NEW ISSUE

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

$200,000,000

The City of New York

General Obligation Bonds, Fiscal 2018 Series B
Subseries B-4 and B-5

ADJUSTABLE RATE BONDS

Dated: Date of Delivery | Due: October 1, 2046

The Bonds will be issued as registered bonds. The Bonds will be registered in the nominee name of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds.

The Bonds of a Subseries are subject to redemption and to optional and mandatory tender under the circumstances described herein. Payment of the Purchase Price of the Bonds tendered for purchase as described herein and not remarketed will be made pursuant and subject to the terms of the Liquidity Facility described herein provided by Barclays Bank PLC (the "Bank"). The obligation of the provider of the Liquidity Facility to purchase tendered Bonds of a Subseries pursuant to the terms of the Liquidity Facility can be terminated or suspended under certain circumstances as described herein. See "SECTION II: THE BONDS—Liquidity Facility." In the event of a failure to remarket the Bonds of a Subseries and a failure by the Bank to purchase such Bonds, the City may, but is not obligated to, purchase such Bonds. Upon any such failure, such Bonds, if not purchased by the City, will continue to be held by the tendering holders and will bear interest at the Maximum Rate.

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

The Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriter, subject to the approval of the legality of the Bonds by Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the City by its Corporation Counsel. Certain legal matters in connection with the preparation of this Official Statement will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriter by Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Counsel to the Underwriter. It is expected that the Bonds will be available for delivery in New York, New York, on or about October 3, 2017.

Barclays

September 26, 2017

$200,000,000 General Obligation Bonds, Fiscal 2018 Series B
Subseries B-4 and B-5

Adjustable Rate Term Bonds
Price: 100%

$100,000,000
Subseries B-4

Rate Mode at Delivery Date: Daily
First Interest Payment Date: November 1, 2017
Liquidity Facility Provider: Barclays Bank PLC
Scheduled Expiration Date: October 1, 2021
Remarketing Agent: Barclays Capital Inc.
CUSIP Number[(1)]: 64966MSB6

$100,000,000
Subseries B-5

Rate Mode at Delivery Date: Daily
First Interest Payment Date: November 1, 2017
Liquidity Facility Provider: Barclays Bank PLC
Scheduled Expiration Date: October 1, 2021
Remarketing Agent: Barclays Capital Inc.
CUSIP Number[(1)]: 64966MSD2

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

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

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

Grant Thornton LLP, the City's independent auditor for the fiscal years ended June 30, 2016 and 2015, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Grant Thornton LLP relating to the City's financial statements for the fiscal years ended June 30, 2016 and 2015, which is a matter of public record, is included in this Official Statement. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934.

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

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

RATE PERIOD TABLE
FOR ADJUSTABLE RATE BONDS

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

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

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

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

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OFFICIAL STATEMENT
OF
THE CITY OF NEW YORK

This Official Statement provides certain information concerning The City of New York (the "City") in connection with the sale of the City's General Obligation Bonds, Fiscal 2018 Series B, Subseries B-4 and B-5 (the "Adjustable Rate Bonds" or the "Bonds"), consisting of $100,000,000 tax-exempt bonds, Subseries B-4 (the "Subseries B-4 Bonds") and $100,000,000 tax-exempt bonds, Subseries B-5 (the "Subseries B-5 Bonds"). In addition to the Adjustable Rate Bonds, $800,000,000 of the City's General Obligation Bonds, Fiscal 2018 Series B, Subseries B-1, B-2 and B-3 (collectively, the "Fixed Rate Bonds"), will be issued as fixed rate bonds and described in a separate official statement. The Fixed Rate Bonds are not offered hereby. The delivery of the Adjustable Rate Bonds is contingent upon the delivery of the Fixed Rate Bonds.

The Bonds will be general obligations of the City for the payment of which the City will pledge its faith and credit. All real property subject to taxation by the City will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Bonds.

The factors affecting the City's financial condition described throughout this Official Statement, including information included by specific reference as described below, are complex and are not intended to be summarized in this Introductory Statement. The economic and financial condition of the City may be affected by various financial, social, economic, geo-political, environmental and other factors which could have a material effect on the City. This Official Statement (including the information referred to in "SECTION I: INCLUSION BY SPECIFIC REFERENCE") should be read in its entirety.

Neither this Official Statement nor any statement which may have been made orally or in writing shall be construed as a contract or as a part of a contract with the original purchaser or any holders of the Bonds. Any terms used in this Official Statement and not defined herein or in Appendix A hereto shall have the meanings ascribed to them in the City's Fixed Rate Official Statement referred to in the first paragraph under "SECTION I: INCLUSION BY SPECIFIC REFERENCE" below.

SECTION I: INCLUSION BY SPECIFIC REFERENCE

Portions of the City's Official Statement dated September 15, 2017 (the "Fixed Rate Official Statement"), delivered herewith and relating to the Fixed Rate Bonds, subject to the information contained elsewhere herein, are included herein by specific reference, namely the information under the captions:

INTRODUCTORY STATEMENT (excluding the first paragraph thereof)
SECTION I: RECENT FINANCIAL DEVELOPMENTS
SECTION III: GOVERNMENT AND FINANCIAL CONTROLS
SECTION IV: SOURCES OF CITY REVENUES
SECTION V: CITY SERVICES AND EXPENDITURES
SECTION VI: FINANCIAL OPERATIONS
SECTION VII: FINANCIAL PLAN
SECTION VIII: INDEBTEDNESS
SECTION IX: PENSION SYSTEMS AND OPEB
SECTION X: OTHER INFORMATION
- Litigation
- Environmental Matters
- Continuing Disclosure Undertaking (except that any reference therein to "Bonds" or "Bondholders" will be deemed to be a reference to Bonds and Bondholders as used in this Official Statement)
- Financial Advisors
- Financial Statements
- Further Information (excluding the last paragraph thereof)

APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION
APPENDIX B—FINANCIAL STATEMENTS
APPENDIX D—VARIABLE RATE BONDS

The Fixed Rate Bonds described in the Fixed Rate Official Statement are not offered by this Official Statement.

SECTION II: THE BONDS

General

The Bonds will be general obligations of the City issued pursuant to the Constitution and laws of the State, including the Local Finance Law (the "LFL"), and the New York City Charter (the "City Charter"), and in accordance with bond resolutions of the Mayor and a certificate of the Deputy Comptroller for Public Finance (the "Certificate"). The Bonds will mature and bear interest as described on the inside cover page of this Official Statement and will contain a pledge of the City's faith and credit for the payment of the principal of, redemption premium, if any, and interest on the Bonds. All real property subject to taxation by the City will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Bonds.

Adjustable Rate Bonds

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

Payment Mechanism

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

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

Enforceability of City Obligations

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

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

Certain Covenants and Agreements

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

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

Use of Proceeds

The proceeds of the Bonds will be used for capital purposes and payment of the expenses of the City incurred in connection with the issuance and sale of the Bonds.

Liquidity Facility

On the date of issuance of the Bonds, Barclays Bank PLC (the "Liquidity Provider") and the City will enter into a standby bond purchase agreement with respect to the Subseries B-4 and B-5 Bonds, which will be effective on such date, provided that each of the conditions set forth therein has been satisfied (the "*Liquidity Facility*"). The following summary of the Liquidity Facility does not purport to be comprehensive or definitive and is subject in all respects to all of the terms and provisions of the Liquidity Facility, to which reference is made hereby. Investors are urged to obtain and review copies of the Liquidity Facility in order to understand all of its terms. Copies of the Liquidity Facility will be available on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System (www.emma.msrb.org) or may be obtained from the Remarketing Agent. For information regarding the Liquidity Provider, see "APPENDIX D—THE BANK—Certain Information Concerning Barclays Bank PLC."

General. The Liquidity Facility provides coverage for the principal of tendered Bonds of the applicable Subseries and up to 35 days interest on such Bonds at a maximum interest rate of 9% based upon a year of 365 days. The scheduled expiration date for the Liquidity Facility is listed on the inside cover page. The Liquidity Facility secures only payment of the purchase price of the Bonds bearing interest at a Daily Rate, Two-Day Rate or Weekly Rate (each, an "Eligible Rate") tendered for purchase as described below (other than in connection with a mandatory tender of the Bonds on an optional redemption date as described under "APPENDIX B—MULTI-MODAL BONDS—Mandatory Tender for Purchase"), and does not otherwise secure payment of the principal of or interest on the Bonds. The Liquidity Facility is subject to termination or suspension, in some events with notice and in some events without notice, as described below.

The Liquidity Facility contains various provisions, covenants and conditions, certain of which are summarized below. Capitalized terms used in the following summary are defined in this Official Statement (except those definitions included herein by specific reference, as described under "SECTION I: INCLUSION BY SPECIFIC REFERENCE") or the Liquidity Facility and reference thereto is made for a full understanding of their import.

Upon compliance with the terms and conditions of the Liquidity Facility, and subject to the terms and conditions set forth therein, the Liquidity Facility requires the Liquidity Provider to purchase tendered Bonds from time to time during the Purchase Period (as hereinafter set forth) at the Purchase Price (as defined in the Liquidity Facility). Tendered Bonds which are purchased and held by the Liquidity Provider will bear interest at the Bank Rate (as defined in the Liquidity Facility) commencing on and including the date on which the Liquidity Provider has purchased such Purchased Bonds (as defined in the Liquidity Facility), in accordance with the Liquidity Facility.

The "Purchase Period" is the period from the effective date of the Liquidity Facility to and including the earliest to occur of (i) October 1, 2021 (or such later date to which the Liquidity Facility is extended upon the written request of the City and at the discretion of the Liquidity Provider) (or if such date is not a Business Day (as defined in the Liquidity Facility), the Business Day immediately preceding such date), (ii) the opening of business of the Liquidity Provider on the Business Day immediately succeeding the date on which the Liquidity Facility is substituted with a substitute liquidity facility in accordance with the terms of the Certificate, (iii) the opening of business of the Liquidity Provider on the Business Day immediately succeeding the date on which all Bonds have been paid in full (not including a defeasance in which such Bonds continue to be subject to optional or mandatory tender for purchase), redeemed, or converted to a rate other than an Eligible Rate in accordance with the terms of such Bonds (the Purchase Period to include the date of such conversion) and (iv) the date on which the Available Commitment is terminated pursuant to the terms of the Liquidity Facility.

Commitment to Purchase Subseries B-4 and Subseries B-5 Bonds. If, on any Business Day during the Purchase Period, the Liquidity Provider receives a Notice of Purchase from the Fiscal Agent or Tender Agent at the location specified under the Liquidity Facility not later than 12:00 noon (New York City time), the Liquidity Provider will, subject to the satisfaction of certain requirements set forth in the Liquidity Facility, transfer to the Fiscal Agent or Tender Agent, as applicable, not later than 2:30 p.m. (New York City time) on the Purchase Date (as defined in the Liquidity Facility), in immediately available funds, an amount equal to the aggregate Purchase Price (as defined in the Liquidity Facility) of tendered Bonds bearing interest at an Eligible Rate which have not been remarketed by the Remarketing Agent or to the extent remarketing proceeds are not timely received by the Fiscal Agent or Tender Agent pursuant to the Certificate.

Events of Default. Upon the occurrence of any event (each, an "Event of Default") set forth under the subheadings "*Events of Default Resulting in Immediate Termination*," "*Events of Default Resulting in Immediate Suspension*" and "*Mandatory Tender Events of Default,*" the Liquidity Provider may exercise those rights and remedies provided under the subheading "*Remedies*" below.

Events of Default Resulting in Immediate Termination. The following constitute Events of Default Resulting in Immediate Termination:

(a) any default by the City has occurred and is continuing in the payment of principal of or premium, if any, or interest on any Debt (as defined below) (including Bonds or Purchased Bonds); *provided, however,* that such a payment default by the City will not constitute an Event of Default if (x) the default was caused solely by an error or omission of an administrative or operational nature, (y) funds were available to enable the City to make the payment when due, and (z) the payment is made within two (2) Business Days of the City's actual knowledge of the failure to pay;

(b) the City commences a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or consents to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or makes a general assignment for the benefit of creditors, or becomes insolvent within the meaning of Section 101(32) of the Bankruptcy Code, or declares a debt moratorium on the payment of the principal of or interest on any Debt, or takes any action to authorize any of the foregoing;

(c) (i) any provision of the Liquidity Facility, the Certificate or the Bonds relating to the payment of principal of or interest on the Bonds (including Purchased Bonds) at any time for any reason ceases to be valid and binding on the City as a result of a ruling, finding, decree, order or legislative act or similar action (and with respect to any such ruling, finding, decree, order or similar action, such ruling, finding, decree, order or similar action is final or non-appealable) by a governmental authority having jurisdiction over the City, or declared in a final non-appealable judgment by any court having jurisdiction over the City to be null and void, invalid or unenforceable, or (ii) the City, acting through any official of the City having the authority to do so, publicly repudiates or repudiates in writing its obligations under the Liquidity Facility or publicly contests or contests in writing (whether by legal proceedings or other similar proceedings or otherwise) any provision of the Liquidity Facility, the Certificate or the Bonds (including Purchased Bonds) relating to the payment of principal of or interest on the Bonds (including Purchased Bonds), or the City, acting through any official of the City having the authority to do so, publicly denies or denies in writing that it has any obligation to make payments on the Bonds (including Purchased Bonds) or the City, acting through any official of the City having the authority to do so, publicly claims or claims in writing that any of its general obligation debt is not a valid, binding and enforceable general obligation of the City for any reason whatsoever;

(d) (i) the City declares a debt moratorium or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on any Debt or (ii) any governmental authority having appropriate jurisdiction over the City makes a finding or ruling or enacts or adopts legislation or issues an executive order or enters a judgment or decree which results in a debt moratorium or comparable extraordinary restriction on the repayment when due and payable of the principal of or interest on the Bonds or Purchased Bonds or on all Debt;

(e) the long-term unenhanced ratings assigned by Moody's, S&P and Fitch to any Debt are withdrawn or suspended (for credit related reasons) or reduced below "Baa3," "BBB-" and "BBB-" respectively; or

(f) a final, nonappealable money judgment is entered by a court or other regulatory body of competent jurisdiction against the City in an amount in excess of $50,000,000 and the City fails to satisfy said money judgment by the date which is 90 days from the first date when said judgment becomes enforceable and subject to collection in accordance with its terms.

Events Resulting in Immediate Suspension. The following constitute events resulting in immediate suspension:

(a) in the event that any default by the City has occurred and is continuing in the payment of principal of or premium, if any, or interest on any Debt (as defined below) (including Bonds or Purchased Bonds) and (x) the default was caused solely by an error or omission of an administrative or operational nature and (y) funds were available to enable the City to make the payment when due (provided, however, that any failure of the City to pay (i) principal or interest on any Purchased Bonds due solely as a result of an acceleration by the Liquidity Provider or (ii) accelerated principal of or premium, if any, or interest on any bank bonds or pledged bonds constituting Debt arising from liquidity draws on letters of credit, standby bond purchase agreements or other similar evidences of indebtedness due solely as a result of an acceleration by a provider of credit and/or liquidity support, will not constitute such an event resulting in immediate suspension for purposes of this paragraph (a)), the Available Commitment with respect to the Bonds and the obligations of the Liquidity Provider under the Liquidity Facility to purchase the Bonds will immediately be suspended without notice or demand to any person from and after the date of such failure to make any payment described in this paragraph (a), and thereafter the Liquidity Provider will be under no obligation to purchase the Bonds, until such obligation is reinstated as specified in the following sentence. The Available Commitment with respect to the Bonds and the obligations of the Liquidity Provider under the Liquidity Facility immediately will be reinstated and the terms of the Liquidity Facility will continue in full force and effect (unless the Liquidity Facility shall otherwise have terminated by its terms) as if there had been no such suspension on the date on which, prior to the expiration of the time period specified in such paragraph (a) under "*Events of Default Resulting in Immediate Termination"* above, the relevant payment is made. In the event the City fails to cure any such payment default, the Available Commitment with respect to the Bonds and the obligations of the Liquidity Provider under the Liquidity Facility immediately will be terminated at the close of business on the second Business Day after the City has actual knowledge of such failure to make such payment thereunder; and

(b) in the event that any judgment that is appealable or not final is issued by a court of competent jurisdiction that the Bonds (including any Purchased Bonds) or any provision of the Liquidity Facility or of the Certificate relating to the payment of principal of or interest on the Bonds (i) ceases for any reason to be valid and binding or (ii) shall be null and void, invalid or unenforceable (such judgment a "*Nonfinal Invalidity Judgment*"), if such Nonfinal Invalidity Judgment has not been overturned or stayed upon appeal within 30 days after issuance thereof, the Available Commitment and the obligation of the Liquidity Provider under the Liquidity Facility to purchase Bonds each will be suspended without notice or demand to any Person, and thereafter the Liquidity Provider will be under no obligation to purchase Bonds, from the thirtieth day after issuance of such Nonfinal Invalidity Judgment until such obligation is reinstated as specified below. The Liquidity Provider's obligation to purchase Bonds following the stay of any Nonfinal Invalidity Judgment will be suspended immediately (without the lapse of another thirty day time period) if such stay is lifted pursuant to a subsequent Nonfinal Invalidity Judgment. Following any suspension pursuant to this paragraph, the Available Commitment and the obligation of the Liquidity Provider under the Liquidity Facility each immediately shall terminate and the Liquidity Provider shall be under no further obligation to purchase Bonds under the Liquidity Facility (x) from the date on which a court of competent jurisdiction shall enter a final, nonappealable judgment that the Bonds or any provision of the Liquidity Facility or of the Certificate relating to the payment of principal of or interest on the Bonds shall cease for any reason to be valid and binding and (y) from the date that is the earlier to occur of (A) October 1, 2021 (or such later date to which the Liquidity Facility is extended upon the written request of the City and at the discretion of the Liquidity Provider) and (B) the date which is one (1) year after the date of issuance of the relevant Nonfinal Invalidity Judgment, if on such date the relevant litigation is still pending and a final and nonappealable judgment related thereto has not been obtained. The Available Commitment and the obligation of the Liquidity Provider under the Liquidity Facility will immediately be reinstated and the terms of the Liquidity Facility will continue in full force and effect (unless the Liquidity Facility shall otherwise have terminated by its terms) as if there had been no such suspension on the date on which a court of competent jurisdiction shall issue a judgment that the Bonds or any provision of the Liquidity Facility or of the Certificate, as applicable, relating to the payment of principal of or interest on the Bonds is valid and binding.

Other Events of Default. The following constitute Events of Default which can result in a termination of the Liquidity Facility after notice of such Event of Default requesting a mandatory tender of the Bonds:

(a) the City fails to pay when due any fees and expenses of the Liquidity Provider payable under the Liquidity Facility or the fee agreement or any other amount payable to the Liquidity Provider under the Liquidity Facility and such failure continues for seven days; *provided, however*, that no such failure to pay will constitute an Event of Default if (1) such failure to pay was caused solely by an error or omission of an administrative or operational nature, (2) the City had sufficient funds available on such day to make payment when due, and (3) the payment is made within two (2) Business Days after the City's receipt of notice of such failure to pay;

(b) the City fails to observe or perform any covenant or agreement contained in the Certificate described in the first paragraph under "SECTION II: THE BONDS—Certain Covenants and Agreements" and such failure shall continue for 20 days or the City fails to observe certain other covenants specified in the Liquidity Facility;

(c) the City fails to observe or perform any covenant or agreement contained in the Liquidity Facility (other than those covered by paragraphs (a) or (b) above, but including those incorporated in the Liquidity Facility by reference) for 20 days after written notice thereof has been given to the City by the Liquidity Provider;

(d) any representation, warranty, certification or statement made by the City (or incorporated in the Liquidity Facility by reference) in the Liquidity Facility or the Certificate, the fee agreement or the Bonds (including any Purchased Bonds) or in any certificate, financial statement or other document delivered pursuant to the Liquidity Facility or the Certificate, the fee agreement or the Bonds (including any Purchased Bonds) shall prove to have been incorrect in any material respect when made or deemed to have been made;

(e) an Event of Default described in paragraph (a) under the subheading "*Events of Default Resulting in Immediate Termination*" has occurred and is continuing that is solely resulting from a failure of the City to pay (i) principal or interest on any Purchased Bonds due solely as a result of an acceleration by the Liquidity Provider or (ii) accelerated principal of or premium, if any, or interest on any bank bonds or pledged bonds constituting Debt arising from liquidity draws on letters of credit, standby bond purchase agreements or other similar evidences of indebtedness due solely as a result of an acceleration by a provider of credit and/or liquidity support);

(f) any default by the City has occurred and is continuing in the payment of any amounts payable under any lease, mortgage or conditional sale arrangement securing, with the consent of the City, the payment of any indebtedness of a public benefit corporation or other governmental agency, instrumentality or body for borrowed money (except to the extent that the obligation to make such payment is being disputed in good faith and, if appropriate, contested in proceedings diligently conducted and there is no default in the payment of the principal of or premium, if any, or interest on the secured indebtedness);

(g) any default has and is continuing in the payment of the principal of or premium, if any, or interest on any bond, note or other evidence of indebtedness constituting a general obligation of an agency, instrumentality or public benefit corporation of the City or the State with respect to which the City has guaranteed the payment of the principal of or interest on such bond, note or other evidence of indebtedness;

(h) any material provision of the Liquidity Facility, the fee agreement, the Certificate or any of the Bonds (including any Purchased Bonds), other than a provision described in paragraph (c)(i) under the subheading "*Events of Default Resulting in Immediate Termination*," at any time for any reason ceases to be valid and binding on the City as a result of a ruling, finding, decree, order, legislative act or similar action by a governmental authority having jurisdiction over the City, or is declared in a final non-appealable judgment by any court having jurisdiction over the City to be null and void, invalid, or unenforceable, or the validity or enforceability thereof is publicly contested by the City; or

(i) the long-term unenhanced ratings assigned by Moody's, S&P or Fitch to any Debt are withdrawn or suspended (for credit related reasons) or reduced below "Baa2," "BBB" or "BBB" respectively.

"*Debt*" means general obligation bonds, notes and other similar forms of indebtedness issued, assumed or guaranteed (*provided, however,* that the failure to pay any such guarantee as a result of any set-off, recoupment, counterclaim or any other defense of the City shall not constitute a failure to pay Debt) by the City, which is supported by the faith, credit and taxing power of the City.

Remedies. Upon the occurrence of an Event of Default under the Liquidity Facility, the Liquidity Provider may take one or more of the following actions:

(a) *Termination*. In the case of the occurrence of an Event of Default described under the subheading "*Events of Default Resulting in Immediate Termination*" (each an "Immediate Termination Event") (provided, however, with respect to an Event of Default described in paragraph (a) thereunder, any failure of the City to pay (i) principal or interest on any Purchased Bonds due solely as a result of an acceleration by the Liquidity Provider or (ii) accelerated principal of or premium, if any, or interest on any bank bonds or pledged bonds constituting Debt arising from liquidity draws on letters of credit, standby bond purchase agreements or other similar evidences of indebtedness due solely as a result of an acceleration by a provider of credit and/or liquidity support, will not constitute an Immediate Termination Event), the Available Commitment with respect to the Bonds and the obligation of the Liquidity Provider under the Liquidity Facility to purchase the Bonds immediately terminates without notice or demand to any person, and thereafter the Liquidity Provider is under no obligation to purchase Bonds. Promptly upon the occurrence of such Immediate Termination Event, the Liquidity Provider will give written notice of the same to the City, the Tender Agent, the Fiscal Agent and the Remarketing Agent, but the Liquidity Provider will incur no liability or responsibility by reason of its failure to give such notice and such failure will in no way affect the termination of the Available Commitment with respect to the Bonds and its obligation to purchase Bonds pursuant to the Liquidity Facility.

(b) *Mandatory Tender*. In the case of the occurrence of an Event of Default described under the subheading "*Other Events of Default*" (each a *"Notice Termination Event"*), the Liquidity Provider, in its sole discretion, may (i) give written notice of such Notice Termination Event to the City, the Remarketing Agent, the Fiscal Agent and the Tender Agent requesting a mandatory tender of all of the Bonds pursuant to the Certificate on a date no later than the last Business Day which is not more than 15 calendar days after the City, the Remarketing Agent, the Fiscal Agent, and the Tender Agent receive notice of such mandatory tender and stating that the obligation of the Liquidity Provider to purchase Bonds will terminate 15 days after such notice is received by the Tender Agent and on such date the Available Commitment will terminate and the Liquidity Provider will be under no obligation to purchase Bonds after such date or (ii) give a written notice to the City directing the City to convert to a rate other than an Eligible Rate all or any portion of the Bonds. Upon conversion to a rate other than an Eligible Rate, the Liquidity Provider agrees to pay an amount equal to the Purchase Price of the Bonds so converted and not remarketed, subject to and in accordance with the terms of the Liquidity Facility.

(c) *Other Remedies*. Upon the occurrence of an Event of Default under the Liquidity Facility, the Bank Rate (as defined in the Liquidity Facility) will automatically equal the Default Rate (as defined in the Liquidity Facility), and the Liquidity Provider may take any other actions permitted by applicable law. The Liquidity Provider will not have the right to declare any amount due and payable under the Liquidity Facility, or to accelerate the maturity date of any Bonds.

Upon the occurrence of an Event of Default under the Liquidity Facility, the Liquidity Provider may deliver a notice (a "*No Remarketing Notice*") to the Remarketing Agent not to remarket any of the Purchased Bonds. The Liquidity Provider may, at any time, in its discretion, revoke a No Remarketing Notice by written notice to the City and the Remarketing Agent.

Obligations of Liquidity Provider Subject to Write-Down and Conversion Powers. Any liability arising under or in connection with the Liquidity Facility may be subject to Bail-In Action (as defined below) in relation to such liability, including (without limitation) (i) a reduction, in full or in part, of any amount due in respect of any such liability; (ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, the City, the Fiscal Agent or any other person; and (iii) a cancellation of any such liability; and the Liquidity Facility may be subject to a variation of any term thereof to the extent necessary to give effect to Bail-In Action in relation to any such liability.

"*Bail-In Action*" means the exercise by a resolution authority of the United Kingdom of any write-down or conversion power existing from time to time (including, without limitation, any power to amend or alter the maturity of eligible liabilities of an institution under resolution or amend the amount of interest payable under such eligible liabilities or the date on which interest becomes payable, including by suspending payment for a temporary period and together with any power to terminate and value transactions) under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the United Kingdom relating to the implementation of the Bank Recovery and Resolution Directive, as amended from time to time (including but not limited to, the Banking Act 2009 as amended from time to time, and the instruments, rules and standards created thereunder) pursuant to which the Liquidity Provider's obligations (or those of the Liquidity Provider's affiliates) can be reduced (including to zero), cancelled or converted into shares, other securities, or other obligations of the Liquidity Provider or any other person.

Optional Redemption

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

The City may select Subseries, Rate Modes and amounts of Bonds for optional redemption in its sole discretion. In the event that less than all the Bonds of a Subseries, Rate Mode and maturity subject to redemption are to be redeemed, the Bonds shall be selected for redemption as prescribed by the Certificate.

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

Mandatory Redemption

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

Subseries B-4		Subseries B-5	
October 1	**Amount**	**October 1**	**Amount**
2042	$ 9,380,000	2042	$ 9,380,000
2043	27,690,000	2043	27,695,000
2044	28,490,000	2044	28,490,000
2045	29,340,000	2045	29,340,000
2046*	5,100,000	2046*	5,095,000

* *Stated maturity.*

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

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

Notice of Redemption

When Bonds are redeemed, the City will give notice of redemption only to DTC (not to the Beneficial Owners of the Bonds) not less than 30 or more than 60 days prior to the date fixed for redemption.

Mandatory and Optional Tender

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

Special Considerations Relating to the Bonds

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

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

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

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

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

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

Book-Entry Only System

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION III: MISCELLANEOUS

Supplemental Certificates

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

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

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

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

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

Tax Matters

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

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

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

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

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

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

Legal Opinions

The legality of the authorization and issuance of the Bonds will be affirmed by the approving legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Reference should be made to the form of such opinion set forth in APPENDIX C hereto for the matters covered by such opinion and the scope of Bond Counsel's engagement in relation to the issuance of the Bonds. Such firm is also acting as counsel for and against the City in certain other unrelated matters.

Certain legal matters will be passed upon for the City by its Corporation Counsel.

Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City, will pass upon certain legal matters in connection with the preparation of this Official Statement. A description of those matters and the nature of the review conducted by that firm is set forth in its opinion which is on file at the office of the Corporation Counsel.

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

Certain legal matters for the Bank will be passed upon by its special counsel.

Underwriting

The Bonds are being purchased for reoffering by Barclays Capital Inc. who has agreed, subject to certain conditions, to purchase the Bonds from the City at an aggregate underwriter's discount of $17,660.03 (inclusive of expenses) and to make an initial public offering of the Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. Barclays Capital Inc. will be obligated to purchase all the Bonds if any such Bonds are purchased.

The delivery of the Adjustable Rate Bonds is contingent upon the delivery of the City's Fixed Rate Bonds described in the Fixed Rate Official Statement.

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

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

THE CITY OF NEW YORK

APPENDIX A

DEFINITIONS

"Adjustable Rate Bonds" means the Multi-Modal Bonds that are not Auction Rate Bonds.

"Authorized Denominations" means during any Daily Rate Period, Two-Day Rate Period, Commercial Paper Rate Period, or Weekly Rate Period, $100,000 or any integral multiple of $5,000 in excess of $100,000.

"Authorized Officer" means the Deputy Comptroller for Public Finance of the City and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document.

"Authorizing Document" means the Certificate of the Deputy Comptroller for Public Finance of the City of New York With Respect to the Bonds, dated October 3, 2017.

"Bank Bond" or *"Purchased Bond"* means any Multi-Modal Bond purchased and held pursuant to a Standby Agreement. The terms of Purchased Bonds are not described in detail in this Official Statement.

"Bondholder" or *"Holder"* or *"Owner"* means any person who shall be the registered owner of any Multi-Modal Bonds.

"Bonds" means the City's General Obligation Bonds, Fiscal 2018 Series B, Subseries B-4 and B-5.

"Book Entry Form" or *"Book Entry System"* means a form or system under which physical Multi-Modal Bond certificates in fully registered form are registered only in the name of the Securities Depository, with the physical certificates "immobilized" in the custody of the Securities Depository.

"Business Day" means a day other than (i) a Saturday and Sunday or (ii) a day on which the City, the New York Stock Exchange, the Federal Reserve Bank of New York, the Fiscal Agent, the Tender Agent, the Remarketing Agent or banks and trust companies in New York, New York, or any city where draws upon a Credit Facility or Liquidity Facility will be made, are authorized or required to remain closed.

"Certificate" means the Authorizing Document with all Exhibits, Schedules, appendices and related proceedings, including the Bonds and all supplemental certificates.

"City Account" means the account so designated in each Purchase and Remarketing Fund.

"Commercial Paper Mode" means a Rate Mode in which a Multi-Modal Bond for its Commercial Paper Rate Period bears interest at a Commercial Paper Rate.

"Commercial Paper Rate" means each rate at which a Multi-Modal Bond bears interest during a Commercial Paper Rate Period.

"Commercial Paper Rate Period" means, with respect to a particular Multi-Modal Bond, a period of one to 365 days during which such Bond bears interest at a Commercial Paper Rate; and the first day immediately following the last day of each Commercial Paper Rate Period shall be a Business Day and, with respect to at least the amount of such Bonds to be redeemed by mandatory redemption, shall be not later than the redemption date.

"Conversion" means a change in the Rate Mode of a Multi-Modal Bond. To "Convert" is the act of Conversion.

"Conversion Date" means the Business Day of a Conversion or proposed Conversion, which shall be an eligible Optional Redemption Date for the Rate Mode in effect.

"Conversion Notice" means a notice of a change in the Rate Mode.

"Credit Facility" means a Standby Agreement that specifies no Liquidity Conditions and provides for the purchase of Bonds in the event of the City's failure to pay interest or principal when due.

"Daily Rate" means the rate at which Multi-Modal Bonds bear interest during a Daily Rate Period.

"Daily Rate Mode" means a Rate Mode in which Multi-Modal Bonds bear interest at a Daily Rate.

"Daily Rate Period" means a period commencing on one Business Day and extending to, but not including, the next succeeding Business Day, during which Multi-Modal Bonds bear interest at the Daily Rate.

"Default Notice" means, with respect to a notice given by a Standby Purchaser pursuant to a Standby Agreement to the effect that an event of default thereunder has occurred and that the Standby Agreement issued by such Standby Purchaser will terminate on the date specified in such notice or any comparable notice.

