
	17.235	Direct Federal	301	
Trade Adjustment Assistance	17.245	Direct Federal	865	
Hurricane Sandy Disaster Relief Appropriations Act Supplemental National Emergency Grants (NEGs)	17.284	Direct Federal	711	
WIOA CLUSTER:				
WIOA Adult Program	17.258	Direct Federal	26,150	
WIOA Youth Activities	17.259	Direct Federal	25,149	
WIOA Dislocated Workers Formula Grants	17.278	Direct Federal	13,126	
Total WIOA Cluster			<u>64,425</u>	<u>-</u>
WIOA National Emergency Grants	17.277	Direct Federal	5,498	-
Total U.S. Department of Labor			<u>75,344</u>	<u>-</u>
U.S. DEPARTMENT OF STATE:				
Professional and Cultural Exchange Programs	19.012	Direct Federal	23,545	
Cultural Technical and Educational Centers	19.015	Direct Federal	964	
Total U.S. Department of State			<u>24,509</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION:				
Highway Planning and Construction	20.205	NYS DOT	269,696	
	20.205	Direct Federal	14,531	
	20.205	NYMTC	2,754	
	20.205	NYS DHSES	39,982	
Federal Transit Cluster:				
Federal Transit—Capital Investment Grants	20.500	Direct Federal	16,572	
Federal Transit—Formula Grants	20.507	NYS DOT	205	
	20.507	Direct Federal	19,649	
Total Federal Transit Cluster			<u>36,426</u>	<u>-</u>
Federal Transit Administration—Metropolitan Transportation Planning	20.505	NYMTC	1,806	
	20.505	Direct Federal	2,205	
	20.505	NYS DOT	7,131	
Transit Services Programs Cluster:				
Federal Transit Administration—Job Access and Reverse Commute Program	20.516	Direct Federal	4,302	
Federal Transit Administration—New Freedom Program	20.521	Direct Federal	1,011	
Total Transit Services Programs Cluster			<u>5,313</u>	<u>-</u>
Paul S. Sarbanes Transit in the Parks	20.520	Direct Federal	162	
Alternatives Analysis	20.522	Direct Federal	76	
Public Transportation Emergency Relief Program	20.527	Direct Federal	6,751	
State and Community Highway Safety	20.600	NYS DMV	500	
	20.600	NYS GTSC	106	
National Highway Traffic Safety Administration (NHTSA) Discretionary Grants	20.614	NYS GTSC	329	
National Infrastructure Investments	20.933	Direct Federal	2,546	
Total U.S. Department of Transportation			<u>390,314</u>	<u>-</u>

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. TREASURY:				
Equitable Sharing Program—Treasury	21.unknown	Direct Federal	\$ 6,457	\$ -
Total U.S. Treasury			6,457	-
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION:				
Employment Discrimination—State and Local Fair Employment Practices Agency Contracts	30.002	Direct Federal	61	
Total U.S. Equal Employment Opportunity Commission			61	-
U.S. GENERAL SERVICES ADMINISTRATION:				
Public Buildings Service	39.012	Direct Federal	2,645	
Total U.S. General Services Administration			2,645	-
U.S. DEPARTMENT OF VETERANS AFFAIRS:				
VA Homeless Providers Grants and Per Diem Program	64.024	Direct Federal	1,875	
Total U.S. Department of Veterans Affairs			1,875	-
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
Congressionally Mandated Projects	66.202	Direct Federal	22	
Long Island Sound Program	66.437	Direct Federal	20	
Urban Waters Small Grants	66.440	Direct Federal	3	
Regional Wetland Program Development Grants	66.461	Direct Federal	61	
Beach Monitoring and Notification Program Implementation Grants	66.472	NYS DOH	45	
Science to Achieve Results (STAR) Research Program	66.509	Direct Federal	109	
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	Direct Federal	945	
Total U.S. Environmental Protection Agency			1,205	-
U.S. DEPARTMENT OF ENERGY:				
Office of Scientific and Technical Information	81.064	Direct Federal	38	
Energy Efficiency and Renewable Energy Information Dissemination				
Defense Nuclear Non-proliferation Research	81.113	Direct Federal	16	
ARRA—Energy Efficiency and Conservation Block Grant (EECBG)	81.128	Direct Federal	2,370	
Total U.S. Department of Energy			2,424	-
U.S. DEPARTMENT OF EDUCATION:				
TRIO—Student Support Services	84.042	CUNY	705	
Special Education—Grants for Infants and Families	84.181	NYS DOH	2,463	
Total U.S. Department of Education			3,168	-

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Special Programs for the Aging—Title VII, Chapter 2—Long Term Care Ombudsman Services for Older Individuals	93.042	NYS OFA	\$ 321	\$ -
Special Programs for the Aging—Title III, Part D—Disease Prevention and Health Promotion Services	93.043	NYS OFA	605	
Aging Cluster:				
Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	93.044	NYS OFA	10,432	
Special Programs for the Aging—Title III, Part C—Nutrition Services	93.045	NYS OFA	18,707	
Nutrition Services Incentive Program	93.053	NYS OFA	9,417	
Total Aging Cluster			<u>38,556</u>	<u>-</u>
National Family Caregiver Support Title III, Part E	93.052	NYS OFA	3,636	
Environmental Public Health and Emergency Response	93.070	FPHNY	75	
Medicare Enrollment Assistance Program	93.071	NYS OFA	172	
Hospital Preparedness Program & Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	PHS	15,097	
Sodium Reduction in Communities	93.082	FPHNY	109	
Hurricane Sandy Relief Cluster:				
HHS Programs for Disaster Relief Appropriations Act—Non Construction	93.095	New York University	45	
	93.095	University of Pittsburgh	56	
	93.095	Columbia University	53	
HHS Programs for Disaster Relief Appropriations Act - Construction	93.096	Direct Federal	457	
Total Hurricane Sandy Relief Cluster:			<u>611</u>	<u>-</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	Direct Federal	4,777	
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	Ed. Dev. Center, Inc.	275	
Emergency Medical Services for Children	93.127	Direct Federal	218	
Injury Prevention and Control Research, State and Community Based Programs	93.136	HRI	40	
Community Programs to Improve Minority Health Grant Program	93.137	Direct Federal	137	
Projects For Assistance in transition From Homeless (PATH)	93.150	NYS OMH	2,731	
Research on Healthcare Costs, Quality and Outcomes	93.226	Direct Federal	14	
Mental Health Research Grants	93.242	CUNY	249	
	93.242	Columbia University	18	
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	Direct Federal	623	
	93.243	ASCNYC	90	
Occupational Safety and Health Program	93.262	Direct Federal	7,446	
	93.262	RFMH	43	
	93.262	Columbia University	100	
Immunization Grants	93.268	Direct Federal	494	98,045
Drug Abuse and Addiction Research Programs	93.279	St.Luke Roosevelt	127	
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.283	Direct Federal	2,686	
Teenage Pregnancy Prevention Program	93.297	FPHNY	757	
Partnerships to Improve Community Health	93.331	FPHNY	11	
Non-ACA/PPHF- Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	93.424	Direct Federal	89	
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	NYS DOH	897	
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	Direct Federal	443	
The Affordable Care Act: Building Epidemiology, Laboratory & Health Information Systems Capacity in the Epidemiology & Laboratory Capacity for Infectious Disease and Emerging Infections Program	93.521	Direct Federal	10,246	
PPHF 2012: Community Transformation Grants and National Dissemination & Support for Community Transformation Grants	93.531	FPHNY	526	

CFDA * = Catalog of Federal Domestic Assistance; bold Federal programs are ARRA—funded.

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Affordable Care Act: National Environmental Public Health Tracking Program—Network Implementation	93.538	Direct Federal	\$ 4,051	\$ -
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	Direct Federal	1,640	
Promoting Safe and Stable Families	93.556	NYS OTDA	18,803	
Temporary Assistance for Needy Families	93.558	Direct Federal	2,177	
	93.558	NYS DOH	1,549	
	93.558	NYS OTDA	1,263,289	
	93.558	NYS DOS	14,454	
Child Support Enforcement	93.563	NYS OTDA	85,792	
	93.563	Direct Federal	600	
Low-Income Home Energy Assistance	93.568	Direct Federal	30	
	93.568	NYS OTDA	43,695	
Community Services Block Grant	93.569	NYS DOS	31,073	
Child Care and Development Block Grant	93.575	NYS OCFS	9,969	
	93.575	NYS OTDA	489,702	
	93.575	Direct Federal	65	
Refugee and Entrant Assistance—Discretionary Grants	93.576	Direct Federal	9	
	93.576	NYS OTDA	852	
Head Start	93.600	Direct Federal	130,794	
Health Care Innovation Awards (HCIA)	93.610	FPHNY	970	
Voting Access for Individuals with Disabilities—Grants to States	93.617	NYS Board of Elections	144	
Foster Care—Title IV—E	93.658	Direct Federal	3,076	
	93.658	NYS OTDA	257,911	
Adoption Assistance	93.659	Direct Federal	22	
	93.659	NYS OTDA	92,506	
Social Services Block Grant	93.667	Direct Federal	14,772	
	93.667	NYS OTDA	138,289	
	93.667	NYS OCFS	46,626	
	93.674	NYS OTDA	7,470	
Chafee Foster Care Independence Program				
Child Lead Poisoning Prevention Surveillance Financed in part by Prevention and Public Health (PPHF) program	93.753	Direct Federal	89	
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.733	Direct Federal	708	
Medical Assistance Program (Medicaid)	93.778	NYS DOH	16,880,305	
Medical Assistance Program (New Medicaid)	93.778	Direct Federal	372	
	93.778	NYS OTDA	271,250	
	93.778	NYS DOH	310	
	93.778	NYS Medicaid	30,193	
	93.778	FPHNY	388	
	93.778	Direct Federal	9,602	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	NYS OFA	578	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	FPHNY	279	
Allergy, Immunology and Transplantation Research	93.855	University of California	89	
	93.855	Columbia University	197	
HIV Emergency Relief Project Grants	93.914	Direct Federal	100,236	
Healthy Start Initiative	93.926	FPHNY	128	
Special Projects of National Significance	93.928	Direct Federal	472	
National Institutes of Health Acquired Immunodeficiency				
HIV Prevention Activities—Non-Governmental Organization Based	93.939	Direct Federal	1,545	
HIV Prevention Activities—Health Department Based	93.940	Direct Federal	27,167	
	93.940	NYS DOH	223	

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Epidemiological Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	Direct Federal	\$ 63	\$ -
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome Surveillance	93.944	Direct Federal	6,227	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	Direct Federal	271	
Block Grants for Community Mental Health Services	93.958	NYS OMH	15,740	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NYS OASAS	11,981	
Preventive Health Services—Sexually Transmitted Diseases Control Grants	93.977	Direct Federal	6,122	
Mental Health Disaster Assistance and Emergency Mental Health	93.982	FPHNY	18	
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH	3,046	
Total U.S. Department of Health and Human Services			<u>20,120,148</u>	<u>98,045</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
Foster Grandparent Program	94.011	Direct Federal	<u>1,618</u>	
Total Corporation for National and Community Services			<u>1,618</u>	<u>-</u>
SOCIAL SECURITY ADMINISTRATION				
Supplemental Security Income	96.006	Direct Federal	<u>664</u>	
Total Social Security Administration			<u>664</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Emergency Food and Shelter National Board Program	97.024	NYS OTDA	44	
National Urban Search and Rescue Response System	97.025	Direct Federal	1,498	
	97.025	NYS DHSES	246	
Crisis Counseling	97.032	Public Health Solutions	7,195	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	NYS DHSES	326,233	
Emergency Management Performance Grants	97.042	NYS DHSES	956	
Assistance to Firefighters Grant	97.044	Direct Federal	19	
Cooperating Technical Partners	97.045	Direct Federal	280	
Pre-Disaster Mitigation	97.047	NYS DHSES	266	
Interoperable Communications Equipment	97.055	NYS DHSES	219	
Port Security Grant Program	97.056	Direct Federal	10,758	
	97.056	PANY&NJ	15,611	
Homeland Security Grant Program	97.067	Direct Federal	4,702	
	97.067	NYS DHSES	216,847	
Rail and Transit Security Grant Program	97.075	MTA	22,290	
	97.075	Direct Federal	5,200	
Homeland Security Research Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection	97.077	Direct Federal	9	

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

(Continued)

THE CITY OF NEW YORK

EXHIBIT 1

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Homeland Security Biowatch Program	97.091	Direct Federal	3,145	
Securing the Cities	97.106	Direct Federal	15,666	
ARRA - Port Security Grant Program	97.116	Direct Federal	112	
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	NYS DHSES	<u>830</u>	<u> </u>
Total U.S. Department of Homeland Security			<u>632,126</u>	<u> </u>
TOTAL THE CITY OF NEW YORK EXPENDITURES OF FEDERAL AWARDS			<u>\$ 22,780,926</u>	<u>\$ 98,045</u>

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

See accompanying notes to consolidated schedule of expenditures of Federal awards.

(Concluded)

**THE CITY OF NEW YORK
HEALTH AND HOSPITALS CORPORATION**

EXHIBIT 2

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF AGRICULTURE:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	NYS DOH	\$18,259	\$ 69,421
Commodity Supplemental Food Program	10.565	NYS DOH	<u>2,639</u>	<u> </u>
Total U.S. Department of Agriculture			<u>20,898</u>	<u>69,421</u>
U.S. DEPARTMENT OF DEFENSE:				
Military Medical Research and Development	12.420	Direct Federal	<u>6</u>	<u> </u>
Total U.S. Department of Defense			<u>6</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	NYC OMB	<u>372</u>	<u> </u>
Total U.S. Department of Housing and Urban Development			<u>372</u>	<u>-</u>
U.S. DEPARTMENT OF JUSTICE:				
Crime Victim Assistance	16.575	NYS OVS	692	<u> </u>
Violence Against Women Formula Grants	16.588	NYS DCJS	<u>46</u>	<u> </u>
Total U.S. Department of Justice			<u>738</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION:				
State and Community Highway Safety	20.600	NYS DMV	<u>103</u>	<u> </u>
Total U.S. Department of the Transportation			<u>103</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Training in General, Pediatric, and Public Health Dentistry	93.059	Direct Federal	214	<u> </u>
Hospital Preparedness Program(HPP) & Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	PHS	50	<u> </u>
HHS Programs for Disaster Relief Appropriations Act—Non-Construction	93.095	NYS DOH	1,254	<u> </u>
Injury Prevention and Control Research, State and Community Based Programs	93.136	NYS DOH	25	<u> </u>
Community Programs to Improve Minority Health Grant Program	93.137	Direct Federal	80	<u> </u>
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	Direct Federal	1,282	<u> </u>
	93.153	Montefiorre	420	<u> </u>
Research and Training in Complementary and Alternative Medicine	93.213	Direct Federal	5	<u> </u>
Family Planning—Services	93.217	NYS DOH	1,403	<u> </u>
Mental Health Research Grants	93.242	Direct Federal	13	<u> </u>
Substance Abuse and Mental Health Services—Projects of Regional and National Significance	93.243	Direct Federal	588	<u> </u>
Poison Control Stabilization and Enhancement Grants	93.253	Direct Federal	719	<u> </u>
Occupational Safety and Health Program	93.262	Direct Federal	76	<u> </u>
Immunization Grants	93.268	NYC DoHMH	<u> </u>	20,765
Centers for Disease Control and Prevention—Investigations and Technical Assistance	93.283	Direct Federal	229	<u> </u>
Teenage Pregnancy Prevention Program	93.297	FPHNY	35	<u> </u>
National Center for Advancing Translational Sciences	93.350	Direct Federal	353	<u> </u>
	93.350	NYU School of Medicine	266	<u> </u>
Nursing Research	93.361	Direct Federal	251	<u> </u>

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(Continued)

**THE CITY OF NEW YORK
HEALTH AND HOSPITALS CORPORATION**

EXHIBIT 2

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
Cancer Cause and Prevention Research	93.393	Direct Federal	\$ 129	\$ -
Cancer Treatment Research	93.395	Direct Federal	38	
Cancer Control	93.399	Direct Federal	290	
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	Direct Federal	42	
Child Care and Development Block Grant	93.575	Direct Federal	23	
Assistance for Torture Victims	93.604	Direct Federal	633	
Health Care Innovation Awards (HCIA)	93.610	FPHNY	438	
	93.610	Direct Federal	1,746	
State Children's Health Insurance Program	93.767	NYS DOH	14,696	
Medical Assistance Program (New Medicaid)	93.778	NYS DOH	8	
Cardiovascular Diseases Research	93.837	Direct Federal	41	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Direct Federal	7	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct Federal	108	
Allergy, Immunology and Transplantation Research	93.855	Direct Federal	43	
Child Health and Human Development Extramural Research	93.865	Direct Federal	266	
HIV Emergency Relief Project Grants	93.914	Direct Federal	207	
	93.914	PHS	9,213	
HIV Care Formula Grants	93.917	HRI	419	
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	Direct Federal	2,225	
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	Direct Federal	820	
Special Projects of National Significance	93.928	Direct Federal	309	
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	Direct Federal	62	
HIV Prevention Activities - Health Department Based	93.940	Direct Federal	48	
	93.940	PHS	3,256	
Human Immunodeficiency Virus (HIV) / Acquired Virus Syndrome (AIDS) Surveillance	93.944	Direct Federal	5	
Block Grants for Community Mental Health Services	93.958	Direct Federal	828	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Direct Federal	4,093	
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	Direct Federal	15	
Mental Health Disaster Assistance and Emergency Mental Health	93.982	Direct Federal	167	
Preventive Health and Health Services Block Grant	93.991	NYS DOH	96	
Maternal and Child Health Services Block Grant to the States	93.994	NYS DOH	563	
Total U.S. Department of Health and Human Services			<u>48,097</u>	<u>20,765</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	NYC OMB	87,932	
Homeland Security Grant Program	97.067	Direct Federal	773	
Total U.S. Department of Homeland Security			<u>88,705</u>	<u>-</u>
TOTAL HEALTH AND HOSPITALS CORPORATION EXPENDITURES OF FEDERAL AWARDS			<u>\$ 158,919</u>	<u>\$ 90,186</u>

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

See accompanying notes to consolidated schedule of expenditures of Federal awards.

(Concluded)

**THE CITY OF NEW YORK
DEPARTMENT OF EDUCATION**

EXHIBIT 3

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF AGRICULTURE:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	NYS ED	\$ 67,542	\$ -
National School Lunch Program	10.555	NYS ED	299,518	
Summer Food Service Program for Children	10.559	NYS ED	<u>25,807</u>	
Total Child Nutrition Cluster			<u>392,867</u>	<u>-</u>
Child and Adult Care Food Program	10.558	NYS ED	33,643	
Commodity Supplemental Food Program	10.565	Direct Federal		33,189
Farm to School Grant Program	10.575	Direct Federal	18	
Child Nutrition Discretionary Grants Limited Availability	10.579	NYS ED	11	
Fresh Fruit and Vegetable Program	10.582	NYS ED	<u>1,328</u>	
Total U.S. Department of Agriculture			<u>427,867</u>	<u>33,189</u>
U.S. DEPARTMENT OF DEFENSE				
Language Grant Program	12.900	Direct Federal	<u>115</u>	
Total U.S. Department of Defense			<u>115</u>	<u>-</u>
U.S. DEPARTMENT OF LABOR				
Youth Build	17.274	Direct Federal	<u>594</u>	
Total U.S. Department of Labor			<u>594</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Airport Improvement Program	20.106	Direct Federal	<u>14,000</u>	
Total U.S. Department of Transportation			<u>14,000</u>	<u>-</u>
U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
National Leadership Grants	45.312	Direct Federal	<u>38</u>	
Total U.S. Institute of Museum and Library Services			<u>38</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION:				
Title I Grants to Local Educational Agencies	84.010	NYS ED	665,239	
Reserve Officers Training Corps.	84.unknown	Direct Federal	3,174	
Special Education Cluster:				
Special Education Grants to States	84.027	NYS ED	261,753	
Special Education—Preschool Grants	84.173	NYS ED	<u>8,029</u>	
Total Special Education Cluster			<u>269,782</u>	<u>-</u>
Impact Aid	84.041	Direct Federal	5,250	
Career and Technical Education—Basic Grants to States	84.048	NYS ED	13,215	
Magnet Schools Assistance	84.165	NYS ED	8,200	
Safe and Drug-Free Schools and Communities—State Grants	84.186	NYS ED	364	
Education for Homeless Children and Youth	84.196	NYS ED	1,499	
Fund for the Improvement of Education	84.215	Direct Federal	573	
Twenty-First Century Community Learning Centers	84.287	NYS ED	20,085	
Education Research, Development and Dissemination	84.305	Rand Corp.	8	
	84.305	NYU	83	
Advanced Placement Program (AP Test Fee; AP Incentive Program Grants)	84.330	Direct Federal	140	
	84.330	NYS ED	44	
Arts in Education	84.351	Direct Federal	957	

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

(Continued)

**THE CITY OF NEW YORK
DEPARTMENT OF EDUCATION**

EXHIBIT 3

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
School Leadership	84.363	Direct Federal	\$ 219	\$ -
English Language Acquisition Grants	84.365	NYS ED	34,150	
Mathematics and Science Partnerships	84.366	NYS ED	2,200	
Improving Teacher Quality State Grants	84.367	NYS ED	106,000	
Teacher Incentive Fund	84.374	NYS ED	17,799	
School Improvement Grants	84.377	NYS ED	52,429	
ARRA—School Improvement Grants, Recovery Act	84.388	NYS ED	1,311	
ARRA—Race to the Top Incentive	84.395	NYS ED	25,870	
ARRA—State Fiscal Stabilization Fund (SFSF)- Investing in Innovation Fund, Recovery Act	84.396	NYS ED	1,641	
Investing in Innovation (I3) Fund	84.411	Direct Federal	363	
Promoting Readiness of Minors in Supplemental Security Income	84.418	Direct Federal	198	
Total U.S. Department of Education			<u>1,230,793</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Medical Assistance Program (New Medicaid)	93.778	NYS DOH	27,450	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	NYS OASAS	<u>15,725</u>	
Total U.S. Department of Health and Human Services			<u>43,175</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Disaster Grants—Public assistance (Presidentially Declared Disasters)	97.036	NYS DHSES	<u>5,519</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>5,519</u>	<u>-</u>
TOTAL DEPARTMENT OF EDUCATION EXPENDITURES OF FEDERAL AWARDS			<u>\$1,722,101</u>	<u>\$33,189</u>

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.

See accompanying notes to consolidated schedule of expenditures of Federal awards.

(Concluded)

**THE CITY OF NEW YORK
NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION**

EXHIBIT 4

**SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015
(In thousands)**

Federal Agency/Program Title	CFDA * Number	Pass-Through Grantor (Note 1c)	Expenditures	Noncash Assistance
U.S. DEPARTMENT OF COMMERCE:				
Office for Coastal Management	11.473	WCS	\$ 75	\$ -
Total U.S. Department of Commerce			<u>75</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	NYC SBS	6,169	
Economic Development Initiative—Special Projects	14.251	NYC SBS	989	
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	NYC SBS	29,533	
Total U.S. Department of Housing and Urban Development			<u>36,691</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION:				
Highway Planning and Construction	20.205	NYC DOT	4,746	
Federal Transit Administration—Metropolitan Transportation Planning	20.505	NYC DOT	890	
Total U.S. Department of Transportation			<u>5,636</u>	<u>-</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	NYC OER	443	
Total U.S.Environmental Protection Agency			<u>443</u>	<u>-</u>
U.S. DEPARTMENT OF ENERGY:				
Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	NYC SBS	1	
Total U.S. Department of Energy			<u>1</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	NYC SBS/Other Agencies	78,075	
Total U.S. Department of Homeland Security			<u>78,075</u>	<u>-</u>
TOTAL NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION EXPENDITURES OF FEDERAL AWARDS			<u>\$ 120,921</u>	<u>\$ -</u>

CFDA * = Catalog of Federal Domestic Assistance; Bold Federal programs are ARRA—funded.
See accompanying notes to consolidated schedule of expenditures of Federal awards.

(Concluded)

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**THE CITY OF NEW YORK
NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY**

SUBSCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

(In thousands)

New York City Municipal Water Finance Authority (“Authority”)—The New York State Environmental Facilities Corporation (“EFC”) participates in the Federal program (“State Revolving Fund”) for clean water (Federal CFDA Number 66.458) and the program for drinking water (Federal CFDA Number 66.468). The EFC utilizes the Federal grants along with 20 percent matching State funds to fund debt service reserve accounts for bonds that EFC issues to the public. The Authority has issued bonds to the EFC under the “State Revolving Fund” program in exchange for those funds.

Under the State program for clean water (Federal CFDA Number 66.458), the Authority had bonds outstanding of approximately \$4.2 billion at June 30, 2015. Under the State program for drinking water (Federal CFDA Number 66.468), the Authority had bonds outstanding of approximately \$622 million at June 30, 2015. The Authority benefits from reduced interest rates on the bonds issued to EFC, since the EFC utilizes the earnings on the Debt Service reserve account(s) to reduce to interest to be paid by the Authority.

See accompanying notes to consolidated schedule of expenditures of Federal awards.

(Concluded)

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THE CITY OF NEW YORK SINGLE AUDIT REPORT

NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015

1. BASIS OF PRESENTATION

- (a) **Reporting Entity**—For purposes of complying with the Federal Single Audit Act of 1984, as amended, The City of New York (“The City”) consists of the primary government, including the Department of Education (“DOE”) as defined in Note A.1 to the basic financial statements, except as follows: 1) the accounts and transactions of the community colleges of The City University of New York are excluded and 2) all other separately administered component unit organizations identified in Note A.1 to the financial statements are also excluded, except for The New York City Health and Hospitals Corporation (“HHC”), New York City Economic Development Corporation (“EDC”), and New York City Municipal Water Finance Authority. Therefore, the expenditures of Federal awards, if any, of the community colleges of The City University of New York and the excluded separately administered components unit organizations are not included in the accompanying Consolidated Schedule of Expenditures of Federal Awards.
- (b) **Major Federal Financial Assistance Programs**—For The City’s purposes, a Type A Federal financial assistance program, as defined by OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, is any program that exceeds \$37,506,430 when the total Federal expenditures of the reporting entity exceeds \$20 billion. Total expenditures of Federal awards for all The City programs including HHC, DOE, and EDC were approximately \$25.0 billion (approximately \$24.8 billion in expenditures and \$221 million in noncash assistance). As a result, all programs with expenditures of \$37,506,430 or more were classified as Type A programs.
- (c) **Pass-Through Programs**—When The City receives Federal funds from a government entity other than the Federal government (“pass-through”) the funds are accumulated based upon the Catalog of Federal Domestic Assistance (“CFDA”) number advised by the pass-through grantor.
- Identifying numbers, other than CFDA numbers, which may be assigned by pass-through grantors, are not maintained in The City’s Financial Management System (“FMS”) and thus could not be included in the Consolidated Schedule of Expenditures of Federal Awards.
- (d) **Other Federal Assistance**—The “Other Federal Assistance” presented in the accompanying Consolidated Schedule of Expenditures of Federal Awards, which includes Federal financial assistance programs that have not been assigned a CFDA number, has been identified by Federal agency and reported as “unknown” with the Federal agency’s code (i.e., 7. unknown).
- (e) **Noncash Federal Programs**—The City is the recipient of Federal financial assistance programs that do not result in cash receipts or disbursements, termed “Noncash Assistance.” Noncash Assistance received by The City is included in the Consolidated Schedule of Expenditures of Federal Awards.

THE CITY OF NEW YORK SINGLE AUDIT REPORT

NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015—(CONTINUED)

2. BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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, in which The City either gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations which are recorded on the accrual basis of accounting. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Revenues from categorical and other grants are generally considered available if received within one year after the fiscal year-end.

- (a) **Reconciliation of Federal Expenditures related to Disaster Grants—Public Assistance (Presidentially Declared Disasters) (“Disaster Grant”) CFDA # 97.036; reported in the Consolidated Schedule of Expenditures of Federal Awards to The City’s Basic Financial Statements**— On October 29, 2012, Superstorm Sandy (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 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 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.

THE CITY OF NEW YORK SINGLE AUDIT REPORT

NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015—(CONTINUED)

Approximately \$2 billion in emergency and recovery spending was obligated for reimbursement by FEMA during The City’s Fiscal Year 2015, and approximately \$1.403 billion had been obligated in Fiscal Years 2013 and 2014, bringing the total amount obligated as of June 30, 2015 to approximately \$3.674 billion; the remainder of recovery spending will be obligated in future fiscal years.

In the Schedule of Expenditures of Federal Awards (“SEFA”), The City is required to report all expenditures made by The City that correspond to all obligations that had been made through June 30, 2015, regardless of which Fiscal Year(s) the expenditures were incurred and except for amounts for which expenditures and obligations had both occurred in prior years (which, therefore, had been previously recorded as expenditures in a prior year’s SEFA).

For the Fiscal Year 2015, the City had approximately \$498 million in expenditures correlating to obligations through June 30, 2015. The potential for changes to this amount is predicated on adjustments to existing 2015 federal obligations and enhanced visibility of grant- expenditure association.

Approximately \$381 million of the amount obligated in Fiscal Year 2015 corresponds to eligible expenditures incurred by The City in prior Fiscal Years and were recognized in The City’s Basic Financial Statements in Fiscal Years 2013 or 2014, but are included in the Fiscal Year 2015 SEFA. Similarly, FEMA has not yet obligated recovery spending for approximately \$6.3 million of the expenditures made by The City during Fiscal Year 2015; this amount is excluded from the Fiscal 2015 SEFA and will be included in the SEFA in a future year in which the related obligation is made. A reconciliation of The City’s Basic Financial Statements to the Federal Expenditures reported in The City’s Fiscal Year 2015 Consolidated Schedule of Expenditures of Federal Awards (SEFA) is provided below:

	(In Thousands)
Total Fiscal Year 2015 Disaster Grant related expenditures as reported in The City’s Basic Financial Statements	\$ 123,293
Add: Disaster Grant expenditures incurred prior to Fiscal Year 2015 for which obligations were made during Fiscal Year 2015	380,758
Less: Fiscal Year 2015 disaster grant expenditures for which no obligations had been made as of June 30, 2015, but for which obligations are expected to be made in future years	(6,292)
Fiscal Year 2015 Schedule of Expenditures of Federal Awards expenditures	\$ <u>497,759</u>

THE CITY OF NEW YORK SINGLE AUDIT REPORT

NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015—(CONTINUED)

3. MATCHING COSTS

Matching costs, i.e., the non-Federal share of certain program costs, provided by The City or New York State, are not included in the accompanying Consolidated Schedule of Expenditures of Federal Awards. For Department of Homeland Security grants, the accountability for meeting the matching requirement resides with the State and is determined at the time of project accounting as part of project closeout.

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

The regulations and guidelines governing the preparation of Federal and state financial reports vary by state and Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal and state financial reports do not necessarily agree with the amounts reported in the accompany Consolidated Schedule of Expenditures of Federal Awards which is prepared as explained in Notes 1 and 2 above.

5. SUBRECIPIENTS

The City's central accounting system does not separately track the amount of Federal funds passed-through to subrecipients of The City and thus the amount of Federal program expenditures passed-through is not reported on the Consolidated Schedule of Expenditures of Federal Awards. A summary of the major programs that pass-through Federal monies to a subrecipient entity are provided as follows:

Major Programs with Subrecipients	Federal CFDA #
Equitable Sharing Program	16.922
Workforce Investment Opportunity Act Adult Program	17.258
Workforce Investment Opportunity Act Youth Activities	17.259
Workforce Investment Opportunity Act Dislocated Workers Formula Grants	17.278
Special Programs for The Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging—Title III, Part C—Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
Community Services Block Grant	93.569
Child Care and Development Block Grant	93.575
Social Services Block Grant	93.667
Head Start	93.600
HIV Emergency Relief Project Grants	93.914
HIV Prevention Activities—Health Department Based	93.940

THE CITY OF NEW YORK SINGLE AUDIT REPORT

NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015—(CONTINUED)

6. RESEARCH AND DEVELOPMENT CLUSTER

The following programs included in the Consolidated Schedule of Expenditures of Federal Awards comprise the Research and Development Cluster. (Amounts are in thousands).

Research and Development Programs	Federal CFDA #	Expenditures (In thousand)
Military Medical Research and Development	12.420	\$ 6
HHS Programs for Disaster Relief Appropriations Act-Non Construction	93.095	109
Research and Training in Complementary and Alternative Medicine	93.213	5
Research on Healthcare Costs, Quality and Outcomes	93.226	14
Mental Health Research Grants	93.242	280
Occupational Safety and Health Program	93.262	7,665
Drug Abuse and Addiction Research Programs	93.279	127
Teenage Pregnancy Prevention Program	93.297	792
National Center for Advancing Translational Sciences	93.350	266
Nursing Research	93.361	251
Cancer Cause and Prevention Research	93.393	129
Cancer Treatment Research	93.395	38
Cancer Control	93.399	290
Healthcare Innovation Awards	93.610	3,154
Cardiovascular Diseases Research	93.837	41
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	286
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	108
Allergy, Immunology and Transplantation Research	93.855	329
Child Health and Human Development Extramural Research	93.865	266
National Institutes of Health Acquired Immunodeficiency Syndrome Research Loan Repayment Program	93.936	62
HIV Prevention Activities - Health Department Based	93.940	584
Epidemiological Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection In Selected Population Groups	93.943	63
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	271
		<u>\$ 15,136</u>

THE CITY OF NEW YORK SINGLE AUDIT REPORT

NOTES TO CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015—(CONCLUDED)

7. GLOSSARY OF PASS-THROUGH GRANTORS

The following is a glossary of pass-through grantor acronyms which may be used in each Schedule of Expenditures of Federal Awards.