"Direct Participant" means a participant in the book-entry system of recording ownership interests in the Multi-Modal Bonds.

"DTC" means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as Depository for the Multi-Modal Bonds, or any successor Depository for any Multi-Modal Bonds; and includes each nominee thereof.

"Electronic Means" means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other Electronic Means.

"Expiration Date" means the fixed date on which a Standby Agreement will expire, as such date may be extended from time to time; and includes the date of an early termination of a Standby Agreement caused by the City (excluding a Termination Date).

"Favorable Opinion of Bond Counsel" shall mean an opinion or opinions of nationally recognized bond counsel to the effect that the action proposed to be taken is authorized or permitted by the Certificate and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

"Fiduciary" means each Fiscal Agent, Paying Agent or Tender Agent.

"Fiscal Agent" means The Bank of New York Mellon and its successors as the City's fiscal agent.

"Fitch" means Fitch Ratings, Inc., and its successors and assigns; references to Fitch are effective so long as Fitch is a Rating Agency.

"Initial Period" means a period specified by the City, beginning on the Issue Date or a Conversion Date. The day following an Initial Period shall be a Business Day and shall not be treated as a Conversion Date.

"Initial Rate" means each rate of interest to be paid in an Initial Period as set forth in the Certificate.

"Interest Payment Date" means with respect to (a) any Daily Rate Period, any Two-Day Rate Period, any Weekly Rate Period, or any case not specified, the first Business Day of each month; (b) any Commercial Paper Rate Period, the first Business Day of each month and the Business Day following the last day of the Rate Period; or (c) any Rate Period, as may be specified by the City. With respect to all Multi-Modal Bonds, interest shall be payable on each Mandatory Tender Date, redemption date or maturity date.

"Issue Date" means the date of initial delivery of the Bonds.

"LFL" means the Local Finance Law of the State, as in effect from time to time.

"Liquidity Condition" means an event of immediate termination or suspension as specified in a Liquidity Facility, upon the occurrence of which the Standby Purchaser is not obligated to purchase Multi-Modal Bonds, and, accordingly, such Bonds are not subject to tender for purchase.

"Liquidity Enhanced Bonds" means the Multi-Modal Bonds bearing interest in the Daily Rate Mode, Two-Day Mode, Weekly Rate Mode or Commercial Paper Mode.

"Liquidity Facility" means a Standby Agreement that is not a Credit Facility.

"Mandatory Redemption Date" means, unless otherwise specified by the City, in each year so specified in the Bonds in the Daily Rate Mode, the Two-Day Mode, the Weekly Rate Mode or the Commercial Paper Mode, or in any case not specified, the first Business Day in the Maturity Month (which will be an Interest Payment Date).

"Mandatory Tender Date" means any date on which a Multi-Modal Bond is subject to mandatory tender in accordance with the Certificate.

"Maturity Month" and *"Opposite Month"* mean the respective months indicated below:

Maturity Month	Opposite Month
October	April

"Maximum Rate" means, with respect to the Bonds, 9%, or such Maximum Rate not exceeding 25% as may be specified by the City.

"Moody's" means Moody's Investors Service, and its successors and assigns; references to Moody's are effective so long as Moody's is a Rating Agency.

"Multi-Modal Bonds" means the Bonds.

"Optional Redemption Date" means: (i) for Bonds in the Daily Rate Mode, Weekly Rate Mode or Two-Day Mode, any Business Day and (ii) for Bonds in the Commercial Paper Mode, each Mandatory Tender Date.

"Optional Tender Date" means any Business Day during a Daily Rate Period, Two-Day Rate Period or Weekly Rate Period.

"Paying Agent" means the Fiscal Agent and any additional paying agent for the Multi-Modal Bonds designated by the City.

*"Purchase Account" m*eans the account so designated in each Purchase and Remarketing Fund.

"Purchase and Remarketing Fund" means the Purchase and Remarketing Fund established pursuant to the Certificate.

"Purchase Price" means 100% of the principal amount of any Tendered Bond, plus (if not otherwise provided for) accrued and unpaid interest thereon to the Tender Date.

"Rate" means each Initial Rate, Daily Rate, Two-Day Rate, Commercial Paper Rate, Weekly Rate, or Bank Rate.

"Rate Mode" or *"Mode"* means the Daily Rate Mode, Two-Day Mode, Commercial Paper Rate Mode or Weekly Rate Mode.

"Rate Period" means any Initial Period, Daily Rate Period, Two-Day Rate Period, Commercial Paper Rate Period or Weekly Rate Period.

"Rating Agency" means each nationally recognized statistical rating organization that has, at the request of the City, a short-term rating in effect for the Multi-Modal Bonds.

"Rating Category" means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

"Rating Confirmation" means a written notice from each Rating Agency that its rating on the Multi-Modal Bonds will not be suspended, withdrawn or reduced (by Fitch or Moody's) or reduced in Rating Category (by other Rating Agencies) solely as a result of action proposed to be taken under the Certificate.

"Record Date" means, with respect to each Interest Payment Date (unless otherwise specified by the City), for each Initial Period, Daily Rate Period, Two-Day Rate Period, Commercial Paper Rate Period or Weekly Rate Period, the close of business on the Business Day preceding such Interest Payment Date.

"Remarketing Agent" means each remarketing agent for Multi-Modal Bonds appointed and serving in such capacity.

"Remarketing Agreement" means each Remarketing Agreement between the City and the Remarketing Agent, as in effect from time to time.

"Remarketing Proceeds Account" means the account so designated in each Purchase and Remarketing Fund which may consist of one or more accounts established for the deposit of remarketing proceeds from the remarketing of one or more subseries of the City's bonds into which such remarketing proceeds may be deposited prior to the withdrawal of such proceeds to pay the purchase price of tendered bonds of that subseries.

"Reset Date" means the date on which the interest rate on a Multi-Modal Bond is to be reset.

"S&P" means S&P Global Ratings and its successors and assigns; references to S&P are effective so long as S&P is a Rating Agency.

"Securities Depository" or *"Depository"* or *"DTC"* means The Depository Trust Company and its nominees, successors and assigns or any other securities depository selected by the City which agrees to follow the procedures required to be followed by such securities depository in connection with the Multi-Modal Bonds.

"Standby Agreement" means an agreement providing, to the extent required by the LFL, for the purchase of any Multi-Modal Bonds, as in effect from time to time.

"Standby Purchaser," "Credit Facility Provider," "Liquidity Provider," "Provider" "Subseries Bank" or *"Bank"* means any provider of a Standby Agreement then in effect.

"Subseries" shall mean the Subseries B-4 or B-5 Bonds.

"Tender Agent" means the Fiscal Agent and any additional Tender Agent appointed by the City.

"Tender Date" means each Optional Tender Date or Mandatory Tender Date.

"Tender Notice" means the notice delivered by the Holder of a Bond subject to optional tender pursuant to the Certificate.

"Tendered Bond" means a Bond mandatorily tendered or tendered at the option of the Holder thereof for purchase in accordance with the Certificate, including a Bond deemed tendered, but not surrendered on the applicable Tender Date.

"Termination Date" means the date on which a Standby Agreement will terminate as set forth in a Default Notice delivered by the Standby Purchaser in accordance with the Standby Agreement.

"Two-Day Mode" means a Rate Mode in which Multi-Modal Bonds bear interest at a Two-Day Rate.

"Two-Day Rate" means the rate at which Multi-Modal Bonds bear interest during a Two-Day Rate Period.

"Two-Day Rate Period" means a period during which Multi-Modal Bonds bear interest at the Two-Day Rate.

"Weekly Rate" means the rate at which Multi-Modal Bonds bear interest during a Weekly Rate Period.

"Weekly Rate Mode" means a Rate Mode in which a Multi-Modal Bonds bear interest at a Weekly Rate.

"Weekly Rate Period" means a period of 7 days commencing on the Issue Date, on a Conversion Date or on the date (Thursday unless otherwise specified by the City) following an Initial Period or a Weekly Rate Period.

"Written Notice," "written notice" or "notice in writing" means notice in writing which may be delivered by hand or first class mail and includes Electronic Means.

APPENDIX B

MULTI-MODAL BONDS

The Multi-Modal Bonds are subject to the provisions summarized below. Capitalized terms used in this "APPENDIX B—MULTI-MODAL BONDS" which are not otherwise defined in the Official Statement are defined in "APPENDIX A—DEFINITIONS."

General

The Multi-Modal Bonds are subject to mandatory tender for purchase as described under "Mandatory Tender for Purchase" and, if such Bonds are in a Daily Rate Mode, Two-Day Mode or Weekly Rate Mode, are subject to optional tender for purchase as described under "Optional Tender for Purchase." The Multi-Modal Bonds of a Subseries will continue in a Rate Mode until converted to another Rate Mode and will bear interest at a rate determined in accordance with the procedures for determining the interest rate during such Rate Mode. See "Conversion to an Alternate Rate Mode" and "Interest Rates and Reset Dates" below.

During any Initial Period for the Liquidity Enhanced Bonds, a Daily Rate Period, a Two-Day Rate Period, a Commercial Paper Rate Period or a Weekly Rate Period, interest will be computed on the basis of a 365-day or 366-day year for the actual number of days elapsed.

Interest on the Multi-Modal Bonds will be the interest accruing and unpaid through and including the day preceding the Interest Payment Date and will be payable on each Interest Payment Date to the registered owner thereof as shown on the registration books kept by the Fiscal Agent at the close of business on the applicable Record Date.

Conversion to an Alternate Rate Mode

Subject to the conditions in the Certificate, the City may convert all or a portion of the Multi-Modal Bonds in one Rate Mode to a different Rate Mode by delivering a Conversion Notice to, as applicable, the Remarketing Agent, the applicable Standby Purchaser, DTC, the Fiscal Agent and the Tender Agent specifying the Subseries of Multi-Modal Bonds to be converted, the Conversion Date and the Rate Mode that will be effective on the Conversion Date. The City must deliver such Conversion Notice not less than 15 days prior to the Conversion Date.

The Tender Agent, no later than one Business Day after receipt of the Conversion Notice, is to give Written Notice to the Holders of the Bonds to be converted, which notice must state (i) the Conversion Date; (ii) that the Rate Mode will not be converted unless the City receives on the Conversion Date a Favorable Opinion of Bond Counsel; (iii) the name and address of the principal corporate trust offices of the Fiscal Agent and Tender Agent; (iv) whether the Bonds to be converted will be subject to mandatory tender for purchase on the Conversion Date; and (v) that upon the Conversion, if there is on deposit with the Tender Agent on the Conversion Date an amount sufficient to pay the Purchase Price of the Multi-Modal Bonds so tendered and converted, such Bonds not delivered to the Tender Agent on the Conversion Date will be deemed to have been properly tendered for purchase and will cease to represent a right on behalf of the Holder thereof to the payment of principal of or interest thereon and shall represent only the right to payment of the Purchase Price on deposit with the Tender Agent, without interest accruing thereon from and after the Conversion Date.

If less than all of the Multi-Modal Bonds of a Subseries then subject to a particular Rate Mode are to be converted to a new Rate Mode, the particular Multi-Modal Bonds which are to be converted to a new Rate Mode will be selected by the Fiscal Agent (or, if the City so elects, the City) subject to the provisions of the Certificate regarding Authorized Denominations.

If a Favorable Opinion of Bond Counsel cannot be obtained, or if the election to convert was withdrawn by the City, or if the Remarketing Agent has notified the Fiscal Agent, the City and the applicable Standby

Purchaser that it has been unable to remarket the Multi-Modal Bonds on the Conversion Date, the affected Multi-Modal Bonds will bear interest in the Rate Mode previously in effect or, with a Favorable Opinion of Bond Counsel, any other Rate Mode selected by the City to which such Bonds are duly converted.

Interest Rates and Reset Dates

General. The rate at which the Adjustable Rate Bonds will bear interest during any Rate Period will be the rate of interest that, if borne by the Adjustable Rate Bonds for such Rate Period, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for bonds or other securities which are comparable as to federal income tax treatment, credit and maturity or tender dates with the federal income tax treatment, credit and maturity or tender dates of the Adjustable Rate Bonds, would be the lowest interest rate that would enable the Adjustable Rate Bonds to be sold at a price equal to the principal amount thereof, plus accrued interest thereon, if any. No Rate Period for Liquidity Enhanced Bonds of a Subseries will extend beyond the scheduled Expiration Date of the Standby Agreement then in effect.

Maximum Rate. The Bonds may not bear interest at a rate greater than the Maximum Rate.

Daily Rate. The Daily Rate for any Business Day is to be determined by the Remarketing Agent and announced by 10:00 a.m., New York City time, on such Business Day. For any day which is not a Business Day, the Daily Rate will be the Daily Rate for the immediately preceding Business Day.

If (i) a Daily Rate for a Daily Rate Period has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Daily Rate so established is held to be invalid or unenforceable with respect to a Daily Rate Period, or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Daily Rate, then the Daily Rate for such Daily Rate Period shall continue in effect for two weeks, and thereafter such Bonds shall bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Two-Day Rate. When interest on a Subseries of Adjustable Rate Bonds is payable at a Two-Day Rate, the Remarketing Agent will set a Two-Day Rate on or before 10:00 a.m., New York City time, on the first day of a period during which such Bonds bear interest at a Two-Day Rate and on each Monday, Wednesday and Friday thereafter so long as interest on such Bonds is to be payable at a Two-Day Rate or, if any Monday, Wednesday or Friday is not a Business Day, on the next Monday, Wednesday or Friday that is a Business Day. The Two-Day Rate set on any Business Day will be effective as of such Business Day and will remain in effect until the next day on which a Two-Day Rate is required to be set in accordance with the preceding sentence.

If (i) a Two-Day Rate for a Two-Day Rate Period has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Two-Day Rate determined by the Remarketing Agent is held to be invalid or unenforceable or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Two-Day Rate, then the Two-Day Rate for such Two-Day Rate Period shall continue in effect for two weeks, and thereafter such Bonds shall bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Weekly Rate. Unless otherwise provided by the City pursuant to the Certificate, the Weekly Rate is to be determined by the Remarketing Agent and announced by 10:00 a.m., New York City time, on the first day of the Weekly Rate Period. The Weekly Rate Period means a period commencing on the day specified by the City and extending to and including the sixth day thereafter, e.g. if commencing on a Thursday then extending to and including the next Wednesday.

If (i) a Weekly Rate has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Weekly Rate determined by the Remarketing Agent is held to be invalid or unenforceable with respect to a Weekly Rate Period, or (iv) pursuant to the Remarketing Agreement, the Remarketing Agent is not then required to establish a Weekly Rate, then the Weekly Rate for such Weekly Rate Period shall continue in effect for two weeks, and thereafter, such Bonds will bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Commercial Paper Rate. The Commercial Paper Rate Period for each Adjustable Rate Bond in a Commercial Paper Rate Mode is to be determined by the Remarketing Agent and announced by 12:30 p.m., New York City time, on the first day of each Commercial Paper Rate Period. Commercial Paper Rate Periods may be from 1 to 365 days. If the Remarketing Agent fails to specify the next succeeding Commercial Paper Rate Period, such Commercial Paper Rate Period will be the shorter of (i) seven days or (ii) the period remaining to but not including the maturity or redemption date of such Bond. Each Adjustable Rate Bond in a Commercial Paper Mode is to bear interest during a particular Commercial Paper Rate Period at a rate per annum equal to the interest rate determined above corresponding to the Commercial Paper Rate Period. An Adjustable Rate Bond can have a Commercial Paper Rate Period and bear interest at a Commercial Paper Rate that differs from other Adjustable Rate Bonds in the Commercial Paper Rate Mode.

If (i) a Commercial Paper Rate for a Commercial Paper Rate Period has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Commercial Paper Rate determined by the Remarketing Agent is held to be invalid or unenforceable with respect to a Commercial Paper Rate Period, or (iv) pursuant to the Remarketing Agreement, the Remarketing Agent is not then required to establish a Commercial Paper Rate, the Commercial Paper Rate for such Commercial Paper Rate Period will continue in effect on such Bonds for two weeks, and thereafter, such Bonds will bear interest at the Maximum Rate until a Rate has been duly established by the Remarketing Agent.

Optional Tender for Purchase

If a Subseries of Adjustable Rate Bonds is supported by a Credit Facility, or by a Liquidity Facility and no Liquidity Condition is in effect, an Adjustable Rate Bond of such Subseries or any portion thereof equal to an Authorized Denomination may be tendered for purchase, at the Purchase Price, at the option of its registered owner on any Business Day during a Daily Rate Mode, Two-Day Mode or Weekly Rate Mode upon giving notice of the registered owner's election to tender in the manner and at the times described below. Notice of an election to tender an Adjustable Rate Bond registered in the name of DTC is to be given by the Direct Participant on behalf of the Beneficial Owner of the Adjustable Rate Bond and will not be given by DTC. Notice of the election to tender for purchase of an Adjustable Rate Bond registered in any other name is to be given by the registered owner of such Adjustable Rate Bond or its attorney-in-fact.

A Direct Participant or the registered owner of an Adjustable Rate Bond must give written notice of its irrevocable election to tender such Adjustable Rate Bond or a portion thereof for purchase at its option to the Tender Agent with a copy to the Remarketing Agent at their respective principal offices, in the case of Adjustable Rate Bonds bearing interest in a Daily Rate Mode, by no later than 10:30 a.m. on the Optional Tender Date, in the case of Adjustable Rate Bonds bearing interest in a Two-Day Mode, not later than 3:00 p.m. on a Business Day at least two Business Days prior to the Optional Tender Date, and in the case of Adjustable Rate Bonds bearing interest in a Weekly Rate Mode, by no later than 5:00 p.m., New York City time, on a Business Day at least seven days prior to the Optional Tender Date. In addition, the registered owner of an Adjustable Rate Bond is required to deliver such Bond to the Tender Agent at its principal corporate trust office at or prior to 1:00 p.m., New York City time, on such Optional Tender Date.

Mandatory Tender for Purchase

If a Credit Facility is in effect (or if Bonds of a Subseries are supported by a Liquidity Facility and there is no existing Liquidity Condition), the Bonds which are affected by the following actions are subject to mandatory tender and purchase at the Purchase Price on the following dates (each, a "Mandatory Tender Date"):

(a) on each Conversion Date except a Conversion of all (but not less than all) of a Subseries between Daily Rates, Two-Day Rates and Weekly Rates;

(b) on the Business Day following each Rate Period for the Adjustable Rate Bonds of such Subseries in the Commercial Paper Mode;

(c) on a Business Day specified by the Tender Agent, at the direction of the City, which shall be not less than one Business Day prior to the substitution of a Standby Agreement (including assignments) or the Expiration

Date of any Standby Agreement prior to the maturity of the related Bonds (which Standby Agreement will be drawn upon to pay the Purchase Price of unremarketed Tendered Bonds), unless a substitution is occurring and Rating Confirmation has been received from each Rating Agency;

(d) on a Business Day that is not less than one Business Day prior to the Termination Date of a Standby Agreement relating to a Subseries of Adjustable Rate Bonds specified in a Default Notice delivered in accordance with the Standby Agreement.

Should a Credit Facility be in effect for a Subseries of Bonds, in addition to the preceding, upon any failure by the City to provide funds to the Fiscal Agent for the timely payment of principal or interest on the maturity or mandatory redemption date or Interest Payment Date for such Subseries of Bonds, the Tender Agent shall cause a draw to be made upon such Credit Facility for the immediate purchase of the applicable Bonds and notice of mandatory tender to be given to each Holder of such Bonds.

The Adjustable Rate Bonds of a Subseries are also subject to mandatory tender for purchase on any Optional Redemption Date, upon 10 days' notice to Holders of such Bonds, if the City has provided a source of payment therefor in accordance with the Certificate and State law; under such circumstances, the Purchase Price is not payable by the Liquidity Facility or Credit Facility.

Whenever Adjustable Rate Bonds are to be tendered for purchase in accordance with (a) above, the Tender Agent is to give notice to the Holders of such Adjustable Rate Bonds indicating that such Bonds are subject to mandatory tender for purchase on the date specified in such notice. The failure of any Holder of any portion of Adjustable Rate Bonds to receive such notice will not affect the validity of such Conversion to a new Rate Mode.

Whenever Adjustable Rate Bonds are to be tendered for purchase in accordance with (c) or (d) above, the Tender Agent is to give notice to the Holders of such Adjustable Rate Bonds indicating that such Bonds are subject to mandatory tender for purchase on the date specified in such notice. The Tender Agent is to give such notice by first-class mail and not less than five calendar days prior to the Expiration Date or Termination Date. The failure of any Holder of any portion of such Adjustable Rate Bonds to receive such notice will not affect the validity of the proceedings in connection with the effectiveness of the affected Standby Agreement.

Bonds Deemed Purchased

The Adjustable Rate Bonds or portions thereof required to be purchased upon a tender at the option of the registered owner thereof or upon a mandatory tender will be deemed to have been tendered and purchased for all purposes of the Certificate, irrespective of whether such Adjustable Rate Bonds have been presented and surrendered to the Tender Agent, if on the Tender Date money sufficient to pay the Purchase Price thereof is held by the Tender Agent. The former registered owner of a Tendered Bond or an Adjustable Rate Bond deemed to have been tendered and purchased will have no claim thereunder or under the Certificate or otherwise for payment of any amount other than the Purchase Price.

Purchase Price and Payment

On each Tender Date, a Tendered Bond will be purchased at the applicable Purchase Price. The Purchase Price of a Tendered Bond is the principal amount of the Adjustable Rate Bond to be tendered or the amount payable to the registered owner of a Bank Bond following receipt by such owner of a purchase notice from the Remarketing Agent, plus accrued and unpaid interest from the immediately preceding Interest Payment Date.

The Purchase Price of a Tendered Bond held in a book-entry-only system will be paid, in same-day funds, to DTC in accordance with DTC's standard procedures for effecting same-day payments, as described herein under the heading "Book-Entry Only System." Payment will be made without presentation and surrender of the Tendered Bonds to the Tender Agent and DTC will be responsible for effecting payment of the Purchase Price to the DTC Participants.

The Purchase Price of any other Adjustable Rate Bond will be paid, in same-day funds, only after presentation and surrender of the Adjustable Rate Bond to the Tender Agent at its designated office. Payment will be made by 3:00 p.m., New York City time, on the Tender Date on which an Adjustable Rate Bond is presented and surrendered to the Tender Agent.

The Purchase Price is payable solely from, and in the following order of priority, the proceeds of the remarketing of Adjustable Rate Bonds tendered for purchase, money made available by the Standby Purchaser under the Standby Agreement then in effect, and money furnished by or on behalf of the City (which has no obligation to do so).

No Extinguishment

Adjustable Rate Bonds held by any Standby Purchaser or by a Fiduciary for the account of any Standby Purchaser following payment of the Purchase Price of such Bonds by the Fiduciary with money provided by any Standby Purchaser shall not be deemed to be retired, extinguished or paid and shall for all purposes remain outstanding.

Liquidity Conditions

Upon the occurrence of a suspension condition, as specified in a Liquidity Facility, the Standby Purchaser's obligations to purchase the related Bonds shall immediately be suspended (but not terminated) without notice or demand to any person and thereafter the Standby Purchaser shall be under no obligation to purchase such Bonds (nor shall such Bonds be subject to optional or mandatory tender for purchase) unless and until the Standby Purchaser's commitment is reinstated pursuant to the related Liquidity Facility. Promptly upon the occurrence of such suspension condition, the Standby Purchaser shall notify the City, the Tender Agent and the Remarketing Agent of such suspension in writing and the Tender Agent shall promptly relay such notice to the affected Bondholders upon receipt; but the Standby Purchaser shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the suspension of its obligation to purchase such Bonds. If the suspension condition shall be cured as described in the related Liquidity Facility, the obligations of the Standby Purchaser under such Liquidity Facility shall be reinstated (unless the Standby Purchaser's obligations shall have expired or shall otherwise have been terminated or suspended as provided in such Liquidity Facility).

Upon the occurrence of an event of immediate termination, as specified in a Liquidity Facility, a Standby Purchaser's obligation under such Liquidity Facility to purchase the related Bonds shall immediately terminate without notice or demand to any person, and thereafter the Standby Purchaser shall be under no obligation to purchase such Bonds (nor shall such Bonds be subject to optional or mandatory tender for purchase). Promptly upon the occurrence of such event the affected Standby Purchaser shall give written notice of the same to the City, the Tender Agent and the Remarketing Agent and the Tender Agent shall promptly relay such notice to the affected Bondholders upon receipt; but the affected Standby Purchaser shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of its obligation to purchase such Bonds.

Inadequate Funds for Tender

If the funds available for purchase of Tendered Bonds are inadequate for the purchase of all such Bonds tendered on any Tender Date, or a Liquidity Condition shall exist under a Liquidity Facility, then the affected Holders shall not have the right to require the City or other persons to repurchase such Bonds and the Tender Agent shall give written notice to all affected Bondholders. However, such Holders may submit their Bonds for remarketing pursuant to the procedures described herein and the Certificate and Remarketing Agreement. Any such Bonds that cannot be remarketed shall immediately be returned to the owners thereof and shall bear interest from such Tender Date at the Maximum Rate payable on the first Business Day of each month. Under a Credit Facility, or a Liquidity Facility as long as no Liquidity Condition exists, the obligation to deposit funds in sufficient amounts to purchase such Bonds pursuant to the applicable Standby Agreement shall remain enforceable, and shall only be discharged at such time as funds are deposited with the Tender Agent in an amount sufficient, together with the proceeds of remarketing, to purchase all such Bonds that were required to be purchased on such Tender Date, together with any interest which has accrued to the subsequent purchase date.

Remarketing of Bonds Upon Tender

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to use its best efforts to remarket a Tendered Bond on its Tender Date at a price equal to the Purchase Price. The Remarketing Agreement sets forth, among other things, certain conditions to the Remarketing Agent's obligation to remarket Tendered Bonds.

On each Tender Date, the Remarketing Agent is to give notice by Electronic Means to the related Liquidity Provider, the Fiscal Agent, the Tender Agent and the City specifying the principal amount of Tendered Bonds for which it has arranged a remarketing, along with the principal amount of Tendered Bonds, if any, for which it has not arranged a remarketing, and shall transfer to the Tender Agent the proceeds of the remarketing of the Tendered Bonds. The Tender Agent is, on such Tender Date, to obtain funds under the applicable Standby Agreement in accordance with its terms in an amount equal to the difference between the Purchase Price of the Tendered Bonds subject to purchase and the remarketing proceeds available to the Tender Agent.

Defeasance

For the purpose of determining whether Multi-Modal Bonds shall be deemed to have been defeased, the interest to come due on such Multi-Modal Bonds shall be calculated at the Maximum Rate; and if, as a result of such Multi-Modal Bonds having borne interest at less than the Maximum Rate for any period, the total amount on deposit for the payment of interest on such Multi-Modal Bonds exceeds the total amount required, the balance shall be paid to the City. In addition, Multi-Modal Bonds shall be deemed defeased only if there shall have been deposited in trust money in an amount sufficient for the timely payment of the maximum Purchase Price that could become payable to the Bondholders upon the exercise of any applicable optional or mandatory tender for purchase.

Liquidity Facility

For each Subseries of Adjustable Rate Bonds that is not defeased and is subject to optional or mandatory tender for purchase, the City shall, as required by law, keep in effect one or more Standby Agreements for the benefit of the Bondholders of such Subseries, which shall require a financially responsible party or parties other than the City to purchase all or any portion of such Adjustable Rate Bonds duly tendered by the holders thereof for repurchase prior to the maturity of such Adjustable Rate Bonds. A financially responsible party or parties, for the purposes of this paragraph, shall mean a person or persons determined by the Mayor and the Comptroller of the City to have sufficient net worth and liquidity to purchase and pay for on a timely basis all of the Adjustable Rate Bonds which may be tendered for repurchase by the holders thereof.

Each owner of an Adjustable Rate Bond bearing interest at a Daily, Two-Day or Weekly Rate will be entitled to the benefits and subject to the terms of the Liquidity Facility or Credit Facility for such Bond. Under such Credit Facility or Liquidity Facility, the Bank agrees to make available to the Tender Agent, upon receipt of an appropriate demand for payment, the Purchase Price for Adjustable Rate Bonds of the stated Subseries.

Mandatory purchase by a Bank of Adjustable Rate Bonds shall occur under the circumstances provided therefor, including, so long as a Credit Facility is provided or no Liquidity Condition exists, failure to extend or replace the Credit Facility or Liquidity Facility relating to such Subseries of Adjustable Rate Bonds, and (at the option of the Bank) other events, including without limitation breaches of covenants, defaults on other bonds of the City or other entities, and events of insolvency. Notwithstanding the other provisions of the Adjustable Rate Bonds and the Certificate, upon the purchase of an Adjustable Rate Bond by a Bank, all interest accruing thereon from the last date for which interest was paid shall accrue for the benefit of and be payable to such Bank.

The City shall give Written Notice to each affected Bondholder (a) at least 10 days prior to the effective date of (i) an amendment to the Liquidity Conditions in a Liquidity Facility or (ii) the substitution of a Credit Facility or Liquidity Facility and (b) not later than 10 days after the execution of an extension of a Credit Facility or Liquidity Facility.

The obligation of the Bank to purchase Adjustable Rate Bonds pursuant and subject to the terms and conditions of the Credit Facility or Liquidity Facility for such Bonds is effective so long as a Credit Facility or Liquidity Facility is provided and, in the case of a Liquidity Facility, there exists no Liquidity Condition. The obligation of the City to repay amounts advanced by the Bank in respect of such Bank's purchase of Adjustable Rate Bonds shall be evidenced by the Bonds so purchased by such Bank.

The preceding is a summary of certain provisions expected to be included in the initial Liquidity Facility provided by Barclays Bank PLC and proceedings under which the Multi-Modal Bonds are to be offered, and is subject in all respects to the underlying documents, copies of which will be available for inspection during business hours at the office of the Fiscal Agent. Information regarding the Bank is included herein as "APPENDIX D — THE BANK." Neither the City nor the Underwriter makes any representation with respect to the information in "APPENDIX D — THE BANK."

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APPENDIX C

NORTON ROSE FULBRIGHT

October 3, 2017

Norton Rose Fulbright US LLP
666 Fifth Avenue, 31st Floor
New York, New York 10103-3198
United States

Tel +1 212 318 3000
Fax +1 212 318 3400
nortonrosefulbright.com

Honorable Scott M. Stringer
Comptroller
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in connection with the issuance by the City on the date hereof of its General Obligation Bonds, Fiscal 2018 Subseries B-4 and B-5 (collectively, the "Bonds").

The Bonds are issued pursuant to the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance of the City dated the date hereof and related proceedings. We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem necessary to render our opinions. We have not undertaken an independent investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, the due and legal execution and delivery thereof by, and validity against, any parties other than the City, and the accuracy of the statements contained in such documents.

Based upon the foregoing and our examination of existing law, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City for the payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, without limit as to rate or amount, for payment of the principal of and interest on the Bonds.

2. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

3. The City has covenanted in a tax certificate dated the date hereof to comply with certain provisions of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), relating to the exclusion from gross income of the interest on the Bonds for purposes of federal income taxation. Assuming compliance by the City with such covenants, interest on the Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes.

4. Interest on the Bonds is not an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of such Bonds or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Furthermore, we express no opinion as to the effect on the exclusion from gross income of interest on the Bonds of any action (including without limitation a change in the interest rate mode with respect to any of the Bonds) taken or not taken after the date of this opinion without our approval. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, “S” corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted, to the extent constitutionally applicable, and the enforcement of related contractual and statutory covenants of the City and the State may also be subject to the exercise of the State’s police powers and of judicial discretion in appropriate cases.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very truly yours,

APPENDIX D

THE BANK

The information under this Appendix D has been provided solely by the Bank and is believed to be reliable. This information has not been verified independently by the City or the Underwriter. The City and the Underwriter make no representation whatsoever as to the accuracy, adequacy or completeness of such information.

CERTAIN INFORMATION CONCERNING BARCLAYS BANK PLC

Barclays Bank PLC (Bank) is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'.