ASCNYC	Aids Service Center New York City
Columbia Univ.	Columbia University in the City of New York
CUNY	City University of New York
FPHNY	Fund for Public Health - New York Inc.
HRI	Health Research, Inc.
LMDC	Lower Manhattan Development Corporation
MTA	Metropolitan Transportation Authority
NYU	New York University
NYC DoHMH	New York City Department of Health and Mental Hygiene
NYC DOT	New York City Department of Transportation
NYC OER	New York City Office of Environmental Remediation
NYC OMB	New York City Office of Management and Budget
NYC SBS	New York City Department of Small Business Services
NYC SBS/Other Agencies	New York City Department of Small Business Services/ New York City Department of Parks and Recreation/ New York City Department of Environmental Protection/ Fire Department of New York
NYMTC	New York Metropolitan Transportation Council
NYS DCJS	New York State Division of Criminal Justice Services
NYS DHSES	New York State Division of Homeland Security and Emergency Services
NYS DMV	New York State Department of Motor Vehicle
NYS DOH	New York State Department of Health
NYS DOT	New York State Department of Transportation
NYS DOS	New York State Department of State
NYS ED	New York State Education Department
NYS GTSC	New York State Governor's Traffic Safety Committee
NYS OASAS	New York Office of Alcohol and Substance Abuse Services
NYS OCFS	New York State Office of Children and Family Services
NYS OFA	New York State Office for the Aging
NYS OMH	New York State Office of Mental Health
NYS OTDA	New York State Office of Temporary and Disability Assistance
NYS OVS	New York State Office of Victim Services
NYS SBS	New York State Small Business Services
PANY&NJ	Port Authority of New York and New Jersey
PHS	Public Health Solutions
Rand Corp.	Rand Corporation
RFMH	Research Foundation for Mental Hygiene, Inc
WCS	Wildlife Conservation Society

THE CITY OF NEW YORK SINGLE AUDIT REPORT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015

1. SUMMARY OF AUDITORS' RESULTS

Financial Audit

- (a) An unmodified opinion was issued on the financial statements of The City of New York ("The City") as of and for the year ended June 30, 2015.
- (b) No significant deficiencies or material weaknesses were reported in connection with the audit of the financial statements of The City as of and for the year ended June 30, 2015.
- (c) The audit disclosed no instances of noncompliance that are material to the financial statements of The City as of and for the year ended June 30, 2015.

Single Audit

- (d) The audit disclosed six significant deficiencies in connection with the major Federal programs of The City for the year ended June 30, 2015.
- (e) An unmodified opinion was issued on The City's compliance with its major Federal programs for the year ended June 30, 2015.
- (f) There were audit findings, which are required to be reported under Section 510(a) of OMB Circular A-133 for the year ended June 30, 2015.
- (g) The dollar threshold used to determine Type A programs was \$37,506,430. All other programs were categorized as Type B. All Type A programs except one Type program A were assessed as high risk and were tested as major programs. The low risk Type A program was replaced with a high risk Type B program. In addition, we have also tested eleven Type B programs as major programs.
- (h) We have audited the Federal programs of The City of New York and New York City Department of Education, as well as the Federal Funds received by The New York City Health and Hospital Corporation, ("HHC") New York City Economic Development Corporation, ("EDC"), and New York City Municipal Water Finance Authority ("NYC Water"). Deloitte & Touche LLP audits the financial statements of NYC Water under a separate engagement. Other auditors audit the financial statements of HHC and EDC.

THE CITY OF NEW YORK SINGLE AUDIT REPORT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015—(CONTINUED)

(i) The major Federal programs of The City for the year ended June 30, 2015 were as follows:

Major Programs Names	Federal CFDA #
U.S. Department of Agriculture:	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561
Child Nutrition Cluster:	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557
Child and Adult Care Food Program	10.558
Commodity Supplemental Food Program	10.565
U.S. Department of Housing and Urban Development:	
Community Development Block Grants/Entitlement Grants	14.218
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228
HOME Investment Partnerships Program	14.239
Housing Opportunities for Persons with AIDS	14.241
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269
Section 8 Housing Choice Vouchers	14.871
U.S. Department of Justice:	
Equitable Sharing Program	16.922
U.S. Department of Labor - WIOA Cluster:	
WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Workers Formula Grants	17.278
U.S. Department of Transportation:	
Highway Planning and Construction	20.205
Federal Transit Cluster:	
Federal Transit—Capital Investment Grants	20.500
Federal Transit—Formula Grants	20.507
U.S. Department of Education:	
Title I Grants to Local Educational Agencies	84.010
Special Education Cluster:	
Special Education Grants to States	84.027
Special Education—Preschool Grants	84.173
Career and Technical Education—Basic Grants to States	84.048
Twenty-First Century Community Learning Centers	84.287
English Language Acquisition Grants	84.365
Improving Teacher Quality State Grants	84.367
School Improvement Grants Cluster:	
School Improvement Grants	84.377
ARRA—School Improvement Grant, Recovery Act	84.388
ARRA—Race to the Top Incentive	84.395

(Continued)

THE CITY OF NEW YORK SINGLE AUDIT REPORT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015—(CONTINUED)

(i) The major Federal programs of The City for the year ended June 30, 2015 were as follows:

Major Programs Names	Federal CFDA #
U.S. Department of Health and Human Services:	
Aging Cluster:	
Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging—Title III, Part C—Nutrition Services Nutrition Services Incentive Program	93.045 93.053
Immunization Grants	93.268
Temporary Assistance for Needy Families	93.558
Child Support Enforcement	93.563
Community Services Block Grant	93.569
Child Care and Development Block Grant	93.575
Head Start	93.600
Foster Care—Title IV-E	93.658
Adoption Assistance	93.659
Social Services Block Grant	93.667
Medical Assistance Program	93.778
HIV Emergency Relief Project Grants	93.914
HIV Prevention Activities—Health Department Based	93.940
Block Grants For Prevention and Treatment of Substance Abuse	93.959
U.S. Department of Homeland Security:	
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036
Port Security Grant Program	97.056
Homeland Security Grant Program	97.067

(j) The City did not qualify as a low-risk auditee for the year ended June 30, 2015.

2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

None

3. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

See accompanying pages 254 through 293.

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CHILD NUTRITION CLUSTER (CFDA # 10.553, 10.555 & 10.559)

NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2015-001

1. CRITERIA

Reporting—Special Reporting—To be eligible for Federal reimbursement, meals must be served to eligible children and must be supported by accurate meal counts and records indicating the number of meals served by category and type taken at the point of service or developed through an approved alternative procedure. For the National School Lunch Program and the School Breakfast Program, meal count and claiming systems must comply with the requirements of 6 Code of Federal Regulations (“CFR”) Sections 210.7, 210.8, 215.8, 215.10, 220.9, and 220.11, respectively. Requirements for meal reimbursement under the Summer Food Service Program for Children are set forth under 7 CFR Sections 225.9(d), 225.15 (c) and 225.16.

2. CONDITION

The New York City Department of Education (the “Department”) has procedures in place to provide an accurate count of meals served pursuant to federal requirements. Each year, the Department’s Task Force Technical Advisors (“TFTA”) visits schools to conduct reviews, with respect to compliance with meal count standards; follow-up visits are also conducted to facilitate on-going implementation of proper accountability practices and procedures.

We reviewed the summer program site review reports, and meal accountability and claiming review reports for twenty-five regular and summer schools visited by the TFTAs during the School Year 2014-2015.

In accordance with the Department’s policies and procedures covering the accountability standards for the school food service program, schools are required to send their responses to the OSFCompliance@schools.nyc.gov unit within 10-business days, including the actions already taken or those that will be implemented so that the follow-up review can be conducted. However, we noted three instances where the absence of a follow-up visit report to determine if the prior recommended corrective actions were implemented in a timely manner, and if any deviation from procedures were determined.

Review of Meal and Counting and Claiming System -- Rosters Not Provided for Review: Daily point-of-service participation must be documented by each school and must support counts recorded on the Report of Meals Served and any data used in the claim review process, as required by the USDA Child Nutrition Program. These documents must be maintained on file for three years plus the current year. We noted four schools were identified as unsatisfactory or not satisfying the Meal and counting regulations.

Twenty out of twenty-five schools reviewed in the report had several corrective actions recommended on their meal accountability and claiming review reports as follows:

a. *Weekly Meals Claims Report*

- Counting procedures must always be in place for the identification, by eligibility (free, reduced and paid), of all students presenting themselves for meal service. This must include procedures to identify those students who have lost or forgotten their meal card or ticket books and those students who do not recall

CHILD NUTRITION CLUSTER (CFDA # 10.553, 10.555 & 10.559)

NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2015-001 (CONTINUED)

their assigned code or number given for meal identification purpose. (Chancellor's Regulations A-815) If any other method is preferred, that proposed method must be submitted to the Office of SchoolFood for evaluation and approval.

- Each weekly Report of Meals Served form must contain the school's average daily attendance as obtained that week from the principal's office and, for public schools, as reported on ATS. In public school the ATS RSAL report will show the actual daily attendance for each school. Combine the total attendance for each school and divide by the number of operating service days for the week. The result will give you the ADA.
- Each weekly Report of Meals Served form must contain the school's current register as obtained that week from the principal's office and, for public schools, as reported on ATS.
- The number of children certified for free or reduced-price meals must be updated in school's database or on master listing to reflect new students, discharges, transfers and from changes in student eligibility determinations resulting from an official audit, review or verification process.
- To receive proper reimbursements each school Report of Meals Served claims cannot exceed the actual daily attendance. Explain on the reverse side of the Report of Meals Served form any rare exceptions such as, students visiting or taking examinations who are on register at another school.
- The Report of Meals served form must be revised for the weeks identified in this report. Due to the errors identified in this report, prior Report of Meals Served forms which were not reviewed during this visit must be re-examined for similar error and revised as necessary.

A block claim is a claim with no variation in meal counts, for any single meal type or combination of meal types, for any continuous 15 day period within the claim month. Any observed block claiming must be supported by Meal Count and Attendance Rosters. A claim for reimbursements is to be submitted based on an accurate, documented daily Point-of-Service count of the number of snack served to children regardless of where meals are being consumed (e.g., cafeteria, classrooms, etc.). A claim for reimbursements is not to be submitted based on the number of snacks prepared or based on student attendance. We noted three schools were identified as unsatisfactory or not satisfying these regulations.

b. Production Records

- The production records must correspond to the total number of meals claimed. The number of minimum portions of fruit component Served for breakfast must be equal to or more than the number of breakfast meals claimed, plus the combined count of the grains and milk components must be equal to or more than twice the number of meals claimed. Additionally, the number of minimum portions of fruit and/or vegetables served for lunch must be equal to or more than the number of lunch meals claimed. The numbers must be written correctly in the production records in order to be credited as being served.

CHILD NUTRITION CLUSTER (CFDA # 10.553, 10.555 & 10.559)

NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2015-001 (CONTINUED)

- The perpetual inventory book must reconcile with the physical inventory. This information must be updated and current.
- The Production Records must be updated for the next 5 operational days. The quantities documented must support the anticipated count.
- All menu changes must be called in to the field office
- The menu must be served as planned. In the event that there is a change to the menu the change must be reflected in the cook's book and on the posted menu in all cafeteria/eating area. The menu change must also be called in to the field office.
- The total number of portions prepared daily must be recorded correctly in the Production Records.
- The total number of portions served daily must be recorded in the Production Records.
- The total number of daily leftovers daily must be recorded in the Production Records.

The daily minimum of 1oz of meat/meat alternate, 1/2 cup of vegetable, 1/2 cup of fruits, 1oz of grain and 1/2 pint of milk must be offered for grades K-8 and a minimum of 2oz of meat/meat alternate, 1 cup of vegetable, 1 cup of fruit, 2oz of grain and 1/2 pint of milk for grades 9-12 or K-12. We noted ten schools were identified as unsatisfactory or not satisfying these regulations.

c. General Areas

- F5 - Student and other school fundraising activity involving the sale of food items must be for approved foods only; however, such approved food items may be sold from the beginning of the school day until 6:00 PM as long as the sale of the approved food items occurs outside the cafeteria. PA/PTA food fundraising is limited to once per month. During this monthly sale, the rule respecting the sale of non-approved food items may be lifted to permit the PA/PTA to raise funds using non-approved food items not otherwise prohibited by law during the school day as long as the sale of the non-approved food items occurs outside the cafeteria. In addition, all PA/PTA fundraising activity within this regulation must comply with Chancellor's Regulation A-610 and Chancellor's Regulation A-660. Failure to follow this Regulation may result in a directive to remove vending machines from the school or to stop selling food and/or beverage items in a school store or otherwise. In addition, non-compliance may result in, an adverse impact on the principal's compliance performance rating.
- A non-discrimination poster (e.g., "Justice for All") must be on display in all buildings where Child Nutrition Programs are in operation. Federal and State reviewers are required to observe the poster and check for Civil Rights data collection.

CHILD NUTRITION CLUSTER (CFDA # 10.553, 10.555 & 10.559)

**NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2015-001 (CONTINUED)**

- Annual Civil Rights training must be provided by the LEA for all staff, including front-line team members who deal directly with program applicants and participants by November 1st of each new school year. A Power Point presentation is available in the Audit area of the Eligibility and Compliance SharePoint Portal for use in training staff. SchoolFood Staff are to use the signature sheet that is downloadable in the SharePoint portal to collect the data on the team members who have viewed the Civil Rights Training module.
- Schools may not sell any food items (including approved foods) through vending machines or school stores during breakfast and from the beginning of the first lunch period until the end of the last lunch period. Schools using vending machines must use the DOE's central contracts, which provide machines equipped with timers. The snack vending machine contractor will be required to set the timers to lock the machines during the breakfast meal and then again, during the lunch periods. Snack vending machines may not be used in any schools serving grade levels pre-kindergarten ("PK") through five (5). Failure to follow this regulation may result in a directive to remove vending machines from the school or to stop selling food and/or beverage items in a school store or otherwise. In addition, non-compliance may result in adverse impact on the principal's compliance performance rating.

We noted eight schools were identified as unsatisfactory or not satisfying these regulations.

A similar finding was included in the prior year's single audit report on page 257 (Reference: 2014-001).

3. CAUSE

The related schools did not follow the Department's internal policies and procedures.

4. EFFECT

Schools may not administer Federal awards in compliance with established laws, regulations, and provisions of the Department.

5. RECOMMENDATION

We recommend the Department reinforce existing procedures to ensure that noncompliant schools satisfy meal count and accountability reporting requirements in a timely manner. We also recommend the Compliance and Monitoring Unit continue to report repeated instances of noncompliance to the District Superintendent in charge of the noncompliant schools and the appropriate Department office (e.g., Office of Funded Programs) to ensure the school understands the importance of meal count requirements and the effect of SchoolFood program eligibility on other federally funded programs.

CHILD NUTRITION CLUSTER (CFDA # 10.553, 10.555 & 10.559)

**NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2015-001 (CONTINUED)**

6. QUESTIONED COST

None

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department of Education Office of SchoolFood continues to maintain processes, procedures as well as the computerized Meal Counting and Claiming Systems to carefully track meals served to students participating in the National School Lunch, School Breakfast and Summer Food Service programs. The Department continues to emphasize to school staff the importance of adherence to policies and procedures regarding proper documentation for meal benefits. Further, the Department's Office of SchoolFood staff continues to work to help ensure that applicant eligibility determinations are processed and administered in accordance with established guidelines. Staff training is conducted annually with respect to offering breakfast, lunch, snacks, supper or any complete reimbursable meal to facilitate Child Nutrition Program meal benefits in accordance with applicable statutes.

The Department also continues to review its processes and procedures regarding accurately counting and reporting meals served to program participants, as well as explore opportunities to further strengthen them. The Office of SchoolFood Compliance Unit coordinates and schedules all site reviews, and reports the findings and corrective actions. Due diligence will be taken to engage the SchoolFood administrators, networks and school administration to implement and maintain proper procedures to address repeated instances of non-compliance.

Moreover, in support of the National School Lunch and Breakfast Programs, the Department annually reviews meal accountability procedures at high risk schools. Both programs require at a minimum, one initial site review to evaluate the school's procedures for counting and claiming meals for reimbursement, and also require that if there is a problem, for example, with the accuracy of the data, the source of the counts, incomplete meals, etc., the schools where the school staff does accountability implement corrective actions. Follow-up is performed by the SchoolFood Manager and District Supervisor. At least one follow-up site review is conducted within 45 days to determine that the corrective actions have been taken to resolve possible problems prior to February 1 of each school year.

The Department also continues to support the electronic Point-of-Sale (POS) accountability system at 661 buildings hosting 1,320 schools throughout the City. This system is designed to improve meal accountability and claiming procedures at schools and to increase the accuracy of the monthly meal claims submitted for Federal and state reimbursements.

As of School Year 2005-2006 the Department implemented a centralized automated eligibility determination whereby the Application for Free and Reduced Price Meals are scanned and eligibility software is used to determine if students qualify for free or reduced-price meals. The system relieves school administration from the manual paper process and reduces benefit issuance errors and generates student-specific notification letters with respect to eligibility and meal benefit determinations.

CHILD NUTRITION CLUSTER (CFDA # 10.553, 10.555 & 10.559)

**NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2015-001 (CONTINUED)**

During School Year 2014-2015, SchoolFood processed applications (online and paper) and determined meal benefits for 1,621 schools, 68 more schools than School Year 2013-2014, which included 1,353 public schools, 145 charter schools and 123 non-public schools. The centralized eligibility determination process is used for all schools participating in the food service program.

With respect to the Weekly Meal Claims Report, the SchoolFood Accountability Unit continues to provide onsite training to School Aides, school administrative staff and SchoolFood employees to improve meal accountability and accurate meal claims. Further, as applicable, the respective SchoolFood Regional Directors and District Supervisors, School Support Staff, Business Directors and Operational Managers for charter and non-public schools will be included in the action plan as well as made aware of the schools' progress, and required to intervene to help make sure that an approved system is implemented, as necessary. All schools that are non-compliant at the end of the school year for the breakfast and lunch programs will be included in the list of high risks schools scheduled for review during School Year 2015-2016.