Barclays Bank PLC (together with its subsidiary undertakings (Bank Group)) is a transatlantic consumer, corporate and investment bank offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in the Group's two home markets of the UK and the US. The Bank Group is focused on two core divisions—Barclays UK and Barclays International. Barclays UK comprises the UK retail banking operations, UK consumer credit card business, UK wealth management business and corporate banking for smaller businesses. Barclays International comprises the corporate banking franchise, the investment bank, the US and international cards business and international wealth management. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC. Barclays PLC is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-2 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term unsecured unsubordinated obligations of Barclays Bank PLC are rated A- by Standard & Poor's Credit Market Services Europe Limited, A1 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2016, the Bank Group had total assets of £1,213,955m (2015: £1,120,727m), total net loans and advances[1] of £436,417m (2015: £441,046m), total deposits[2] of £472,917m (2015: £465,387m), and total equity of £70,955m (2015: £66,019m) (including non-controlling interests of £3,522m (2015: £1,914m)). The profit before tax of the Bank Group for the year ended 31 December 2016 was £4,383m (2015: £1,914m) after credit impairment charges and other provisions of £2,373m (2015: £1,762m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2016.

Based on the Bank Group's unaudited financial information for the six months ended 30 June 2017, the Bank Group had total assets of £1,136,867m (30 June 2016: £1,351,958m), total net loans and advances[3] of £427,980m (30 June 2016: £473,962m), total deposits[4] of £488,162m (30 June 2016: £500,919m), and total

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1 Total net loans and advances include balances relating to both bank and customer accounts.
2 Total deposits include deposits from bank and customer accounts.
3 Total net loans and advances include balances relating to both bank and customer accounts.
4 Total deposits include deposits from bank and customer accounts.

shareholders' equity of £66,167m (30 June 2016: £69,599m) (including non-controlling interests of £84m (30 June 2016: £2,976m). The profit before tax from continuing operations of the Bank Group for the six months ended 30 June 2017 was £2,195m (30 June 2016: £3,017m) after credit impairment charges and other provisions of £1,054m (30 June 2016: £931m). The financial information in this paragraph is extracted from the unaudited consolidated financial statements of the Bank for the six months ended 30 June 2017.

The delivery of the information concerning the Bank and the Bank Group contained in this APPENDIX D shall not create any implication that there has been no change in the affairs of the Bank and the Bank Group since the date hereof, or that the information contained or referred to in this APPENDIX D is correct as of any time subsequent to its date.

Barclays Bank PLC is responsible only for the information contained in this APPENDIX D and did not participate in the preparation of, or in any way verify the information contained in, any other part of the Official Statement. Accordingly, Barclays Bank PLC assumes no responsibility for and makes no representation or warranty as to the accuracy or completeness of information contained in any other part of the Official Statement.

NEW ISSUE

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

$800,000,000

The City of New York

General Obligation Bonds, Fiscal 2018 Series B

$550,000,000 Tax-Exempt Bonds, Subseries B-1

$190,620,000 Taxable Bonds, Subseries B-2

$59,380,000 Taxable Bonds, Subseries B-3

Dated: Date of Delivery — Due: As shown on the inside cover page

The Bonds will be issued as registered bonds. The Bonds will be registered in the nominee name of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds.

Interest on the Bonds will be payable on each April 1 and October 1, commencing April 1, 2018. The Bonds can be purchased in principal amounts of $5,000 or any integral multiple thereof. Other terms of the Bonds including redemption provisions are described herein. *A detailed schedule of the Bonds is set forth on the inside cover page.*

The Tax-Exempt Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriters. The Taxable Bonds are being sold by public letting on the basis of electronic competitive bids in accordance with the Notices of Sale dated September 6, 2017, as supplemented. The issuance of the Bonds is subject to the approval of the legality of the Bonds by Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the City by its Corporation Counsel. Certain legal matters in connection with the preparation of this Official Statement will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP, New York, New York, Special Disclosure Counsel to the City. Certain legal matters will be passed upon for the Underwriters and the Original Purchasers of the Taxable Bonds by Squire Patton Boggs (US) LLP, New York, New York, and D. Seaton and Associates, P.A., P.C., New York, New York, Co-Counsel to the Underwriters and the Original Purchasers. It is expected that the Bonds will be available for delivery in New York, New York, on or about October 3, 2017.

Siebert Cisneros Shank & Co., L.L.C.

BofA Merrill Lynch	**Citigroup**	**Goldman Sachs & Co. LLC**
Jefferies	**J.P. Morgan**	**Loop Capital Markets**
Ramirez & Co., Inc.		**RBC Capital Markets**

Barclays	**BNY Mellon Capital Markets, LLC**	**Drexel Hamilton, LLC**
Fidelity Capital Markets	**Janney Montgomery Scott**	**Morgan Stanley**
Oppenheimer & Co.	**Raymond James**	**Roosevelt & Cross Incorporated**
Stifel, Nicolaus & Company, Incorporated	**TD Securities**	**U.S. Bancorp Investments, Inc.**
	Wells Fargo Securities	

Academy Securities Inc.	**Blaylock Van, LLC**	**FTN Financial Capital Markets**
Hilltop Securities Inc.	**PNC Capital Markets LLC**	**Rice Financial Products Company**
Stern Brothers & Co.		**The Williams Capital Group, L.P.**

September 15, 2017

$800,000,000 General Obligation Bonds, Fiscal 2018 Series B(1)

$550,000,000
Subseries B-1 Tax-Exempt Bonds

October 1,	Principal Amount	Interest Rate	Yield	CUSIP(3) (Base CUSIP 64966M)
2019	$20,835,000	3%	0.91%	QP7
2020	15,185,000	4	1.05	QQ5
2030	31,055,000	5 ¼	2.34(2)	QR3
2031	32,695,000	5 ¼	2.39(2)	QS1
2032	34,400,000	5 ¼	2.45(2)	QT9
2033	36,200,000	5 ¼	2.50(2)	QU6
2034	38,120,000	3	3.09	QV4
2035	39,260,000	5	2.72(2)	QW2
2036	13,155,000	4	3.03(2)	QX0
2036	25,670,000	5	2.76(2)	QY8
2037	40,500,000	5	2.79(2)	QZ5
2038	42,530,000	5	2.82(2)	RA9
2039	44,640,000	5	2.84(2)	RB7
2040	49,410,000	4	3.14(2)	RC5
2041	48,520,000	4	3.17(2)	RD3

$37,825,000 3 ¼% Term Bonds due October 1, 2042, Yield 3.38%, CUSIP No.(3) 64966MRE1

	$190,620,000 Subseries B-2 Taxable Bonds				$59,380,000 Subseries B-3 Taxable Bonds			
October 1,	Principal Amount	Interest Rate	Price	CUSIP(3) (Base CUSIP 64966M)	Principal Amount	Interest Rate	Price	CUSIP(3) (Base CUSIP 64966M)
2020	$ 6,275,000	1.66%	100	QD4				
2021	24,585,000	1.89	100	QE2				
2022	25,065,000	2.14	100	QF9				
2023	25,600,000	2.32	100	QG7				
2024	26,200,000	2.52	100	QH5				
2025	26,880,000	2.65	100	QJ1				
2026	27,610,000	2.80	100	QK8				
2027	28,405,000	2.90	100	QL6				
2028					$29,235,000	2.95%	100	QM4
2029					30,145,000	3.05	100	QN2

(1) In addition to the $800,000,000 aggregate principal amount of Subseries B-1, Subseries B-2 and Subseries B-3 Bonds, the City expects to issue $200,000,000 aggregate principal amount of its tax-exempt Fiscal 2018 Subseries B-4 and Subseries B-5 multi-modal variable rate bonds (the "Adjustable Rate Bonds") simultaneously therewith. The Adjustable Rate Bonds will be offered by a separate official statement. Concurrently with the delivery of the Bonds and the Adjustable Rate Bonds, the City expects to convert $307,305,000 aggregate principal amount of multiple series of bonds from variable rates to fixed rates and to redesignate such series as its Fiscal 2018 Series 1 Bonds. The Fiscal 2018 Series 1 Bonds will be reoffered by a separate reoffering circular.

(2) Priced to the first optional call on October 1, 2027.

(3) Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the City makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

OFFICIAL STATEMENT OF THE CITY OF NEW YORK

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

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

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

Grant Thornton LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Grant Thornton LLP relating to the City's financial statements for the fiscal years ended June 30, 2016 and 2015, which is a matter of public record, is included in this Official Statement. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 adopted by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934.

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

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

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OFFICIAL STATEMENT
OF
THE CITY OF NEW YORK

This Official Statement provides certain information concerning The City of New York (the "City") in connection with the sale of $800,000,000 aggregate principal amount of the City's General Obligation Bonds, Fiscal 2018 Series B (the "Bonds"), consisting of $550,000,000 tax-exempt bonds, Subseries B-1 (the "Subseries B-1 Bonds" or the "Tax-Exempt Bonds"), $190,620,000 taxable bonds, Subseries B-2 (the "Subseries B-2 Bonds") and $59,380,000 taxable bonds, Subseries B-3 (the "Subseries B-3 Bonds" and with the Subseries B-2 Bonds, the "Taxable Bonds"). Concurrently with the delivery of the Bonds, the City expects to convert $307,305,000 aggregate principal amount of multiple series of bonds from variable rates to fixed rates and to redesignate such series as its Fiscal 2018 Series 1 Bonds. Such bonds will be described in a separate reoffering circular and are not offered hereby. In addition, concurrently with the issuance of the Bonds, the City expects to deliver $200,000,000 aggregate principal amount of its tax-exempt Fiscal 2018 Subseries B-4 and Subseries B-5 multi-modal variable rate bonds (the "Adjustable Rate Bonds"), which will be described in a separate official statement and are not offered hereby.

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

INTRODUCTORY STATEMENT

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

The City, with an estimated population of approximately 8.5 million, is an international center of business and culture. Its non-manufacturing economy is broadly based, with the banking, securities, insurance, technology, information, publishing, fashion, design, retailing, education and health care industries accounting for a significant portion of the City's total employment earnings. Additionally, the City is a leading tourist destination. Manufacturing activity in the City is conducted primarily in apparel and printing.

For each of the 1981 through 2016 fiscal years, the City's General Fund had an operating surplus, before discretionary and other transfers, and achieved balanced operating results as reported in accordance with then applicable generally accepted accounting principles ("GAAP"), after discretionary and other transfers and except for the application of Governmental Accounting Standards Board ("GASB") Statement No. 49 ("GASB 49"), as described below. City fiscal years end on June 30 and are referred to by the calendar year in which they end. The City has been required to close substantial gaps between forecast revenues and forecast expenditures in order to maintain balanced operating results. There can be no assurance that the City will continue to maintain balanced operating results as required by New York State (the "State") law without proposed tax or other revenue increases or reductions in City services or entitlement programs, which could adversely affect the City's economic base.

As required by the New York State Financial Emergency Act For The City of New York (the "Financial Emergency Act" or the "Act") and the New York City Charter (the "City Charter"), the City prepares a four-year annual financial plan, which is reviewed and revised on a quarterly basis and which includes the City's capital, revenue and expense projections and outlines proposed gap-closing programs for years with projected budget gaps. The City's current financial plan projects budget balance in the 2017 and 2018 fiscal years in accordance with

GAAP except for the application of GASB 49. In 2010, the Financial Emergency Act was amended to waive the budgetary impact of GASB 49 by enabling the City to continue to finance with bond proceeds certain pollution remediation costs. The City's current financial plan projects budget gaps for the 2019 through 2021 fiscal years. A pattern of current year balance and projected future year budget gaps has been consistent through the entire period since 1982, during which the City has achieved an excess of revenues over expenditures, before discretionary transfers, for each fiscal year. For information regarding the current financial plan, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS" and "SECTION VII: FINANCIAL PLAN." For information regarding the June 2010 amendment of the Financial Emergency Act with respect to the application of GASB 49 to the City budget, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS." The City is required to submit its financial plans to the New York State Financial Control Board (the "Control Board"). For further information regarding the Control Board, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Review and Oversight.*"

For its normal operations, the City depends on aid from the State both to enable the City to balance its budget and to meet its cash requirements. There can be no assurance that there will not be delays or reductions in State aid to the City from amounts currently projected; that State budgets for future State fiscal years will be adopted by the April 1 statutory deadline, or interim appropriations will be enacted; or that any such reductions or delays will not have adverse effects on the City's cash flow or expenditures. In addition, the City has made various assumptions with respect to federal aid. Future federal actions or inactions could have adverse effects on the City's cash flow or revenues. See "SECTION I: RECENT FINANCIAL DEVELOPMENTS—2017-2021 Financial Plan."

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

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

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

SECTION I: RECENT FINANCIAL DEVELOPMENTS

For the 2016 fiscal year, the City's General Fund had a total surplus of $4.043 billion, before discretionary and other transfers, and achieved balanced operating results in accordance with GAAP, except for the application of GASB 49 as described above, after discretionary and other transfers. The 2016 fiscal year is the thirty-sixth consecutive year that the City has achieved balanced operating results when reported in accordance with GAAP, except for the application of GASB 49.

2017-2021 Financial Plan

On June 14, 2016, the City submitted to the Control Board the financial plan for the 2017 through 2020 fiscal years (the "June 2016 Financial Plan"), which was consistent with the City's capital and expense budgets as adopted for the 2017 fiscal year. Subsequently, the June 2016 Financial Plan was modified during the 2017 fiscal year. On June 7, 2017, the City submitted to the Control Board the financial plan for the 2018 through 2021 fiscal years, which is consistent with the City's capital and expense budgets as adopted for the 2018 fiscal year, and a modification to the June 2016 Financial Plan with respect to the 2017 fiscal year (together, the "Financial Plan").

The Financial Plan projects revenues and expenses for the 2017 and 2018 fiscal years balanced in accordance with GAAP, except for the application of GASB 49, and projects gaps of approximately $3.47 billion, $2.81 billion and $2.33 billion in fiscal years 2019 through 2021, respectively. The June 2016 Financial Plan had projected revenues and expenses for the 2017 fiscal year balanced in accordance with GAAP, except for the application of GASB 49, and had projected gaps of approximately $2.82 billion, $2.95 billion and $2.33 billion in fiscal years 2018 through 2020, respectively.

The Financial Plan reflects, since the June 2016 Financial Plan, increases in projected net revenues of $1.03 billion and $110 million in fiscal years 2017 and 2020, respectively, and decreases in projected net revenues of $413 million and $217 million in fiscal years 2018 and 2019, respectively. Changes in projected revenues include: (i) increases in real property tax revenues of $422 million, $402 million, $619 million and $714 million in fiscal years 2017 through 2020, respectively; (ii) a decrease in personal income tax revenues of $158 million in fiscal year 2017 and increases in personal income tax revenues of $288 million, $102 million and $188 million in fiscal years 2018 through 2020, respectively, reflecting, in part, changes to the State School Tax Relief Program (the "STAR Program") described below; (iii) decreases in business tax revenues of $484 million, $317 million, $218 million and $221 million in fiscal years 2017 through 2020, respectively; (iv) decreases in sales tax revenues of $122 million and $238 million in fiscal years 2017 and 2018, respectively, and increases in sales tax revenues of $1 million and $29 million in fiscal years 2019 and 2020, respectively, with the decrease in fiscal years 2017 and 2018 reflecting the payment of $50 million and $200 million of sales tax, respectively, to the State as required pursuant to State legislation described below, that would otherwise have been payable to the City; (v) decreases in real property transfer and mortgage recording tax revenues of $142 million, $380 million, $401 million and $374 million in fiscal years 2017 through 2020, respectively; (vi) decreases in STAR Program revenues of $186 million in fiscal year 2017 and $333 million in each of fiscal years 2018 through 2020, reflecting changes to the STAR Program as described below; (vii) increases in hotel tax revenues of $36 million, $7 million and $5 million in fiscal years 2017 through 2019, respectively, and a decrease in hotel tax revenues of $14 million in fiscal year 2020; and (viii) increases in other tax revenues of $55 million, $19 million, $9 million and $2 million in fiscal years 2017 through 2020, respectively, in each case reflecting receipts to date in fiscal year 2017. Changes in projected revenues also include: (i) increases in tax audit revenues of $537 million, $136 million, $7 million and $7 million in fiscal years 2017 through 2020, respectively (exclusive of additional increases of $2 million in each of fiscal years 2017 through 2020, respectively, which are included in the Citywide Savings Program described below), and (ii) net increases in other revenues of $1.07 billion resulting, in part, from a release of reserves from the Disallowance Reserve, reflecting amounts not needed to cover grant revenue disallowances, $3 million and $112 million in fiscal years 2017, 2018 and 2020, respectively, and a net decrease in other revenues of $8 million in fiscal year 2019 (exclusive of increases in revenues of $38 million in fiscal year 2017, $34 million in fiscal year 2018 and $26 million in each of fiscal years 2019 and 2020, which are included in the Citywide Savings Program described below).

The Financial Plan also reflects, since the June 2016 Financial Plan, a decrease in projected net expenditures of $3.14 billion in fiscal year 2017 and increases in projected net expenditures of $940 million, $311 million and $591 million in fiscal years 2018 through 2020, respectively. Changes in projected expenditures include: (i) increases in agency expenses of $544 million, $1.55 billion, $1.08 billion and $1.3 billion in fiscal years 2017 through 2020, respectively; (ii) an increase of $381 million in fiscal year 2018 as a result of City Council initiatives; (iii) decreases in pension contributions of $27 million and $139 million in fiscal years 2017 and 2018, respectively, and increases in pension contributions of $19 million and $159 million in fiscal years 2019 and 2020, respectively, primarily as a result of lower than assumed investment returns in fiscal year 2016, offset by savings reflecting the annual data update performed by the City Actuary to include data as of June 30, 2016; (iv) increases in expenses of $34 million in fiscal year 2017 and $68 million in each of fiscal years 2018 through 2020, primarily reflecting the impact of the State Enacted Budget (as defined below), which decreased funding for childcare block grants and special education students and shifted foster care costs to the City; (v) a decrease in the general reserve of $980 million in fiscal year 2017 and an increase in the general reserve of $200 million in fiscal year 2018; (vi) a decrease in the capital stabilization reserve of $500 million in fiscal year 2017 and increases in the capital stabilization reserve of $250 million in each of fiscal years 2018 through 2020; (vii) a decrease of $500 million in fiscal year 2017 reflecting a re-estimate of prior years' expenses and receivables; and (viii) an increase of $100 million in contributions to the Retiree Health Benefits Trust in fiscal year 2017. Changes in projected net expenditures also include decreases in net expenditures (which reflect certain increases in revenues described above) of $1.81 billion, $1.37 billion, $1.11 billion and $1.19 billion in fiscal years 2017 through 2020, respectively, as a result of the Citywide Savings Program.

The Financial Plan reflects, since the June 2016 Financial Plan, provision for $4.17 billion for the prepayment in fiscal year 2017 of fiscal year 2018 expenses, resulting in an expenditure reduction of $4.17 billion in fiscal year 2018.

The City has reached settlements with all of its uniformed unions and over 99% of its workforce through the 2010-2017 round of collective bargaining. The Financial Plan reflects funding to cover the cost of settling the remaining unsettled unions through the 2010-2017 round of collective bargaining based on the pattern set in the settled contracts. Certain contracts with unions for the 2010-2017 round of collective bargaining, including with the District Council 37 of AFSME ("DC37") and the Police Benevolent Association (the "PBA"), begin to expire in fiscal year 2018. The PBA has requested a declaration of impasse in its negotiations with the City for the period beyond the 2010-2017 round of collective bargaining. The City believes that no such impasse exists. For further information on impasse procedures, see "SECTION V: CITY SERVICES AND EXPENDITURES—Employees and Labor Relations—*Labor Relations*." The Financial Plan includes a reserve for collective bargaining containing funding for the settlements from the period beyond the 2010-2017 round of collective bargaining, assuming annual increases of 1% per year. For further information, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—1. PERSONAL SERVICE COSTS."

The Financial Plan assumes that the City's direct costs (including costs of New York City Health and Hospitals ("NYCHH") and the New York City Housing Authority ("NYCHA")) as a result of Superstorm Sandy ("Sandy") will largely be paid from non-City sources, primarily the federal government. Such costs, which total approximately $10.4 billion (comprised of approximately $2.0 billion of expense funding and approximately $8.4 billion of capital funding) include emergency response, debris removal, emergency protective measures, repair of damaged infrastructure and long-term hazard mitigation investments. In addition, the City is delivering Sandy-related disaster recovery assistance services, benefiting impacted communities, businesses, homeowners and renters, which the City anticipates will be reimbursed by federal funds.

The City expects the reimbursements for Sandy-related costs to come from two separate federal sources of funding, Federal Emergency Management Agency ("FEMA") and the Department of Housing and Urban Development ("HUD"). As of the start of July 2017, the City, NYCHH and NYCHA have received $2.1 billion in reimbursements from FEMA for the direct costs described above. In addition, HUD has made available over $4.2 billion, of which over $1.5 billion has been received through the start of July 2017 for the direct costs and disaster recovery assistance services described above. No assurance can be given that the City will be reimbursed for its costs as described above or that such reimbursements will be received within the time periods assumed in the Financial Plan. For further information, see "SECTION X: OTHER INFORMATION—Environmental Matters."

The Financial Plan does not reflect the payment to the State of $150 million in fiscal year 2019 of sales tax revenues that would otherwise be payable to the City, pursuant to State legislation providing the State with the benefit of savings from the refinancing of debt in October 2014 by the Sales Tax Asset Receivable Corp. ("STAR Corp."). Reduction or elimination of such payments to the State would require State legislative action.

The Financial Plan reflects the impact of the State Enacted Budget (as defined below), adopted on April 7, 2017, with the exception of changes that increase the charter school per-pupil tuition rate beginning in fiscal year 2019. If not offset by changes to State education aid to the City, which occur each year during the State budget process, it is preliminarily estimated that the costs to the City of such change in rate would be $101 million in fiscal year 2019, $240 million in fiscal year 2020 and $417 million in fiscal year 2021, which are not currently reflected in the Financial Plan. These figures are based on preliminary data. Final figures that would determine the actual costs to the City will not be finalized or available for several years.

On February 4, 2016, the Mayor announced a plan to build the Brooklyn-Queens Connector, a streetcar line which would run along the East River waterfront between Astoria, Queens and Sunset Park, Brooklyn. Construction is not expected to begin prior to 2019. The direct costs of the project, which are estimated to be $2.5 billion, are not reflected in the Financial Plan or the Ten-Year Capital Strategy. The City is currently performing an in-depth study of this project and will be revising cost estimates as well as funding alternatives for the project.

The City receives significant funding from the federal government for community development, social services, education and other purposes pursuant to various federal programs. The federal government has discussed a number of reductions in existing federal spending programs, including Medicaid, repeal of the Affordable Care Act, changes in tax regulations and taxing rates, as well as changes to regulations affecting numerous industries in the City, including the financial services industry. It is not possible at this time to predict the form that these changes will ultimately take and, when taken as a whole, the effect they will have on the City's economy and the Financial Plan.

The Financial Plan reflects the impact of a change to the STAR Program to provide State personal income tax credits in place of City personal income tax rate reductions which were previously reimbursed by the State. Such change has no impact on net City revenues because it results in increases to personal income tax revenues which offset the decreases in STAR Program revenues as described above.

On January 25, 2017, President Trump signed an executive order directing the United States Attorney General and the Secretary of Homeland Security to ensure that state and local jurisdictions that willfully refuse to comply with federal law concerning the provision of information on individuals' immigration status will not be eligible to receive federal grants except as deemed necessary for law enforcement purposes. In an April 21, 2017 letter to the City, the Attorney General requested documentation of the City's compliance with such federal law by June 30, 2017, and stated that failure to do so could result in the withholding of federal grants or other actions. On April 25, 2017, the United States District Court for the Northern District of California issued a preliminary injunction enjoining enforcement nationwide of one section of the executive order which sought to limit grants beyond those relating to federal immigration law enforcement. On May 22, 2017, the Justice Department asked the court to reconsider its preliminary injunction, arguing that the court's concerns were alleviated by a memorandum issued by the Attorney General on May 22 narrowing the scope of the executive order, and on May 24, 2017, the court agreed to review the motion for reconsideration. The court's preliminary injunction is consistent with the City's position that controlling legal authority limits funding reductions to grants directly related to federal immigration law enforcement. Federal grants to the City arguably related to federal immigration law enforcement comprise a small percentage of the City's total budget. Moreover, most if not all of such grants support local law enforcement functions which the executive order expressly authorizes the Attorney General or Secretary of Homeland Security to exempt from reduction. On June 28, 2017, in response to the Attorney General's request for documentation of compliance, the City sent a letter to the Justice Department stating that the City was cooperating with immigration officials to the extent required under federal law and that the City should not forfeit a $4.3 million federal law enforcement grant. If implementation of the executive order results in the reduction of federal aid to the City, the City expects that it would mount a vigorous legal challenge. However, there can be no guarantee that implementation of the executive order will not result in a significant reduction or delay in receiving such aid. For further information concerning federal grants to the City, see "SECTION IV: SOURCES OF CITY REVENUES—Federal and State Categorical Grants."

In January 2017, GASB issued Statement No. 84, Fiduciary Activities, effective for fiscal years beginning after December 15, 2018 (City Fiscal Year 2020). For a description, see "SECTION III: GOVERNMENT AND FINANCIAL CONTROLS—City Financial Management, Budgeting and Controls—*Financial Reporting and Control Systems*."

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

The State

The State ended the 2016-2017 fiscal year with a balance of $2.4 billion in its general fund (the "General Fund"), excluding the impact of $5.3 billion in monetary settlements with financial institutions. The State Legislature completed action on the $153.6 billion budget for its 2018 fiscal year on April 7, 2017 (the "State Enacted Budget"). The State Enacted Budget provides for balanced operations on a cash basis in the General Fund, as required by law. The State released its Annual Information Statement, which reflects the State Enacted Budget and the State's financial plan for fiscal years 2018-2021 (the "State Financial Plan"), on June 20, 2017 (the "Annual Information Statement"). In August 2017, the State released the First Quarterly Update to the State Financial Plan (the "First Quarterly Update") and expects to release the first quarterly update to the Annual Information Statement reflecting the First Quarterly Update in September 2017. The State projects a balanced budget, on a cash basis, in fiscal year 2017-2018, potential gaps of $841 million and $37 million in fiscal years 2018-2019 and 2019-2020, respectively, and a potential surplus of $400 million in fiscal year 2020-2021. The State's projections for fiscal year 2018-2019 and thereafter reflect an assumption that the Governor will continue to propose, and the State Legislature will continue to enact, balanced budgets in future years that limit annual growth in State operating funds to no greater than 2 percent.

The Annual Information Statement identifies a number of risks inherent in the implementation of the State Enacted Budget and the State Financial Plan. Such risks include, but are not limited to, the performance of the national and State economies; national and international events; ongoing financial instability in the Eurozone; changes in consumer confidence, oil supplies and oil prices; cybersecurity attacks, major terrorist events, hostilities or war; climate change and extreme weather events; federal statutory and regulatory changes concerning financial sector activities; changes concerning financial sector bonus payouts and any future legislation governing the structure of compensation; shifts in monetary policy affecting interest rates and the financial markets; the impact of financial and real estate market developments on bonus income and capital gains realizations; the effect of household debt on consumer spending and State tax collections; the outcome of litigation and other claims affecting the State; wage and benefit increases for State employees that exceed projected annual costs; changes in the size of the State's workforce; the realization of the projected rate of return for pension fund assets and current assumptions with respect to wages for State employees affecting the State's required pension fund contributions; the willingness and ability of the federal government to provide the aid expected in the State Financial Plan; the ability of the State to implement cost reduction initiatives and the success with which the State controls expenditures; and the ability of the State and public authorities to market securities successfully in the public credit markets.

SECTION II: THE BONDS

General

The Bonds will be general obligations of the City issued pursuant to the Constitution and laws of the State, including the Local Finance Law (the "LFL"), and the City Charter and in accordance with bond resolutions of the Mayor and a certificate of the Deputy Comptroller for Public Finance (with related proceedings, the "Certificate"). The Bonds will mature and bear interest as described on the cover and inside cover page of this Official Statement. Interest on the Bonds, calculated on the basis of a 360-day year of 30-day months, will be payable to the registered owners thereof as shown on the registration books of the City on the Record Date, the fifteenth day of the calendar month immediately preceding the applicable interest payment date.

The State Constitution requires that the City pledge its faith and credit to the payment of its bonds and notes. All real property subject to taxation by the City will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Bonds. The City is not permitted by the State Constitution to issue revenue bonds.

Payment Mechanism

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

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

Enforceability of City Obligations

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

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

Certain Covenants and Agreements

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

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

Use of Proceeds

The proceeds of the Bonds will be used for capital purposes and for the payment of certain costs of issuance.

Mandatory Redemption of Tax-Exempt Bonds

The Tax-Exempt Bonds maturing on October 1, 2042 are subject to mandatory redemption prior to maturity in part, by lot, in such manner as the City may reasonably determine, at a redemption price of 100% of the principal amount thereof, plus accrued interest to the redemption date, on October 1 in the years and in the respective principal amounts, as follows:

Year	Amount
2041	$ 2,875,000
2042[(1)]	34,950,000

(1) Stated Maturity

The City may from time to time purchase Tax-Exempt Bonds subject to sinking fund installments and apply such Tax-Exempt Bonds so purchased as a credit, at 100% of the principal amount thereof, against and in fulfillment of succeeding sinking fund installments as the City may direct. To the extent that the City's obligation to make sinking fund installments in a particular year is fulfilled through such purchases, the likelihood of redemption through mandatory sinking fund installments of Tax-Exempt Bonds will be reduced for such year.

Optional Redemption and Mandatory Tender of Tax-Exempt Bonds

The Tax-Exempt Bonds maturing before October 1, 2028 are not subject to optional redemption or mandatory tender prior to their stated maturity dates.

The Tax-Exempt Bonds maturing on or after October 1, 2028 are subject to redemption or mandatory tender, at the option of the City, in whole or in part, on any date on or after October 1, 2027 (the "Call Date") upon 30 days' notice, at a price of 100% of their principal amount plus accrued interest to the Call Date.

Optional Redemption and Mandatory Tender of Subseries B-2 Bonds

Make-Whole Optional Redemption and Mandatory Tender. The Subseries B-2 Bonds are subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date, at a redemption price equal to the greater of:

(a) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Subseries B-2 Bonds to be redeemed or tendered; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Subseries B-2 Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Subseries B-2 Bonds are to be redeemed or tendered, discounted to the date on which such Subseries B-2 Bonds are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 25 basis points;

plus in each case accrued interest to the redemption or tender date.

"Treasury Rate" means, with respect to any redemption or tender date for a particular Subseries B-2 Bond, the yield to maturity as of such redemption or tender date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption or tender date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption or tender date to the maturity date of the Subseries B-2 Bond to be redeemed.

Optional Redemption and Mandatory Tender of Subseries B-3 Bonds

Par Optional Redemption and Mandatory Tender. The Subseries B-3 Bonds are subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date on or after October 1, 2027 at par, plus accrued interest to the date of redemption or tender.

Make-Whole Optional Redemption and Mandatory Tender. The Subseries B-3 Bonds are also subject to redemption or mandatory tender at the option of the City, in whole or in part, on any date, at a redemption price equal to the greater of:

(a) the issue price set forth on the inside cover page hereof (but not less than 100%) of the principal amount of such Subseries B-3 Bonds to be redeemed or tendered; or

(b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Subseries B-3 Bonds to be redeemed or tendered, not including any portion of those payments of interest accrued and unpaid as of the date on which such Subseries B-3 Bonds are to be redeemed or tendered, discounted to the date on which such Subseries B-3 Bonds are to be redeemed or tendered on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus 25 basis points;

plus in each case accrued interest to the redemption or tender date.

"Treasury Rate" means, with respect to any redemption or tender date for a particular Subseries B-3 Bond, the yield to maturity as of such redemption or tender date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 45 calendar days, prior to the redemption or tender date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption or tender date to the maturity date of the Subseries B-3 Bond to be redeemed or tendered.

Tender of Multi-Modal Bonds in the Fixed Rate Mode

The Bonds are being issued as multi-modal bonds in the fixed rate mode. The City may cause a mandatory tender of the Bonds at the applicable optional redemption price on any date such Bonds are subject to optional redemption by giving 30 days' written notice to the Holders, subject to the City's providing a source of payment therefor in accordance with law. If notice of mandatory tender has been given and funds prove insufficient, the Bonds not purchased shall continue in the fixed rate mode, without change in interest rate, maturity date or other terms. Other modes to which the Bonds may be converted following a mandatory tender are not described in this Official Statement.

Notice of Redemption or Tender; Selection of Bonds to be Redeemed or Tendered

On or after any redemption date or successful tender date, interest will cease to accrue on the Bonds called for redemption or successfully tendered.