The Department Office of SchoolFood continues to require participating schools to report and maintain record of all program revenues with respect to handling cash. Therefore, all schools continue to complete the cash receipt worksheet weekly and submit weekly monies collected to the office of SchoolFood. The cash receipt worksheet must be submitted weekly regardless if monies were submitted. SchoolFood Managers and District supervisors follow through on this process.

With respect to production cook records, SchoolFood continues to provide training to Cooks in Charge, SchoolFood Managers and District Supervisors on following the correct procedures to maintain accurate production records. SchoolFood Managers, District Supervisors and the SchoolFood Compliance Unit follow through on this process. Effective September 2014, a revised version of the production was implemented citywide enhancing usability for end users.

Upon procedural modifications, all employees that complete or review the Food Production Records, such as Kitchen Staff, Cooks, Assistant Cooks, School Food Service Managers, District Supervisors, and Monitors are trained accordingly. In addition, Food Production Records (FPRs) are covered during targeted program trainings; Breakfast in the Classroom. All up-to-date training materials are distributed and posted electronically so that employees can access and review as needed throughout the entire school year. All new Cooks and Assistant Cooks are trained on FPRs when they are hired. Also, targeted retraining is scheduled as needed for the above mentioned employee titles.

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN (CFDA # 10.557)

**NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2015-002**

1. CRITERIA

Reporting — New York City Health and Hospital Corporation (“Corporation”) is required to submit to the New York State Department of Health (“NYS DOH”) the monthly expenditure report of each Women, Infant, and Children agency within 45 days from the end of the month.

2. CONDITION

Under State WIC policies, the Corporation is responsible to file the monthly expenditure reports to the NYS DOH within 45 days from the end of the month.

Of the twenty-five (25) monthly expenditure reports selected for review, we noted one (1) monthly expenditure report was not filed timely as required by the NYS DOH policies.

3. CAUSE

Due to voluminous data collection, the Corporation was unable to prepare and file the monthly expenditure report on a timely basis.

4. EFFECT

The Corporation is not in compliance with the requirements to report on a timely basis, and thus the pass-through entity may not be able to report timely.

5. RECOMMENDATION

We recommend the Corporation ensure all time and effort reporting is reconciled with actual records.

6. QUESTIONED COST

None

SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN (CFDA # 10.557)

**NEW YORK CITY HEALTH AND HOSPITALS CORPORATION
STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH
FEDERAL AGENCY: U.S. DEPARTMENT OF AGRICULTURE
REFERENCE: 2015-002 (CONTINUED)**

7. VIEWS OF RESPONSIBLE OFFICIAL

The Corporation recognizes the importance of carefully tracking grant-related costs and has established processes and procedures to monitor associated reimbursement activity. This work includes training existing staff in the area of grant preparation and reporting as well as development of a system to monitor compliance with reporting guidelines. With respect to the finding and to further strengthen reporting controls, the corporate Grants Management Unit will submit monthly expenditure reports electronically to the New York State Department of Health.

HOME INVESTMENT PARTNERSHIPS PROGRAM (CFDA # 14.239)

NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2015-003

1. CRITERIA

Special Tests and Provisions—Housing Quality Standards—During the period of affordability (i.e., the period for which the non-Federal entity must maintain subsidized housing) for HOME assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than: (a) every three years for projects containing 1 to 4 units, (b) every two years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units. The participating jurisdiction must perform on-site inspections of rental housing occupied by tenants receiving HOME-assisted tenant-based rental assistance to determine compliance with housing quality standards (24 CFR sections 92.251, 92.252, and 92.504(b)).

2. CONDITION

The New York City Department of Housing Preservation and Development (the “Department”) has policies and procedures in place to identify units which require housing quality standards inspections. The Department performs inspections of these units to ensure that any needed repairs are completed timely. According to the Department, repairs must be completed within 90 days after the initial inspection and supported by a Certification of Repairs form.

We noted the following during our testing of the sixty Housing Quality Standards building inspection files selected for review:

- Three unit files failed to demonstrate inspection repairs within 90 days after the initial inspection.

A similar finding was included in the prior year’s single audit report on page 265 (Reference: 2014-003).

3. CAUSE

The Department did not ensure that all repairs are completed in a timely manner, nor did they ensure that Certification of Repair forms from the sponsors are maintained in the unit files.

4. EFFECT

Sponsor units may not be repaired on a timely basis.

5. RECOMMENDATION

We recommend the Department strengthen its controls over this requirement.

6. QUESTIONED COST

Cannot be determined

HOME INVESTMENT PARTNERSHIPS PROGRAM (CFDA # 14.239)

**NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2015-003 (CONTINUED)**

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department continues to maintain processes and procedures supporting compliance with Housing Quality (“HQ”) inspection standards. The Department routinely conducts HQ inspections of HOME Investment Partnerships Program assisted rental units and continues to maintain systems to facilitate and promote compliance with HOME inspection requirements; HOME units are inspected periodically and failed inspections are followed-up routinely.

In addition, the Department continues to review program requirements and operations to enhance program oversight activity and timely repairs. As part of the Department’s ongoing effort to accomplish complete and timely repairs of all HOME units, building owners are notified of failed inspections and provided regularly with detailed reports identifying non-compliant conditions.

With respect to the three unit files that failed to demonstrate the required repairs within 90 days after the notification of failure, the Department continued to notify owners to resolve conditions until all required repairs for the three units were certified as complete.

HOME INVESTMENT PARTNERSHIPS PROGRAM (CFDA # 14.239)

NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

REFERENCE: 2015-004

1. CRITERIA

Davis-Bacon Act — Contracts for the construction of affordable housing with 12 or more HOME-assisted units are required to comply with the requirements of the Davis-Bacon Act (42 USC 12836). For the construction contracts and subcontracts that are covered by the Davis-Bacon Act, the contractors or subcontractors must submit the prescribed certified payroll forms for each week in which work was performed.

2. CONDITION

The New York City Department of Housing Preservation and Development (the “Department”) has policies and procedures in place to inspect the prescribed certified payroll forms submitted by contractors or subcontractors.

We noted the following during our testing of the twenty-five construction contractors or subcontractors selected for review:

- One contractor submitted a signed payroll report instead of the required certified payroll form.

3. CAUSE

The Department did not ensure that all the contractors or subcontractors submit the prescribed certified payroll forms for each week in which work was performed.

4. EFFECT

Construction contractors or subcontractors may not submit the prescribed certified payroll forms as required.

5. RECOMMENDATION

We recommend the Department strengthen its controls over this requirement.

6. QUESTIONED COST

Cannot be determined

HOME INVESTMENT PARTNERSHIPS PROGRAM (CFDA # 14.239)

**NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
REFERENCE: 2015-004 (CONTINUED)**

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department maintains processes and procedures to comply with requirements of the Davis Bacon Act; this work includes the collection, review and approval of certified payrolls. Further, the Department is enhancing current paper-based review protocols through the establishment of an electronic payroll submission and review system. Considering the number of cases and volume of payrolls reviewed, the electronic system will minimize the possibility that subcontractors submit incorrect forms, while otherwise complying with prevailing wage requirements. Moreover, the system will strengthen the Department's ability to monitor payroll records overall. Existing policies and procedures, along with enhanced protocols, will be reinforced through continued training activity.

With respect to the audit finding, the Department had already identified the incorrect submission and obtained the appropriate payroll form, in accordance with existing internal policies and procedures. Moreover, the Department confirmed that the worker was paid an amount equal to or more than the prevailing wage.

WIOA ADULT PROGRAM (CFDA # 17.258)
WIOA YOUTH ACTIVITIES (CFDA # 17.259)
WIOA DISLOCATED WORKER FORMULA GRANTS (CFDA # 17.278)

NEW YORK CITY DEPARTMENT OF SMALL BUSINESS SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF SMALL BUSINESS
REFERENCE: 2015-005

1. CRITERIA

Allowable Costs/Cost Principles – AJC Centers - The Department of Labor, in a collaborative effort with other Federal agencies, published in the Federal Register dated May 31, 2001 (66 FR 29637) a notice that provides guidance on resource sharing methodologies for the shared costs of a AJC service delivery system.

For those selected items of cost requiring prior approval, the authority to grant or deny approval is delegated to the Governor for youth, adult and dislocated worker programs (20 CFR section 667.200(c)).

2. CONDITION

During our review of personnel service costs at the New York City Department of Small Business Services (the “Department”), we selected six personnel for testing the payroll cost. For one of the personnel selected, we were not provided the personnel file containing, the necessary payroll information. Therefore, we were unable to determine the validity of the allowable costs.

The questioned cost was determined based on gross salary paid for the sample selected.

3. CAUSE

The Department did not ensure that all required personnel files were retained.

4. EFFECT

The Department’s internal controls over allowability are not adequate.

5. RECOMMENDATION

We recommend the Department strengthen controls to ensure its Federally funded programs are in compliance with State and Federal allowability requirements.

6. QUESTIONED COST

\$2,346.00

7. VIEW OF RESPONSIBLE OFFICIAL

The Department recognizes the importance of instituting adequate controls to certify that Federally funded programs are in compliance with allowable cost/cost principal requirements.

WIOA ADULT PROGRAM (CFDA # 17.258)
WIOA YOUTH ACTIVITIES (CFDA # 17.259)
WIOA DISLOCATED WORKER FORMULA GRANTS (CFDA # 17.278)

NEW YORK CITY DEPARTMENT OF SMALL BUSINESS SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF SMALL BUSINESS
REFERENCE: 2015-005 (CONTINUED)

With respect to the audit finding, additional controls have been instituted such that when personnel files are removed from file cabinets, a sign out/in sheet must be completed by authorized staff and submitted to the Executive Director of Human Resources (HR) for approval. In addition, HR specialist will conduct periodic reviews to verify that employee personnel files are accounted for. Also, file cabinets will be checked daily to confirm they are locked.

TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES (CFDA # 84.010)
SPECIAL EDUCATION—GRANTS TO STATES (CFDA # 84.027)
SPECIAL EDUCATION—PRESCHOOL GRANTS (CFDA # 84.173)
CAREER AND TECHNICAL EDUCATION—BASIC GRANTS TO STATES
(CFDA # 84.048)
TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS (CFDA #
84.287)
ENGLISH LANGUAGE ACQUISITION GRANTS (CFDA # 84.365)
IMPROVING TEACHER QUALITY STATE GRANTS (CFDA # 84.367)
RACE-TO-THE-TOP INCENTIVE GRANTS, RECOVERY ACT (CFDA # 84.395)

NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF EDUCATION
REFERENCE: 2015-006

1. CRITERIA

Reporting—Recipients are required to submit to the Federal government a signed copy of the Final Expenditure Report for a Federal Project (“FS-10F”) along with other reports. The FS-10F report is due 90 days after the end of the grant award period.

2. CONDITION

During our testing, we reviewed the FS-10F reports submitted during fiscal year 2015 by The New York City Department of Education (the “Department”) to the Federal awarding agency. We noted that certain FS-10F reports were not submitted timely as required by the grantor. Furthermore, one of the Department’s FS-10S reports, due September 28, 2014, had yet to be submitted.

A similar finding was included in the prior year’s single audit report on page 269 (Reference: 2014-005).

3. CAUSE

Due to voluminous data collection from various schools, the Department was unable to prepare the financial reports on a timely basis.

4. EFFECT

The Department is not in compliance with requirements to report on a timely basis, and thus the pass-through entity may also not be able to report timely.

TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES (CFDA # 84.010)
SPECIAL EDUCATION—GRANTS TO STATES (CFDA # 84.027)
SPECIAL EDUCATION—PRESCHOOL GRANTS (CFDA # 84.173)
CAREER AND TECHNICAL EDUCATION—BASIC GRANTS TO STATES
(CFDA # 84.048)
TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS (CFDA #
84.287)
ENGLISH LANGUAGE ACQUISITION GRANTS (CFDA # 84.365)
IMPROVING TEACHER QUALITY STATE GRANTS (CFDA # 84.367)
RACE-TO-THE-TOP INCENTIVE GRANTS, RECOVERY ACT (CFDA # 84.395)

NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF EDUCATION
REFERENCE: 2015-006 (CONTINUED)

5. RECOMMENDATION

We recommend the Department establish an effective process to ensure compliance with this requirement.

6. QUESTIONED COST

None.

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department continues to recognize the importance of fiscal reporting requirements and maintains processes and procedures to monitor grant award programs with respect to the timely submission of Final Expenditure Reports (FS-10F). The Department carefully monitors programs/schools to facilitate accurate and complete records. The Department also oversees programs/schools throughout the award period and re-enforces established reporting guidelines to facilitate timely submission of expenditure reports. Further, the Department continues to closely track grant expenditures throughout the grant period, as well as work with appropriate State Education officials to facilitate the completion and submission of financial expenditure reports. An encumbrance report is utilized, which lists open encumbrances by project within district to facilitate the liquidation of these open obligations. Additionally, the Office of Revenue Operations periodically provides the Office of Accounts Payable with open detail listings of categorical grant outstanding encumbrances to identify and promote processing of outstanding vendor invoices. System users are able to drill-down on projects, districts and grant codes to identify the open document numbers that comprise the total open encumbrance amount. This system helps ensure applicable program, finance and Senior Grant Officer staff take action to liquidate or reduce potential payable amounts.

TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES (CFDA # 84.010)

NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF EDUCATION
REFERENCE: 2015-007

1. CRITERIA

Procurement — Verify that contract files exist and ascertain if appropriate cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supported the procurement action (§____.36(f) and 2 CFR 215.45).

2. CONDITION

The City of New York’s (“The City”) Charter requires all contracts procured for the provision of goods, services or construction that is paid out of The City treasury or paid out of money under the control of The City to be registered by The New York City Office of the Comptroller (the “Comptroller”). The Comptroller has 30 calendar days from the date the contract is submitted to register or object to the contract. The process is designed to ensure that sufficient funds exist to make payments for that contract, that all appropriate certifications and documentation has been obtained and collected, that the contractor is not involved in corrupt activity or that there was not possible corruption in the letting of the contract.

During our testing at the New York City Department of Education (the “Department”), we reviewed the contracts and procurement packages related to sixty-five Procurement selections. We noted that for one selection there was no contract on file. Per the New York City Department of Education (the “Department”) the contract in question is not registered by the New York City Comptroller’s Office after numerous attempts. In this regard, no payments must be made to the vendor pending registration of the contract.

The questioned cost is determined, based upon actual invoice amount selected for testing.

3. CAUSE

The Department did not ensure that procurement contracts are registered with New York City Controller’s Office on a timely basis.

4. EFFECT

The Department is not in compliance with requirements to maintain a contract and procurement package with all significant vendors.

5. RECOMMENDATION

We recommend the Department establish an effective process to ensure compliance with this requirement.

TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES (CFDA # 84.010)

**NEW YORK CITY DEPARTMENT OF EDUCATION
STATE AGENCY: NEW YORK STATE EDUCATION DEPARTMENT
FEDERAL AGENCY: U.S. DEPARTMENT OF EDUCATION
REFERENCE: 2015-007 (CONTINUED)**

6. QUESTIONED COST

\$28,911.00

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department is aware of applicable Federal, state and local procurement requirements, and maintains policies and procedures with respect to such expectations. With respect to the audit finding, the Department has determined that the procurement action was inadvertently processed against the original contract, rather than the subsequent agreement which was registered properly. To minimize this possibility, the Department now scans all contracts into the Omnibus Automated Image Storage and Information System, thereby helping to ensure procurement actions are cross-referenced to the relevant underlying agreement.

**SPECIAL PROGRAMS FOR THE AGING—TITLE III, PART B—GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS (CFDA # 93.044)
SPECIAL PROGRAMS FOR THE AGING—TITLE III, PART C—NUTRITION SERVICES (CFDA # 93.045)
NUTRITION SERVICES INCENTIVE PROGRAM) (CFDA # 93.053)**

**NEW YORK CITY DEPARTMENT FOR THE AGING
STATE AGENCY: NEW YORK STATE OFFICE FOR THE AGING
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-008**

1. CRITERIA

Subrecipient Monitoring—In accordance with the Federal Office of Management and Budget (“OMB”) Circular A-133, the pass-through entity is responsible for:

- Identifying the subrecipient’s Federal award information (e.g., Catalog of Federal and Domestic Assistance (“CFDA”) title and number, award name, name of Federal agency) and applicable compliance requirements.
- Monitoring the subrecipient’s activities to provide reasonable assurance that the subrecipient administers Federal awards in compliance with Federal requirements.
- Ensuring the required audits are performed and requiring the subrecipient to take prompt corrective action on any audit findings.
- Evaluating the impact of subrecipient activities on the pass-through entity’s ability to comply with Federal regulations.

2. CONDITION

The New York City Department for the Aging (the “Department”) has a system to monitor the completion of program-specific financial and compliance audits by subrecipients. The system includes tracking the receipt and reviewing the content of such report.

Of the twenty-five delegate agencies selected for review:

- One subrecipient did not submit their Federal OMB Circular A-133 Report on time for the fiscal year ended 2014.

A similar finding was included in the prior year single audit report on page 271 (Reference: 2014-006).

3. CAUSE

The Department did not follow policies and procedures that ensure all subrecipients report in a timely manner.

**SPECIAL PROGRAMS FOR THE AGING—TITLE III, PART B—GRANTS FOR SUPPORTIVE SERVICES AND SENIOR CENTERS (CFDA # 93.044)
SPECIAL PROGRAMS FOR THE AGING—TITLE III, PART C—NUTRITION SERVICES (CFDA # 93.045)
NUTRITION SERVICES INCENTIVE PROGRAM) (CFDA # 93.053)**

**NEW YORK CITY DEPARTMENT FOR THE AGING
STATE AGENCY: NEW YORK STATE OFFICE FOR THE AGING
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-008 (CONTINUED)**

4. EFFECT

The Department may not be able to properly monitor subrecipients if the audited financial statements and Federal OMB Circular A-133 reports are not received timely.

5. RECOMMENDATION

We recommend the Department contact the delegate agency to inform them of instances of non-compliance with reporting requirements.

6. QUESTIONED COST

None

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department continues to recognize the importance of monitoring subrecipients; systems are maintained to oversee and assess the performance of its delegate agencies. The system includes communications with respect to timely submission of reports and resolution of conditions.

Regarding the audit finding for the one provider that submitted their Federal Office of Management and Budget Circular A-133 report eight days beyond the December 31st due date, the Department has notified them of the importance of timely submissions.

CHILD CARE AND DEVELOPMENT BLOCK GRANT (CFDA # 93.575)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
STATE AGENCY: NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-009

1. CRITERIA

Subrecipient Monitoring—In accordance with the Federal Office of Management and Budget (OMB) Circular A-133, the pass through entity is responsible for:

- *Subrecipient Audits*—Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ended after December 31, 2003, as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period.
- The cognizant agency for audit shall consider auditee requests for extensions to the report submission due date required by §320(a). The cognizant agency for audit may grant extensions for good cause (§400(a)(2)).

2. CONDITION

The New York City Administration for Children's Services (the "Department") has a system that monitors the completion of program specific financial and compliance audits by subrecipients.

Of the Eighteen (18) delegate agencies selected for review:

- Two (2) had not submitted current audited financial statements within the prescribed 9-month deadline.
- One (1) Subrecipient's OMB Circular A-133 Reports was not received by the Department.

A similar finding was included in the prior year's single audit report on page 273 (Reference: 2014-007).

3. CAUSE

The Department did not follow policies and procedures to obtain all subrecipient reports in a timely manner.

4. EFFECT

The Department may not be able to monitor subrecipients appropriately if the audited financial statements are not received on a timely basis.

CHILD CARE AND DEVELOPMENT BLOCK GRANT (CFDA # 93.575)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES

STATE AGENCY: NEW YORK STATE OFFICE OF CHILDREN AND FAMILY SERVICES

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

REFERENCE: 2015-009 (CONTINUED)

5. RECOMMENDATION

We recommend the Department contact the delegate agencies to inform them of instances of non-compliance with reporting requirements.

6. QUESTIONED COST

Cannot be determined

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department recognizes the importance of complying with the Child Care and Development Block Grant Subrecipient Monitoring requirements. The Department continues to work closely with contract agencies to help strengthen and ensure compliance with applicable rules and regulations. Further, the Department has established processes and procedures to monitor the fiscal and programmatic activities of its subrecipients as well as track the receipt of annual audited financial statements.

With respect to the audit finding, the Department has established processes to monitor its contract agencies, including compliance with Federal grant requirements. Contract agencies are also required to report the progress of independent audit activity. The Department will continue to provide technical assistance if required to achieve on-time audits as well as lower VENDEX scores for those contractors with late submissions. The Department is working to obtain the one outstanding Federal Office of Management and Budget Circular A-133 Report.

HEAD START (CFDA # 93.600)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-010

1. CRITERIA

Subrecipient Monitoring—In accordance with the Federal Office of Management and Budget (OMB) Circular A-133, the pass through entity is responsible for:

- *Subrecipient Audits*—Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ended after December 31, 2003, as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period.
- The cognizant agency for audit shall consider auditee requests for extensions to the report submission due date required by §320(a). The cognizant agency for audit may grant extensions for good cause (§400(a)(2)).

2. CONDITION

The New York City Administration for Children's Services (the "Department") has a system that monitors completion of program specific financial and compliance audits by subrecipients.

Of the twenty-five (25) delegate agencies selected for testing, we noted that four (4) had not submitted current audited financial statements within the prescribed 9-month deadline. We also noted that three (3) did not provided their audited financial statements to the Department.

A similar finding was included in the prior year's single audit report on page 275 (Reference: 2014-008).

3. CAUSE

The Department did not follow policies and procedures to obtain all subrecipients reports in a timely manner.

4. EFFECT

The Department may not be able to monitor subrecipients appropriately if the audited financial statements are not received on a timely basis.

5. RECOMMENDATION

We recommend the Department contact the delegate agencies to inform them of instances of non-compliance with reporting requirements. When extensions are not requested for late submissions, we recommend the Department send notices to the delegates, reminding them of the requirements, as well as maintain a copy of such notices.

HEAD START (CFDA # 93.600)

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-010 (CONTINUED)**

6. QUESTIONED COST

Cannot be determined

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department recognizes the importance of complying with Head Start Subrecipient Monitoring requirements and continues to work closely with contract agencies to fulfill applicable rules and regulations. The Department maintains processes and procedures to monitor the fiscal and programmatic activities of its subrecipients and to track the receipt of annual audited financial statements.

With respect to the audit findings, the Department established processes to monitor its contract agencies including compliance with Federal grant requirements. Contract agencies are required to report the progress of independent auditor activity. The Department will continue to provide technical assistance if required to achieve on-time audits as well as lower VENDEX scores for those contractors with late submissions. The Department is working to obtain the three outstanding financial statements.

HEAD START (CFDA # 93.600)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-011

1. CRITERIA

Matching—Grantees are required to contribute at least 20 percent of the costs of the program through cash or in-kind contributions, unless a lesser amount has been approved by the Federal Administration for Children and Family (“ACF”) (42 USC 9835(b); 45 CFR sections 1301.20 and 1301.21).

2. CONDITION

The New York City Administration for Children’s Services (the “Department”) executes contractual agreements with Head Start delegate agencies requiring cash or in-kind contributions totaling 20 percent. In connection with these agreements, the Department’s Head Start Internal Audit Service Unit prepares guidelines with respect to in-kind contribution rates for volunteer and other services, as well as audits providers to determine actual contribution amounts. A copy of these guidelines and findings, if any, are sent to delegate agencies, sponsoring boards, and other relevant staff. In the event of findings, delegate agencies are required to submit monthly Corrective Action Plans (CAP) to the Department, including details on the dollar amount of in-kind contributions. The CAPs are reviewed by the Department’s Director of Payments for Head Start to verify that in-kind contributions are recorded properly. If the Department determines that required contributions will be delayed or cannot be met, an extension or waiver may be granted.

Of the twenty-five (25) delegate agencies selected for review, we noted that one delegate did not fulfill the match requirement.

A similar finding was included in the prior year’s single audit report on page 277 (Reference: 2014-009).

3. CAUSE

The Department did not enforce its matching requirements for subrecipients.

4. EFFECT

The Department may not be able to match its portion as required by the Head Start program requirements.

5. RECOMMENDATION

We recommend the Department remind delegate agencies to comply with matching requirements. Whenever extensions or waivers are approved, we recommend the Department send approvals to delegate agencies timely, as well as maintain a copy of such approval.

HEAD START (CFDA # 93.600)

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015- 011 (CONTINUED)**

6. QUESTIONED COST

Cannot be determined

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department recognizes the importance of complying with Head Start non-federal match requirements and has established procedures and protocols to monitor the fiscal activities of delegate agencies in this regard. The Department staff work closely with delegate agencies to provide applicable guidance and emphasize the importance of fulfilling match expectations. Additionally, as needed, the Department assists delegates with satisfying their obligations.

Specifically, delegate agencies are instructed annually to contribute at least 20 percent of program costs e.g., through cash or in-kind contributions, unless a lesser amount has been approved by the Department's staff. Further, delegates' monthly budget reports are reviewed by the Department to determine whether the non-federal match is being met. The Department identifies delegate agencies that may not meet the match requirement and contacts them as required. Corrective Action Plans are required to track and resolve conditions impacting match fulfillment.

Agencies at risk of not satisfying match expectations fully are advised to validate the accuracy and derivations of year-to-date and projected amounts. Those with confirmed needs are allowed to request a waiver, which if approved, necessitates the submission of corrective actions to achieve future targets. Delegate agencies are notified that non-compliance with Federal matching requirements may negatively affect VENDEX scores.

HEAD START (CFDA # 93.600)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-012

1. CRITERIA

Earmarking—Targeted earmark—Each Head Start agency must enroll 100 percent of its funded enrollment (42 United States Code (“USC”) 9387(g)). For Fiscal Year 2009 and thereafter, not less than 10 percent of the total number of children actually enrolled by each Head Start Agency and each delegate agency must be children with disabilities determined to be eligible for special education and related services unless a waiver has been approved by Federal Administration For Children and Families (“ACF”) (42 USC 9835(d)).

2. CONDITION

The New York City Administration for Children’s Services (the “Department”) enrolls eligible children in its Head Start Program. We selected enrollment activity for five monthly periods to determine the actual funded enrollment percentage, and noted that for all five (5) months selected for testing, the Department did not enroll 100 percent of its funded enrollment.

A similar finding was included in the prior year’s single audit report on page 279 (Reference: 2014-010).

3. CAUSE

The Department is aware of this requirement, but is unable to comply with it fully.

4. EFFECT

Earmarking levels may not reach Federal requirements.

5. RECOMMENDATION

We recommend the Department monitor the citywide enrollment to ensure 100 percent of its funded enrollment is met.

6. QUESTIONED COST

Cannot be determined.

HEAD START (CFDA # 93.600)

**NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-012 (CONTINUED)**

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department recognizes the importance of adherence to Head Start enrollment requirements and continues to work to maintain the 100 percent enrollment target. Further, the Department is in communication with the applicable Federal agency concerning the Department's efforts and enhancements in this regard, including distribution of monthly enrollment reports.

The Department continues to work to strengthen enrollment monitoring and program support. Staff teams conduct site visits, provide technical assistance and review program plans. Also, the Department Head Start Early Learn program staff and delegate agencies work on-site at New York City Human Resources Administration Job Centers to provide parents with information about Head Start opportunities. The Department also conducts outreach by mail with respect to Head Start EarlyLearn, to notify clients who receive a child care subsidy, as well as works with the New York City Housing Authority to identify and conduct outreach to families with young children. In addition, Head Start Early Learn programs develop outreach plans with the beginning of the new academic year, and will be asked to develop community outreach plans if they are not fully enrolled by November 2016.

Further, the Department maintains a web-based enrollment and attendance reporting system which strengthens its ability to track enrollment. Programs using the system are provided technical assistance to enhance reporting on enrollment.

ADOPTION ASSISTANCE (CFDA # 93.659)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES

STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

REFERENCE: 2015-013

1. CRITERIA

Eligibility for Individuals—Adoption assistance subsidy payments may be paid on behalf of a child only if all of the following requirements are met:

- The child is eligible, or would have been eligible, for the former Aid to Families with Dependent Children (“AFDC”) program (i.e., met the State-established standard of need as of July 16, 1996, prior to enactment of the Personal Responsibility and Work Opportunity Reconciliation Act) except for his/her removal from the home of a relative pursuant to either a voluntary placement agreement or as a result of a judicial determination to the effect that continuation in the home of removal would have been contrary to the welfare of the child; the child is eligible for Supplemental Security Income; or is a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to his/her minor parent (42 United States Code (“USC”) 673(a)(2)(A) (i)(I)).
- Nonrecurring expenses of adoption may be paid on behalf of a child only if all of the following requirements are met:
 - The agreement, as a separate document or part of an agreement for State/Tribe or Federal Adoption assistance payment or services, was signed prior to the final decree of adoption (45 Code of Federal Regulations (“CFR”) sections 1356.41(b)).
 - The agreement indicates the nature and amount of the nonrecurring expenses to be paid (45 CFR sections 1356.41(a)).
 - The State or Tribe has determined that the child is a child with special needs (45 CFR sections 1356.41(d)).
 - The child has been placed for adoption in accordance with applicable State and local laws (45 CFR sections 1356.41(d)).
 - The costs incurred by or on behalf of adoptive parents are not otherwise reimbursed from other sources (45 CFR sections 1356.41(g)).

2. CONDITION

New York State has enacted legislation which allows payments to be made for the care and maintenance of children when they are adopted. The New York City Administration for Children’s Services (the “Department”) provides a monthly adoption subsidy payment mandated by law for the care, maintenance, and/or medical needs of a child who fits the definition of handicapped or hard-to-place as defined by New York State law and regulations. Subsidy payments are available to all eligible children until the age of 21 regardless of the adoptive parent’s income. These payments are discontinued only when it is determined by a social services official that the adoptive parent(s) is no longer legally

ADOPTION ASSISTANCE (CFDA # 93.659)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-013 (CONTINUED)

responsible for the support of the child or that the child is no longer receiving any support from the parent(s).

Of the forty files (40) selected for testing:

- Three (3) files did not include one or more federally-required documents. The missing documents were the Adoptive Placement Agreement, Adoption Subsidy Agreement, and/or the Agreement for Non-recurring Adoption Expenses.

A similar finding was included in the prior year's single audit report on page 285 (Reference: 2014-013).

3. CAUSE

The Department did not ensure that all required forms were filed and signed timely.

4. EFFECT

Claims could be made on behalf of ineligible recipients.

5. RECOMMENDATION

We recommend the Department strengthen its monitoring controls over the adoption assistance case files, to ensure the timely and accurate determination of eligibility.

6. QUESTIONED COST

Cannot be determined

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department recognizes the importance of complying with Adoption Assistance eligibility requirements and maintains policies and procedures supporting program activities. Further, the Department continues to strengthen adoption subsidy case and records management.

The Department's Division of Family Permanency maintains staff training protocols with respect to proper processing of adoption subsidy cases and conducts Quality Assurance reviews of case records. In addition, The Department continues to work closely with the New York State Office of Children and Family Services which now retains electronic adoption subsidy agreements for every adoption in New York State. Further, the Department has bar-coded and scanned older adoption subsidy case records. The Department has also implemented an automated system for processing non-recurring legal fees.

ADOPTION ASSISTANCE (CFDA # 93.659)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES

STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

REFERENCE: 2015-013 (CONTINUED)

Effective September 2014, the Division of Family Permanency strengthened its records management processing, whereby the Department notifies provider agencies if an adoption subsidy case record is missing documentation, prior to the closing and warehousing of the record. This protocol improvement allows for timely gathering of all required documentation.

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SOCIAL SERVICES BLOCK GRANT (CFDA # 93.667)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES
STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-014

1. CRITERIA

Subrecipient Monitoring—In accordance with the Federal Office of Management and Budget (OMB) Circular A-133, the pass through entity is responsible for:

- *Subrecipient Audits*—Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ended after December 31, 2003, as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period.
- The cognizant agency for the audit shall consider auditee requests for extensions to the report submission due date required by §320(a). The cognizant agency for the audit may grant extensions for good cause (§400(a)(2)).

2. CONDITION

The New York City Administration for Children's Services (the "Department") has a system that monitors the completion of program specific financial and compliance audits by subrecipients.

Of the fourteen (14) delegate agencies selected for review, we noted that one (1) delegate agents did not submit audited financial statements within the prescribed 9-month deadline.

A similar finding was included in the prior year's single audit report on page 287 (Reference: 2014-014).

3. CAUSE

The Department did not follow policies and procedures to obtain all subrecipient reports in a timely manner.

4. EFFECT

The Department may not be able to monitor subrecipients appropriately if the audited financial statements are not received on a timely basis.

5. RECOMMENDATION

We recommend the Department contact the delegate agencies to inform them of instances of non-compliance with reporting requirements. When extensions are not requested for late submissions, we recommend the Department send notices to the delegates, reminding them of the requirements, as well as maintain a copy of such notices.

SOCIAL SERVICES BLOCK GRANT (CFDA # 93.667)

NEW YORK CITY ADMINISTRATION FOR CHILDREN'S SERVICES

STATE AGENCY: NEW YORK STATE OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE

FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

REFERENCE: 2015-014 (CONTINUED)

6. QUESTIONED COST

Cannot be determined

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department recognizes the importance of complying with the Social Services Block Grant Subrecipient Monitoring requirements. The Department continues to work closely with contract agencies to fulfill applicable rules and regulations. Further, the Department maintains processes and procedures to monitor the fiscal and programmatic activities of its subrecipients and track the receipt of annual audited financial statements.

With respect to the audit finding, the Department has established processes to monitor contract agencies, including compliance with Federal grant requirements. In this regard, contract agencies are required to report the progress of independent auditor activity. Also, the Department will continue to provide technical assistance if required to achieve on-time audits as lower VENDEX scores for those contractors with late submissions.

HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED HIV PREVENTION PROGRAM (CFDA # 93.940)

NEW YORK CITY DEPARTMENT OF HEALTH AND MENTAL HYGIENE
STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-015

1. CRITERIA

Internal Controls - As per *Uniform Grant Guidance* section §200.303- Internal Controls, the non-Federal entity must:

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States and the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- Evaluate and monitor the non-Federal entity's compliance with statute, regulations and the terms and conditions of Federal awards.