The particular series, maturities, amounts and interest rates of the Bonds to be redeemed or called for mandatory tender at the option of the City will be determined by the City in its sole discretion.

Notice of redemption or tender will be given by mail to the Holders of the Bonds to be redeemed or tendered not less than 30 days prior to the date set for redemption or tender. Failure by a particular Holder to receive notice, or any defect in the notice to such Holder, will not affect the redemption or purchase of any other Bond.

If less than all of the Bonds of a series and maturity, amount and interest rate are called for prior redemption or tender, such Bonds will be selected for redemption or tender, in accordance with DTC procedures, by lot.

Defeasance

As a condition to legal defeasance of any of the Bonds, the City must obtain an opinion of counsel to the effect that the owners thereof will not recognize income, gain or loss for federal income tax purposes as a result of such legal defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred. Any Bonds that are subject to optional redemption and are escrowed to maturity will remain subject to optional redemption or mandatory tender by the City.

Book-Entry Only System

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

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

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

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

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

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

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

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

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

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

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

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

SECTION III: GOVERNMENT AND FINANCIAL CONTROLS

Structure of City Government

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

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

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

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

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

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

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

City Financial Management, Budgeting and Controls

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

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

Office of Management and Budget

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

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

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

Office of the Comptroller

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

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

The Comprehensive Annual Financial Report of the Comptroller (the "CAFR") for the 2016 fiscal year, which includes, among other things, the City's financial statements for the 2016 and 2015 fiscal years, was issued on October 31, 2016. The CAFR for the 2016 fiscal year received the Government Finance Officers Association award of the Certificate of Achievement for Excellence in Financial Reporting, the thirty-seventh consecutive year the CAFR has won such award.

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

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

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

Financial Reporting and Control Systems

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

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

In January 2017, GASB issued Statement No. 84, Fiduciary Activities (“GASB 84”), effective for fiscal years beginning after December 15, 2018 (City Fiscal Year 2020), with early implementation encouraged. Implementation of GASB 84 could affect the City’s financial statements by requiring that certain activities currently accounted for as fiduciary activities be reported as governmental activities going forward. This might result in certain resources being reported as operating revenue in periods prior to the related expenditures being incurred, negatively affecting the City’s ability to meet its obligation to balance each year’s operating budget in accordance with GAAP unless there is a change in applicable law. The City has not completed the process of evaluating the impact of GASB 84 on its financial statements.

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

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

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

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

More than 97% of the aggregate assets of the City’s five defined benefit pension systems are managed by outside managers, supervised by the Office of the City Comptroller, and the remainder is held in cash or managed by the City Comptroller. Allocations of investment assets are determined by each fund’s board of trustees. As of May 31, 2017, aggregate pension assets were allocated approximately as follows: 32% U.S. equity; 29% fixed income; 21% international equity; 6% private equity; 4% private real estate; 3% opportunistic fixed income; 1% cash; 2% hedge funds; 1% real estate investment trusts; and less than 1% infrastructure investments (percentages may not add to 100% due to rounding).

Financial Emergency Act and City Charter

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

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

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

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

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

Financial Review and Oversight

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

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

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

SECTION IV: SOURCES OF CITY REVENUES

The City derives its revenues from a variety of local taxes, user charges and miscellaneous revenues, as well as from federal and State unrestricted and categorical grants. State aid as a percentage of the City's revenues has remained relatively constant over the period from 1980 to 2016, while federal aid has been sharply reduced. The City projects that local revenues will provide approximately 73.9% of total revenues in the 2018 fiscal year, while federal aid, including categorical grants, will provide 9.2%, and State aid, including unrestricted aid and categorical grants, will provide 16.9%. Adjusting the data for comparability, local revenues provided approximately 60% of total revenues in 1980, while federal and State aid each provided approximately 20%. A discussion of the City's principal revenue sources follows. For additional information regarding assumptions on which the City's revenue projections are based, see "SECTION VII: FINANCIAL PLAN—Assumptions." For information regarding the City's tax base, see "APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION."

Real Estate Tax

The real estate tax, the single largest source of the City's revenues, is the primary source of funds for the City's General Debt Service Fund. The City expects to derive approximately 45.4% of its total tax revenues and 30.3% of its total revenues for the 2018 fiscal year from the real estate tax. For information concerning tax revenues and total revenues of the City for prior fiscal years, see "SECTION VI: FINANCIAL OPERATIONS—2012-2016 Summary of Operations."

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

On April 24, 2017, a lawsuit was filed challenging the City's real property tax system and valuation methodology. See "SECTION X: OTHER INFORMATION—Litigation—*Taxes*."

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

Fiscal Year	Total Levy(1)	Levy Within Operating Limit	Debt Service Levy(2)	Debt Service Levy as a Percentage of Total Levy	Operating Limit	Levy Within Operating Limit as a Percentage of Operating Limit	Rate Per $100 of Full Valuation(3)	Average Tax Rate Per $100 of Assessed Valuation
	(Dollars in Millions, except for Tax Rates)							
2012	$19,284.5	$17,181.1	$1,135.5	5.9%	$18,936.0	90.7%	$2.28	$12.28
2013	20,133.2	16,239.9	2,896.2	14.4	19,101.9	85.0	2.35	12.28
2014	21,285.5	18,779.8	1,435.8	6.7	19,601.7	95.8	2.36	12.28
2015	22,591.5	17,923.1	3,623.5	16.0	20,164.1	88.9	2.43	12.28
2016	24,145.0	20,761.2	2,310.6	9.6	21,130.6	98.3	2.45	12.28
2017	25,794.0	22,303.5	2,353.6	9.1	22,377.8	99.7	2.45	12.28
2018	27,726.2	24,005.2	2,599.9	9.4	24,448.7	98.2	2.38	12.28

(1) As approved by the City Council.

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

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

Assessment

The City has traditionally assessed real property at less than market value. The State Office of Real Property Tax Services (the "State Office") is required by law to determine annually the relationship between taxable assessed value and market value which is expressed as the "special equalization ratio." The special equalization ratio is used to compute full value for the purpose of measuring the City's compliance with the operating limit and general debt limit. For a discussion of the City's debt limit, see "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness.*" The ratios are calculated by using the most recent market value surveys available and a projection of market value based on recent survey trends, in accordance with methodologies established by the State Office from time to time. Ratios, and therefore full values, may be revised when new surveys are completed. The ratios and full values shown in the table below, which were used to compute the 2018 fiscal year operating limit and general debt limit, have been established by the State Office and include the results of the fiscal year 2016 market value survey.

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

Fiscal Year	Billable Assessed Valuation of Taxable Real Estate(2)	÷	Special Equalization Ratio	=	Full Valuation(2)
2014	$173,429,032,559		0.2075		$ 835,802,566,549
2015	184,059,201,523		0.2065		891,327,852,412
2016	196,710,908,548		0.2006		980,612,704,626
2017	210,130,499,481		0.2025		1,037,681,478,919
2018	225,863,036,909		0.1936		1,166,647,917,918
				Average:	$ 982,414,504,085

(1) Also assessed by the City, but excluded from the computation of taxable real estate, are various categories of property exempt from taxation under State law. For the 2017 fiscal year, the billable assessed value of all real estate (taxable and exempt) was $360.7 billion, comprised of $128.9 billion of fully exempt real estate, $71.0 billion of partially taxable real estate and $160.8 billion of fully taxable real estate.

(Footnotes continued on next page)

(Footnotes continued from previous page)

(2) Figures are based on estimates of the special equalization ratio which are revised annually. These figures are derived from official City Council Tax Resolutions adopted with respect to the 2018 fiscal year. These figures differ from the assessed and full valuation of taxable real estate reported in the CAFR, which excludes veterans' property subject to tax for school purposes and is based on estimates of the special equalization ratio which are not revised annually.

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

Assessment procedures differ for each class of property. For fiscal year 2018, class one was assessed at approximately 6% of market value and classes two, three and four were each assessed at 45.0% of market value. In addition, individual assessments on class one parcels cannot increase by more than 6% per year or 20% over a five-year period. Market value increases and decreases for most of class two and all of class four are phased in over a period of five years. Increases in class one market value in excess of applicable limitations are not phased in over subsequent years. There is also no phase in for class three property.

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

The share of the total levy that can be borne by each class is regulated by the provisions of the State Real Property Tax Law. Each class share of the total tax levy is updated annually to reflect new construction, demolition, alterations or changes in taxable status and is subject to limited adjustment to reflect market value changes among the four classes. Class share adjustments are limited to a 5% maximum increase per year. Maximum class increases below 5% must be, and typically are, approved by the State legislature. Fiscal year 2018 tax rates were set on June 6, 2017 and reflect a 5% limitation on the market value adjustment for 2017. The average tax rate for fiscal year 2017 was maintained at $12.28 per $100 of assessed value. For fiscal year 2018, the City requested an adjustment of the maximum rate of increase to 0%. Such adjustment has been approved by the State legislature, but has not yet been delivered to the Governor for his approval. Subsequent to the adoption of the City's fiscal year 2018 budget, the State legislature approved such adjustment. Since the State approval was granted after the City's fiscal year 2018 budget was adopted, the tax rates will be amended and a revised property tax bill with the new tax rates for fiscal year 2018 will be sent to taxpayers in the fall.

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

Trend in Taxable Assessed Value

State law provides for increases in assessed values of most properties to be phased into property tax bills over five-year periods. The billable assessed valuation as determined by the City Department of Finance rose to $171.7 billion, $182.5 billion, $195.2 billion, $208.6 billion and $224.5 billion for fiscal years 2014 through 2018, respectively. With moderate growth forecast in the class two and class four market values combined with a deflated level of existing pipeline of deferred assessment increases yet to be phased in, the billable assessed valuations are forecast to grow by 6.0%, 4.9% and 3.9% in fiscal years 2019 through 2021, respectively.

Collection of the Real Estate Tax

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

The City primarily uses two methods to enforce the collection of real estate taxes. The City has been authorized to sell real estate tax liens on class one properties which are delinquent for at least three years and class two, three and four properties which are delinquent for at least one year. The authorization to sell real estate tax liens was extended through December 31, 2020. In addition, the City is entitled to foreclose delinquent tax liens by *in rem* proceedings after one year of delinquency with respect to properties other than one- and two-family dwellings and condominium apartments for which the annual tax bills do not exceed $2,750, as to which a three-year delinquency rule is in effect.

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

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

From time to time, the City sells tax liens to separate statutory trusts. In fiscal years 2012 through 2016, the City's tax lien program resulted in net proceeds of approximately $81.6 million, $86.7 million, $81.2 million, $96.0 million and $80 million, respectively. The Financial Plan reflects receipt of $100 million in fiscal year 2017 and $80 million in fiscal year 2018 from the tax lien program.

REAL ESTATE TAX COLLECTIONS AND DELINQUENCIES

Fiscal Year	Tax Levy(1)	Tax Collections on Current Year Levy	Tax Collections as a Percentage of Tax Levy	Prior Year (Delinquent Tax) Collections	Refunds	Cancellations, Net Credits, Abatements, Exempt Property Restored and Shelter Rent	Delinquent as of End of Fiscal Year	Delinquency as a Percentage of Tax Levy	Lien Sale Program
				(Dollars In Millions)					
2012	$19,284.5	$17,820.6	92.4%	$283.9	$(240.6)	$(1,129.5)	$(334.4)	1.73%	$ 81.6
2013	20,133.2	18,710.4	92.9	305.9	(352.5)	(1,119.0)	(303.7)	1.51	86.7
2014	21,285.5	19,909.2	93.5	280.5	(293.5)	(1,070.6)	(305.5)	1.44	81.2
2015	22,591.5	21,107.2	93.4	318.5	(204.5)	(1,129.7)	(354.6)	1.57	96.0
2016	24,145.0	22,835.8	94.6	281.0	(222.9)	(975.4)	(333.8)	1.38	80.0
2017(2)	25,794.0	24,272.0	94.1	300.0	(225.0)	(1,069.2)	(452.9)	1.76	100.0
2018(2)	27,726.2	25,827.1	93.2	305.0	(400.0)	(1,359.5)	(539.6)	1.95	80.0

(1) As approved by the City Council.

(2) Forecast.

Other Taxes

The City expects to derive 54.6% of its total tax revenues for the 2017 fiscal year from a variety of taxes other than the real estate tax, such as: (i) the 4.5% sales and compensating use tax, which commenced August 1, 2009, in addition to the 4% sales and use tax imposed by the State upon receipts from retail sales of tangible personal property and certain services in the City; (ii) the personal income tax on City residents; (iii) a general corporation tax levied on the income of corporations doing business in the City; and (iv) a banking corporation tax imposed on the income of banking corporations doing business in the City.

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

Revenues from taxes other than the real estate tax in the 2016 fiscal year increased by $17 million from the 2015 fiscal year. The following table sets forth, by category, revenues from taxes, other than the real estate tax, for each of the City's 2012 through 2016 fiscal years.

	2012	2013	2014	2015	2016
			(In Millions)		
Personal Income(1)	$ 8,531	$ 9,778	$10,152	$11,264	$11,340
General Corporation	2,447	2,692	2,766	2,873	3,354
Banking Corporation	1,278	1,357	1,227	1,214	268
Unincorporated Business Income	1,637	1,808	1,882	1,962	2,040
Sales(2)	5,812	6,132	6,494	6,742	6,911
Commercial Rent	629	664	710	735	779
Real Property Transfer	912	1,086	1,527	1,765	1,775
Mortgage Recording	537	742	961	1,155	1,234
Utility	371	385	405	384	354
Cigarette	67	61	54	50	45
Hotel	476	505	536	556	565
All Other(3)	513	533	548	591	614
Audits	743	1,009	911	1,132	1,161
Total	$23,953	$26,752	$28,173	$30,423	$30,440

Note: Totals may not add due to rounding.

(1) Personal Income includes the personal income tax revenues of $617 million, $1.006 billion, $1.641 billion, $556 million and $180 million in fiscal years 2012 through 2016, respectively, retained by the TFA for funding requirements associated with TFA Future Tax Secured Bonds. Personal income taxes flow directly from the State to the TFA, and from the TFA to the City only to the extent not required by the TFA for debt service, operating expenses and contractual and other obligations incurred pursuant to the TFA indenture. In fiscal years 2012 through 2016, Personal Income includes $578 million, $610 million, $613 million, $635 million and $607 million, respectively, which was provided to the City by the State as a reimbursement for the reduced personal income tax revenues resulting from the STAR Program.

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

(3) All Other includes, among others, surtax revenues from New York City Off-Track Betting Corporation ("OTB"), beer and liquor taxes, and the automobile use tax, but excludes the STAR Program aid of $790 million, $829 million, $838 million, $835 million and $814 million in fiscal years 2012 through 2016, respectively.

Miscellaneous Revenues

Miscellaneous revenues include revenue sources such as charges collected by the City for the issuance of licenses, permits and franchises, interest earned by the City on the investment of City cash balances, tuition and fees at the Community Colleges, reimbursement to the City from the proceeds of water and sewer rates charged by the New York City Water Board (the "Water Board") for costs of delivery of water and sewer services and paid to the City by the Water Board for its lease interest in the water and sewer system, rents collected from tenants in City-owned property and from The Port Authority of New York and New Jersey (the "Port Authority") with respect to airports and the collection of fines. The following table sets forth amounts of miscellaneous revenues for each of the City's 2012 through 2016 fiscal years.

	2012	2013	2014	2015	2016
			(In Millions)		
Licenses, Permits and Franchises	$ 583	$ 593	$ 648	$ 703	$ 728
Interest Income	16	16	16	30	79
Charges for Services	850	872	951	974	1,001
Water and Sewer Payments	1,373	1,361	1,491	1,439	1,297
Rental Income	291	297	311	284	279
Fines and Forfeitures	859	815	892	959	995
Other	1,275	703	1,313	1,828	725
Total	$5,247	$4,657	$5,622	$6,217	$5,104

Note: Totals may not add due to rounding.

Rental income in fiscal years 2012 through 2016 includes approximately $124.8 million, $128.5 million, $128.5 million, $128.5 million and $128.5 million, respectively, in Port Authority lease payments for the City airports.

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

Other miscellaneous revenues for fiscal years 2012 through 2016 include $117.2 million, $117.1 million, $132.5 million, $113.4 million and $229 million, respectively, of tobacco settlement revenues ("TSRs") from the settlement of litigation with certain cigarette manufacturers that were not retained by TSASC. Other miscellaneous revenues for fiscal years 2012 through 2016 do not include TSRs retained by TSASC for debt service and operating expenses totaling $70 million, $70 million, $79 million, $68 million and $139 million, respectively. Pursuant to the TSASC indenture, less than 40% of the TSRs are pledged to the TSASC bondholders and the remainder flow to the City. For further information see "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—4. MISCELLANEOUS REVENUES" and "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities."

Other miscellaneous revenues for fiscal year 2012 include a $469 million settlement payment by Science Applications International Corporation and $150 million from a federal settlement with ING Bank N.V. Other miscellaneous revenues for fiscal year 2014 include $338 million from the sale of taxi medallions, a payment of $50 million from Verizon to settle cost overruns caused by delays on the Emergency Communications Transformation Program, $214 million from the sale of two City office buildings and $103 million from the reconciliation of prior years health insurance premiums. Other miscellaneous revenues for fiscal year 2015 include $174 million from the sale of a former City Department of Sanitation site and $82 million from a deferred prosecution agreement under the Manhattan District Attorney's Office and the US Department of Justice related to sanctions violations against Commerzbank. Other miscellaneous revenues for fiscal year 2016 include $74 million from a deferred prosecution agreement under the Manhattan District Attorney's Office and the US Department of Justice related to sanctions violations against Credit Agricole and Investment Bank.

Unrestricted Intergovernmental Aid

Unrestricted federal and State aid are not subject to any substantial restriction as to their use and are used by the City as general support for its Expense Budget. For a further discussion of federal and State aid, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. FEDERAL AND STATE CATEGORICAL GRANTS."

The following table sets forth amounts of unrestricted federal and State aid received by the City in each of its 2012 through 2016 fiscal years.

	2012	2013	2014	2015	2016
			(In Millions)		
Unrestricted Intergovernmental Aid	$25	—	$1	$1	$6

Federal and State Categorical Grants

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

The following table sets forth amounts of federal and State categorical grants received by the City for each of the City's 2012 through 2016 fiscal years.

	2012	2013	2014	2015	2016
			(In Millions)		
Federal(1)					
Community Development(2)	$ 225	$ 566	$ 337	$ 537	$ 780
Social Services	3,290	3,315	3,206	3,076	3,225
Education	1,861	1,873	1,672	1,677	1,698
Other(3)	1,802	2,866	1,747	1,692	1,691
Total	$ 7,178	$ 8,620	$ 6,962	$ 6,982	$ 7,394
State					
Social Services	$ 1,533	$ 1,509	$ 1,415	$ 1,410	$ 1,490
Education	8,012	7,933	7,907	9,131	9,612
Higher Education	179	200	221	227	239
Health and Mental Health	536	495	454	364	535
Other	854	890	919	965	1,126
Total	$11,114	$11,027	$10,916	$12,097	$13,002

(1) Federal funding includes amounts received under the American Recovery and Reinvestment Act of $444.7 million, $377.6 million, $296 million, $230 million and $203 million in fiscal years 2012 through 2016, respectively.

(2) Amounts represent actual funds received and may be lower or higher than the appropriation of funds actually provided by the federal government for the particular fiscal year due either to underspending or the spending of funds carried forward from prior fiscal years. Community Development includes $367.2 million, $145.5 million, $338.7 million and $669.4 million in fiscal years 2013 through 2016, respectively, in disaster recovery funding for storm damage remediation as a result of Superstorm Sandy.

(3) Other includes $1.228 billion, $154.4 million, $48.0 million and $74.5 million in fiscal years 2013 through 2016, respectively, of FEMA funding for expenditures for storm damage remediation as a result of Superstorm Sandy.

SECTION V: CITY SERVICES AND EXPENDITURES

Expenditures for City Services

Three types of governmental agencies provide public services within the City's borders and receive financial support from the City. One category is the mayoral agencies established by the City Charter which include, among others, the Police, Fire and Sanitation Departments. Another is the independent agencies which are funded in whole or in part through the City Budget by the City but which have greater independence in the use of appropriated funds than the mayoral agencies. Included in this category are certain Covered Organizations such as NYCHH and the Transit Authority. A third category consists of certain public benefit corporations ("PBCs") which were created to finance the construction of housing, hospitals, dormitories and other facilities and to provide other governmental services in the City. The legislation establishing this type of agency contemplates that annual payments from the City, appropriated through its Expense Budget, may or will constitute a substantial part of the revenues of the agency. Included in this category is, among others, the City University Construction Fund ("CUCF"). For information regarding expenditures for City services, see "SECTION VI: FINANCIAL OPERATIONS—2012-2016 Summary of Operations."

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

The City also provides funding for many other social services, such as day care, foster care, family planning, services for the elderly and special employment services for welfare recipients, some of which are mandated, and may be wholly or partially subsidized, by either the federal or State government. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—5. FEDERAL AND STATE CATEGORICAL GRANTS."

In July 2002, the Board of Education was replaced by the City's Department of Education (the "DOE") which is overseen by a Chancellor, appointed by the Mayor, and the 13-member Panel for Educational Policy where the Mayor appoints eight members including the Chancellor, and the Borough Presidents each appoint one member. The number of pupils in the school system is estimated to be approximately 1.1 million in each of the 2017 through 2021 fiscal years. Actual enrollment in fiscal years 2012 through 2016 has been 1,043,689, 1,051,653, 1,062,275, 1,073,445 and 1,081,324, respectively. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*Department of Education.*" The City's system of higher education, consisting of its Senior Colleges and Community Colleges, is operated under the supervision of the City University of New York ("CUNY"). The City is projected to provide approximately 39.1% of the costs of the Community Colleges in the 2017 fiscal year. The State has full responsibility for the costs of operating the Senior Colleges, although the City is required initially to fund these costs which are then reimbursed by the State.

The City administers health services programs for the care of the physically and mentally ill and the aged. NYCHH maintains and operates the City's 11 municipal acute care hospitals, five long-term care facilities, six free standing diagnostic and treatment centers, a certified home health-care program, many hospital-based and neighborhood clinics and a health maintenance organization. NYCHH is funded primarily by third party reimbursement collections from Medicare and Medicaid and by payments from bad debt/charity care pools, with significant contributions from the City. See "SECTION VII: FINANCIAL PLAN—Assumptions—*New York City Health and Hospitals*."

Medicaid provides basic medical assistance to needy persons. The City is required by State law to furnish medical assistance through Medicaid to all City residents meeting eligibility requirements established by the State. Prior to State legislation in fiscal year 2006 capping City Medicaid payments, the State had assumed 81.2% of the non-federal share of long-term care costs, all of the costs of providing medical assistance to the mentally disabled, and 50% of the non-federal share of Medicaid costs for all other clients. As a result of State legislation in fiscal years 2006 and 2012 capping City Medicaid payments, the State percentage of the non-federal share may vary. The federal government pays 50% of Medicaid costs for federally eligible recipients and a higher share for federally eligible childless adults.

The City's Expense Budget increased during the five-year period ended June 30, 2016, due to, among other factors, the increasing costs of pensions and Medicaid, the costs of labor settlements and the impact of inflation on various other than personal services costs.

Employees and Labor Relations

Employees

The following table presents the number of full-time and full-time equivalent employees of the City, including the mayoral agencies, the DOE and CUNY, at the end of each of the City's 2012 through 2016 fiscal years.

	2012	2013	2014	2015	2016
Education	132,273	132,469	134,426	137,078	141,311
Police	50,325	50,549	50,565	50,851	51,929
Social Services, Homeless and Children's Services	21,963	21,738	21,341	21,639	21,805
City University Community Colleges and Hunter Campus Schools	7,849	8,399	8,633	8,749	8,979
Environmental Protection and Sanitation	14,738	14,824	14,890	15,258	15,710
Fire	15,404	15,512	15,565	16,301	16,845
All Other	50,998	52,403	51,929	53,527	56,513
Total	293,550	295,894	297,349	303,403	313,092

The following table presents the number of full-time employees of certain Covered Organizations, as reported by such Organizations, at the end of each of the City's 2012 through 2016 fiscal years.

	2012	2013	2014	2015	2016
Transit Authority	44,963	45,300	46,271	46,862	47,354
Housing Authority	11,293	11,398	11,311	11,251	10,796
NYCHH	36,335	35,455	35,554	36,691	37,650
Total(1)	92,591	92,153	93,136	94,804	95,800

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

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

Labor Relations

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

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

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

Pensions

The City maintains a number of pension systems providing benefits for its employees and employees of various independent agencies (including certain Covered Organizations). For further information regarding the City's pension systems and the City's obligations thereto, see "Section IX: PENSION SYSTEMS AND OPEB."

Capital Expenditures

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

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

On April 26, 2017, the City published the Ten-Year Capital Strategy for fiscal years 2018 through 2027. The Ten-Year Capital Strategy totals $95.8 billion, of which approximately 93% would be financed with City funds. See "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness.*"

The Ten-Year Capital Strategy includes, among other items: (i) $20.9 billion to construct new schools and improve existing educational facilities; (ii) $18.1 billion for improvements to the water and sewer system; (iii) $10.9 billion for expanding and upgrading the City's housing stock; (iv) $5.9 billion for reconstruction or resurfacing of City streets; (v) $655.0 million for continued City-funded investment in mass transit; (vi) $8.2 billion for the continued reconstruction and rehabilitation of all four East River bridges and 108 other bridge structures; (vii) $2.0 billion to expand current jail capacity; and (viii) $1.8 billion for construction and improvement of court facilities.

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

The City's capital expenditures, including expenditures funded by State and federal grants, totaled $40.6 billion during the 2012 through 2016 fiscal years. City-funded expenditures, which totaled $34.0 billion during the 2012 through 2016 fiscal years, have been financed through the issuance of bonds by the City, the TFA and the Water Authority. The following table summarizes the major categories of capital expenditures in the City's 2012 through 2016 fiscal years.

	2012	2013	2014	2015	2016	Total
			(In Millions)			
Education	$1,877	$1,803	$2,107	$2,631	$2,475	$10,894
Environmental Protection	2,406	1,844	1,578	1,373	1,378	8,579
Transportation	1,044	1,031	902	758	1,032	4,767
Transit Authority(1)	131	123	36	115	231	636
Housing	349	414	428	561	753	2,505
Hospitals	169	286	197	136	104	892
Sanitation	322	353	264	246	324	1,508
All Other(2)	2,133	2,531	2,391	2,016	1,784	10,855
Total Expenditures(3)	$8,431	$8,385	$7,903	$7,836	$8,080	$40,635
City-funded Expenditures(4)	$6,994	$6,888	$7,468	$5,949	$6,676	$33,976

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

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

(3) Total Expenditures for the 2012 through 2016 fiscal years include City, State and federal funding and represent amounts which include an accrual for work-in-progress. These figures are derived from the CAFR.

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

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

SECTION VI: FINANCIAL OPERATIONS

The City's Basic Financial Statements and the independent auditors' opinion thereon are presented in "APPENDIX B—FINANCIAL STATEMENTS." Further details are set forth in the CAFR for the fiscal year ended June 30, 2016, which is available for inspection at the Office of the Comptroller and at www.comptroller.nyc.gov. For a summary of the City's significant accounting policies, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A." For a summary of the City's operating results for the previous five fiscal years, see "2012-2016 Summary of Operations" below.

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

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

2012-2016 Summary of Operations

The following table sets forth the City's results of operations for its 2012 through 2016 fiscal years in accordance with GAAP.

The information regarding the 2012 through 2016 fiscal years has been derived from the City's audited financial statements and should be read in conjunction with the notes accompanying this table and the City's 2015 and 2016 financial statements included in "APPENDIX B—FINANCIAL STATEMENTS." The 2012 through 2014 financial statements are not separately presented herein. For further information regarding the City's revenues and expenditures, see "SECTION IV: SOURCES OF CITY REVENUES" and "SECTION V: CITY SERVICES AND EXPENDITURES."

	Fiscal Year(1)				
	Actual				
	2012	2013	2014	2015	2016
	(In Millions)				
Revenues and Transfers					
Real Estate Tax(2)	$18,158	$18,970	$20,202	$21,518	$23,181
Other Taxes(3)(4)	23,953	26,752	28,173	30,423	30,440
Miscellaneous Revenues(3)	5,247	4,657	5,622	6,216	5,104
Other Categorical Grants	1,141	1,062	1,023	908	861
Unrestricted Federal and State Aid	25	—	1	1	6
Federal Categorical Grants	7,178	8,620	6,962	6,982	7,394
State Categorical Grants	11,114	11,027	10,916	12,097	13,002
Disallowances Against Categorical Grants	166	(59)	(18)	(110)	(1)
Total Revenues and Transfers(5)	$66,982	$71,029	$72,881	$78,035	$79,987
Expenditures and Transfers					
Social Services	$13,259	$13,433	$13,473	$13,844	$13,801
Board of Education	19,129	19,129	18,672	20,458	21,974
City University	750	802	853	904	956
Public Safety and Judicial	8,240	8,385	8,472	8,827	9,326
Health Services	1,608	1,856	1,622	1,708	2,667
Pensions(6)	7,830	8,054	8,141	8,490	9,171
Debt Service(3)(7)	4,257	6,333	4,798	7,421	5,874
All Other(8)	11,904	13,032	16,845	16,378	16,213
Total Expenditures and Transfers(5)	$66,977	$71,024	$72,876	$78,030	79,982
Surplus(9)	$ 5	$ 5	$ 5	$ 5	$ 5

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

(2) In fiscal years 2012 through 2016, Real Estate Tax includes $212.2 million, $219.1 million, $224.6 million, $201 million and $207 million, respectively, which was provided to the City by the State as a reimbursement for the reduced property tax revenues resulting from the State's STAR Program.

(3) Other Taxes includes as revenues to the City the personal income tax revenues retained by the TFA of $617 million, $1.006 billion, $1.641 billion, $556 million and $180 million in fiscal years 2012 through 2016, respectively. Debt Service includes as a debt service expense the funding requirements associated with TFA Future Tax Secured Bonds of $617 million, $1.006 billion, $1.641 billion, $556 million and $180 million in fiscal years 2012 through 2016, respectively. Debt Service does not include debt service on TSASC bonds. Miscellaneous Revenues includes TSRs that are not retained by TSASC for debt service and operating expenses.

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

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

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

(7) Debt Service includes grants to the TFA of $879 million, $1.362 billion, $1.578 billion and $1.734 billion in fiscal years 2012, 2014, 2015 and 2016, respectively, which were used by the TFA to pay debt service in the following fiscal year thereby decreasing the TFA funding requirements.

(8) All Other includes payments into the Retiree Health Benefits Trust Fund of $955 million and $500 million in fiscal years 2015 and 2016, respectively.

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(9) Surplus is the surplus after discretionary and other transfers and expenditures. The City had general fund operating revenues exceeding expenditures of $2.467 billion, $2.812 billion, $2.011 billion, $3.606 billion and $4.043 billion before discretionary and other transfers and expenditures for the 2012 through 2016 fiscal years, respectively. Discretionary and other transfers are included in Debt Service and All Other.

Forecast of 2017 Results

The following table compares the forecast for the 2017 fiscal year contained in the financial plan, submitted to the Control Board in June 2016 (the "June 2016 Forecast"), with the forecast contained in the Financial Plan, which was submitted to the Control Board on June 7, 2017 (the "June 2017 Forecast"). Each forecast was prepared on a basis consistent with GAAP except for the application of GASB 49. For information regarding recent developments, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

	June 2016 Forecast	June 2017 Forecast	Increase/(Decrease) from June 2016 Forecast
	(In Millions)		
REVENUES			
Taxes			
General Property Tax	$24,025	$24,447	$ 422 (1)
Other Taxes	29,904	28,903	(1,001)(2)
Tax Audit Revenue	714	1,251	537 (3)
Subtotal — Taxes	$54,643	$54,601	$ (42)
Miscellaneous Revenues	6,407	7,107	700 (4)
Unrestricted Intergovernmental Aid	—	57	57
Less: Intra-City Revenues	(1,764)	(2,081)	(317)
Disallowances Against Categorical Grants	(15)	613	628
Subtotal – City Funds	$59,271	$60,297	$ 1,026
Other Categorical Grants	853	985	132 (5)
Inter-Fund Revenues	646	627	(19)
Federal Categorical Grants	7,673	8,966	1,293 (6)
State Categorical Grants	13,673	14,450	777 (7)
Total Revenues	$82,116	$85,325	$ 3,209
EXPENDITURES			
Personal Services			
Salaries and Wages	$25,745	$25,702	$ (43)
Pensions	9,422	9,395	(27)
Fringe Benefits	9,679	9,441	(238)(8)
Retiree Health Benefits Trust	—	100	100 (9)
Total – Personal Services	$44,846	$44,638	$ (208)
Other Than Personal Services			
Medical Assistance	5,915	5,915	—
Public Assistance	1,584	1,579	(5)
All Other	27,450	29,064	1,614 (10)
Total – Other Than Personal Services	$34,949	$36,558	$ 1,609
General Obligation, Lease and TFA Debt Service	6,579	6,059	(520) (11)
FY 2016 Budget Stabilization	(3,994)	(4,038)	(44) (12)
FY 2017 Budget Stabilization	—	4,169	4,169 (13)
Capital Stabilization Reserve	500	—	(500)(14)
General Reserve	1,000	20	(980)
Total Expenditures	$83,880	$87,406	$ 3,526
Less: Intra-City Expenses	(1,764)	(2,081)	(317)
Net Total Expenditures	$82,116	$85,325	$ 3,209

(1) The increase in General Property Tax is from a reduction in the reserve for uncollectible taxes of $227 million, a reduction in refunds of $175 million and an increase in lien sale proceeds of $20 million.

(2) The decrease in Other Taxes is due to decreases of $330 million in general corporation tax, $186 million in STAR aid, $170 million in real property transfer tax, $158 million in personal income tax, $122 million in sales tax, $79 million in unincorporated business tax, $75 million in banking corporation tax, $10 million in utility tax and $3 million in cigarette tax offset by increases of $57 million in all other taxes, $36 million in hotel tax, $28 million in mortgage recording tax and $11 million in commercial rent tax.

(3) The increase in Tax Audit Revenue is primarily from an increase in banking corporation tax audits and general corporate tax audits.

(4) The increase in Miscellaneous Revenues is due to increases of $140 million in miscellaneous other revenues, $77 million in fines and forfeitures, $49 million in charges, $47 million in permit, $38 million in rental income, $32 million in franchises, $28 million in licenses, $19 million in interest income, and $317 million in intra-city revenues, offset by a decrease of $46 million in water and sewer charges.

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(5) The increase in Other Categorical Grants is due to increases of $49 million in education funding, $21 million in health and mental hygiene funding, $20 million in housing preservation and development funding, $17 million in police funding, $16 million in parks department funding, $14 million in environmental protection funding, $10 million in small business services funding, $10 million in information technology and telecommunications department funding, and $22 million in other agencies funding, offset by a decrease of $47 million in debt service funding.

(6) The increase in Federal Categorical Grants is due to increases of $360 million in community development funding, primarily disaster recovery funding, $205 million in police funding, $176 million in homeless services funding, $116 million in social services funding, $77 million in fire department funding, $61 million in health and mental hygiene funding, $53 million in children services funding, $44 million in transportation funding, $36 million in youth and community development funding, $34 million in small business services funding, $31 million in mayoral agency funding, $30 million is housing preservation and development funding, $10 million in emergency management funding, $9 million in NYCHH funding, and $51 million in other agencies funding.

(7) The increase in State Categorical Grants is due to increases of $178 million in transportation funding, $157 million in children services funding, $97 million in police funding, $95 million in health and mental hygiene funding, $92 million in education funding, $68 million in miscellaneous agency funding, $30 million in social services funding, $17 million in homeless services funding, $17 million in district attorney funding and $26 million in other agencies funding.

(8) The reduction in Fringe Benefits is mainly due to baseline reductions in active and retiree health insurance expenses to reflect a lower estimate of the number of eligible actives and retirees.

(9) The increase in fiscal year 2017 Retiree Health Benefits Trust reflects a contribution of an additional $100 million into the Retiree Health Benefits Trust in fiscal year 2017.

(10) The increase in Other Than Personal Services—All Other is primarily due to an increase of $1.482 billion in budget modifications reflecting increases in federal and categorical expenditures which are offset by federal and categorical grants, and by an increase of $132 million in net agency expenditures.

(11) The decrease in General Obligation, Lease and TFA Debt Service is primarily due to lower actual interest rates on floating rate obligations, elimination of a projected cash flow borrowing, and the release of excess revenues from HYIC.

(12) FY 2016 Budget Stabilization reflects the discretionary transfer of $1.760 billion into the General Debt Service Fund, $1.734 billion to the TFA and $100 million for lease debt in fiscal year 2016 for debt service due in fiscal year 2017, payments of $400 million of subsidies to NYCHH in fiscal year 2016 otherwise due in fiscal year 2017 and a net equity contribution in bond refunding of $44 million.

(13) FY 2017 Budget Stabilization reflects the discretionary transfer of $1.560 billion into the General Debt Service Fund, $400 million into the Retiree Health Benefits Trust, payments of $300 million of subsidies to NYCHH in fiscal year 2017 otherwise due in fiscal year 2018 and a grant of $1.909 billion to the TFA in fiscal year 2017 for debt service due in fiscal year 2018.

(14) The decrease in the Capital Stabilization Reserve reflects a reallocation from fiscal year 2017 to fiscal years 2018 through 2021 in the amount of $250 million annually.

SECTION VII: FINANCIAL PLAN

The following table sets forth the City's projected operations on a basis consistent with GAAP, except for the application of GASB 49, for the 2017 through 2021 fiscal years as contained in the Financial Plan. This table should be read in conjunction with the accompanying notes, "Actions to Close the Remaining Gaps" and "Assumptions" below. For information regarding recent developments, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

	Fiscal Years(1)(2)				
	2017	2018	2019	2020	2021
	(In Millions)				
REVENUES					
Taxes					
General Property Tax(3)	$24,447	$25,812	$27,539	$28,905	$30,028
Other Taxes(4)(5)	28,903	30,138	31,246	32,459	33,688
Tax Audit Revenue	1,251	850	721	721	721
Subtotal – Taxes	$54,601	$56,800	$59,506	$62,085	$64,437
Miscellaneous Revenues(6)	7,107	6,488	6,648	6,863	6,850
Unrestricted Intergovernmental Aid	57	—	—	—	—
Less: Intra-City Revenues	(2,081)	(1,815)	(1,737)	(1,739)	(1,744)
Disallowances Against Categorical Grants	613	(15)	(15)	(15)	(15)
Subtotal – City Funds	$60,297	$61,458	$64,402	$67,194	$69,528
Other Categorical Grants	985	880	868	859	856
Inter-Fund Revenues(7)	627	671	664	602	602
Federal Categorical Grants	8,966	7,811	7,014	6,915	6,901
State Categorical Grants	14,450	14,419	14,872	15,371	15,727
Total Revenues	$85,325	$85,239	$87,820	$90,941	$93,614
EXPENDITURES					
Personal Services					
Salaries and Wages	$25,702	$27,250	$28,625	$29,426	$30,065
Pension	9,395	9,572	9,871	9,943	10,005
Fringe Benefits	9,441	10,111	10,816	11,715	12,505
Retiree Health Benefits Trust	100	—	—	—	—
Subtotal – Personal Services	$44,638	$46,933	$49,312	$51,084	$52,575
Other Than Personal Services					
Medical Assistance	5,915	5,915	5,915	5,915	5,915
Public Assistance	1,579	1,594	1,605	1,617	1,617
All Other(8)	29,064	28,803	27,723	27,760	28,000
Subtotal – Other Than Personal Services	$36,558	$36,312	$35,243	$35,292	$35,532
General Obligation, Lease and TFA Debt Service(9)	6,059	6,528	7,225	7,861	8,331
FY 2016 Budget Stabilization(10)	(4,038)	—	—	—	—
FY 2017 Budget Stabilization(11)	4,169	(4,169)	—	—	—
Capital Stabilization Reserve(12)	—	250	250	250	250
General Reserve	20	1,200	1,000	1,000	1,000
Subtotal	$87,406	$87,054	$93,030	$95,487	$97,688
Less: Intra-City Expenses	(2,081)	(1,815)	(1,737)	(1,739)	(1,744)
Total Expenditures	$85,325	$85,239	$91,293	$93,748	$95,944
Gap to be Closed	$ —	$ —	$ (3,473)	$ (2,807)	$ (2,330)

(1) The four year financial plan for the 2017 through 2020 fiscal years, as submitted to the Control Board on June 14, 2016, contained the following projections for the 2017-2020 fiscal years: (i) for 2017, total revenues of $82.116 billion and total expenditures of $82.116 billion; (ii) for 2018, total revenues of $84.456 billion and total expenditures of $87.272 billion, with a gap to be closed of $2.816 billion; (iii) for 2019, total revenues of $87.479 billion and total expenditures of $90.454 billion, with a gap to be closed of $2.945 billion; and (iv) for 2020, total revenues of $90.363 billion and total expenditures of $92.689 billion, with a gap to be closed of $2.326 billion.

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

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

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(iii) for 2017, total revenues of $78.937 billion and total expenditures of $80.808 billion, with a gap to be closed of $1.871 billion; and (iv) for 2018, total revenues of $80.933 billion and total expenditures of $84.026 billion, with a gap to be closed of $3.093 billion.

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

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

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

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

(5) Other Taxes reflects a decrease in revenues of $87 million, $91 million, $95 million and $98 million, respectively, in fiscal years 2018 through 2021, relating to an enhancement of the senior citizens homeowner property tax exemption, the disabled homeowner property tax exemption and the veterans property tax exemption recently approved by the State. For Financial Plan assumptions, see "SECTION VII: FINANCIAL PLAN—Assumptions—*Revenue Assumptions*—3. OTHER TAXES."

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

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

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

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

(10) FY 2016 Budget Stabilization reflects the discretionary transfer of $1.760 billion into the General Debt Service Fund, $1.734 billion to the TFA and $100 million for lease debt in fiscal year 2016 for debt service due in fiscal year 2017, payments of $400 million of subsidies to NYCHH in fiscal year 2016 otherwise due in fiscal year 2017 and a net equity contribution in bond refunding of $44 million.

(11) FY 2017 Budget Stabilization reflects the discretionary transfer of $1.560 billion into the General Debt Service Fund, $400 million into the Retiree Health Benefits Trust, payments of $300 million of subsidies to NYCHH in fiscal year 2017 otherwise due in fiscal year 2018 and a grant of $1.909 billion to the TFA in fiscal year 2017 for debt service due in fiscal year 2018.

(12) The Capital Stabilization Reserve reflects a capital reserve which will be available to make capital projects more efficient and to make capital investments more efficient or for debt retirement in an economic downturn.

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

Actions to Close the Remaining Gaps

Although the City has maintained balanced budgets in each of its last 36 fiscal years, except for the application of GASB 49 with respect to fiscal years 2010 through 2016, and is projected to achieve balanced operating results for the 2017 and 2018 fiscal years, except for the application of GASB 49, there can be no assurance that the Financial Plan or future actions to close projected outyear gaps can be successfully implemented or that the City will maintain a balanced budget in future years without additional State aid, revenue increases or expenditure reductions. Additional tax increases and reductions in essential City services could adversely affect the City's economic base.

Assumptions

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

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

Revenue Assumptions

1. GENERAL ECONOMIC CONDITIONS

The Financial Plan assumes faster growth in economic activity in calendar year 2017 compared to calendar year 2016. The following table presents a forecast of the key economic indicators for the calendar years 2016 through 2021. This forecast is based upon information available in March 2017.

Forecast of Key Economic Indicators

	Calendar Years					
	2016	**2017**	**2018**	**2019**	**2020**	**2021**
U.S. Economy						
Economic Activity and Income						
Real GDP (billions of 2009 dollars)	16,660	17,036	17,466	17,868	18,283	18,686
Percent Change	1.6	2.3	2.5	2.3	2.3	2.2
Non-Agricultural Employment (millions)	144.3	146.5	148.4	149.9	151.4	152.5
Percent Change	1.8	1,6	1.3	1.0	1.0	0.7
CPI-All Urban (1982-84=100)	240	246	251	257	264	271
Percent Change	1.3	2.5	2.0	2.3	2.8	2.7
Wage Rate ($ per year)	56,750	58,644	61,017	63,534	66,146	69,017
Percent Change	2.5	3.3	4.0	4.1	4.1	4.3
Personal Income ($ billions)	16,012	16,729	17,586	18,506	19,442	20,382
Percent Change	3.6	4.5	5.1	5.2	5.1	4.8
Pre-Tax Corp Profits ($ billions)	2,195	2,345	2,482	2,522	2,538	2,588
Percent Change	2.7	6.8	5.8	1.6	0.6	2.0
Unemployment Rate (Percent)	4.9	4.6	4.3	4.1	4.2	4.3
10-Year Treasury Bond Rate	1.8	2.8	3.4	3.9	4.1	4.1
Federal Funds Rate	0.4	1.0	1.7	2.6	3.0	3.0
New York City Economy						
Real Gross City Product (billions of 2009 dollars)	739	751	765	777	792	807
Percent Change	1.0	1.7	1.8	1.6	1.8	1.9
Non-Agricultural Employment (thousands)	4,341	4,394	4,439	4,474	4,508	4,542
Percent Change	2.0	1.2	1.0	0.8	0.8	0.8
CPI-All Urban NY-NJ Area (1982-84=100)	263	270	275	282	290	297
Percent Change	1.1	2.5	2.0	2.4	2.7	2.7
Wage Rate ($ per year)	86,757	89,193	92,537	95,991	99,716	103,750
Percent Change	1.1	2.8	3.7	3.7	3.9	4.0
Personal Income ($ billions)	557	577	600	625	651	676
Percent Change	3.0	3.7	3.9	4.2	4.2	3.9
New York Real Estate Market						
Manhattan Primary Office Market						
Asking Rental Rate ($ per square foot)	78.40	80.00	79.71	79.28	79.41	78.94
Percent Change	2.2	2.0	-0.4	-0.5	0.2	-0.6
Vacancy Rate – Percent	10.0	9.5	10.2	12.1	12.0	11.7

Source: OMB.

2. Real Estate Tax

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

Projections of real estate tax revenues include net revenues from the sale of real property tax liens of $100 million in fiscal year 2017 and $80 million in each of fiscal years 2018 through 2021. Projections of real estate tax revenues include the effects of the STAR Program which will reduce the real estate tax revenues by an estimated $204 million in fiscal year 2017. Projections of real estate tax revenues reflect the estimated cost of extending the current tax reduction for owners of cooperative and condominium apartments amounting to $490 million, $518 million, $546 million, $572 million and $592 million in fiscal years 2017 through 2021, respectively.

The delinquency rate was 1.7% in fiscal year 2012, 1.5% in fiscal year 2013, 1.4% in fiscal year 2014, 1.6% in fiscal year 2015 and 1.4% in fiscal year 2016. The Financial Plan projects delinquency rates of 1.9% in fiscal year 2017, 2.0% in fiscal year 2018 and 1.9% in fiscal years 2019 through 2021, respectively. For information concerning the delinquency rates for prior years, see "SECTION IV: SOURCES OF CITY REVENUES—Real Estate Tax—*Collection of the Real Estate Tax.*" For a description of proceedings seeking real estate tax refunds from the City, see "SECTION X: OTHER INFORMATION—Litigation—*Taxes.*"

On April 24, 2017, a lawsuit was filed challenging the City's real property tax system and valuation methodology. See "SECTION X: OTHER INFORMATION—Litigation—*Taxes*."

3. OTHER TAXES

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

	2017	2018	2019	2020	2021
		(In Millions)			
Personal Income(1)	$11,067	$11,841	$12,073	$12,624	$13,166
General Corporation	3,619	3,890	3,982	4,004	4,113
Banking Corporation	(75)	—	—	—	—
Unincorporated Business Income	1,981	2,137	2,242	2,371	2,502
Sales(2)	6,994	7,319	7,881	8,245	8,592
Commercial Rent	816	848	884	919	955
Real Property Transfer	1,388	1,364	1,400	1,461	1,490
Mortgage Recording	1,113	934	959	1,001	1,020
Utility	371	382	387	396	409
Cigarette	40	42	41	40	39
Hotel(3)	577	570	592	599	608
All Other(4)	1,012	898	896	894	892
Total	$28,903	$30,225	$31,337	$32,554	$33,786

Note: Totals may not add due to rounding.

(1) Personal Income includes $298 million, $292 million, $2.830 billion, $3.122 billion and $3.405 billion of personal income tax revenues projected to be retained by the TFA for debt service and other expenses in the 2017 through 2021 fiscal years, respectively. These projections reflect reductions in personal income tax revenues as a result of the State's STAR Program under law in effect at the date of the Financial Plan in the amount of $166 million in fiscal year 2017. The State will reimburse the City for reduced revenues in fiscal year 2017 resulting from the STAR Program then in effect. The State has amended the STAR Program such that starting in fiscal year 2018, the program will be a credit against State personal income taxes and will no longer be a tax rate reduction of City personal income taxes. As a result, there will be no STAR reimbursement payment from the State to the City starting in fiscal year 2018.

(2) Sales tax includes the payment to the State pursuant to the State Enacted Budget of $200 million in fiscal year 2017 and $150 million in fiscal year 2018 that would otherwise be payable to the City, in order to provide the State with the benefit of savings from the refinancing of debt by STAR Corp. Sales tax does not include the payment to the State of an additional $200 million in fiscal year 2019 pursuant to the State Enacted Budget. Reduction or elimination of such payments to the State would require State legislative action.

(3) Hotel includes the impact of an additional temporary hotel occupancy tax of 0.875 percent resulting in additional revenues of $84 million, $85 million, $89 million, $92 million and $92 million in fiscal years 2017 through 2021, respectively.

(4) All Other includes, among others, beer and liquor taxes and the automobile use tax. All Other also includes $556 million, $202 million, $200 million, $198 million and $196 million in fiscal years 2017 through 2021, respectively, to be provided to the City by the State as reimbursement for the reduced property tax and personal income tax revenues resulting from the STAR Program.

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

The Financial Plan reflects the following assumptions regarding projected baseline revenues from Other Taxes: (i) with respect to the personal income tax, mild growth in fiscal year 2017 reflecting continued employment and wage gains but declines in non-wage income and growth in fiscal years 2018 through 2021 reflecting steady economic growth; (ii) with respect to the business corporation tax, a growth decline in fiscal year 2017 resulting from the uncertainty of corporate tax reform, the impact of global volatility in the financial markets, as well as concerns resulting from the United States presidential election, growth in fiscal years 2018 through 2021 reflecting the levels of Wall Street profitability, corporate profits and steady economic growth (major changes in State law merged the general corporation tax with the banking corporation tax effective beginning in tax year 2015, resulting in nearly all banking corporation tax payments beginning with fiscal year 2016 being reported as business corporation tax payments); (iii) with respect to the unincorporated business tax, a growth decline in fiscal year 2017 reflecting the impact of continuing global volatility in the financial markets as well as concerns resulting from the United States presidential election and a return to trend growth for fiscal year 2018 through fiscal year 2021 reflecting steady economic growth; (iv) with respect to the sales tax, mild growth in fiscal year 2017 reflecting employment and wage growth dampened by the payment to State of $200 million in sales tax otherwise payable to the City, in order to provide the State with the benefit of savings from the refinancing of debt by STAR Corp., moderate growth in fiscal year 2018 reduced by the payment to the State of $200 million in sales tax relating to STAR Corp. and moderate growth in fiscal years 2019 through 2021 reflecting employment gains and wage growth as well as continued healthy levels of tourist consumption; (v) with respect to real property transfer tax, decline in 2017 and 2018, as the volume of large commercial transactions declines from the high levels seen in the prior years and returning growth in fiscal year 2019 through 2021 reflecting steady economic growth; (vi) with respect to mortgage recording tax, decline in 2017 and 2018, as the volume of large commercial transactions drops from the high levels seen in the prior years and returning growth in fiscal years 2019 through 2021 reflecting steady economic growth; (vii) with respect to the commercial rent tax, continuing growth through 2021, as the local office market improves with employment gains.

4. Miscellaneous Revenues

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

	2017	2018	2019	2020	2021
		(In Millions)			
Licenses, Permits and Franchises	$ 762	$ 674	$ 663	$ 668	$ 662
Interest Income	80	110	177	241	246
Charges for Services	1,022	989	991	991	991
Water and Sewer Payments (1)	1,380	1,402	1,388	1,374	1,363
Rental Income	255	251	250	250	250
Fines and Forfeitures	982	914	905	896	881
Other	545	333	537	704	713
Intra-City Revenues	2,081	1,815	1,737	1,739	1,744
	$7,107	$6,488	$6,648	$6,863	$6,850

(1) Received from the Water Board. Beginning in fiscal year 2017, the City will no longer request the rental payment due to the City from the Water Board. For further information regarding the Water Board, see "Section VII: Financial Plan—Financing Program."

Rental Income reflects approximately $144.7 million in fiscal year 2017 and $153.6 million in each of fiscal years 2018 through 2021 for lease payments for the City's airports.

Other reflects \$100.3 million, \$113.4 million, \$112.0 million, \$128.3 million and \$127.8 million of projected resources in fiscal years 2017 through 2021, respectively, from the receipt by the City of TSRs. For more information, see "SECTION IV: SOURCES OF CITY REVENUES—Miscellaneous Revenues." Economic and legal uncertainties relating to the tobacco industry and the settlement may significantly affect the receipt of TSRs by TSASC and the City. Other also reflects \$107 million, \$257 million and \$367 million in fiscal years 2019 through 2021, respectively, from the sale of taxi medallions.

5. FEDERAL AND STATE CATEGORICAL GRANTS

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

	2017	2018	2019	2020	2021
			(In Millions)		
Federal					
Community Development	\$ 1,635	\$ 1,010	\$ 333	\$ 253	\$ 235
Social Services	3,675	3,553	3,306	3,323	3,330
Education	1,701	1,789	2,037	2,042	2,044
Other	1,955	1,459	1,338	1,297	1,292
Total	\$ 8,966	\$ 7,811	\$ 7,014	\$ 6,915	\$ 6,901
State					
Social Services	\$ 1,816	\$ 1,732	\$ 1,739	\$ 1,751	\$ 1,752
Education	10,336	10,683	11,108	11,554	11,879
Higher Education	286	297	297	297	297
Health and Mental Hygiene	627	548	539	539	523
Other	1,385	1,159	1,189	1,230	1,276
Total	\$14,450	\$14,419	\$14,872	\$15,371	\$15,727

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

As of May 31, 2017, approximately 15.4% of the City's full-time and full-time equivalent employees (consisting of employees of the mayoral agencies and the DOE) were paid by Community Development funds, water and sewer funds and from other sources not funded by unrestricted revenues of the City.

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

The City's receipt of categorical aid is contingent upon the satisfaction of certain statutory conditions and is subject to subsequent audits, possible disallowances and possible prior claims by the State or federal governments. The general practice of the State and federal governments has been to deduct the amount of any disallowances against the current year's payment, although in some cases the City remits payment for disallowed amounts to the grantor. Substantial disallowances of aid claims may be asserted during the course of the Financial Plan. The City estimates probable amounts of disallowances of recognized grant revenues and makes the appropriate adjustments to recognized grant revenue for each fiscal year. The amounts of such downward adjustments to revenue for disallowances attributable to prior years increased from $124 million in the 1977 fiscal year to $542 million in the 2006 fiscal year. The amounts of such disallowances were $103 million and $114 million in fiscal years 2007 and 2008, respectively. There were no adjustments for estimated disallowances in fiscal years 2009 and 2010. In fiscal year 2011 the downward adjustment for disallowances was $113 million and in fiscal year 2012 an upward adjustment of $166 million was made, reflecting a reduced estimate of disallowances attributable to prior years as of June 30, 2012. In fiscal years 2013, 2014, 2015 and 2016 downward adjustments of $59 million, $18 million, $110 million and $1 million, respectively, were made. As of June 30, 2016, the City had an accumulated reserve of $1.111 billion for all disallowances of categorical aid.

Expenditure Assumptions

1. Personal Services Costs

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

	2017	2018	2019	2020	2021
			(In Millions)		
Wages and Salaries	$25,664	$26,617	$27,083	$27,542	$27,707
Pensions	9,395	9,572	9,871	9,943	10,005
Other Fringe Benefits	9,441	10,111	10,816	11,715	12,505
Retiree Health Benefits Trust	100	—	—	—	—
Reserve for Collective Bargaining	38	633	1,542	1,884	2,358
Total	$44,638	$46,933	$49,312	$51,084	$52,575

The Financial Plan projects that the authorized number of City-funded full-time and full-time equivalent employees will increase from an estimated level of 276,704 as of June 30, 2017 to an estimated level of 278,666 by June 30, 2021.

Other Fringe Benefits includes $2.781 billion, $2.021 billion, $2.552 billion, $2.723 billion and $2.906 billion in fiscal years 2017 through 2021, respectively, for post-employment benefits other than pensions (“OPEB”) expenditures for current retirees, which costs are currently paid by the City on a pay-as-you-go basis. For information on deposits to the Retiree Health Benefits Trust to fund a portion of the future cost of OPEB for current and future retirees, see “Section VI: Financial Operations—2012-2016 Summary of Operations.”

The City has now reached settlements with all of its uniformed unions and over 99% of its workforce through the 2010-2017 round of collective bargaining. The Financial Plan reflects funding to cover the cost of settling the remaining unsettled unions through the 2010-2017 round of collective bargaining based on the pattern set by the settled contracts. Certain contracts with unions for the 2010-2017 round of collective bargaining, including with DC37 and the PBA, begin to expire in fiscal year 2018. The PBA has requested a declaration of impasse in its negotiations with the City for the period beyond the 2010-2017 round of collective bargaining. The City believes that no such impasse exists. For further information on impasse procedures, see “Section V: City Services and Expenditures—Employees and Labor Relations—*Labor Relations*.” The Financial Plan includes a reserve for collective bargaining containing funding for the period beyond the 2010-2017 round of collective bargaining, assumed to be 1% per year.

The amounts in the Financial Plan reflect the offsets from health insurance savings of $1.0 billion in fiscal year 2017, which have been achieved, and $1.3 billion in fiscal year 2018 and thereafter. These savings are pursuant to a collective bargaining agreement between the City and the Municipal Labor Committee (“MLC”). The City has the right to enforce the agreement through a binding arbitration process. If total health insurance savings through fiscal year 2018 are greater than $3.4 billion, the first $365 million of such additional savings is payable to union members as a one-time bonus or may be used for other purposes subject to negotiation. Any additional savings beyond such $365 million is to be divided equally between the City and the unions.

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

2. Other Than Personal Services Costs

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

	2017	2018	2019	2020	2021
			(In Millions)		
Administrative OTPS and Energy	$24,114	$23,767	$22,694	$22,556	$22,824
Public Assistance	1,579	1,594	1,605	1,617	1,617
Medical Assistance	5,915	5,915	5,915	5,915	5,915
NYCHH Support	838	879	897	999	899
Other	4,112	4,157	4,132	4,205	4,277
Total	$36,558	$36,312	$35,243	$35,292	$35,532

Administrative OTPS and Energy

The Financial Plan contains estimates of the City's administrative OTPS expenditures for general supplies and materials, equipment and selected contractual services, and the impact of agency gap-closing actions relating to such expenditures in the 2017 and 2018 fiscal years. Thereafter, to account for inflation, administrative OTPS expenditures are projected to rise by 2.5% annually in fiscal years 2019 through 2021. Energy costs for each of the 2017 through 2021 fiscal years are assumed to vary annually, with total energy expenditures projected at $819 million in fiscal year 2017 and increasing to $975 million by fiscal year 2021.

Public Assistance

The number of persons receiving benefits under cash assistance programs is projected to average 370,984 in fiscal year 2017 and remain at this level for fiscal years 2018 through 2021. Of total cash assistance expenditures in the City, the City-funded portion is projected to be $626 million, $708 million, $713 million, $719 million and $719 million in fiscal years 2017 through 2021, respectively.

Medical Assistance

Medical assistance payments projected in the Financial Plan consist of payments to voluntary hospitals, skilled nursing facilities, intermediate care facilities, home care providers, pharmacies, managed care organizations, physicians and other medical practitioners. The City-funded portion of medical assistance payments is estimated at $5.8 billion for the 2017 fiscal year.

The City-funded portion of medical assistance payments is expected to be $5.813 billion in each of fiscal years 2018 through 2021. Such payments include the City's capped share of local Medicaid expenditures as well as Supplemental Medicaid payments to NYCHH.

New York City Health and Hospitals

NYCHH operates under its own section of the Financial Plan as a Covered Organization. NYCHH's most recent accrual based financial plan was released in October 2016 and projected City-funded expenditures of $344 million, $814 million, $835 million and $838 million in fiscal years 2017 through 2020, respectively. The accrual based financial plan projected, before implementation of a gap closing program, total receipts of $5.7 billion, $6.2 billion, $6.2 billion and $6.0 billion and total disbursements of $7.3 billion, $7.4 billion, $7.6 billion and $7.7 billion, in fiscal years 2017 through 2020, respectively, resulting in projected operating gaps of $1.6 billion, $1.2 billion, $1.4 billion and $1.7 billion in those respective fiscal years. The financial plan also projects gap-closing initiatives that both generate revenue and reduce expenses. Revenue-generating initiatives total $541 million, $903 million, $1.1 billion, and $1.1 billion, and expense-reducing initiatives total $118 million, $403 million, $569 million, and $698 million in fiscal years 2017 through 2020, respectively.

NYCHH, which provides essential services to over 1.2 million New Yorkers annually, faces substantial near- and long-term financial challenges resulting from, among other things, changes in hospital reimbursement under the Affordable Care Act and the statewide transition to managed care. On April 26, 2016, the City released "One New York: Health Care for Our Neighborhoods," a report outlining the City's plan to address NYCHH's financial shortfall.

In May 2017, NYCHH released a cash-based financial plan, which projected City-funded expenditures of $423 million, $829 million, $849 million, $852 million and $853 million in fiscal years 2017 through 2021, respectively, in addition to the forgiveness of debt service and the City's contribution to supplemental Medicaid payments. The financial plan projected, before implementation of a gap closing program, total receipts of $7.0 billion, $6.5 billion, $6.3 billion, $6.4 billion and $6.4 billion and total disbursements of $8.2 billion, $7.6 billion, $8.0 billion, $8.3 billion, and $8.3 billion in fiscal years 2017 through 2021, respectively, resulting in projected operating gaps of $1.2 billion, $1.1 billion, $1.8 billion, $1.9 billion and $1.9 billion in those respective fiscal years. The financial plan also projects gap-closing initiatives that both generate revenue and reduce expenses. Revenue-generating initiatives total $752 million, $820 million, $1.1 billion, $1.1 billion, and $1.1 billion and expense-reducing initiatives total $118 million, $387 million, $619 million, $748 million and $748 million in fiscal years 2017 through 2021, respectively.

NYCHH relies on significant projected revenue from Medicaid, Medicare and other third-party payor programs. Future changes to such programs could have adverse impacts on NYCHH's financial condition.

For more information regarding NYCHH and City financial support thereof, see "SECTION I: RECENT FINANCIAL DEVELOPMENTS."

Other

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

New York City Transit

NYCT operates under its own section of the Financial Plan as a Covered Organization. The financial plan for NYCT covering its 2017 through 2021 fiscal years was prepared in July 2017. The NYCT fiscal year coincides with the calendar year. The NYCT financial plan projects City assistance to the NYCT operating budget of $362.3 million in 2017, increasing to $401.2 million in 2021, in addition to real estate transfer tax revenue dedicated for NYCT use of $653.4 million in 2017, increasing to $673.6 million in 2020.

The NYCT financial plan includes additional revenues from a fare increase in 2017, the impact of labor settlements, updated inflation assumptions and initiatives to improve maintenance/operations and customer experience. After reflecting such revenues and changes, the NYCT financial plan projects $10.1 billion in revenues and $13.3 billion in expenses for 2017, leaving a budget gap of $3.2 billion. After accounting for accrual adjustments and cash carried over from 2016, NYCT projects operating budget gaps of $65.8 million in 2017, $319.0 million in 2018, $792.9 million in 2019, $1.6 billion in 2020 and $2.7 billion in 2021.

In 2009, a Payroll Mobility Tax ("PMT") was enacted into State law to provide $0.34 for every $100 of payroll in the MTA's twelve-county service area. The PMT is currently expected to raise revenues for the MTA in the amount of $840.8 million in 2017, growing to $876.9 million in 2021.