2. CONDITION

The New York City Department of Health and Mental Hygiene (the "Department") has internal control procedures in place to maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

We noted that the Department did not formally document its internal controls over the federal awards that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

3. CAUSE

The Department did not follow policies and procedures as stated in Uniform Grant Guidance CFR 200.303 regarding the documentation of internal controls.

4. EFFECT

The Department is not in compliance with requirements of Uniform Grant Guidance CFR 200.303.

5. RECOMMENDATION

We recommend the Department ensure the internal control over the Federal award provides reasonable assurance the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED HIV PREVENTION PROGRAM (CFDA # 93.940)

**NEW YORK CITY DEPARTMENT OF HEALTH AND MENTAL HYGIENE
STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-015 (CONTINUED)**

6. QUESTIONED COST

None

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department is aware of the importance of establishing and maintaining a robust internal control environment, including the documentation of internal controls with respect to Federal awards in accordance with Federal Uniform Grant guidance. Most recently, in concert with other City agencies and since December 2014, the Department has carefully reexamined its internal control framework and documented applicable standards, using a structured format familiar to the auditors. This tool has been reviewed and updated annually to facilitate testing of the Department's internal controls, and identifies formalized written standard operating procedures, as well as depicts other granular details. Unlike previous years, this tool is being applied to awards considered both a major program along with non-major programs based upon Federal Office of Management and Budget (OMB) guidance. Further, the tool mirrors characteristics of internal control as depicted in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Control-Integrated Framework, and is based on Federal OMB compliance supplement details, pending further Federal guidance in this regard.

HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED HIV PREVENTION PROGRAM (CFDA # 93.940)

NEW YORK CITY DEPARTMENT OF HEALTH AND MENTAL HYGIENE
STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-016

1. CRITERIA

Subrecipient Monitoring - As per Uniform Grant Guidance section - §200.331 Requirements for pass-through entities. All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal Award Identification.

(i) Subrecipient name (which must match the name associated with its unique entity identifier);

(ii) Subrecipient's unique entity identifier;

(iii) Federal Award Identification Number (FAIN);

(iv) Federal Award Date (see §200.39 Federal award date) of award to the recipient by the Federal agency;

(v) Subaward Period of Performance Start and End Date;

(vi) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;

(vii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;

(viii) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;

(ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

(x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;

(xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;

HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED HIV PREVENTION PROGRAM (CFDA # 93.940)

**NEW YORK CITY DEPARTMENT OF HEALTH AND MENTAL HYGIENE
STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-016 (CONTINUED)**

(xii) Identification of whether the award is R&D; and

(xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).

(2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;

(3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;

(4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal Government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this part), or a de minimis indirect cost rate as defined in §200.414 Indirect (F&A) costs, paragraph (f);

(5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and

(6) Appropriate terms and conditions concerning closeout of the subaward.

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

(1) The subrecipient's prior experience with the same or similar subawards;

(2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;

(3) Whether the subrecipient has new personnel or new or substantially changed systems; and

(4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in §200.207 Specific conditions.

HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED HIV PREVENTION PROGRAM (CFDA # 93.940)

**NEW YORK CITY DEPARTMENT OF HEALTH AND MENTAL HYGIENE
STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-016 (CONTINUED)**

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

(1) Providing subrecipients with training and technical assistance on program-related matters; and

(2) Performing on-site reviews of the subrecipient's program operations;

(3) Arranging for agreed-upon-procedures engagements as described in §200.425 Audit services.

(f) Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.

(h) Consider taking enforcement action against noncompliant subrecipients as described in §200.338 Remedies for noncompliance of this part and in program regulations.

HIV PREVENTION ACTIVITIES_HEALTH DEPARTMENT BASED HIV PREVENTION PROGRAM (CFDA # 93.940)

**NEW YORK CITY DEPARTMENT OF HEALTH AND MENTAL HYGIENE
STATE AGENCY: NEW YORK STATE DEPARTMENT OF HEALTH
FEDERAL AGENCY: U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
REFERENCE: 2015-016 (CONTINUED)**

2. CONDITION

The New York City Department of Health and Mental Hygiene (the “Department”) has subrecipient monitoring procedures in place. We noted the Department’s subrecipient contracts did not include all the required information for its subrecipient contract.

3. CAUSE

The Department did not follow policies and procedures as stated in Uniform Grant Guidance CFR 200.331 regarding the subrecipient monitoring requirements.

4. EFFECT

The Department is not in compliance with requirements of Uniform Grant Guidance CFR 200.331.

5. RECOMMENDATION

We recommend the Department ensure its subrecipient contracts are in compliance with Uniform Grant Guidance CFR 200.331 subrecipient requirements.

6. QUESTIONED COST

Cannot be determined.

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department understands the importance of complying with Federal Uniform Grant Guidance, including the monitoring of subrecipients and communication of applicable expectations and requirements. With respect to the audit finding, in August 2016, the Department will renew the master contract.

THE CITY OF NEW YORK SINGLE AUDIT REPORT

STATUS OF PRIOR YEARS' FINDINGS YEAR ENDED JUNE 30, 2015

City Agency	Index #	Page #	Program Name	Summary of Finding	Status
Department of Education	96-02-10.553, 10.555	24	Child Nutrition Cluster—	Meal count requirement monitoring	Repeat: CAP in current year report; refer to index 2015-001-10.553, 10.555 and 10.559.
	97-03-10.553, 10.555	27	School Breakfast Program (10.553), National		
	98-02-10.553, 10.555	30	School Lunch Program (10.555), Summer		
	99-02-10.553, 10.555	29	Food Service Program for Children (10.559)		
	00-02-10.553, 10.555	29			
	01-01-10.553, 10.555	30			
	02-03-10.553, 10.555	147			
	03-02-10.553, 10.555	142			
	04-04-10.553, 10.555	158			
	05-01-10.553, 10.555	166			
	06-02-10.553, 10.555	177			
	07-01-10.553, 10.555	179			
	08-01-10.553, 10.555	181			
	09-04-10.553, 10.555	193			
	10-03-10.553, 10.555	203			
	11-01-10.553, 10.555	209			
	12-01-10.553, 10.555	218			
13-001-10.553,10.555	227				
2014-001-10.553,10.555,10.559	257				
Health and Hospitals Corporation	2014-002-10.557	263	Special Supplemental Nutrition Program for Women, Infants and Childrens (10.557)	Allowable Costs	Corrected
Housing Preservation and Development	08-03-14.239	187	HOME Investment Partnerships Program (14.239)	Missing certification of repair	Repeat: CAP in current year report; refer to index 2015-003-14.239.
	09-08-14.239	203			
	10-04-14.239	207			
	11-03-14.239	215			
	12-03-14.239	224			
	13-002-14.239	231			
2014-003-14.239	265				
Department of Investigation	2014-004-16.922	267	Equitable Sharing Program (16.922)	Allowable Costs	Corrected
Department of Education	02-25-84.027, 84.173	178	Title I - Grants to Local Educational Agencies (84.010), Special Education - Grants to States (84.027), Career and Technical Education - Basic Grants to States (84.048), Special Education Pre-school Grants (84.173), Twenty-First Century Community Learning Centers (84.287), Education Technology State Grants (84.318), Reading First State Grants (84.357), English Language Acquisition Grants (84.365), Improving Teacher Quality State Grants (84.367), Recovery Act - Education Technology State Grants (84.386) School Improvement Grant, Recovery Act (84.388); Race to the Top Incentive Grants, Recovery Act (84.395)	Timely completion of expenditure reports	Repeat: CAP in current year report; refer to index 2015-006-84.010, 84.027, 84.173, 84.048, 84.287, 84.365., 84.367, 84.395.
	03-18-84.027, 84.173	164			
	04-18-84.027, 84.173	176			
	05-18-84.027, 84.173	190			
	06-11-84.010, 84.027, 84.173, 84.287, 84.318/84.365, 84.367	199			
	07-12-84.027, 84.173	209			
	07-13-84.048	211			
	08-08-84.010, 84.027, 84.173, 84.048, 84.287, 84.318, 84.357, 84.365	197			
	09-11-84.010, 84.027, 84.173, 84.048, 84.287, 84.318, 84.357	211			

(Continued)

THE CITY OF NEW YORK SINGLE AUDIT REPORT

STATUS OF PRIOR YEARS' FINDINGS YEAR ENDED JUNE 30, 2015 - (CONTINUED)

City Agency	Index #	Page #	Program Name	Summary of Finding	Status
Department of Education	10-15-84.027, 84.173, 84.287, 84.318, 84.357, 84.048	229	Title I - Grants to Local Educational Agencies (84.010), Special Education - Grants to States (84.027), Career and Technical Education - Basic Grants to States (84.048), Special Education Pre-school Grants (84.173), Twenty-First Century Community Learning Centers (84.287), Education Technology State Grants (84.318), Reading First State Grants (84.357), English Language Acquisition Grants (84.365), Improving Teacher Quality State Grants (84.367), Recovery Act - Education Technology State Grants (84.386)	Timely completion of expenditure reports	Repeat: CAP in current year report; refer to index 2015-006-84.010, 84.027, 84.173, 84.048, 84.287, 84.365, 84.367, 84.395.
	11-08-84.010, 84.027, 84.173, 84.048, 84.287, 84.365	227	Centers (84.287), Education Technology State Grants (84.318), Reading First State Grants (84.357), English Language Acquisition Grants (84.365), Improving Teacher Quality State Grants (84.367), Recovery Act - Education Technology State Grants (84.386)		
	12-09-84.027, 84.173, 84.048, 84.287, 84.386	236	School Improvement Grant, Recovery Act (84.388); Race to the Top Incentive Grant, Recovery Act (84.395)		
	13-005-84.027, 84.173, 84.048, 84.287, 84.365, 84.367, 84.386, 84.395	237			
	2014-005-84.010, 84.027, 84.173, 84.048, 84.365, 84.388	269			
Department for the Aging	2014-006-93.044, 93.045, 93.053	271	Special Programs for the Aging - Title III Part B (93.044), Title III Part C (93.045), Nutrition Services Incentive Program (93.053)	Subrecipient Monitoring	Repeat: CAP in current year report; refer to index 2015-008-93.044 and, 93.045, 93.053.
Administration for Children's Services	10-18-93.575	235	Child Care and Development Block Grant (93.575), Recovery Act - Child Care and Development Block Grant (93.713)	Subrecipient monitoring	Repeat: CAP in current year report; refer to index 2015-009-95.575.
	11-11-93.575, 93.713	233			
	12-11-93.575	240			
	13-007-93.575	241			
	2014-007-93.575	273			
Administration for Children's Services	05-33-93.600	214	Head Start (93.600)	Subrecipient monitoring	Repeat: CAP in current year report; refer to index 2015-010-93.600.
	06-22-93.600	221			
	07-23-93.600	231			
	08-22-93.600	227			
	09-15-93.600	219			
	10-21-93.600	241			
	11-12-93.600	235			
	12-13-93.600	244			
	13-013-93.600	255			
	2014-008-93.600	275			
Administration for Children's Services	12-15-93.600	248	Head Start (93.600)	Delegate agency matching	Repeat: CAP in current year report; refer to index 2015-011-93.600.
	13-009-93.600	247			
	2014-009-93.600	277			

(Continued)

THE CITY OF NEW YORK SINGLE AUDIT REPORT

STATUS OF PRIOR YEARS' FINDINGS YEAR ENDED JUNE 30, 2015 - (CONTINUED)

City Agency	Index #	Page #	Program Name	Summary of Finding	Status
Administration for Children's Services	09-18-93.600	225	Head Start (93.600)	Targeted earmarking	Repeat: CAP in current year report; refer to index 2015-012-93.600.
	10-20-93.600	239			
	11-13-93.600	237			
	12-14-93.600	246			
	13-010-93.600	249			
	2014-010-93.600	279			
Administration for Children's Services	13-011-93.600	251	Head Start (93.600)	Reporting	Corrected
	2014-011-93.600	281			
Administration for Children's Services	13-012-93.600	253	Head Start (93.600)	Reporting	Corrected
	2014-012-93.600	283			
Administration for Children's Services	08-19-93.659	221	Adoption Assistance (93.659)	Missing file and documents	Repeat: CAP in current year report; refer to index 2015-013-93.659.
	09-19-93.659	227			
	10-23-93.659	247			
	11-14-93.659	239			
	12-16-93.659	250			
	13-008-93.659	243			
	2014-013-93.659	285			
Administration for Children's Services	11-15-93.667	241	Social Services Block Grant (93.667)	Subrecipient monitoring	Repeat: CAP in current year report; refer to index 2015-014-93.667.
	12-17-93.667	254			
	13-014-93.667	257			
	2014-014-93.667	287			

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STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY PART 43 OF THE NEW YORK STATE CODIFICATION OF RULES AND REGULATIONS

The People of The City of New York:

Report on Compliance for Each Major State of New York Department of Transportation Assistance Program

We have audited The City of New York's ("The City") compliance with the types of compliance requirements described in the *Part 43 of the New York State Codification of Rules and Regulations* ("NYSCRR") that could have a direct and material effect on each of The City's major State of New York Department of Transportation assistance programs for the year ended June 30, 2015. The City's major State of New York Department of Transportation assistance programs are identified in the summary of auditor's results section of the accompanying State of New York Department of Transportation assistance expended schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its State of New York Department of Transportation assistance programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The City's major State of New York Department of Transportation assistance programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and NYSCRR. Those standards and NYSCRR require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State of New York Department of Transportation assistance program occurred. An audit includes examining, on a test basis, evidence about The City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State of New York Department of Transportation assistance program. However, our audit does not provide a legal determination of The City's compliance.

Opinion on Each Major State of New York Department of Transportation Assistance Program

In our opinion, The City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major State of New York Department of Transportation assistance programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with NYSCRR and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-1. Our opinion on each major State of New York Department of Transportation assistance program is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying, *Schedule of Findings and Questioned Costs*. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

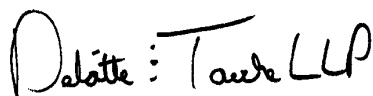
Management of The City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The City's internal control over compliance with the types of requirements that could have a direct and material effect on each major State of New York Department of Transportation assistance program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State of New York Department of Transportation assistance program and to test and report on internal control over compliance in accordance with NYSCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State of New York Department of Transportation assistance program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a State of New York Department of Transportation assistance program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State of New York Department of Transportation assistance program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-01, that we consider to be a material weakness.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying *schedule of findings and questioned costs*. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of NYSCRR. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink. The signature reads "Deloitte : Touche LLP". The word "Deloitte" is written in a cursive style, followed by a colon and the word "Touche" in a similar cursive style, and "LLP" in a more upright, blocky cursive style.

October 29, 2015

THE CITY OF NEW YORK

**SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION
ASSISTANCE EXPENDED
YEAR ENDED JUNE 30, 2015**

<u>State Grantor Program Title</u>	<u>CFDA Number</u>	<u>State Contract Number</u>	<u>Expenditures</u>
New York City Department of Transportation			
Marchicelli/Bond Match for Federal Aid Highway Projects	20.205	-	\$ 8,318,415
<i>Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component Cluster:</i>			
Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component	N/A	-	78,938,674
State-aid Multi-Modal Program	N/A	-	<u>5,370,472</u>
<i>Total Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component Cluster</i>			84,309,146
State Transit Operating Assistance (STOA)	N/A	-	90,990,835
Arterial Highway Maintenance	N/A	-	14,264,716
Federal Transit Administration Grants	N/A	-	<u>2,023,245</u>
TOTAL STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED			<u><u>\$199,906,357</u></u>

See accompanying Notes to Schedule of State of New York Department of Transportation Assistance Expended.

(Concluded)

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THE CITY OF NEW YORK SINGLE AUDIT REPORT

NOTES TO SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED YEAR ENDED JUNE 30, 2015

1. BASIS OF PRESENTATION

Reporting Entity—General—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 accompanying Schedule of State of New York Department of Transportation Assistance Expended presents the activity of all financial assistance programs provided by the New York State Department of Transportation to the New York City Department of Transportation.

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 New York City Neighborhood Capital Corporation.

THE CITY OF NEW YORK SINGLE AUDIT REPORT

NOTES TO SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED YEAR ENDED JUNE 30, 2015— (CONTINUED)

Program Tested—For The City’s purposes, a State Transportation Assistance Program, as defined by *Part 43 of the NYCRR*, is any program that exceeds \$3,000,000 when the total State Transportation Assistance Expended of the reporting entity exceeds \$100 million. Total expenditures incurred by The City for the State Transportation Assistance Programs were approximately \$200 million.

Indirect Costs—Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the data presented.

2. BASIS OF ACCOUNTING

The basis of accounting determines when transactions are reported in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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, in which The City either gives or receives value without directly receiving or giving equal value in exchange, include grants, entitlements, and donations which are recorded on the accrual basis of accounting. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Revenues from categorical and other grants are generally considered available if received within one year after the fiscal year-end.

3. MATCHING COSTS

Matching costs, i.e., the non-federal share of certain program costs, provided by The City is not included in the accompanying Schedule of State Transportation Assistance Expended.

4. RELATIONSHIP TO STATE FINANCIAL REPORTS

The regulations and guidelines governing the preparation of state financial reports vary by state and agency and among programs administered by the same agency. Accordingly, the amounts reported in the state financial reports do not necessarily agree with the amounts reported in the accompany Schedule of State Transportation Assistance Expended which is prepared as explained in Notes 1 and 2 above.

**THE CITY OF NEW YORK
SINGLE AUDIT REPORT**

**NOTES TO SCHEDULE OF STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION
ASSISTANCE EXPENDED
YEAR ENDED JUNE 30, 2015— (CONTINUED)**

5. PROGRAM CLUSTER

New York State Department of Transportation (“NYSDOT”) has determined that certain State Transportation Assistance Programs may be clustered for the purposes of the NYSDOT State Single Audit Program. At June 30, 2015, the following programs were categorized as a cluster:

<i>Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component Cluster:</i>	
Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component	\$78,938,674
State-aid Multi—Modal Program	<u>5,370,472</u>
<i>Total Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component Cluster</i>	<u>\$84,309,146</u>

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THE CITY OF NEW YORK SINGLE AUDIT REPORT

STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED— SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015

1. SUMMARY OF AUDITORS' RESULTS: STATE TRANSPORTATION ASSISTANCE EXPENDED

Internal control over State of New York Department of Transportation Assistance Expended:

Material weakness(es) identified ✓ Yes No

Significant deficiency(ies) identified? Yes ✓ None Reported

Type of auditor's report issued on compliance for State Transportation Assistance Programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *Part 43 of the New York State Codification of Rules and Regulations*? ✓ Yes No

Identification of State of New York Department of Transportation Assistance Programs Tested:

State Grantor Program Title	CFDA * Number	State Contract Number	Expenditures
Marchicelli/Bond Match for Federal Aid Highway Projects Consolidated Local Street and Highway Improvement Program (CHIPS)—Capital Reimbursement Component Cluster	20.205	-	\$ 8,318,415
State Transit Operating Assistance (STOA)	-	-	84,309,146
Arterial Highway Maintenance	-	-	90,990,835
			14,264,716

Dollar threshold used to determine program to be tested: \$3,000,000

Auditee qualified as low-risk auditee? Yes ✓ No

2. FINDINGS AND QUESTIONED COSTS RELATING TO STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED

See accompanying pages 310 through 311.

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CONSOLIDATED LOCAL STREET AND HIGHWAY IMPROVEMENT PROGRAM (CHIPS)—CAPITAL REIMBURSEMENT COMPONENT CLUSTER

NEW YORK CITY DEPARTMENT OF TRANSPORTATION
STATE AGENCY: NEW YORK STATE DEPARTMENT OF TRANSPORTATION
REFERENCE: 2015-1

1. CRITERIA

Allowable Costs — To be allowable under State awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for the performance and administration of State awards.
- b. Be authorized or not prohibited under State or local laws or regulations.
- c. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- d. Be accorded consistent treatment. A cost may not be assigned to a State award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- e. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by State law or regulation.
- f. Be net of all applicable credits.
- g. Be adequately documented.

2. CONDITION

During our testing of period of performance compliance at The New York City Department of Transportation (the “Department”), we noted:

- Of the twenty-five (25) personnel services submissions selected for testing, there were twelve (12) instances where the hourly pay of employees, which represents the personnel services component of amounts requested for reimbursement, did not agree with the Department’s payroll records. All selections related to the Guide Rail and Fences project. Six (6) selections were from Quarter 1 INE# 579E135 and six (6) others were from Quarter 2 INE # 579E237.
- We also noted that with respect to selections made for the Guide Rail and Fences project for both Quarter 1 INE# 579E135 and Quarter 2 INE# 579E237, the Department determined it had erroneously divided the daily rate by 7 hours instead of 8 hours; this resulted in a larger hourly rate and reimbursement amount. The sample included various titles of employees for both 35 and 40 hours per week workers. The calculation error occurred when the Department incorrectly assumed that all employees were in a 35 hour a week title.

CONSOLIDATED LOCAL STREET AND HIGHWAY IMPROVEMENT PROGRAM (CHIPS)—CAPITAL REIMBURSEMENT COMPONENT CLUSTER

NEW YORK CITY DEPARTMENT OF TRANSPORTATION
STATE AGENCY: NEW YORK STATE DEPARTMENT OF TRANSPORTATION
REFERENCE: 2015-1 (CONTINUED)

- We further noted incorrect rates were used inadvertently for vehicle reimbursements. These vehicle costs represented the other than personnel services component of amounts requested for reimbursement.

The questioned costs are determined, based upon actual reimbursement report reported to the New York State Department of Transportation. We were unable to determine Vehicle rates used for reimbursement report.

3. CAUSE

The Arterials Maintenance Unit did not request the appropriate salary details from the Department's Human Resources Division. The calculation error occurred when the Department incorrectly assumed that all employees were in a 35 hour a week title.

4. EFFECT

The Department may not be able to calculate correct payroll rates and fringe benefit reimbursement reports.

5. RECOMMENDATION

We recommend the Department ensure correct payroll rates are obtained from its Department's Human Resources Division on a timely basis. Also, the Department should ensure all reimbursement requests from the State of New York are accurate and complete.

6. QUESTIONED COST

\$2,904.00

7. VIEWS OF RESPONSIBLE OFFICIAL

The Department's Arterial Maintenance Unit made an error in the calculation of the hourly rate, which was subsequently identified by the Reimbursement Unit in Grants Administration. The Department informed the auditor during the course of the audit that corrections were in the process of being made; however, at the time of the audit, the Department had not completed its internal review and implemented all corrections.

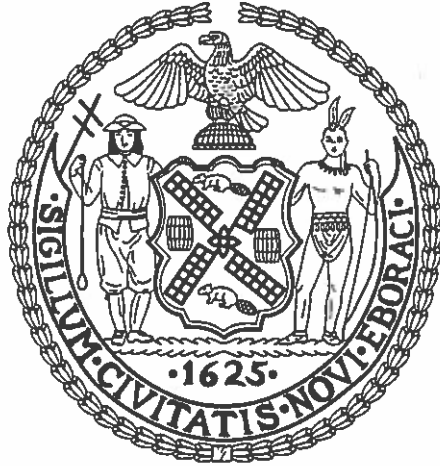
Since May 2014, the Department has been working to resolve the discrepancies. An initial submission was made to the New York State Department of Transportation (NYS DOT) on November 2014 and further modified on November 2015 in accordance with quarterly claiming restrictions. As noted by the auditors, the Department's efforts to address the condition were already underway. Once the Department receives final guidance from the NYS DOT, the discrepancies will be resolved.

**THE CITY OF NEW YORK
SINGLE AUDIT REPORT**

**STATE OF NEW YORK DEPARTMENT OF TRANSPORTATION ASSISTANCE EXPENDED —
STATUS OF PRIOR YEARS' FINDINGS
YEAR ENDED JUNE 30, 2015**

Not applicable, There were no finding reported in prior year.

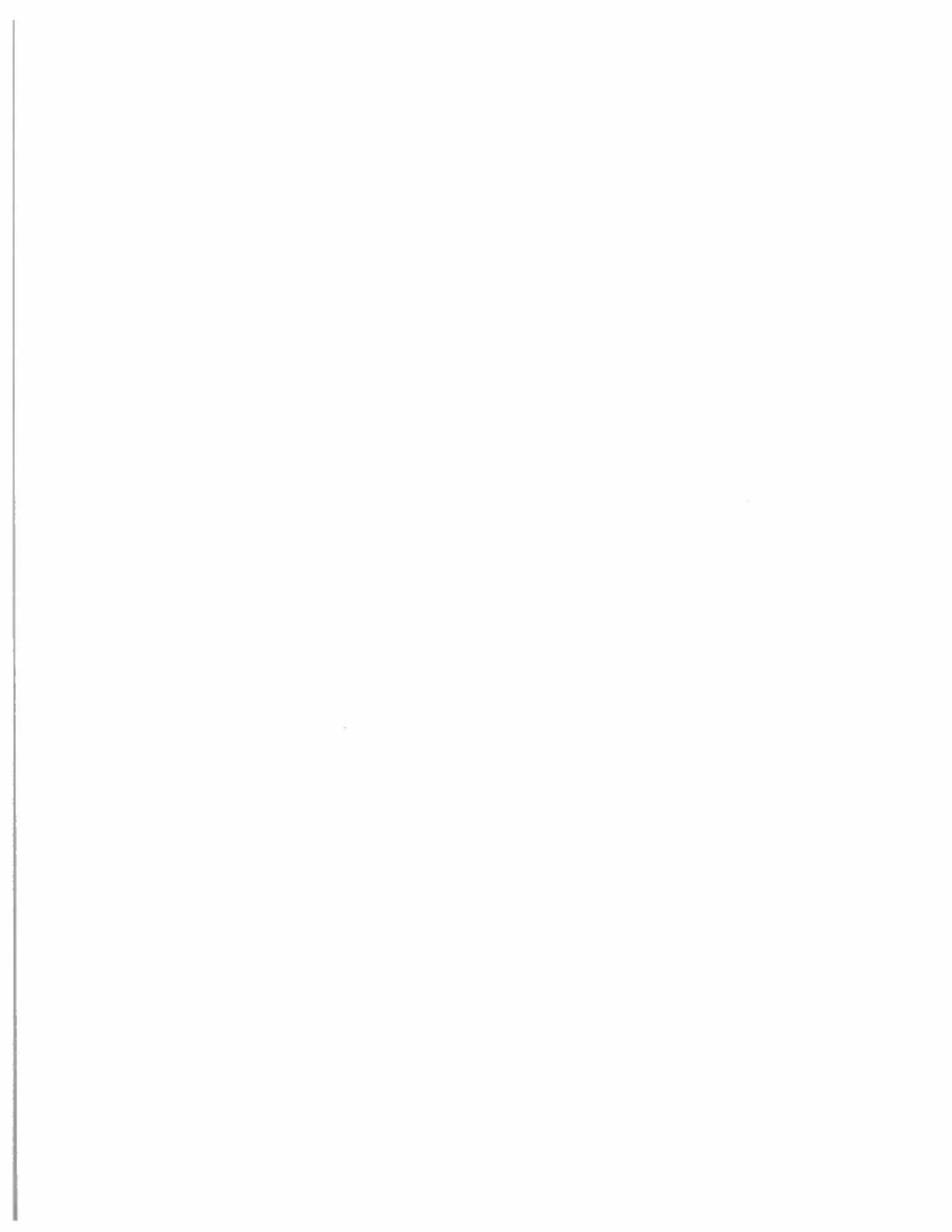
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THE CITY OF NEW YORK

**SINGLE AUDIT REPORT
AGENCY CORRECTIVE ACTION PLANS**

For the Fiscal Year Ended June 30, 2015





March 29, 2016

To the Concerned Federal and New York State Agencies:

I respectfully submit New York City's Corrective Action Plans for the Single Audit for the fiscal year ended June 30, 2015. This report accompanies Deloitte & Touche's report on New York City's Single Audit and is submitted pursuant to the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133. The report demonstrates the City's continuing commitment to correct all findings to ensure the appropriate use and management of federal financial assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mindy Tarlow". The signature is fluid and cursive.

Mindy Tarlow
Director
Mayor's Office of Operations

SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Education
Child Nutrition Cluster (CFDA # 10.553, 10.555 and 10.559)

Fiscal Year 2015

<p>Index #</p> <p>Step 1</p>	<p>2015-001-10.553, 10.555 and 10.559</p> <p>The Department of Education (DOE) Office of SchoolFood continues to maintain processes, procedures as well as the computerized Meal Counting and Claiming Systems to carefully track meals served to students participating in the National School Lunch, School Breakfast and Summer Food Service programs. DOE continues to emphasize to school staff the importance of adherence to policies and procedures regarding proper documentation for meal benefits. Further, the Department's Office of SchoolFood staff continues to work to help ensure that applicant eligibility determinations are processed and administered in accordance with established guidelines. Staff training is conducted annually with respect to offering breakfast, lunch, snacks, supper or any complete reimbursable meal to facilitate Child Nutrition Program meal benefits in accordance with applicable statutes.</p> <p>The DOE also continues to review its processes and procedures regarding accurately counting and reporting meals served to program participants, as well as explore opportunities to further strengthen them. The Office of SchoolFood Compliance Unit coordinates and schedules all site reviews, and reports the findings and corrective actions. Due diligence will be taken to engage the SchoolFood administrators, networks and school administration to implement and maintain proper procedures to address repeated instances of non-compliance.</p> <p>Moreover, in support of the National School Lunch and Breakfast Programs, DOE annually reviews meal accountability procedures at high risk schools. Both programs require at a minimum, one initial site review to evaluate the school's procedures for counting and claiming meals for reimbursement, and also require that if there is a problem, for example, with the accuracy of the data, the source of the counts, incomplete meals, etc., the schools where the school staff does accountability implement corrective actions. Follow-up is performed by the SchoolFood Manager and District Supervisor. At least one follow-up site review is conducted within 45 days to determine that the corrective actions have been taken to resolve possible problems prior to February 1 of each school year.</p>
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	<p>The DOE also continues to support the electronic Point-of-Sale (POS) accountability system at 661 buildings hosting 1,320 schools throughout the City. This system is designed to improve meal accountability and claiming procedures at schools and to increase the accuracy of the monthly meal claims submitted for Federal and state reimbursements.</p> <p>As of School Year 2005-2006, DOE implemented a centralized automated eligibility determination whereby the Application for Free and Reduced Price Meals are scanned and eligibility software is used to determine if students qualify for free or reduced-price meals. The system relieves school administration from the manual paper process and reduces benefit issuance errors and generates student-specific notification letters with respect to eligibility and meal benefit determinations. During School Year 2014-2015 SchoolFood processed applications (online and paper) and determined meal benefits for 1,621 schools, 68 more schools than School Year 2013-2014, which included 1,353 public schools, 145 charter schools and 123 non-public schools. The centralized eligibility determination process is used for all schools participating in the food service program.</p>
Action Date	September 2015 and ongoing
Step 2	<p>With respect to the Weekly Meal Claims Report, the SchoolFood Accountability Unit continues to provide onsite training to School Aides, school administrative staff and SchoolFood employees to improve meal accountability and accurate meal claims. Further, as applicable, the respective SchoolFood Regional Directors and District Supervisors, School Support Staff, Business Directors and Operational Managers for charter and non-public schools will be included in the action plan as well as made aware of the schools' progress, and required to intervene to help make sure that an approved system is implemented, as necessary. All schools that are non-compliant at the end of the school year for the breakfast and lunch programs will be included in the list of high risks schools scheduled for review during School Year 2015-2016.</p>
Action Date	September 2015 and ongoing
Step 3	<p>The DOE Office of SchoolFood continues to require participating schools to report and maintain record of all program revenues with respect to handling cash. Therefore, all schools continue to complete the cash receipt worksheet weekly and submit weekly monies collected to the office of SchoolFood. The cash receipt worksheet must be submitted weekly regardless if monies were submitted. SchoolFood Managers and District supervisors follow through on this process.</p>

<p>Action Date</p> <p>Step 4</p>	<p>September 2015 and ongoing</p> <p>With respect to production cook records, SchoolFood continues to provide training to Cooks in Charge, SchoolFood Managers and District Supervisors on following the correct procedures to maintain accurate production records. SchoolFood Managers, District Supervisors and the SchoolFood Compliance Unit follow through on this process. Effective September 2014, a revised version of the production was implemented citywide enhancing usability for end users.</p> <p>Upon procedural modifications, all employees that complete or review the Food Production Records, such as Kitchen Staff, Cooks, Assistant Cooks, School Food Service Managers, District Supervisors, and Monitors are trained accordingly. In addition, Food Production Records (FPRs) are covered during targeted program trainings; Breakfast in the Classroom. All up-to-date training materials are distributed and posted electronically so that employees can access and review as needed throughout the entire school year. All new Cooks and Assistant Cooks are trained on FPRs when they are hired. Also, targeted retraining is scheduled as needed for the above mentioned employee titles.</p>
<p>Action Date</p>	<p>September 2015 and ongoing</p>
<p>Final Implementation Date</p>	<p>September 2015 and ongoing</p>
<p>Name and Phone # of Person Responsible for Implementation</p>	<p>Dennis Barrett Executive Director, NYC SchoolFood (718) 707-4357</p>

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Health and Hospitals Corporation
Special Supplemental Nutrition Program for Women, Infants and Children
(CFDA # 10.557)

Fiscal Year 2015

Index #	2015-002-10.557
Step 1	The Health and Hospitals Corporation (HHC) recognizes the importance of carefully tracking grant-related costs and has established processes and procedures to monitor associated reimbursement activity. This work includes training existing staff in the area of grant preparation and reporting as well as development of a system to monitor compliance with reporting guidelines. With respect to the finding and to further strengthen reporting controls, the corporate Grants Management Unit will submit monthly expenditure reports electronically to the New York State Department of Health.
Action Date	January 2016 and ongoing
Final Implementation Date	January 2016 and ongoing
Name and Phone # of Person Responsible for Implementation	William Perkinson Senior Associate Director (718) 963-8889

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Housing Preservation and Development HOME Investment Partnerships Program (CFDA # 14.239)