In September 2014, the MTA proposed the 2015-2019 Capital Program. The proposed plan included $32.0 billion for all MTA agencies, including $17.1 billion to be invested in the NYCT core system, and $1.5 billion for NYCT network expansion. On October 2, 2014, the Capital Program Review Board ("CPRB") vetoed the proposed program without prejudice to permit additional time to resolve issues related to fully funding the program. On October 28, 2015, the MTA Board voted on and approved a revised 2015-2019 Capital Program. The revised plan included $29.0 billion for all MTA agencies, including $15.8 billion to be invested in the NYCT core system and $535 million for NYCT network expansion. On April 20, 2016, the MTA Board voted on and approved another revised 2015-2019 Capital Program, which included $29.5 billion for all MTA agencies, including $15.8 billion to be invested in the NYCT core system and $1.0 billion for NYCT network expansion. The State agreed to increase its contribution from $1 billion to $8.3 billion, which has not yet been reflected in the State's capital plan. The City agreed to increase its capital commitment from $657 million to $2.5 billion, which has not yet been reflected in the City's capital plan. The additional City capital funding will be provided concurrently with the additional State capital funding. On May 24, 2017, the MTA Board voted on and approved a further revised 2015-2019 Capital Program. The revised plan includes $32.5 billion for all MTA agencies, including $16.3 billion to be invested in the NYCT core system and $1.7 billion for NYCT network expansion. The State has agreed to increase its contribution to $8.5 billion. This amendment was approved by the CPRB in July 2017.

On June 29, 2017 Governor Cuomo announced the State would be increasing its contribution to the 2015-2019 Capital Program by $1 billion and signed an Executive Order declaring a State-wide disaster emergency related to the MTA. The Order temporarily suspends provisions of Public Authority, State Finance, and Environmental Conservation Laws if compliance "would prevent, hinder or delay action necessary to cope with the disaster." The additional funding has not yet been identified.

On August 7, 2017, the Mayor proposed a plan to generate additional revenues for the MTA. The proposal, which would require State legislation, would create a new top tax bracket of 4.41 percent for individuals earning more than $500,000 per year and joint filers earning more than $1 million per year. Revenues generated by the proposal would be paid to the MTA for core infrastructure capital upgrades as well as a low-income reduced fare program. If enacted it is expected to generate approximately $700 million in 2018, before rising to $820 million a year by 2022. The additional funds generated by the plan would be in addition to funds already committed by the City.

Department of Education

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

Judgments and Claims

In the fiscal year ended on June 30, 2016, the City expended $720.0 million for judgments and claims. The Financial Plan includes provisions for judgments and claims of $756.4 million, $691.6 million, $706.8 million, $725 million and $740.2 million for the 2017 through 2021 fiscal years, respectively. These projections incorporate a substantial amount of claims costs attributed to NYCHH, estimated to be $140 million in each year of the Financial Plan, for which NYCHH reimburses the City unless otherwise forgiven by the City, which was the case in fiscal years 2013 and 2016. The City is a party to numerous lawsuits and is the subject of numerous claims and investigations. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2016 amounted to approximately $7.1 billion. This estimate was made by categorizing the various claims and applying a statistical model, based primarily on actual settlements by type of claim during the preceding ten fiscal years, and by supplementing the estimated liability with information supplied by the City's Corporation Counsel. For further information regarding certain of these claims, see "SECTION X: OTHER INFORMATION—Litigation."

In addition to the above claims, numerous real estate tax *certiorari* proceedings involving allegations of inequality of assessment, illegality and overvaluation are currently pending against the City. The City's Financial

Statements for the fiscal year ended June 30, 2016 include an estimate that the City's liability in the *certiorari* proceedings, as of June 30, 2016, could amount to approximately $982 million. Provision has been made in the Financial Plan for estimated refunds of $225 million in fiscal year 2017 and $400 million in fiscal years 2018 through 2021. For further information concerning these claims, certain remedial legislation related thereto and the City's estimates of potential liability, see "SECTION X: OTHER INFORMATION—Litigation—*Taxes*" and "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.5."

3. GENERAL OBLIGATION, LEASE AND TFA DEBT SERVICE

Debt service estimates for fiscal years 2017 through 2021 include debt service on outstanding general obligation bonds and conduit debt, and the funding requirements associated with outstanding TFA Future Tax Secured Bonds, and estimates of debt service costs of, or funding requirements associated with, future general obligation, conduit and TFA Future Tax Secured debt issuances based on projected future market conditions. Such debt service estimates also include estimated payments pursuant to interest rate exchange agreements but do not reflect receipts pursuant to such agreements.

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

The Financial Plan reflects general obligation debt service of $3.83 billion, $4.10 billion, $4.18 billion, $4.52 billion and $4.71 billion in fiscal years 2017 through 2021, respectively, conduit debt service of $201 million, $224 million, $218 million, $220 million and $219 million in fiscal years 2017 through 2021, respectively, and TFA debt service of $2.03 billion, $2.20 billion, $2.83 billion, $3.12 billion and $3.41 billion in fiscal years 2017 through 2021, respectively, in each case prior to giving effect to prepayments, defeasances and redemptions. Such debt service requirements are projected to be below 15% of projected City tax revenues for each year of the Financial Plan.

Certain Reports

On July 25, 2017, the City Comptroller released a report entitled "Comments on New York City's Fiscal Year 2018 Adopted Budget," commenting on the Financial Plan. In the report, the City Comptroller projects net risks of $65 million and $138 million in fiscal years 2018 and 2019, respectively, and net offsets of $30 million and $228 million in fiscal years 2020 and 2021, respectively, which when added to the results projected in the Financial Plan would result in gaps of approximately $65 million, $3.6 billion, $2.8 billion and $2.1 billion in fiscal years 2018 through 2021, respectively.

The differences from the Financial Plan projections result in part from the City Comptroller's net expenditure projections, which are higher than the Financial Plan projections by $406 million, $219 million and $82 million in fiscal years 2018 through 2020, respectively, and lower by $56 million in fiscal year 2021, as a result of: (i) additional overtime expenditures of $169 million in fiscal year 2018 and $150 million in each of fiscal years 2019 through 2021; (ii) uncertainty of federal Medicaid reimbursement for special education services of $70 million in each of fiscal years 2018 through 2021; (iii) increased homeless shelter operation expenditures of $121 million in each of fiscal years 2018 through 2021; (iv) increased expenditures to support NYCHH of $165 million in each of fiscal years 2018 through 2021; (v) lower public assistance grant expenditures of $15 million in each of fiscal years 2018 through 2021; (vi) anticipated debt service savings from low interest rates on variable rate bonds of $100 million in each of fiscal years 2018 through 2021; (vii) anticipated debt service savings from refundings of $4 million in fiscal year 2018 and $35 million in each of fiscal years 2019 through 2021; and (viii) lower estimates for pension contributions of $137 million, $274 million and $412 million in fiscal years 2019 through 2021, respectively, resulting from fiscal year 2017 pension investment earnings above the actuarial interest rate assumption.

The differences from the Financial Plan projections also result from the City Comptroller's net revenue projections, which are higher than the Financial Plan projections by $341 million, $81 million, $112 million and $172 million in fiscal years 2018 through 2021, respectively. The report projects: (i) property tax revenues will be higher by $232 million, $363 million and $753 million in fiscal years 2019 through 2021, respectively; (ii) property tax reserve requirements will be lower by $100 million in each of fiscal years 2018 through 2021; (iii) personal income tax revenues will be higher by $280 million, $146 million and $48 million in fiscal years 2018 through 2020, respectively; (iv) business tax revenues will be higher by $18 million in fiscal year 2020; (v) sales tax revenues will be higher by $32 million in fiscal year 2018; (vi) Environmental Control Board fine revenues will be higher by $30 million in each of fiscal years 2018 through 2021; (vii) Department of Buildings penalty revenues will be higher by $5 million in each of fiscal years 2018 through 2021; and (viii) motor vehicle fine revenues will be higher by $5 million in each of fiscal years 2018 and 2019 and $3 million in each of fiscal years 2020 and 2021. The report also identifies certain risks to projected revenues that result in differences from the Financial Plan: (i) personal income tax revenues will be lower by $65 million in fiscal year 2021; (ii) business tax revenues will be lower by $37 million, $72 million and $5 million in fiscal years 2018, 2019 and 2021, respectively; (iii) sales tax revenues will be lower by $32 million, $118 million and $201 million in fiscal years 2019 through 2021, respectively; (iv) the State budget provision for interception of sales tax revenues of $150 million in fiscal year 2019 to recoup savings from refinancing the STAR Corp. bonds, which is not reflected in the Financial Plan; (v) real-estate-related tax revenues will be lower by $74 million, $76 million, $80 million and $81 million in fiscal years 2018 through 2021, respectively; and (vi) projected taxi medallion sales revenues will be lower by $107 million, $257 million and $367 million in fiscal years 2019 through 2021, respectively, given the uncertainty surrounding future taxi medallion auctions.

On August 2, 2017, the OSDC released a report on the Financial Plan. The report states that the Financial Plan projects a surplus of approximately $4.2 billion for fiscal year 2017, which was used to balance the fiscal year 2018 budget, and gaps of $3.5 billion, $2.8 billion and $2.3 billion for fiscal years 2019 through 2021, respectively. While out-year gaps have grown since the start of fiscal year 2017, the gaps are still relatively small as a share of City fund revenues and are manageable under current conditions, and the out-year budgets include reserves of $1.25 billion which, if not needed, could be used to narrow the gaps. The report identifies certain trends that could pose a risk to the Financial Plan: tax collections slowed in recent years; job creation slowed in recent years; the costs of employee health insurance and debt service is projected to grow faster than tax revenues during the Financial Plan period; and City-funded spending is projected to rise during the Financial Plan period. The report states that changes in federal fiscal policies present the greatest risk to the City's financial outlook. President Trump's proposed budget would reduce federal funding to the City. In addition, the House Budget Committee recently approved a blueprint calling for cuts in safety net programs including Medicare and Medicaid, and the House of Representatives recently approved legislation that would roll back gains made by the Affordable Care Act and reduce Medicaid coverage. However, the City has increased its reserves to record levels, and other resources are likely to materialize which could offset these risks.

The OSDC report quantifies certain risks and offsets to the Financial Plan. The report identifies net additional expenditures of $443 million, $685 million, $645 million and $510 million in fiscal years 2018 through 2021, respectively. When combined with the results projected in the Financial Plan, the report estimates budget gaps of $443 million, $4.16 billion, $3.45 billion and $2.84 billion in fiscal years 2018 through 2021, respectively. The risks to the Financial Plan identified in the report include: (i) decreased federal Medicaid reimbursement for special education services of $79 million in each of fiscal years 2018 through 2021; (ii) increased uniformed services overtime costs of $125 million in each of fiscal years 2018 through 2021; (iii) increased costs of providing shelter for the homeless of $125 million in each of fiscal years 2018 through 2021; (iv) decreased tax revenues of $150 million in each of fiscal years 2018 through 2021; (v) increased expenditures to support NYCHH of $164 million in each of fiscal years 2018 through 2021; (vi) decreased revenue from the sale of taxi medallions of $107 million, $257 million and $367 million in fiscal years 2019 through 2021, respectively; (vii) decreased sales taxes of $150 million in fiscal year 2019 resulting from the State budget provision for recapture of savings from the refinancing of STAR Corp. bonds, which is not reflected in the Financial Plan; and (viii) decreased revenue from development opportunities at properties leased to NYCHH of

$100 million in fiscal year 2020. The report also identifies: (i) additional debt service savings of $125 million in fiscal year 2018; (ii) additional miscellaneous revenues (including recurring resources such as fines and fees and nonrecurring resources such as proceeds from the sale of taxi medallions or City property) of $75 million in each of fiscal years 2018 through 2021; and (iii) lower estimates for pension contributions of $140 million, $280 million and $425 million in fiscal years 2019 through 2021, respectively, resulting from fiscal year 2017 pension investment earnings above the actuarial interest rate assumptions.

On July 26, 2017, the staff of the Control Board issued a report reviewing the Financial Plan. The report states that the City ended fiscal year 2017 with a surplus of almost $4.2 billion which was used to prepay fiscal year 2018 expenses and that the Financial Plan projects manageable outyear budget gaps of $3.5 billion, $2.8 billion and $2.3 billion in fiscal years 2019 through 2021, respectively. Over the period of the Financial Plan, total revenues are projected to increase by 9.8 percent and City-funded revenues by 13.1 percent, and total-funded expenditures are projected to increase 12.6 percent. The report notes that identifiable risks, mainly concerns over business taxes and uniformed overtime spending, are manageable and historically minor, and these risks will likely be offset by the phasing in of higher pension investment earnings. However, the great unknown risk of what actions the federal government may take is of concern. How changes due to healthcare reform, tax reform, or federal budget cuts could affect the Financial Plan is unknown. Medicaid reductions would affect the City and NYHHC, and removing tax deductions for state and local taxes would affect the local economy. The report states that in light of that uncertainty, the City is wise to continue forecasting conservatively, building up surpluses, and developing and implementing agency savings programs.

The report identifies net risks to the Financial Plan of $298 million, $365 million and $103 million in fiscal years 2018 through 2020, respectively, and net offsets of $34 million in fiscal year 2021, resulting in estimated gaps of $298 million, $3.84 billion, $2.91 billion and $2.3 billion in fiscal years 2018 through 2021, respectively. Such net risks and offsets result from: (i) decreased business tax revenues of $150 million in each of fiscal years 2018 through 2021; (ii) increased miscellaneous revenues of $150 million in each of fiscal years 2018 and 2019 and $125 million in each of fiscal years 2020 and 2021; (iii) increased uniformed services overtime expenses of $133 million, $191 million, $195 million and $199 million in fiscal years 2018 through 2021, respectively; (iv) increased expenditures to support NYCHH of $165 million in each of fiscal years 2018 through 2021; (v) the phasing in of higher fiscal year 2017 pension investment earnings which results in lower pension contributions of $141 million, $282 million and $423 million in fiscal years 2019 through 2021, respectively; and (vi) increased STAR Corp. bond repayment expenses of $150 million in fiscal year 2019.

Long-Term Capital Program

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

The City utilizes a three-tiered capital planning process consisting of the Ten-Year Capital Strategy, the four-year capital plan and the current-year Capital Budget. The Ten-Year Capital Strategy is a long-term planning tool designed to reflect fundamental allocation choices and basic policy objectives. The four-year capital plan, which is updated three times a year as required by the City Charter, translates mid-range policy goals into specific projects. The Capital Budget defines specific projects and the timing of their initiation, design, construction and completion. On April 26, 2017, the City released the five-year capital commitment plan for fiscal years 2017 through 2021 which covers the current fiscal year and the four-year capital plan for fiscal years 2018 through 2021 (the "2017-2021 Capital Commitment Plan").

City-funded commitments, which were $344 million in fiscal year 1979, are projected to reach $12.0 billion in fiscal year 2017. City-funded expenditures are forecast at $7.5 billion in fiscal year 2017; total expenditures are forecast at $8.8 billion in fiscal year 2017. For additional information concerning the City's capital expenditures and the Ten-Year Capital Strategy covering fiscal years 2018 through 2027, see "SECTION V: CITY SERVICES AND EXPENDITURES—Capital Expenditures."

The following table sets forth the major areas of capital commitment projected in the 2017-2021 Capital Commitment Plan.

2017-2021 CAPITAL COMMITMENT PLAN

	2017		2018		2019		2020		2021		TOTALS	
	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds	City Funds	All Funds
Mass Transit(1)	$ 285	$ 307	$ 125	$ 125	$ 125	$ 125	$ 125	$ 125	$ 40	$ 40	$ 700	$ 722
Roadway, Bridges	1,595	2,086	2,197	2,656	1,496	1,756	2,141	2,391	2,630	2,956	10,057	11,846
Environmental Protection(2)	3,122	3,214	3,189	3,394	2,664	2,670	2,682	2,682	1,612	1,612	13,271	13,572
Education	3,416	3,918	2,604	3,275	2,708	2,903	2,166	2,166	1,421	2,166	12,314	14,427
Housing	1,208	1,250	1,095	1,134	999	1,031	974	1,006	937	969	5,212	5,390
Sanitation	351	355	333	346	404	404	788	788	332	332	2,208	2,225
City Operations/Facilities	5,695	6,841	7,671	8,605	4,261	5,073	3,162	3,619	1,572	1,709	22,361	25,847
Economic Development	1,053	1,268	1,137	1,177	617	646	509	593	338	338	3,654	4,022
Reserve for Unattained Commitments	(4,761)	(4,761)	(2,212)	(2,212)	(114)	(114)	215	215	1,358	1,358	(5,514)	(5,514)
Total Commitments(3)	$11,964	$14,477	$16,139	$18,499	$13,160	$14,495	$12,762	$13,585	$10,240	$11,481	$64,265	$72,537
Total Expenditures(4)	$ 7,490	$ 8,804	$ 9,000	$10,487	$11,262	$12,847	$11,723	$13,128	$11,389	$12,769	$50,884	$58,035

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

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

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

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

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

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

On May 5, 2014, the Mayor issued "Housing New York: A Five-Borough, Ten-Year Plan" which lays out a comprehensive plan to build and preserve 200,000 affordable units over the coming decade. The expected City costs of such plan for fiscal years 2017 through 2021 are reflected in the 2017-2021 Capital Commitment Plan.

On November 18, 2015, the Mayor announced a new plan to create 15,000 units of supportive housing, comprised of affordable housing with supportive services, including both mental and physical healthcare access, alcohol and substance abuse programs, and other social services, over the next 15 years. The plan includes approximately 7,500 newly constructed units and 7,500 scattered site units. The expected City costs of such plan for fiscal years 2017 through 2021 are reflected in the 2017-2021 Capital Commitment Plan.

In December 2016, the City issued an Asset Information Management System Report (the "AIMS Report"), which is its annual assessment of the asset condition and a proposed maintenance schedule for its assets and asset systems which have a replacement cost of $10 million or more and a useful life of at least ten years, as required by the City Charter. This report does not reflect any policy considerations which could affect the appropriate amount of investment, such as whether there is a continuing need for a particular facility or whether there have been changes in the use of a facility. The AIMS Report estimated that $7.97 billion in capital investment would be needed for fiscal years 2018 through 2021 to bring the assets to a state of good repair. The report also estimated that $451 million, $230 million, $268 million and $243 million should be spent on maintenance in fiscal years 2018 through 2021, respectively.

The recommended capital investment for each inventoried asset is not readily comparable to the capital spending allocated by the City in the 2017-2021 Capital Commitment Plan and the Ten-Year Capital Strategy. Only a portion of the funding set forth in the 2017-2021 Capital Commitment Plan is allocated to specifically identified assets, and funding in the subsequent years of the Ten-Year Capital Strategy is even less identifiable with individual assets. Therefore, there is a substantial difference between the amount of investment recommended in the report for all inventoried City assets and amounts allocated to the specifically identified inventoried assets in the 2017-2021 Capital Commitment Plan. The City also issues an annual report (the "Reconciliation Report") that compares the recommended capital investment with the capital spending allocated by the City in the four-year capital plan to the specifically identified inventoried assets.

The most recent Reconciliation Report, issued in July 2017, concluded that the capital investment in the four-year capital plan, for fiscal years 2018 through 2021, for the specifically identified inventoried assets funded 74% of the total investment recommended in the preceding AIMS Report issued in December 2016. Capital investment allocated in the Ten-Year Capital Strategy published in April 2017 funded an additional portion of the recommended investment. In the same Reconciliation Report, OMB estimated that 64% of the expense maintenance levels recommended were included in the financial plan.

Financing Program

The following table sets forth the par amount of bonds issued and expected to be issued during the 2017 through 2021 fiscal years (as set forth in the Financial Plan) to implement the 2017-2021 Capital Commitment Plan. See "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities." From time to time, the City and its related issuers also issue bonds to refinance existing debt for economic savings. Such refunding bonds are not included in the following table.

2017-2021 FINANCING PROGRAM

	2017	2018	2019	2020	2021	Total
			(In Millions)			
City General Obligation Bonds	$2,281	$3,250	$ 4,500	$ 4,730	$ 4,610	$19,371
TFA Future Tax Secured Bonds	3,300	3,250	4,500	4,730	$ 4,610	20,390
Water Authority Bonds(1)	1,738	1,447	1,868	1,913	1,890	8,856
Total	$7,319	$7,947	$10,868	$11,373	$11,110	$48,617

Note: Totals may not add due to rounding.

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

The City's financing program includes the issuance of water and sewer revenue bonds by the Water Authority which is authorized to issue bonds to finance capital investment in the City's water and sewer system. Pursuant to State law, debt service on Water Authority indebtedness is secured by water and sewer fees paid by users of the water and sewer system. Such fees are revenues of the Water Board, which holds a lease interest in the City's water and sewer system. After providing for debt service on obligations of the Water Authority and certain incidental costs, the revenues of the Water Board are paid to the City to cover the City's costs of operating the water and sewer system and as rental for the system. Beginning in fiscal year 2017, the City will no longer request the rental payment due to the City from the Water Board. The City's Ten-Year Capital Strategy applicable to the City's water and sewer system covering fiscal years 2018 through 2027, projects City-funded water and sewer investment (which is expected to be financed with proceeds of Water Authority debt) at approximately $17.9 billion. The 2017-2021 Capital Commitment Plan reflects total anticipated City-funded water and sewer commitments of $13.3 billion which are expected to be financed with the proceeds of Water Authority debt.

The TFA is authorized to have outstanding $13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and may issue additional Future Tax Secured Bonds provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City. Future Tax Secured Bonds are issued for general City capital purposes and are secured by the City's personal income tax revenues and, to the extent such revenues do not satisfy specified debt ratios, sales tax revenues. In addition, the TFA is authorized to have outstanding $9.4 billion of Building Aid Revenue Bonds to pay for a portion of the City's five-year educational facilities capital plan. Building Aid Revenue Bonds are secured by State building aid, which the Mayor has assigned to the TFA. The TFA expects to issue $750 million, $163 million, $77 million and $295 million of Building Aid Revenue Bonds in fiscal years 2018 through 2021, respectively.

Implementation of the financing program is dependent upon the ability of the City and other financing entities to market their securities successfully in the public credit markets which will be subject to prevailing market conditions at the times of sale. No assurance can be given that the credit markets will absorb the projected amounts of public bond sales. A significant portion of bond financing is used to reimburse the City's General Fund for capital expenditures already incurred. If the City and such other entities are unable to sell such amounts of bonds, it would have an adverse effect on the City's cash position. In addition, the need of the City to fund future debt service costs from current operations may also limit the City's capital program. The Ten-Year Capital Strategy for fiscal years 2018 through 2027 totals $89.6 billion, of which approximately 93% is to be financed with funds borrowed by the City and such other entities. See "INTRODUCTORY STATEMENT" and "SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities—*Limitations on the City's Authority to Contract Indebtedness*." Congressional developments affecting federal taxation generally could reduce the market value of tax-favored investments and increase the debt-service costs of carrying out the major portion of the City's capital plan which is currently eligible for tax-exempt financing.

Interest Rate Exchange Agreements

In an effort to reduce its borrowing costs over the life of its bonds, the City began entering into interest rate exchange agreements commencing in fiscal year 2003. For a description of such agreements, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A.12." As of June 30, 2017, the aggregate notional amount of the City's interest rate exchange agreements was $1,280,845,000 and the total marked-to-market value of such agreements was ($90,433,926).

In addition, in connection with its Courts Facilities Lease Revenue Bonds (The City of New York Issue) Series 2005A and B, the Dormitory Authority of the State of New York ("DASNY") entered into interest rate exchange agreements with Goldman Sachs Mitsui Marine Derivative Products, L.P. and JPMorgan Chase Bank, National Association. The City is obligated, subject to appropriation, to make lease payments to DASNY reflecting DASNY's obligations under these interest rate exchange agreements. Under such agreements, with a notional amount of $125,500,000, an effective date of June 15, 2005 and a termination date of May 15, 2039, DASNY pays a fixed rate of 3.017% and receives payments based on a LIBOR-indexed variable rate. As of June 30, 2017, the total marked-to-market value of the DASNY agreements was ($28,451,426).

Seasonal Financing Requirements

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

SECTION VIII: INDEBTEDNESS

Indebtedness of the City and Certain Other Entities

Outstanding City and PBC Indebtedness

The following table sets forth outstanding City and PBC indebtedness as of June 30, 2017. "City indebtedness" refers to general obligation debt of the City, net of reserves. "PBC indebtedness" refers to obligations of the City, net of reserves, to the following PBCs: the New York City Educational Construction Fund ("ECF"), and DASNY (for health facilities, court facilities and CUCF as described below). PBC indebtedness is not debt of the City. However, the City has entered into agreements to make payments, subject to appropriation, to PBCs to be used for debt service on certain obligations constituting PBC indebtedness. Neither City indebtedness nor PBC indebtedness includes outstanding debt of the TFA, TSASC, Fiscal Year 2005 Securitization Corp. or STAR Corp., which are not obligations of, and are not paid by, the City; nor does such indebtedness include obligations of the Hudson Yards Infrastructure Corporation ("HYIC"), for which the City has agreed to pay, as needed and subject to appropriation, interest on but not principal of such obligations.

	(In Thousands)	
Gross City Long-Term Indebtedness(1)	$37,884,820	
Less: Assets Held for Debt Service(2)	(1,560,350)	
Net City Long-Term Indebtedness		$36,324,470
PBC Indebtedness		
Bonds Payable	290,136	
Capital Lease Obligations	996,400	
Gross PBC Indebtedness	1,286,536	
Less: Assets Held for Debt Service	(104,610)	
Net PBC Indebtedness		1,181,925
Combined Net City and PBC Indebtedness		$37,506,395

(1) Reflects capital appreciation bonds at accreted values as of June 30, 2017.

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

Trend in Outstanding Net City and PBC Indebtedness

The following table shows the trend in the outstanding net City and PBC indebtedness as of June 30 of each of the fiscal years 2007 through 2017.

	City Indebtedness		PBC	
	Long-Term	Short-Term	Indebtedness(1)	Total
		(In Millions)		
2007	$34,396	—	$1,637	$36,033
2008	33,129	—	1,558	34,687
2009	38,648	—	1,484	40,131
2010	41,490	—	1,395	42,885
2011	41,737	—	1,550	43,287
2012	40,913	—	1,486	42,399
2013	38,844	—	1,413	40,257
2014	41,033	—	1,347	42,380
2015	38,497	—	1,261	39,758
2016	36,147	—	1,236	37,383
2017	36,324	—	1,182	37,506

(1) Includes obligations of New York State Urban Development Corporation ("UDC") through June 30, 2016.

Rapidity of Principal Retirement

The following table details, as of June 30, 2017, the cumulative percentage of total City indebtedness that is scheduled to be retired in accordance with its terms in each prospective five-year period.

Period	Cumulative Percentage of Debt Scheduled for Retirement
5 years	29.39%
10 years	57.65
15 years	77.56
20 years	91.58
25 years	98.51
30 years	100.00

City and PBC Debt Service Requirements

The following table summarizes future debt service requirements, as of June 30, 2017, on City and PBC indebtedness.

	City Long-Term Debt		PBC		
Fiscal Years	Principal	Interest	Indebtedness	Interest	Total
	(In Thousands)				
2018	$ 2,194,465	$ 1,591,005	$ 75,543	$ 62,301	$ 3,923,315
2019	2,157,625	1,497,641	73,647	58,594	3,787,507
2020	2,291,801	1,395,735	78,077	55,116	3,820,728
2021 through 2147	31,240,929	10,568,924	1,059,269	420,665	43,289,787
Total	$37,884,820	$15,053,305	$1,286,536	$596,676	$54,821,337

Certain Debt Ratios

The following table sets forth the approximate ratio of City net general obligation bonded debt to assessed taxable property value as of June 30 of each of the fiscal years 2007 through 2016.

Fiscal Year	City General Obligation Bonded Debt(1)	Debt Service Restricted Cash(2)	City General Obligation Bonded Debt Net of Debt Service Restricted Cash	City Net General Obligation Bonded Debt as a Percentage of Assessed Taxable Value of Property(3)	Per Capita
	(in millions)	(in millions)	(in millions)		
2007	$34,506	$3,372	$31,134	24.39%	$3,885
2008	36,100	5,117	30,983	21.28	3,840
2009	39,991	3,376	36,615	24.09	4,503
2010	41,555	2,926	38,629	24.46	4,715
2011	41,785	2,818	38,967	24.40	4,702
2012	42,286	1,374	40,912	23.88	4,891
2013	41,592	2,766	38,826	21.68	4,602
2014	41,665	639	41,026	21.57	4,829
2015	40,460	1,970	38,490	18.97	4,502
2016	38,073	1,775	36,298	16.68	4,245

Source: CAFR for the fiscal year ended June 30, 2016; New York City Comptroller's Office.

(1) General Obligation Bonded Debt is presented at par value and does not reflect GASB 44 reporting methodology netting premium and discount. See "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.5—*Changes in Long-term liabilities*."

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

(Footnotes continued on next page)

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

Indebtedness of the City and Related Issuers

The following table sets forth obligations of the City and other issuers as of June 30 of each of the fiscal years 2007 through 2016. General obligation bonds are debt of the City. Although IDA Stock Exchange bonds and PBC indebtedness are not debt of the City, the City has entered into agreements to make payments, subject to appropriation, to the respective issuers to be used for debt service on the indebtedness included in the following table. ECF bonds are also not debt of the City. ECF bonds are expected to be paid from revenues of ECF, provided, however, that if such revenues are insufficient, the City has agreed to make payments, subject to appropriation, to ECF for debt service on its bonds. Indebtedness of the TFA, TSASC and STAR Corp. does not constitute debt of, and is not paid by, the City.

Fiscal Year	General Obligation Bonds	ECF	TFA	TSASC	STAR	HYIC	PBC Indebtedness and Other(1)	IDA Stock Exchange
				(In Millions)				
2007	$34,506	$123	$14,607	$1,317	$2,368	$2,100	$2,832	$102
2008	36,100	109	14,828	1,297	2,339	2,067	2,025	101
2009	39,991	102	16,913	1,274	2,253	2,033	1,937	99
2010	41,555	150	20,094	1,265	2,178	2,000	1,859	99
2011	41,785	281	23,820	1,260	2,117	2,000	1,895	98
2012	42,286	274	26,268	1,253	2,054	3,000	1,818	95
2013	41,592	268	29,202	1,245	1,985	3,000	1,739	93
2014	41,665	266	31,038	1,228	1,975	3,000	1,701	90
2015	40,460	264	33,850	1,222	2,035	3,000	1,639	87
2016	38,073	240	37,358	1,145	1,961	3,000	1,571	84

Source: CAFR for the fiscal year ended June 30, 2016.

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

As of June 30, 2017, approximately $38 billion of City general obligation bonds were outstanding. For information regarding the City's variable rate bonds, see APPENDIX D hereto.

As of June 30, 2017, $2.75 billion aggregate principal amount of HYIC bonds were outstanding. Such bonds were issued to finance the extension of the Number 7 subway line and other public improvements. They are secured by and payable from payments in lieu of taxes and other revenues generated by development in the Hudson Yards area. To the extent such payments in lieu of taxes and other revenues are insufficient to pay interest on the HYIC bonds, the City has agreed to pay the amount of any shortfall in interest on such bonds, subject to appropriation. The Financial Plan provides $0 in fiscal years 2017 through 2021 for such interest support payments. The City has no obligation to pay the principal of such bonds.

Certain Provisions for the Payment of City Indebtedness

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

The City's debt service appropriation would provide for the interest on, but not the principal of, short-term indebtedness, if any. If such principal were not provided for from the anticipated sources, it would be, like debt service on City bonds, a general obligation of the City.

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

Limitations on the City's Authority to Contract Indebtedness

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

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

Water Authority and TSASC indebtedness and the City's commitments with other PBCs or related issuers are not chargeable against the City's constitutional debt limit. The TFA and TSASC were created to provide financing for the City's capital program. Without the TFA and TSASC, or other legislative relief, new contractual commitments for the City's general obligation financed capital program would have been virtually brought to a halt during the financial plan period beginning early in the 1998 fiscal year. TSASC has approximately $1.1 billion of bonds outstanding that are payable from TSRs. The TFA is permitted to have outstanding $13.5 billion of Future Tax Secured Bonds (excluding Recovery Bonds) and may issue additional Future Tax Secured Bonds, provided that the amount of such additional bonds, together with the amount of indebtedness contracted by the City, do not exceed the debt limit of the City. Future Tax Secured Bonds are secured by the City's personal income tax revenues and sales tax revenues, if personal income tax revenues do not satisfy specified debt ratios. The TFA, as of June 30, 2017, has outstanding approximately $32.0 billion of Future Tax Secured Bonds (excluding Recovery Bonds). The TFA is authorized to have outstanding $9.4 billion of Building Aid Revenue Bonds, which are secured by State building aid and are not chargeable against the City's constitutional debt limit.