Fiscal Year 2015

Index #	2015-003-14.239
Step 1	<p>The Department of Housing Preservation and Development (HPD) continues to maintain processes and procedures supporting compliance with Housing Quality (“HQ”) inspection standards. HPD routinely conducts HQ inspections of HOME Investment Partnerships Program assisted rental units and continues to maintain systems to facilitate and promote compliance with HOME inspection requirements; HOME units are inspected periodically and failed inspections are followed-up routinely.</p> <p>In addition, the Department continues to review program requirements and operations to enhance program oversight activity and timely repairs. As part of the Department’s ongoing effort to accomplish complete and timely repairs of all HOME units, building owners are notified of failed inspections and provided regularly with detailed reports identifying non-compliant conditions.</p> <p>With respect to the three unit files that failed to demonstrate the required repairs within 90 days after the notification of failure, the Department continued to notify owners to resolve conditions until all required repairs for the three units were certified as complete.</p>
Action Date	June 2015 and ongoing
Final Implementation Date	June 2015 and ongoing
Name and Phone # of Person Responsible for Implementation	John Cullinan Director, Tax Credit and HOME Compliance (212) 863-7371

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Housing Preservation and Development HOME Investment Partnerships Program (CFDA # 14.239)

Fiscal Year 2015

Index #	2015-004-14.239
Step 1	<p>The Department of Housing Preservation and Development (HPD) maintains processes and procedures to comply with requirements of the Davis Bacon Act; this work includes the collection, review and approval of certified payrolls. Further, the Department is enhancing current paper-based review protocols through the establishment of an electronic payroll submission and review system. Considering the number of cases and volume of payrolls reviewed, the electronic system will minimize the possibility that subcontractors submit incorrect forms, while otherwise complying with prevailing wage requirements. Moreover, the system will strengthen the Department's ability to monitor payroll records overall. Existing policies and procedures, along with enhanced protocols, will be reinforced through continued training activity.</p> <p>With respect to the audit finding, the Department had already identified the incorrect submission and obtained the appropriate payroll form, in accordance with existing internal policies and procedures. Moreover, the Department confirmed that the worker was paid an amount equal to or more than the prevailing wage.</p>
Action Date	December 2015 and ongoing
Final Implementation Date	December 2015 and ongoing
Name and Phone # of Person Responsible for Implementation	Rashid Allen Director, Labor Monitoring Unit (212) 863-7912

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Small Business Services

WIOA Adult Program (CFDA # 17.258)

WIOA Youth Activities (CFDA # 17.259)

WIOA Dislocated Worker Formula Grants (CFDA # 17.278)

Fiscal Year 2015

Index #	2015-005-17.258,17.259 and17.278
Step 1	<p>The Department of Small Business Services (DSBS) recognizes the importance of instituting adequate controls to certify that federally funded programs are in compliance with allowable cost/cost principal requirements.</p> <p>With respect to the audit finding, additional controls have been instituted such that when personnel files are removed from file cabinets, a sign out/in sheet must be completed by authorized staff and submitted to the Executive Director of Human Resources (HR) for approval. In addition, HR specialist will conduct periodic reviews to verify that employee personnel files are accounted for. Also, file cabinets will be checked daily to confirm they are locked.</p>
Action Date	December 2015 and ongoing
Final Implementation Date	December 2015 and ongoing
Name and Phone # of Person Responsible for Implementation	Myrna Mateo Executive Director of Human Resources (212) 618-8932

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Education

Title I - Grants to Local Educational Agencies (CFDA # 84.010)

Special Education – Grants to States (CFDA # 84.027)

Special Education – Preschool Grants (CFDA # 84.173)

**Career and Technical Education – Basic Grants to States (Perkins IV)
(CFDA # 84.048)**

Twenty-First Century Community Learning Centers (CFDA # 84.287)

English Language Acquisition Grants (CFDA# 84.365)

Improving Teacher Quality State Grant (CFDA # 84.367)

**State Fiscal Stabilization Fund (SFSF) – Race to the Top Incentive Grants, Recovery Act
(CFDA # 84.395)**

Fiscal Year 2015

Index #	2015-006-84.010, 84.027, 84.173, 84.048, 84.287, 84.365, 84.367, 84.377, 84.388 and 84.395
Step 1	<p>The Department of Education (DOE) continues to recognize the importance of fiscal reporting requirements and maintains processes and procedures to monitor grant award programs with respect to the timely submission of Final Expenditure Reports (FS-10F). DOE carefully monitors programs/schools to facilitate accurate and complete records. The Department also oversees programs/schools throughout the award period and re-enforces established reporting guidelines to facilitate timely submission of expenditure reports.</p> <p>Further, the Department continues to closely track grant expenditures throughout the grant period, as well as work with appropriate State Education officials to facilitate the completion and submission of financial expenditure reports. An encumbrance report is utilized, which lists open encumbrances by project within district to facilitate the liquidation of these open obligations. Additionally, the Office of Revenue Operations (ORO) periodically provides the Office of Accounts Payable with open detail listings of categorical grant outstanding encumbrances to identify and promote processing of outstanding vendor invoices. System users are able to drill-down on projects, districts and grant codes to identify the open document numbers that comprise the total open encumbrance amount. This system helps ensure applicable program, finance and Senior Grant Officer staff take action to liquidate or reduce potential payable amounts.</p>
Action Date	Ongoing

Final Implementation Date	Ongoing
Name and Phone # of Person Responsible for Implementation	Marc Alterman Assistant Director, Office of Revenue Operations (718) 935-4958

SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Education
Title I - Grants to Local Educational Agencies (CFDA # 84.010)

Fiscal Year 2015

Index #	2015-007-84.010
Step 1	The Department of Education (DOE) is aware of applicable Federal, state and local procurement requirements, and maintains policies and procedures with respect to such expectations. With respect to the audit finding, the Department has determined that the procurement action was inadvertently processed against the original contract, rather than the subsequent agreement which was registered properly. To minimize this possibility, the Department now scans all contracts into the Omnibus Automated Image Storage and Information System (OASIS), thereby helping to ensure procurement actions are cross-referenced to the relevant underlying agreement.
Action Date	Ongoing
Final Implementation Date	Ongoing
Name and Phone # of Person Responsible for Implementation	James McBride Chief Administrator, Technology & Instructional Material Procurement (718) 935-5238

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department for the Aging

Special Programs for the Aging

Title III, Part B – Grants for Supportive Services and Senior Centers

(CFDA # 93.044)

Title III, Part C – Nutrition Services (CFDA # 93.045)

Nutrition Services Incentive Program (CFDA # 93.053)

Fiscal Year 2015

Index #	2015-008-93.044, 93.045 and 93.053
Step 1	<p>The Department for the Aging (DFTA) continues to recognize the importance of monitoring subrecipients; systems are maintained to oversee and assess the performance of its delegate agencies. The system includes communications with respect to timely submission of reports and resolution of conditions.</p> <p>Regarding the audit finding for the one provider that submitted their Federal Office of Management and Budget Circular A-133 report eight days beyond the December 31st due date, DFTA has notified them of the importance of timely submissions.</p>
Action Date	Ongoing
Final Implementation Date	Ongoing
Name and Phone # of Person Responsible for Implementation	John Jones Controller (212) 602-4495

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Administration for Children's Services Child Care and Development Block Grant (CFDA # 93.575)

Fiscal Year2015

Index #	2015-009-93.575
Step 1	<p>The Administration for Children's Services (ACS) recognizes the importance of complying with the Child Care and Development Block Grant Subrecipient Monitoring requirements. The Department continues to work closely with contract agencies to help strengthen and ensure compliance with applicable rules and regulations. Further, ACS has established processes and procedures to monitor the fiscal and programmatic activities of its subrecipients as well as track the receipt of annual audited financial statements.</p> <p>With respect to the audit finding, the Department has established processes to monitor its contract agencies, including compliance with Federal grant requirements. Contract agencies are also required to report the progress of independent audit activity. ACS will continue to provide technical assistance if required to achieve on-time audits as well as lower VENDEX scores for those contractors with late submissions. The Department is working to obtain the one outstanding Federal Office of Management and Budget Circular A-133 Report.</p>
Action Date	Ongoing
Final Implementation Date	Ongoing
Name and Phone # of Person Responsible for Implementation	Marcia Gilliard Assistant Commissioner (212) 676-8855

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Administration for Children's Services Head Start (CFDA # 93.600)

Fiscal Year 2015

Index #	2015-010-93.600
Step 1	<p>The Administration for Children's Services (ACS) recognizes the importance of complying with Head Start Subrecipient Monitoring requirements and continues to work closely with contract agencies to fulfill applicable rules and regulations. The Department maintains processes and procedures to monitor the fiscal and programmatic activities of its subrecipients and to track the receipt of annual audited financial statements.</p> <p>With respect to the audit findings, ACS established processes to monitor its contract agencies including compliance with Federal grant requirements. Contract agencies are required to report the progress of independent auditor activity. ACS will continue to provide technical assistance if required to achieve on-time audits as well as lower VENDEX scores for those contractors with late submissions. The Department is working to obtain the three outstanding financial statements.</p>
Action Date	Ongoing
Final Implementation Date	Ongoing
Name and Phone # of Person Responsible for Implementation	Marcia Gilliard Assistant Commissioner (212) 676-8855

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Administration for Children's Services Head Start (CFDA # 93.600)

Fiscal Year 2015

Index #	2015-011-93.600
Step 1	<p>The Administration for Children's Services (ACS) recognizes the importance of complying with Head Start non-federal match requirements and has established procedures and protocols to monitor the fiscal activities of delegate agencies in this regard. ACS staff work closely with delegate agencies to provide applicable guidance and emphasize the importance of fulfilling match expectations. Additionally, as needed, ACS assists delegates with satisfying their obligations.</p> <p>Specifically, delegate agencies are instructed annually to contribute at least 20 percent of program costs e.g., through cash or in-kind contributions, unless a lesser amount has been approved by ACS staff. Further, delegates' monthly budget reports are reviewed by ACS to determine whether the non-federal match is being met. ACS identifies delegate agencies that may not meet the match requirement and contacts them as required. Corrective Action Plans are required to track and resolve conditions impacting match fulfillment.</p> <p>Agencies at risk of not satisfying match expectations fully are advised to validate the accuracy and derivations of year-to-date and projected amounts. Those with confirmed needs are allowed to request a waiver, which if approved, necessitates the submission of corrective actions to achieve future targets. Delegate agencies are notified that non-compliance with Federal matching requirements may negatively affect VENDEX scores.</p>
Action Date	Ongoing
Final Implementation Date	Ongoing
Name and Phone # of Person Responsible for Implementation	Jose Mercado Chief Financial Program Officer (212) 676-8858

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Administration for Children's Services

Head Start (CFDA # 93.600)

Fiscal Year 2015

Index #	2015-012-93.600
Step 1	<p>The Administration for Children's Services (ACS) recognizes the importance of adherence to Head Start enrollment requirements and continues to work to maintain the 100 percent enrollment target. Further, ACS is in communication with the applicable Federal agency concerning the Department's efforts and enhancements in this regard, including distribution of monthly enrollment reports.</p> <p>ACS continues to work to strengthen enrollment monitoring and program support. Staff teams conduct site visits, provide technical assistance and review program plans. Also, ACS Head Start Early Learn program staff and delegate agencies work on-site at New York City Human Resources Administration Job Centers to provide parents with information about Head Start opportunities. ACS also conducts outreach by mail with respect to Head Start EarlyLearn, to notify clients who receive a child care subsidy, as well as works with the New York City Housing Authority to identify and conduct outreach to families with young children. In addition, Head Start Early Learn programs develop outreach plans with the beginning of the new academic year, and will be asked to develop community outreach plans if they are not fully enrolled by November 2016.</p> <p>Further, ACS maintains a web-based enrollment and attendance reporting system which strengthens its ability to track enrollment. Programs using the system are provided technical assistance to enhance reporting on enrollment.</p>
Action Date	November 2016 and ongoing
Final Implementation Date	November 2016 and ongoing
Name and Phone # of Person Responsible for Implementation	Ivonne Lopez Executive Director, Head Start (212) 393-5147

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Administration for Children's Services Adoption Assistance (CFDA # 93.659)

Fiscal Year 2015

Index #	2015-013-93.659
Step 1	<p>The Administration for Children's Services (ACS) recognizes the importance of complying with Adoption Assistance eligibility requirements and maintains policies and procedures supporting program activities. Further, the Department continues to strengthen adoption subsidy case and records management.</p> <p>ACS' Division of Family Permanency maintains staff training protocols with respect to proper processing of adoption subsidy cases and conducts Quality Assurance reviews of case records. In addition, ACS continues to work closely with the New York State Office of Children and Family Services which now retains electronic adoption subsidy agreements for every adoption in New York State. Further, ACS has bar-coded and scanned older adoption subsidy case records. ACS has also implemented an automated system for processing non-recurring legal fees.</p> <p>Effective September 2014, the Division of Family Permanency strengthened its records management processing, whereby ACS notifies provider agencies if an adoption subsidy case record is missing documentation, prior to the closing and warehousing of the record. This protocol improvement allows for timely gathering of all required documentation.</p>
Action Date	September 2014 and ongoing
Final Implementation Date	September 2014 and ongoing
Name and Phone # of Person Responsible for Implementation	Tinaddine Turner Director, Family Permanency Central Operations (212) 341-8978

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Administration for Children's Services Social Services Block Grant (CFDA # 93.667)

Fiscal Year 2015

Index #	2015-014-93.667
Step 1	<p>The Administration for Children's Services (ACS) recognizes the importance of complying with the Social Services Block Grant Subrecipient Monitoring requirements. The Department continues to work closely with contract agencies to fulfill applicable rules and regulations. Further, ACS maintains processes and procedures to monitor the fiscal and programmatic activities of its subrecipients and track the receipt of annual audited financial statements.</p> <p>With respect to the audit finding, ACS has established processes to monitor contract agencies, including compliance with Federal grant requirements. In this regard, contract agencies are required to report the progress of independent auditor activity. Also, ACS will continue to provide technical assistance if required to achieve on-time audits as lower VENDEX scores for those contractors with late submissions.</p>
Action Date	Ongoing
Final Implementation Date	Ongoing
Name and Phone # of Person Responsible for Implementation	Marcia Gilliard Assistant Commissioner (212) 676-8855

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SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Health and Mental Hygiene
HIV Prevention Activities Health Department Based HIV Prevention Program
(CFDA # 93.940)

Fiscal Year 2015

Index #	2015-015-93.940
Step 1	The Department of Health and Mental Hygiene (DoHMH) is aware of the importance of establishing and maintaining a robust internal control environment, including the documentation of internal controls with respect to Federal awards in accordance with Federal Uniform Grant guidance. Most recently, in concert with other City agencies and since December 2014, the Department has carefully reexamined its internal control framework and documented applicable standards, using a structured format familiar to the auditors. This tool has been reviewed and updated annually to facilitate testing of the Department's internal controls, and identifies formalized written standard operating procedures, as well as depicts other granular details. Unlike previous years, this tool is being applied to awards considered both a major program along with non-major programs based upon Federal Office of Management and Budget (OMB) guidance. Further, the tool mirrors characteristics of internal control as depicted in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Control-Integrated Framework, and is based on Federal OMB compliance supplement details, pending further Federal guidance in this regard.
Action Date	December 2014 and ongoing
Step 2	Further, The Department has initiated a project to review and further establish standard operating procedures with respect to fiscal operations; this long term exercise will lead to the development of a comprehensive fiscal manual covering agency-wide operations.
Action Date	July 2017
Final Implementation Date	July 2017

Name and Phone # of Person Responsible for Implementation	Assunta Rozza Deputy Commissioner for Finance, Department of Health and Mental Hygiene (347) 396-6242
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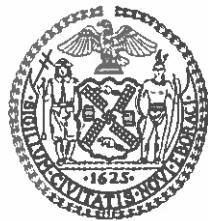
SINGLE AUDIT CORRECTIVE ACTION PLAN

New York City Department of Health and Mental Hygiene
HIV Prevention Activities Health Department Based HIV Prevention Program
(CFDA # 93.940)

Fiscal Year 2015

Index #	2015-016-93.940
Step 1	The Department of Health and Mental Hygiene (DOHMH) understands the importance of complying with Federal Uniform Grant Guidance, including the monitoring of subrecipients and communication of applicable expectations and requirements. With respect to the audit finding, in August 2016, the Department will renew the master contract.
Action Date	August 2016 and ongoing
Final Implementation Date	August 2016 and ongoing
Name and Phone # of Person Responsible for Implementation	Dave Magno Director of HIV Administration (347) 396-7413

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THE CITY OF NEW YORK

**NEW YORK STATE DEPARTMENT OF TRANSPORTATION
SINGLE AUDIT CORRECTIVE ACTION PLAN**

**New York City Department of Transportation
Consolidated Local Street Highway Improvement Program (CHIPS)
Capital Reimbursement Component Cluster**

Fiscal Year 2015

Index #	2015-1
Step 1	<p>The Department's Arterial Maintenance Unit made an error in the calculation of the hourly rate, which was subsequently identified by the Reimbursement Unit in Grants Administration. The Department informed the auditor during the course of the audit that corrections were in the process of being made; however, at the time of the audit, the Department had not completed its internal review and implemented all corrections.</p> <p>Since May 2014, the Department has been working to resolve the discrepancies. An initial submission was made to the New York State Department of Transportation (NYS DOT) on November 2014 and further modified on November 2015 in accordance with quarterly claiming restrictions. As noted by the auditors, the Department's efforts to address the condition were already underway. Once the Department receives final guidance from the NYS DOT, the discrepancies will be resolved.</p>
Action Date	Ongoing
Final Implementation Date	Ongoing
Name and Phone # of Person Responsible for Implementation	Marlene Graham Principal Administrative Associate, Grants Administration Unit (212) 839-4463