The following table sets forth the calculation of debt-incurring power as of July 31, 2017.

		(In Thousands)
Total City Debt-Incurring Power under General Debt Limit		$98,241,450
Gross Debt-Funded	$37,651,031	
Less: Excluded Debt	(51,861)	
	37,599,170	
Less: Appropriations for Payment of Principal	(2,188,607)	
	35,410,563	
Contracts and Other Liabilities, Net of Prior Financings Thereof	11,560,224	
Total City Indebtedness		46,970,787
TFA Debt Outstanding above $13.5 billion		18,491,230
Debt-Incurring Power		$32,779,432

Note: Numbers may not add due to rounding.

Federal Bankruptcy Code

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

Public Benefit Corporation Indebtedness

City Financial Commitments to PBCs

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

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

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

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

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

Certain PBCs are further described below.

New York City Educational Construction Fund

As of June 30, 2017, $235.9 million principal amount of ECF bonds to finance costs related to the school portions of combined occupancy structures was outstanding. Under ECF's leases with the City, debt service on the ECF bonds is payable by the City to the extent third party revenues are not sufficient to pay such debt service.

Dormitory Authority of the State of New York

As of June 30, 2017, $425.4 million principal amount and $571 million principal amount of DASNY bonds issued to finance the design, construction and renovation of court facilities and health facilities, respectively, in the City were outstanding. The court facilities and health facilities are leased to the City by DASNY, with lease payments made by the City in amounts sufficient to pay debt service on DASNY bonds and certain fees and expenses of DASNY.

City University Construction Fund

As of June 30, 2017, approximately $107.9 million principal amount of DASNY bonds, relating to Community College facilities, subject to capital lease arrangements was outstanding. The City and the State are each responsible for approximately one-half of the CUCF's annual rental payments to DASNY for Community College facilities which are applied to the payment of debt service on the DASNY's bonds issued to finance the leased projects plus related overhead and administrative expenses of DASNY.

For further information regarding the particular PBCs included in the City's financial statements, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note A."

SECTION IX: PENSION SYSTEMS AND OPEB

Pension Systems

The City maintains five actuarial pension systems, providing benefits for its employees and employees of various independent agencies (including certain Covered Organizations). Such systems consist of the New York City Employees' Retirement System ("NYCERS"), the Teachers' Retirement System of the City of New York ("TRS"), the New York City Board of Education Retirement System ("BERS"), the New York City Police Pension Fund ("PPF") and the New York City Fire Pension Fund ("FPF") (together, the New York City Retirement Systems, "NYCRS"). Members of these actuarial pension systems are categorized into tiers depending on date of membership. The systems combine features of defined benefit pension plans with those of defined contribution pension plans. Three of the five actuarial pension systems (NYCERS, TERS and BERS) are cost-sharing multiple employer systems that include public employees who are not City employees. Each public employer in these multiple employer systems has primary responsibility for funding and reporting in the employer's financial statements on its share of the systems' liabilities. Total membership in the City's five actuarial pension systems on June 30, 2014 consisted of approximately 366,000 active employees and approximately 326,000 retirees and beneficiaries receiving benefits and other vested members terminated but not receiving benefits. The City also contributes to three other pension systems, maintains a closed non-actuarial retirement program for certain retired individuals not covered by the five actuarial pension systems, provides other supplemental benefits to retirees and makes contributions to certain union annuity funds.

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

City Pension Contributions

The City has consistently made its full statutorily required pension contributions based on then-current actuarial valuations. For fiscal years 2015 and 2016, the City's pension contributions for the five actuarial pension systems, plus other pension expenditures, were approximately $8.6 billion and $9.3 billion, respectively, and were in addition to employee contributions. For fiscal years 2015 and 2016, 55% and 57%, respectively, of the City pension contributions for such years were attributable to the amortizations of Unfunded Actuarial Accrued Liability ("UAAL") described herein, see "—*Actuarial Assumptions and Methods*" below.

For the 2016 fiscal year, the City's total annual pension contribution expenditures, including pension costs not associated with the five actuarial pension systems, plus Social Security tax payments by the City for the year, were approximately 45% of total wage and salary costs. In addition, contributions are made by certain component units of the City and other government units directly to the three cost-sharing multiple employer actuarial pension systems on behalf of their participating employees and retirees.

Annual pension contributions for each system are determined by the Actuary using actuarial methods and assumptions that provide for orderly budgeting and planning, and that differ from the assumptions and methodologies used in financial reporting. The annual statutorily required pension contribution has four major cost components: (i) the service or normal cost, which is the cost of the future liability associated with pension benefits earned that year; (ii) scheduled amortization of the initial UAAL established as of June 30, 2011; (iii) amortization of positive or negative adjustments to UAAL from factors such as net investment returns above or below the assumed rate of return, changes in or deviations from actuarial assumptions and methods, and changes in benefits; and (iv) administrative expenses. Investment earnings reflect the impact of transfers within each pension system between the QPP and other employee benefit funds, including TDA Programs and VSFs, and within each QPP with regard to certain supplemental, voluntary member contribution accounts, as discussed below.

For further information on phasing in of changes in UAAL, see "—*Actuarial Assumptions and Methods*" below. For further information on potential transfers within the pension systems, see "—*Fiduciary Fund Reporting*" below.

Each year, the Actuary provides each NYCRS with preliminary and final appropriation amounts equal to the statutorily required pension contribution for its respective QPP. For the NYCRS that are multi-employer plans, the Actuary also provides a schedule of allocations among the participating employers. The Boards of Trustees of each QPP vote to adopt the appropriation amount and the participating employers are billed. Interest is charged on late payments, if any.

The following table summarizes the components of City pension contributions by system for fiscal years 2015 and 2016.

Fiscal Year 2015
($ Millions)

	NYCERS[(1)]	TRS[(2)]	BERS[(3)]	PPF	FDPF
Entry Age Normal Cost	$ 833.4	$1,023.0	$118.7	$1,258.8	$415.8
Initial UAAL Contribution	909.6	1,643.3	107.7	1,084.6	582.6
Subsequent UAAL Contribution	(12.7)	477.1	21.5	(53.9)	(9.6)
Administrative Expenses	28.1	37.5	10.2	20.1	N/A
Interest on Late Employer Contributions	—	—	—	—	—
Total	$1,758.4	$3,180.9	$258.1	$2,309.6	$988.8

Fiscal Year 2016
($ Millions)

	NYCERS[(1)]	TRS[(2)]	BERS[(3)]	PPF	FDPF
Entry Age Normal Cost	$ 860.8	$1,056.7	$123.0	$1,266.0	$ 421.2
Initial UAAL Contribution	936.9	1,692.5	110.9	1,117.2	600.0
Subsequent UAAL Contribution	16.6	803.1	20.4	(9.3)	33.3
Administrative Expenses	29.0	42.0	11.2	20.0	N/A
Interest on Late Employer Contributions	—	—	—	—	—
Total	$1,843.3	$3,594.3	$265.5	$2,393.9	$1,054.5

(1) Includes the New York City School Construction Authority, Transit Police and CUNY Community Colleges.

(2) Includes CUNY Community Colleges.

(3) Includes the New York City School Construction Authority and CUNY Community Colleges.

The Financial Plan reflects projected City pension contributions of $9.395 billion, $9.572 billion, $9.871 billion, $9.943 billion and $10.005 billion for fiscal years 2017 through 2021, respectively. These projections are based on the valuation from the Actuary as of June 30, 2016 data. The pension contributions projected in the Financial Plan reflect changes to funding assumptions and methods first implemented in 2012 as recommended by the Actuary and adopted by the boards of trustees of each of the City's five actuarial pension systems. The Financial Plan also reflects amortization of subsequent positive or negative adjustments to UAAL as described above, including the phase-in of QPP investment earnings in fiscal years 2011 – 2016, as calculated by the Actuary. Investment earnings varied by system and are calculated differently from the investment performance reported by the Comptroller's office, as described below. The adjustments to UAAL reflected in the Financial Plan also include increased pension contributions resulting, in part, from recommendations of an independent actuarial auditor engaged, pursuant to the City Charter, to review actuarial methods and assumptions every two years, as described below. Such changes to actuarial methods and assumptions resulted in an annual increase of approximately $600 million to the City's annual pension contribution starting in fiscal year 2016.

The Comptroller's office reports investment returns using the time-weighted calculation methodology, which facilitates measurement of relative performance across systems. Using this methodology, aggregate returns on investment assets advised by the Comptroller's office for fiscal years 2011 to 2016 were 23.23%, 1.37%, 12.12%, 17.48%, 3.15%, and 1.46%, respectively. Returns in fiscal years 2011 through 2014 were gross of public market fees and net of private market fees. Returns for fiscal years 2015 and 2016 were net of all investment fees. These returns varied by pension system. Investment performance for fiscal year 2017 is estimated at approximately 13%.

These reported returns refer only to those investment assets of the pension systems for which the City Comptroller's office is the investment advisor. These investment assets exclude certain QPP funds advised outside the Comptroller's office, and include pension system assets outside the QPPs. The returns do not reflect the impact of transfers within each pension system between the QPP and other employee benefit funds, such as TDAs and VSFs, or within each QPP with regard to certain supplemental, voluntary member contribution accounts. Such transfers can be material, and, as such, the earnings used by the Actuary in determining required City contributions may differ materially from the earnings implied by the investment-only rates of return above.

Actuarial Assumptions and Methods

This section describes the actuarial assumptions and methods used for determining the City's pension contributions. As mentioned previously, these actuarial assumptions and methods may differ from those used for financial reporting, or for other pension system administrative purposes.

An actuarial valuation requires an initial set of information and assumptions about future events. Pursuant to the City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarial pension systems are conducted by an independent actuarial firm every two years. Such studies assess the reasonableness of the Actuary's calculations of the employer contributions and make recommendations about actuarial methods and assumptions. The Actuary may recommend changes to methods and assumptions based on these studies. In addition, every four to seven years, the Actuary conducts a full review of the actuarial assumptions and methods used to fund the NYCRS. These reviews lead to recommendations that are set forth in formal reports. Based on the results of these reviews, from time to time the Actuary makes changes to the actuarial assumptions and methods that are set forth in formal reports. The most recent of these reports are referred to as the "Silver Books" and were published during February 2012. The Silver Books presented the recommendations of the Actuary for determining employer contributions to the NYCRS, and where applicable, Net Pension Liabilities of the NYCRS, beginning in fiscal year 2012.

The implementation of the Actuary's Silver Books recommendations involved adoption of the tabular (i.e., demographic) assumptions by the Boards of Trustees of the NYCRS; enactment of legislation by the New York State Legislature and Governor for the Actuarial Interest Rate, Actuarial Cost Method, and Amortization Period and Method for any UAAL; and establishment of an Actuarial Asset Value ("AAV") by the Actuary.

The actuarial methods and assumptions adopted in 2012 included an Actuarial Interest (discount) Rate assumption of 7% per annum which is based on investment earnings net of investment expenses, updated mortality tables (which were updated again in December 2015, as discussed below) to account for longer life expectancy, and the use of the Entry Age Actuarial Cost Method. The initial UAAL recognized as a result of such changes in assumptions and methods, excluding the December 2015 mortality change, is being amortized, with interest of 7% through City contributions over a 22-year period that commenced in fiscal year 2012 with dollar payments increasing at a rate of 3% per year.

Under the 2012 methods and assumptions, emerging unfunded liabilities are recognized and amortized over closed, fixed periods using level dollar payments. Future UAAL attributable to actuarial gains and losses is amortized over 15 years; future UAAL attributable to changes in actuarial assumptions and methods is amortized over 20 years; future changes in UAAL attributed to benefit improvements is amortized over periods reasonably consistent with the remaining working lifetimes of those impacted; and investment earnings above or below expectation are reflected in City pension contributions in two stages: first, the annual earnings above or below expectation are phased in to the actuarial value of assets over a six-year period, with 15% of the total recognized per year in years 1-4 and 20% per year in years 5 and 6. Second, the portion recognized in each year is then amortized over a 15-year period for the purpose of calculating the City's annual pension contributions. The Actuary uses investment earnings in this calculation and does not calculate an investment rate of return. The Actuarial Asset Value is calculated as a modified six-year moving average of the market value of assets, starting with the market value reset as of June 30, 2011.

The 2012 methods and assumptions included continued use of the One Year Lag methodology, where census data and asset information as of the June 30 second preceding a fiscal year is used to determine the employer contribution for that fiscal year. For example, for the fiscal year 2016 pension contribution calculation, employee data and the AAV as of June 30, 2014 were used. On October 23, 2015, an independent actuarial auditor released a report analyzing experience for the four-year and ten-year periods ended June 30, 2013. Such report confirmed that the Actuary's calculations of employer contributions for fiscal year 2014 and that investment return assumptions were reasonable and appropriate, but recommended the consideration of changes to the mortality, overtime, and investment return assumptions.

In December 2015, the Actuary proposed updated post-retirement mortality assumptions for use in determining employer QPP contributions beginning in fiscal year 2016. The Boards of Trustees of each of the five actuarial pension systems adopted the proposed assumptions. In addition, beginning in fiscal year 2016, the Actuary revised the Actuarial Asset Valuation Method to constrain the Actuarial Asset Value to be no more than 120% and no less than 80% of the market value of assets, known as a 20% corridor.

The Actuary continues to review the report's other findings and recommendations and continues to monitor the appropriateness of all actuarial assumptions.

The Silver Books are available on the web site of the New York City Office of the Actuary (www.nyc.gov/actuary). Such website, and the information and links contained therein, are not incorporated into, and are not part of, this section.

Financial Reporting

City Pension Fund Financial Reporting

The City accounts for its pensions consistent with the requirements of GASB. In fiscal year 2014, the City implemented GASB 68. The GASB 68 standards apply to actuarial calculations for financial reporting but not to the actuarial calculation of annual City employer pension contributions, which continue to be determined as described above. The City implemented GASB 68 concurrently with the implementation by the five major actuarial pension systems of GASB 67.

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

Under GASB 68, net pension liabilities are reported on employers' Government-Wide Statements of Net Assets when the fair value of pension assets falls short of actuarially calculated liabilities, when both are measured as of the same date (fiscal year end). For the cost-sharing multiple employer pension systems, only the City share of net pension liabilities is reported in the Government-Wide Statement of Net Assets. In the Government-Wide financial statements in the fiscal year 2016 CAFR, the City's net pension liabilities were reported as $53.1 billion and $64.8 billion as of June 30, 2015 and 2016, respectively. The City's share of plan fiduciary net position, $124.2 billion and $123.4 billion, represented 70.1% and 65.6% of the City's total pension liabilities as of June 30, 2015 and 2016, respectively.

The reported net pension liabilities do not include future payments on fixed return TDA funds, described below, where the statutory rate of interest for members is higher than the assumed 7% return on QPP assets.

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

Fiduciary Fund Reporting

The fiscal year 2016 CAFR contains Fiduciary Funds financial statements for each of the five actuarial pension systems. These financial statements report on the entirety of the five systems, not just the City share. Each of the five actuarial pension systems administers programs in addition to its respective QPP, and these programs are also reported as part of each system's financial statements in the Fiduciary Fund financial statements. For fiscal year 2015, the City reported that the five actuarial pension systems had, in aggregate, a net position (assets plus deferred outflows, less liabilities and deferred inflows) of $178.4 billion, of which $145.8 billion was restricted for QPPs, $28.8 billion was restricted for TDAs, and $3.8 billion was restricted for VSFs. For fiscal year 2016, the City reported that the five actuarial pension systems had, in aggregate, a net position of $179.6 billion, of which $146.9 billion was restricted for QPPs, $30.1 billion was restricted for TDAs, and $2.6 billion was restricted for VSFs. For further information, see "APPENDIX B—FINANCIAL STATEMENTS—Pension and Other Employee Benefit Trust Funds Combining Statement of Fiduciary Net Position."

In addition to the QPPs, TRS and BERS administer TDA Programs. Benefits provided under the TDA programs are derived from members' accumulated contributions. No direct contributions are provided by employers. However certain investment and benefit options, if selected by TDA members, may indirectly affect employer financial obligations, as described below. As of June 30, 2015 and 2016, the total fiduciary net position restricted for TDA benefits was $28.8 billion and $30.1 billion, respectively. Each of the TDA Programs has at least two investment options, broadly categorized as a fixed return fund and one or more variable return funds.

Deposits from members' TDA Program accounts into the fixed return funds are used by the respective QPP to purchase investments, and such TDA Program accounts are credited with a statutory rate of interest, currently 7% for United Federation of Teachers members and 8.25% for all other members. If earnings on the respective QPP are less than the amount credited to the TDA Program members' accounts, the higher cost to the QPP could require additional payments by the City to the pension funds. If the earnings are higher, then lower payments by the City to the pension funds could be required. The City's pension fund contribution methodology described above incorporates these effects.

All investment securities purchased and invested by the QPPs with TDA Programs' fixed return funds' balances are owned and reported by the QPP. A receivable due from the respective QPP equal in amount to the aggregate original principal amounts contributed by TDA Programs' members to the respective fixed return funds, plus accrued interest at the statutory rate, is owned by each of the TDA Programs. The balances of TDA Program fixed return funds held by the TRS QPP as of June 30, 2015 and 2016 were $18.7 billion and $20.3 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 $1.4 billion, respectively. The balances of TDA Program fixed return funds held by the BERS QPP as of June 30, 2015 and 2016 were $1.1 billion and $1.3 billion, respectively, and interest paid on TDA Program fixed return funds by the BERS QPP for the years then ended were $85.1 million and $94.8 million, respectively. Deposits from members' TDA Program accounts into the variable return funds are credited with actual returns on the underlying investments of the specific fund selected. Members may reallocate all or a part of their TDA Program contributions between the fixed and variable return funds on a quarterly basis.

Retired TDA members may make withdrawals from their TDA accounts or elect to take the balance in the form of an annuity that is calculated based on a statutory rate of interest and mortality assumptions, which are separate and different from the mortality assumptions used in pension liability calculations. Once an annuity has been selected by a member, the payment of those benefits is guaranteed by the QPP.

In addition, certain Tier I and Tier II pension plan members have the right to make supplemental, voluntary member contributions into the QPPs. These contributions are credited with interest at rates set by statute or, for certain employees that may choose variable return investments, the actual return, and may be withdrawn or annuitized at retirement. In general, the assets and liabilities associated with these member contributions are included in the reported assets and actuarially-determined net pension obligations of the respective plans.

Ultimately, investment earnings of the fixed rate funds that are less than the amounts credited to the members could result in additional required contributions by the City to the pension funds and investment earnings that are greater than the amounts credited to the members could result in lower required contributions by the City to the pension funds.

Pursuant to State law, certain retirees of NYCERS, PPF and FPF are eligible to receive scheduled supplemental benefits from VSFs. Under some circumstances where assets in the VSFs are insufficient, NYCERS, PPF and FPF are required to transfer assets to their respective VSFs to fund those payments that are statutorily guaranteed. The effects of these transfers are included by the Office of the Actuary in calculating required employer contributions to the pension funds. However under current State law, the VSFs are not pension funds or retirement systems and are subject to change by the State legislature.

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

Other Post-Employment Benefits

Post-Employment benefits other than pensions provided to eligible retirees of the City and their eligible beneficiaries and dependents include health insurance, Medicare Part B premium reimbursements and welfare fund contributions. In the Government-Wide financial statements in the fiscal year 2016 CAFR, the City's OPEB liabilities were reported as $85.5 billion and $89.4 billion as of June 30, 2015 and 2016, respectively. See "APPENDIX B—FINANCIAL STATEMENTS—Note E.4." There is no requirement to fund the OPEB obligation.

In June 2015, GASB issued Statement No. 74 ("GASB 74") and Statement No. 75 ("GASB 75"), which update financial reporting standards for state and local government OPEB Plans. GASB 74 applies to financial reporting by post-employment benefit plans and GASB 75 covers reporting on post-employment benefit plans by employers. GASB 74 and GASB 75 are effective for financial statements for fiscal years beginning after June 15, 2016 and June 15, 2017, respectively. The City is evaluating the impact of GASB 74 and GASB 75 on its financial statements. The implementation of GASB 74 and GASB 75 may cause a material increase in reported OPEB liability. On or about September 15, 2017, the Actuary expects to release a report containing the City's OPEB liability as of June 30, 2017 which will reflect the implementation of GASB 74 and GASB 75.

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

SECTION X: OTHER INFORMATION

Litigation

The following paragraphs describe certain material legal proceedings and claims involving the City and Covered Organizations other than routine litigation incidental to the performance of their governmental and other functions and certain other litigation arising out of alleged constitutional violations, torts, breaches of contract and other violations of law and condemnation proceedings. While the ultimate outcome and fiscal impact, if any, on the City of the proceedings and claims described below are not currently predictable, adverse determinations in certain of them might have a material adverse effect upon the City's ability to carry out the Financial Plan. The City has estimated that its potential future liability on account of outstanding claims against it as of June 30, 2016 amounted to approximately $7.1 billion. See "SECTION VII: FINANCIAL PLAN—Assumptions—*Expenditure Assumptions*—2. OTHER THAN PERSONAL SERVICES COSTS—*Judgments and Claims.*"

Taxes

1. Numerous real estate tax *certiorari* proceedings alleging overvaluation, inequality and illegality are pending against the City. Based on historical settlement activity, and including an estimated premium for inequality of assessment, the City estimates its potential future liability for outstanding *certiorari* proceedings to be $982 million at June 30, 2016. For a discussion of the City's accounting treatment of its inequality and overvaluation exposure, see "APPENDIX B—FINANCIAL STATEMENTS—Notes to Financial Statements—Note D.5."

2. Con Edison has challenged the City's method of valuation for determining assessments of certain of its properties in two separate actions. Con Edison has challenged the City's tax assessments on its Manhattan power plants and equipment for tax years 1994/1995 through 2016/2017 and the special franchise assessments on its electric, gas and steam equipment located in the public right of way for tax years 2009/2010 through 2016/2017. With respect to the East 74th Street power plant, a settlement has been finalized in the approximate amount of $31,000,000, which will be disbursed from the City's monies appropriated for such expenditures. The challenges could result in substantial real property tax refunds in fiscal years 2018 and beyond.

3. Tax Equity Now New York LLC (composed of certain advocacy groups and owners and tenants of properties in the City) commenced an action on April 24, 2017 against the City and the State. The action alleges that the City's real property tax system violates the State and federal constitutions as well as the Fair Housing Act. The action further alleges the valuation methodology as mandated by certain provisions of the State Real Property Tax Law results in a disparity and inequality in the amount of taxes paid by black and hispanic Class 1 property owners and renters. The City plans to mount a vigorous defense against all claims made in the action.

Miscellaneous

1. Complaints on behalf of approximately 11,900 plaintiffs alleging respiratory or other injuries from alleged exposures to World Trade Center dust and debris at the World Trade Center site or the Fresh Kills landfill were commenced against the City and other entities involved in the post-September 11 rescue and recovery process. Plaintiffs include, among others, Department of Sanitation employees, firefighters, police officers, construction workers and building clean-up workers. The actions were consolidated in federal District Court pursuant to the Air Transportation and System Stabilization Act, which grants exclusive federal jurisdiction for all claims related to or resulting from the September 11 attack. A not-for-profit "captive" insurance company, WTC Captive Insurance Company, Inc. (the "WTC Insurance Company") was formed to cover claims against the City and its private contractors relating to debris removal work at the World Trade Center site and the Fresh Kills landfill. The WTC Insurance Company was funded by a grant from the Federal Emergency Management Agency in the amount of $999,900,000. On June 10, 2010, the WTC Insurance Company announced that a settlement was reached with attorneys for the plaintiffs. On November 19, 2010, District Court Judge Hellerstein announced that more than the required 95% of plaintiffs agreed to the settlement, thus making it effective. Approximately $700 million has been paid under the settlement, leaving residual funds of approximately $290 million to insure and defend the City and its contractors against any new claims. Since the applicable statute of limitations runs from the time a person learns of his or her injury or should reasonably be aware of the injury, additional plaintiffs may bring lawsuits in the future for late emerging cancers, which could result in substantial damages. No assurance can be given that the remaining insurance will be sufficient to cover all liability that might arise from such claims.

2. In 1996, a class action was brought against the City Board of Education and the State under Title VII of the Civil Rights Act of 1964 alleging that the use by the Board of Education of two teacher certification examinations mandated by the State had a disparate impact on minority candidates. In 2006, the United States Court of Appeals for the Second Circuit dismissed the claims against the State. In December 2012, the District Court decided a controlling legal question against the City. On February 4, 2013, the Second Circuit affirmed the District Court's decision. The District Court has appointed a Special Master to oversee claimants' individualized hearings both as to damages and eligibility for Board of Education employment. The hearings relate to members of the class that took

the Liberal Arts and Science Test ("LAST") from 1996 to 2004. Currently, 3,916 such individuals have submitted claim forms and may be eligible for damages. On June *5,* 2015, the Court ruled that a second version of LAST, LAST-2, that was administered from 2004 to 2014, violated Title VII because it did not measure skills necessary to do the job. In August 2015, the Court found that the State's new teacher certification test, the Academic Literacy Skills Test (ALST), administered since Spring 2014, was not discriminatory and evaluated skills necessary to do the job. The plaintiffs could seek to expand the damages class with respect to LAST-2. If approved by the Court, the extent to which this would extend the class is not known at this time. The potential cost to the City is uncertain at this time but could be significant.

3. The Office of Inspector General of the United States Department of Health and Human Services ("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 OIG, extrapolating from the case sample, estimated that the State improperly claimed $275.3 million in federal Medicaid reimbursement during the audit period and recommended to the Center for Medicare and Medicaid Services ("CMS") that it seek to recoup that amount from the State. To the City's knowledge, CMS has not taken any action to recover amounts from the State based on the findings in this audit, but no assurance can be given that it will not do so in the future.

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

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

5. In July 2014 disability rights advocates organizations and disabled individuals commenced a putative class action against the City in the United States District Court for the Southern District of New York. Plaintiffs allege, among other matters, that the City has not complied with certain requirements of the Americans with Disabilities Act with respect to the installation, configuration and maintenance of curb ramps on sidewalks and requirements for sidewalk walkways in general in Manhattan south of 14th Street. If plaintiffs were to prevail, the City could be subject to substantial compliance costs.

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

7. In late 2015, a putative class action was filed against the City and the New York City Taxi and Limousine Commission alleging numerous commercial claims in connection with the November 2013 and February 2014

auctions of wheelchair accessible taxi medallions. Plaintiffs allege that the New York City Taxi and Limousine Commission negligently posted false information about average medallion transfer prices in advance of the auction falsely inducing plaintiffs to bid higher amounts for their medallions as well as failed to inform prospective bidders that the New York City Taxi and Limousine Commission would allow black cars to utilize electronic apps to prearrange rides, which plaintiffs argue violates their street hail exclusivity. In June 2017, the City's motion for summary judgment was granted due to plaintiff's failure to file notices of claim with the Office of the City Comptroller. The plaintiffs have sought to appeal that ruling. On January 31, 2017 and on March 23, 2017 in State Supreme Court, Queens County, a second and a third putative class action were filed alleging similar claims. The City intends to challenge these newly filed cases. If a class of plaintiffs who purchased medallions at the auctions were certified and were to prevail in any of the three described cases, damages of several hundred million dollars could be sought.

8. In an action filed in late November 2015, plaintiffs, which consist of owners of independent taxi medallions and an owner-advocacy group, challenged the constitutionality of the New York City Taxi and Limousine Commission's rule requiring taxi medallion owners to place wheelchair accessible taxis on the street by 2020. In August 2016, the City's motion for summary judgment was granted. Plaintiffs filed a motion for reconsideration of that decision and that motion has been pending since November 2016. The potential cost to the City is uncertain at this time but could be significant if plaintiffs were to prevail.

9. In an action filed in December 2015, plaintiffs that include owners of taxi medallions, taxi drivers, groups that finance taxi medallions, and taxi medallion interest groups, raised numerous constitutional claims challenging regulations on taxi medallions that allegedly are not applied to other for hire vehicle transportation that utilize apps for their service. In March 2017, the City was granted its motion to dismiss. The plaintiffs have appealed that ruling, and briefing to the U.S. Court of Appeals for the Second Circuit is underway. If the plaintiffs were to ultimately prevail, the City could be subject to substantial liability.

Environmental Matters

On Monday, October 29, 2012, Sandy hit the Mid-Atlantic East Coast. The storm caused widespread damage to the coastal and other low lying areas of the City and power failures in various parts of the City, including most of downtown Manhattan. 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. 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 the direct costs to the City, NYCHH and NYCHA is approximately $10.4 billion (comprised of approximately $2.0 billion of expense funding and approximately $8.4 billion of capital funding). Such direct costs represent funding for emergency response, debris removal, emergency protective measures, repair of damaged infrastructure and long-term hazard mitigation investments. In addition, the City is delivering Sandy-related disaster recovery assistance services, benefiting impacted communities, businesses, homeowners and renters, which the City anticipates will be fully reimbursed by federal funds.

The Financial Plan assumes that the direct costs described above will largely be paid from non-City sources, primarily the federal government, and that the disaster assistance services costs described above will be fully reimbursed by federal funds. The City expects reimbursements to come from two separate federal sources of funding, FEMA and HUD. The maximum reimbursement rate from FEMA is 90% of total costs. Other funding sources may have larger local share percentages. The City expects to use $736 million of Community Development Block Grant Disaster Recovery funding allocated by HUD 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. As of early July 2017, the City, NYCHH and NYCHA have received $2.1 billion in reimbursements from FEMA for the direct costs described above. In addition, HUD has made available over $4.2 billion, of which over $1.7 billion has been received through early July 2017 for the direct costs and disaster recovery assistance services described above. 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 June 2013, the City released a report, updated in April 2015 with the release of One New York: the Plan for a Strong and Just City, which analyzed the City's climate risks and outlined certain recommendations to address those risks (the "Report"). The Report is updated on an annual basis, with the last update released April 21, 2017. The Report, as updated, outlines a climate resiliency plan costing in excess of $20 billion covering over 1,000 individual projects citywide. The Report includes City and non-City assets and programs, and reflects both expense and capital funding from the City and from other sources. City capital funding for City infrastructure and coastal protection is included in the Ten Year Capital Strategy, and the City has secured significant federal relief for long-term recovery, largely from FEMA and HUD. However, there are currently approximately $5 billion in unfunded climate resiliency proposals set forth in the Report, particularly for investments in the City's coastal protection plan and resiliency retrofits for buildings, which are not currently funded. These proposals would require increased federal or other funding and increased City capital or expense funding.

Superfund Designations

On March 2, 2010, the United States Environmental Protection Agency ("EPA") listed the Gowanus Canal (the "Canal"), a waterway located in the City, as a federal Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). EPA considers the City a potentially responsible party ("PRP") under CERCLA, based on contaminants from currently and formerly City-owned and operated properties, as well as from the City's combined sewer overflows ("CSOs"). On September 30, 2013 EPA issued the Record of Decision ("ROD") for the Canal, setting forth requirements for dredging contaminated sediment in the Canal and covering it with a cap as well as source control requirements. The ROD requires that two CSO retention tanks be constructed as part of the source control component of the remedy. EPA estimates that the costs of the tanks will be approximately $85 million and the overall cleanup costs (to be allocated among potentially responsible parties) will be $506 million. The City anticipates that the actual cleanup costs could substantially exceed EPA's cost estimate. On May 28, 2014, EPA issued a unilateral administrative order requiring the City to design major components of the remedy for the Canal, including the CSO retention tanks, remediation of the First Street basin (a currently filled-in portion of the Canal), and storm water controls. As required under the Unilateral Order, the City submitted its siting recommendations for the CSO tanks to EPA on June 30, 2015. As set forth in a consent order which was fully executed on June 9, 2016, EPA agrees with the City's preferred location for one of the tanks and, with respect to the other tank, EPA has directed the City to site the tank at the City's preferred location subject to certain milestones. In addition, the City is participating in an ongoing arbitration process with approximately 20 other parties to determine each party's share of liability for the design of the in-canal (dredging and capping) portion of the remedy.

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

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

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

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

Tax Matters

The Bonds – New York Personal Income Tax Exemption

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

Tax-Exempt Bonds

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

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

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

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

The initial public offering price of certain Tax-Exempt Bonds (the "Discount Bonds") may be less than the amount payable on such Tax-Exempt Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Tax-Exempt Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income. Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

The purchase price of certain Tax-Exempt Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Tax-Exempt Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

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

Taxable Bonds

General. The following is a general summary of certain federal income tax consequences of the purchase and ownership of the Taxable Bonds. The discussion is based upon the Code, U.S. Treasury Regulations, rulings, and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretation. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a Taxable Bond by a Beneficial Owner thereof. Further, this summary does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the Taxable Bonds in light of the investor's particular circumstances (for example, persons subject to the alternative minimum tax provisions of the Code), or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax-exempt organizations and entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the Taxable Bonds, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass-through entities, certain hybrid entities and owners of interests therein, persons who acquire Taxable Bonds in connection with the performance of services, or persons deemed to sell Taxable Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or U.S. federal tax laws other than U.S. federal income tax law. The summary is limited to certain issues relating to initial investors who will hold the Taxable Bonds as "capital assets" within the meaning of Section 1221 of the Code, and acquire such Taxable Bonds for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to Beneficial Owners of the Taxable Bonds who are United States persons within the meaning of Section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the Service will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN, AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF THE TAXABLE BONDS.

Stated Interest and Reporting of Interest Payments. The stated interest on the Taxable Bonds will be included in the gross income, as defined in Section 61 of the Code, of the Beneficial Owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the Beneficial Owners thereof. Subject to certain exceptions, the stated interest on the Taxable Bonds will be reported to the Service. Such information will be filed each year with the Service on Form 1099 which will reflect the name, address, and taxpayer identification number ("TIN") of the Beneficial Owner. A copy of Form 1099 will be sent to each Beneficial Owner of a Taxable Bond for federal income tax purposes.

Medicare Contribution Tax. Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over $200,000 for unmarried individuals ($250,000 for married couples filing a joint return and a surviving spouse). Beneficial Owners of the Taxable Bonds should consult with their own tax advisors concerning this additional tax, as it may apply to interest earned on the Taxable Bonds as well as gain on the sale of a Taxable Bond.

Backup Withholding. Under Section 3406 of the Code, a Beneficial Owner of the Taxable Bonds who is a United States person may, under certain circumstances, be subject to "backup withholding" (currently at a rate of 28 percent) on current or accrued interest on the Taxable Bonds or with respect to proceeds received from a disposition of the Taxable Bonds. This withholding applies if such Beneficial Owner of Taxable Bonds: (i) fails to furnish to the payor such Beneficial Owner's social security number or other TIN; (ii) furnishes the payor an incorrect TIN; (iii) fails to report interest properly; or (iv) under certain circumstances, fails to provide the payor or such Beneficial Owner's broker with a certified statement, signed under penalty of perjury, that the TIN provided to the payor or broker is correct and that such Beneficial Owner is not subject to backup withholding. To establish status as an exempt person, a Beneficial Owner will generally be required to provide certification on IRS Form W-9 (or substitute form).

Backup withholding will not apply, however, if the Beneficial Owner is a corporation or falls within certain tax-exempt categories and, when required, demonstrates such fact. BENEFICIAL OWNERS OF THE TAXABLE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THEIR QUALIFICATION FOR EXEMPTION FROM BACKUP WITHHOLDING AND THE PROCEDURE FOR OBTAINING SUCH EXEMPTION, IF APPLICABLE. The backup withholding tax is not an additional tax and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the Service.

Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations. Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding of U.S. federal income tax by the payor at the rate of 30 percent on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such a Beneficial Owner of the Taxable Bonds is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest will be subject to 30 percent withholding, or any lower rate specified in an income tax treaty, unless such income is treated as "portfolio interest." Interest will be treated as portfolio interest if (i) the Beneficial Owner provides a statement to the payor certifying, under penalties of perjury, that such Beneficial Owner is not a United States person and providing the name and address of such Beneficial Owner, (ii) such interest is treated as not effectively connected with the Beneficial Owner's United States trade or business, (iii) interest payments are not made to a person within a foreign country which the Service has included on a list of countries having provisions inadequate to prevent United States tax evasion, (iv) interest payable with respect to the Taxable Bonds is not deemed contingent interest within the meaning of the portfolio debt provision, (v) such Beneficial Owner is not a controlled foreign corporation within the meaning of Section 957 of the Code, and (vi) such Beneficial Owner is not a bank receiving interest on the Taxable Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Taxable Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no withholding under Section 1441 and 1442 of the Code, and no backup withholding under Section 3406 of the Code is required with respect to Beneficial Owners or intermediaries who have furnished Form W-8 BEN, Form W-8 BEN-E, Form W-8 EXP, or Form W-8 IMY, as applicable, provided the payor has no actual knowledge or reason to know that such person is a United States person.

Foreign Account Tax Compliance Act. Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Taxable Bonds and sales proceeds of Taxable Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including original issue discount) and will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016 and (ii) certain "pass-thru" payments no earlier than January 1, 2017. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the Taxable Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.

ERISA Considerations

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between employee benefit plans under ERISA or tax qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and persons who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. In addition, each fiduciary of a Plan ("Plan Fiduciary") must give appropriate consideration to the facts and circumstances that are relevant to an investment in the Bonds, including the role that such an investment in the Bonds would play in the Plan's overall investment portfolio. Each Plan Fiduciary, before deciding to invest in the Bonds, must be satisfied that such investment in the Bonds is a prudent investment for the Plan, that the investments of the Plan, including the investment in the Bonds, are diversified so as to minimize the risk of large losses and that an investment in the Bonds complies with the documents of the Plan and related trust, to the extent such documents are consistent with ERISA. All Plan Fiduciaries, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Bond.

Ratings

The Bonds have been rated "Aa2" by Moody's Investors Service, Inc. ("Moody's"), "AA" by S&P Global Ratings ("S&P") and "AA" by Fitch, Inc. ("Fitch"). Such ratings reflect only the views of Moody's, S&P and Fitch from which an explanation of the significance of such ratings may be obtained. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the market prices of such bonds. A securities rating is not a recommendation to buy, sell or hold securities.

Legal Opinions

The legality of the authorization and issuance of the Bonds will be affirmed by the approving legal opinion of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel. Reference should be made to the form of such opinion as set forth in Appendix C hereto for the matters covered by such opinion and the scope of Bond Counsel's engagement in relation to the issuance of the Bonds.

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

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

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

Underwriting

The Tax-Exempt Bonds are being purchased for reoffering by the Underwriters for whom Siebert Cisneros Shank & Co., L.L.C., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, Jefferies LLC, J.P. Morgan Securities LLC, Loop Capital Markets, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Samuel A. Ramirez & Co., Inc. and RBC Capital Markets, LLC are acting as lead managers. The compensation for services rendered in connection with the underwriting of the Tax-Exempt Bonds will be $2,545,361.89, inclusive of expenses.

The Subseries B-2 Bonds will be purchased for reoffering by Merrill Lynch, Pierce, Fenner & Smith Incorporated, the Original Purchaser of such Bonds. The compensation for services rendered in connection with such Bonds will be $844,850.71, inclusive of expenses.

The Subseries B-3 will be purchased for reoffering by Jefferies LLC, the Original Purchaser of such Bonds. The compensation for services rendered in connection with such Bonds will be $252,365.00, inclusive of expenses.

The issuance of the Tax-Exempt Bonds and the Taxable Bonds are contingent on the other being issued, but not the issuance of the Adjustable Rate Bonds.

In addition, certain of the Underwriters have entered, and the Original Purchasers may have entered, into distribution agreements with other broker-dealers (that have not been designated by the City as Underwriters or are not the Original Purchasers) for the distribution of the Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter, or the Original Purchasers, will share a portion of its underwriting compensation or selling concession with such broker-dealers.

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

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

Continuing Disclosure Undertaking

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

(a) within 185 days after the end of each fiscal year, to the Electronic Municipal Market Access system ("EMMA") (www.emma.msrb.org) established by the Municipal Securities Rulemaking Board (the "MSRB"), core financial information and operating data for the prior fiscal year, including, (i) the City's audited general purpose financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data on the City's revenues, expenditures, financial operations and indebtedness generally of the type found herein in Sections IV, V, VIII and IX, and under the captions "2012-2016 Summary of Operations" in Section VI, provided that if the inclusion or format of such information is changed or new information is added in such sections in any future official statement, thereafter the information provided to EMMA will contain or include by reference information of the type included in that official statement as so changed or added; and

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

(1) principal and interest payment delinquencies;

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

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

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

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

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

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

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

(9) defeasances;

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

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the City; which event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other

proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City;

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

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

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

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

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

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

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

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

Any amendment to the Undertaking may only take effect if:

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

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

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

Financial Advisors

The City has retained Public Resources Advisory Group and Public Financial Management, Inc. to act as financial advisors with respect to the City's general obligation bond financing program and the issuance of the Bonds.

Financial Statements

The City's financial statements for the fiscal years ended June 30, 2016 and 2015 are included herein as APPENDIX B. Grant Thornton LLP, the City's independent auditor, has not reviewed, commented on or approved, and is not associated with, this Official Statement. The report of Grant Thornton LLP relating to the City's financial statements for the fiscal years ended June 30, 2016 and 2015, which is a matter of public record, is included in this Official Statement. However, Grant Thornton LLP has not performed any procedures on any financial statements or other financial information of the City, including without limitation any of the information contained in this Official Statement, since the date of such report and has not been asked to consent to the inclusion of its report in this Official Statement.

Further Information

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

Copies of the most recent financial plan submitted to the Control Board are at www.nyc.gov/omb. Copies of the published Comprehensive Annual Financial Reports of the Comptroller are available at www.comptroller.nyc.gov or upon written request to the Office of the Comptroller, Deputy Comptroller for Public Finance, Municipal Building, One Centre Street, New York, New York 10007. Financial plans are prepared quarterly, and the Comprehensive Annual Financial Report of the Comptroller is typically published at the end of October of each year.

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

THE CITY OF NEW YORK

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APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

New York City Economy

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

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

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

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

	Top Ten GDP by Metropolitan Area (millions of current dollars)				GDP Per Capita (2009 Dollars)
	2012	2013	2014	2015*	2015*
United States (metropolitan areas)	$14,516,387	$14,967,434	$15,606,598	$16,204,029	$52,896
New York-Newark-Jersey City, NY-NJ-PA	1,440,989	1,478,671	1,537,140	1,602,705	69,971
Los Angeles-Long Beach-Anaheim, CA.	805,023	843,758	879,960	930,817	62,826
Chicago-Naperville-Elgin, IL-IN-WI.	581,924	587,130	608,710	640,656	59,688
Houston-The Woodlands-Sugar Land, TX	469,925	504,708	522,028	503,311	70,797
Dallas-Fort Worth-Arlington, TX.	454,109	460,375	474,375	491,042	72,558
Washington-Arlington-Alexandria, DC-VA-MD-WV	430,194	452,668	478,572	485,683	63,197
San Francisco-Oakland-Hayward, CA.	372,610	384,375	408,067	431,704	81,347
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	371,295	381,662	397,137	411,161	60,662
Boston-Cambridge-Newton, MA-NH.	358,303	363,001	378,983	396,549	74,545
Atlanta-Sandy Springs-Roswell, GA	294,083	305,311	322,054	339,203	53,216

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

Personal Income

Total personal income for City residents, unadjusted for the effects of inflation and the differential in living costs, increased from 2006 to 2015 (the most recent year for which City personal income data are available). For the period from 2006 through 2008, personal income averaged 5.9% and 5.6% annual growth in the City and the nation, respectively. Total personal income in the City decreased by 3.4% in 2009 and increased by an average of 5.2% from 2010 through 2015. Total personal income in the nation decreased by 3.3% in 2009 and increased by an average of 4.2% from 2010 through 2015.

The following table sets forth information regarding personal income in the City from 2006 to 2015.

PERSONAL INCOME(1)

Year	Total NYC Personal Income ($ billions)	Per Capita Personal Income NYC	Per Capita Personal Income U.S.	NYC as a Percent of U.S.
2006	$378.0	$47,289	$38,144	124%
2007	409.5	51,099	39,821	128%
2008	412.9	51,176	41,082	125%
2009	398.8	49,042	39,376	125%
2010	412.6	50,368	40,277	125%
2011	446.8	53,920	42,453	127%
2012	476.2	56,925	44,267	129%
2013	492.6	58,387	44,462	131%
2014	519.8	61,186	46,414	132%
2015	540.4	63,196	48,112	131%

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

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

Employment

The City is a leading center for the banking and securities industry, life insurance, communications, fashion design, health care, education, technology, information services, hospitality and retail fields. Over the past two decades the City has experienced a number of business cycles. From 1992 to 2000, the City added 456,700 private sector jobs (growth of 17%). From 2000 to 2003, the City lost 173,100 private sector jobs (decline of 5%). From 2003 to 2008, the City added 257,400 private sector jobs (growth of 9%). From 2008 to 2009, the City lost 103,000 private sector jobs (decline of 3%). From 2009 to 2016, the City added 644,100 private sector jobs (growth of 20%). All such changes are based on average annual employment levels through and including the years referenced.

As of July 2017, total employment in the City was 4,450,900 compared to 4,344,100 in July 2016, an increase of 2.5% based on data provided by the New York State Department of Labor, which is not seasonally adjusted.

The table below shows the distribution of employment from 2007 to 2016.

EMPLOYMENT DISTRIBUTION

	Average Annual Employment (in thousands)									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Goods Producing Sectors										
Construction	127.3	132.7	120.8	112.5	112.3	116.1	122.2	129.2	139.3	146.3
Manufacturing	101.0	95.6	81.6	76.3	75.7	76.3	76.4	76.6	77.8	76.3
Service Producing Sectors										
Trade, Transportation & Utilities	570.6	574.6	552.7	559.7	575.6	590.5	605.0	620.6	630.2	629.4
Information	166.8	169.5	165.2	165.9	170.8	175.7	179.2	185.0	189.0	192.6
Financial Activities	467.2	464.6	433.9	428.3	439.1	438.8	437.5	449.2	459.3	465.8
Professional & Business Services	592.3	603.4	569.2	575.3	597.5	619.3	642.9	669.0	700.0	723.4
Education & Health Services	721.6	736.3	752.6	771.6	789.2	805.6	831.1	866.4	896.9	930.2
Leisure & Hospitality	297.8	310.2	308.5	322.2	342.2	365.7	385.4	408.5	427.8	437.6
Other Services	157.7	160.8	160.3	160.6	165.2	170.4	174.9	180.2	185.0	187.3
Total Private	3,202.2	3,247.7	3,144.7	3,172.5	3,267.5	3,358.5	3,454.5	3,584.7	3,705.2	3,788.8
Total Government	559.0	564.1	567.0	558.0	550.6	546.1	544.4	545.4	549.9	552.4
Total	3,761.2	3,811.8	3,711.7	3,730.5	3,818.1	3,904.6	3,998.9	4,130.1	4,255.1	4,341.2

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

Sectoral Distribution of Employment and Earnings

In 2015, the City's service producing sectors provided approximately 3.5 million jobs and accounted for approximately 82% of total employment. Figures on the sectoral distribution of employment in the City from 1980 to 2000 reflect a significant shift to the service producing sectors and a shrinking manufacturing base relative to the nation.

The structural shift to the service producing sectors affects the total earnings as well as the average wage per employee because employee compensation in certain of those sectors, such as financial activities and professional and business services, tends to be considerably higher than in most other sectors. Moreover, average wage rates in these sectors are significantly higher in the City than in the nation. In the City in 2015, the employment share for the financial activities and professional and business services sectors was approximately 28% while the earnings share for those same sectors was approximately 46%. In the nation, those same service producing sectors accounted for only approximately 20% of employment and 26% of earnings in 2015. Due to the earnings distribution in the City, sudden or large shocks in the financial markets may have a disproportionately adverse effect on the City relative to the nation.

The City's and the nation's employment and earnings by sector for 2015 are set forth in the following table.

SECTORAL DISTRIBUTION OF EMPLOYMENT AND EARNINGS IN 2015(1)

	Employment		Earnings(2)	
	NYC	U.S.	NYC	U.S.
Goods Producing Sectors				
Mining	0.0%	0.6%	0.0%	1.5%
Construction	3.3	4.5	3.3	5.8
Manufacturing	1.8	8.7	1.2	9.6
Total Goods Producing	5.1	13.8	4.6	17.0
Service Producing Sectors				
Trade, Transportation and Utilities	14.9	19.0	9.3	15.5
Information	4.5	1.9	7.3	3.4
Financial Activities	10.9	5.7	25.4	9.2
Professional and Business Services	16.6	13.9	21.0	17.0
Education and Health Services	20.6	15.5	11.6	12.7
Leisure & Hospitality	10.1	10.7	5.0	4.5
Other Services	4.4	4.0	3.2	3.7
Total Service Producing	81.9	70.7	82.8	66.0
Total Private Sector	87.0	84.5	88.3	83.3
Government(3)	13.0	15.5	11.7	16.7

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

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

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

(2) Includes the sum of wage and salary disbursements, other labor income and proprietor's income. The latest information available is 2015 data.

(3) Excludes military establishments.

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

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

SECTORAL DISTRIBUTION OF EMPLOYMENT AND EARNINGS(1)

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

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

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

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

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

(3) Excludes military establishments.

Unemployment

As of July 2017, the total unemployment rate in the City was 5.0%, compared to 5.6% in July 2016, based on data provided by the New York State Department of Labor, which is not seasonally adjusted. The annual unemployment rate of the City's resident labor force is shown in the following table.

ANNUAL UNEMPLOYMENT RATE(1)
(Average Annual)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
New York City	5.0%	5.6%	9.3%	9.5%	9.1%	9.3%	8.9%	7.3%	5.7%	5.2%
United States	4.6%	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%

Source: New York State Department of Labor and U.S. Department of Labor, Bureau of Labor Statistics.

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

Public Assistance

As of July 2017, the number of persons receiving cash assistance in the City was 365,493 compared to 369,303 in July 2016. The following table sets forth the number of persons receiving public assistance in the City.

PUBLIC ASSISTANCE

(Annual Averages in Thousands)

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
434.8	416.9	393.1	360.8	341.8	346.9	350.5	351.7	353.9	356.0	342.3	361.9	370.5

Taxable Sales

The City is a major retail trade market with the greatest volume of retail sales of any city in the nation. The sales tax is levied on a variety of economic activities including retail sales, utility and communication sales, services and manufacturing. Taxable sales and purchases reflects data from the State Department of Taxation and Finance publication "Taxable Sales and Purchases, County and Industry Data." The yearly data presented in this paragraph and the table below covers the period from March 1 of the year prior to the listed year through the last day of February of the listed year. Between 2003 and 2008, total taxable sales volume growth rate averaged 6.0%. From 2009 to 2010, total taxable sales volume decreased by 6.3%, reflecting a decline in consumption, as a result of local employment losses and the local and national recessions. Between 2010 to 2016, total taxable sales volume growth rate averaged 5.9% primarily as a result of an increase in consumption as a result of local employment gains and the local and national recoveries, as well as two sales tax base expansions enacted by the City, effective August 1, 2009.

The following table illustrates the volume of sales and purchases subject to the sales tax from 2006 to 2016.

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

Year(1)	Retail(2)	Utility & Communication Sales(3)	Services(4)	Manufacturing	Other(5)	All Total
2006	35.9	20.1	26.3	2.2	20.6	105.1
2007	33.4	19.1	28.1	2.4	23.7	106.7
2008	33.3	20.6	31.5	2.8	26.7	115.0
2009	31.3	22.0	31.8	2.7	25.9	113.6
2010	31.0	20.6	30.1	2.2	22.5	106.4
2011	36.6	21.4	33.7	4.6	20.1	116.4
2012	41.3	20.9	37.2	4.9	22.0	126.3
2013	41.2	20.6	39.2	5.2	23.3	129.5
2014	46.1	22.8	43.9	5.6	20.7	139.1
2015	47.3	23.1	47.3	5.8	22.2	145.7
2016	47.6	21.8	50.9	5.9	23.4	149.6

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

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

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

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

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

(5) Other sales include construction, wholesale trade, arts, entertainment and recreation, and others. Also included in other are local tax base components of City taxable sales and purchases which include Manhattan parking services, hotel occupancy services (stays 91 to 180 days), and miscellaneous services (credit rating and reporting services, miscellaneous personal services, and other services). Other includes items previously identified as "City Other" except for residential utility, which is reflected in "Utility and Communication Sales."

Population

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

POPULATION

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

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

The United States Census Bureau estimates that the City's population increased to 8,537,673 in July 2016.

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

DISTRIBUTION OF POPULATION BY AGE

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

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

Housing

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

HOUSING INVENTORY
(In Thousands)

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

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

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

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

APPENDIX B

FINANCIAL STATEMENTS

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Basic Financial Statements of the City of New York
June 30, 2016 and 2015

REQUIRED SUPPLEMENTARY INFORMATION—PART II-B

Schedule of Funds Held in Trust—PART III-B

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, and the aggregate remaining fund information of The City of New York ("The City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise The City's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of those entities disclosed in Note E.1 which represent 7 percent, (2) percent, and 5 percent, respectively, of the assets, net position and revenues of the government-wide financial statements, 100 percent of the assets, net position and revenues of the aggregate discretely presented component units, and 100 percent of the assets, fund balance and revenues of the aggregate remaining funds 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to The 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 purpose 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 audit 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, and the aggregate remaining fund information of The City of New York as of June 30, 2016, and the respective changes in financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

The financial statements of The City as of and for the year ended June 30, 2015, before the effects of the adjustments to restate the 2015 financial statements to correct an error described in note E.5, were audited by other auditors. Those auditors expressed an unmodified opinion on those 2015 financial statements (not presented herein) in their report dated October 29, 2015.

As part of our audit of the 2016 financial statements, we audited the aforementioned adjustments described in note E.5 to the financial statements that were applied to restate the 2015 financial statements to correct an error. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of The City other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements taken as a whole.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages B-9 through B-34, Schedule of Changes in the City's Net Pension Liability and Related Ratios for Single-Employer Pension Plans at June 30 on page B-141, Schedule of the City's Proportionate Share of the Net Pension Liabilities for Cost-Sharing Multiple-Employer Pension Plans at June 30 on page B-142, Schedule of City Contributions for all Pension Plans for Fiscal Years Ended June 30 on page B-143, and Schedule of Funding Progress for the New York City Other Postemployment Benefits Plan on page B-147 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures 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.

GRANT THORNTON LLP

New York, New York
October 31, 2016

MANAGEMENT’S DISCUSSION AND ANALYSIS

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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, 2016 and 2015. 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 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: Pension and Other Employee Benefit Trust Funds and Agency Funds.

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 2016, the City contributed approximately $2.9 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 2012-A
  - NYCTLT 2013-A
  - NYCTLT 2014-A
  - NYCTLT 2015-A
  - NYCTLT 2016-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)
- Brooklyn Public Library (BPL)
- The Queens Borough Public Library & Affiliate (QBPL)

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 decreased the City's net position by $5.1 billion during Fiscal Year 2016. The net position was increased by governmental activities during Fiscal Year 2015 by $8.0 billion and increased during Fiscal Year 2014 by $3.6 billion.

As mentioned previously, the basic financial statements include a reconciliation between the Fiscal Year 2016 governmental funds *Statement of Revenues, Expenditures, and Changes in Fund Balances*, which reports a decrease of $1.4 billion for all governmental funds balances and a decrease in the net position reported in the government-wide *Statement of Activities* of $5.1 billion. A similar reconciliation is provided for Fiscal Year 2015 amounts.

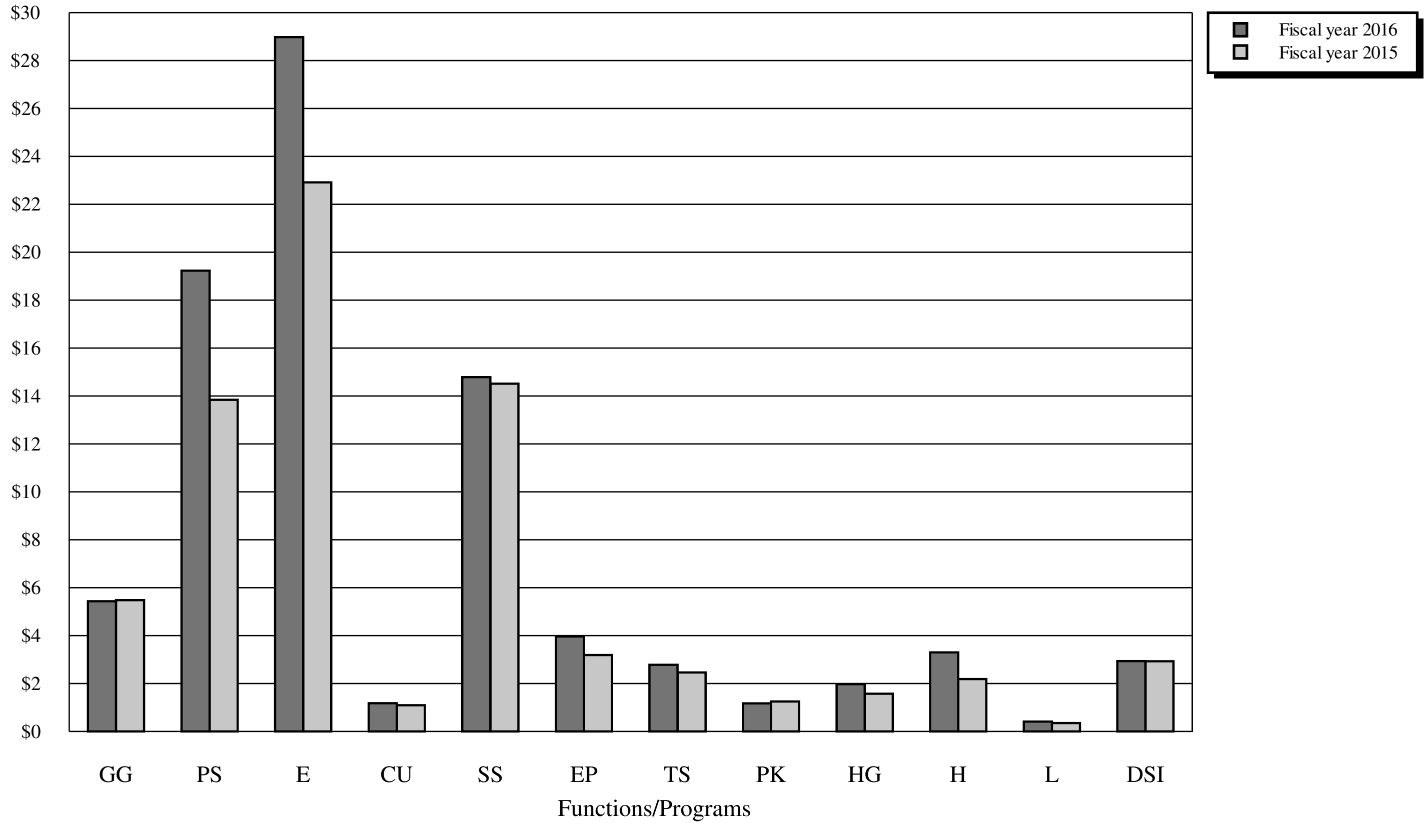
Previously published Fiscal Year 2015 financial statements have been restated to reflect restatements to POLICE's and FIRE's 2015 financial statements which had previously not reported the cost of certain accidental death benefits in their total and net pension obligations. Additionally, BERS's Fiscal Year 2015 statements were restated to reallocate certain assets. The net effect of these restatements is reported as adjustments to opening net position. See Note E.5 for more information.

Key elements of these changes are as follows:

	Governmental Activities for the Fiscal Years ended June 30,		
	2016	2015(restated)[a]	2014
		(in thousands)	
Revenues:			
Program revenues:			
Charges for services	$ 4,786,001	$ 6,078,264	$ 5,242,253
Operating grants and contributions	20,897,593	19,437,743	18,395,238
Capital grants and contributions	723,038	973,430	695,650
General revenues:			
Taxes	53,564,673	52,523,182	48,529,279
Investment income	201,724	161,351	79,261
Unrestricted Federal and State aid	258,215	252,194	251,474
Other	711,127	1,403,787	848,455
Total revenues	81,142,371	80,829,951	74,041,610
Expenses:			
General government	5,433,721	5,479,762	4,324,146
Public safety and judicial	19,230,156	13,840,502	13,614,413
Education	29,068,138	22,915,670	21,805,586
City University	1,177,695	1,094,172	1,065,176
Social Services	14,788,160	14,514,037	14,248,276
Environmental protection	3,961,688	3,188,665	4,022,369
Transportation services	2,781,281	2,460,777	2,419,644
Parks, recreation and cultural activities	1,171,975	1,249,560	1,771,837
Housing	1,973,718	1,574,233	1,446,617
Health (including payments to HHC)	3,299,166	2,186,493	2,364,475
Libraries	410,538	350,475	292,568
Debt service interest	2,935,520	2,929,046	3,025,056
Total expenses	86,231,756	71,783,392	70,400,163
Change in net position	(5,089,385)	9,046,559	3,641,447
Net position deficit—beginning	(183,081,913)	(191,103,187)	(194,744,634)
Restatement of beginning net deficit[a]	—	(1,025,285)	—
Net position deficit—ending	$(188,171,298)	$(183,081,913)	$(191,103,187)

[a] The restatement of the beginning net deficit in Fiscal Year 2015 results from restatements of actuarial liabilities and, to a lesser extent, asset allocations, reported by three of the City's Pension Systems. Additional information is discussed above in the MD&A. See Note E.5 for more information.

Expenses — Governmental Activities
for the Fiscal Years ended June 30, 2016 and 2015
(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 2016, the government-wide revenues increased from Fiscal Year 2015 by approximately $312 million and government-wide expenses increased by approximately $14.4 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 and an increase in State Foundation Aid for Education.
- 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 an increase in the collection of general sales tax, which is a result of increases in audit revenue and increases in taxable consumption resulting from growth in wages and visitor spending. Additionally, there was growth in mortgage financing activity.
  - For all other taxes, commercial rent taxes increased primarily due to continued improvement in commercial office vacancy rates and asking rents in Manhattan. Also increasing was payment in lieu of taxes (PILOT), which reflects higher payments from the World Trade Center. Additionally, refunds on other taxes increased due to tax overpayments in commercial rent and personal income.
- The decrease in Other Revenues was due to a large one-time payment from the Health Stabilization Fund in FY 2015 resulting from collective bargaining settlements. This one-time payment was not repeated in FY 2016.
- The major components of the changes in government-wide expenses were:
  - Overall government-wide expenses increased significantly due to higher pension expenses, which was a result of changes in actuarial assumptions related to mortality tables. Public Safety and Education had the highest increase in pension expenses due to this change. Additionally, collective bargaining increases also resulted in higher expenses.
  - Public Safety expenses grew as a result of the hiring of additional police officers. Expenses increased in the Department of Correction (DOC) due to increased facility posts required for the plan to reform Rikers and increased spending for installation of security cameras at various facilities. In the Fire Department (FDNY), increases were due to higher Emergency Medical Services (EMS) spending.
  - Education expenses also increased due to the continued expansion of Universal Pre-Kindergarten and growth in mandated costs for special education pupils and charter schools. Capital increases were due to additional Sandy recovery work, capital and technology improvements, and new capacity projects.
  - Environmental protection expenses increased due to higher spending in facility improvements and increased construction of storm and sanitary sewers in the Department of Environmental Protection (DEP). Expenses in the Department of Sanitation (DSNY) increased due to higher levels of vehicle purchases and ongoing construction of the Marine Transfer Stations.
  - Transportation Services expenses increased due to spending in the Department of Transportation (DOT) related to roadway and sidewalk repair and maintenance, street resurfacing, and reconstruction of bridges. Transit Authority (TA) expenses increased because of higher costs for paratransit and the Staten Island Railway (SIR). Additionally, the City transferred delayed funds to the Metropolitan Transportation Authority (MTA) for bus purchases, which resulted in higher bus payments in the current year than in the prior year.
  - Housing expenses increased due to higher spending on initiatives associated with Housing New York production in the Housing Preservation and Development (HPD) agency. Expenses in the Department of Buildings (DOB) increased due to IT upgrades to improve service delivery and various Mayoral initiatives.
  - Health expenses increased as a result of a prepayment of FY 2017 funds and additional subsidy to HHC. HHC also received funds from the City to begin providing Correctional Health Services. Additionally, expenses in the Department of Health and Mental Hygiene (DOHMH) increased due to expenses for the Chelsea Clinic renovation project.
  - Libraries expenses increased due to higher operating subsidies to ensure 6-day service at branches and increased funding towards capital improvements for QBPL.

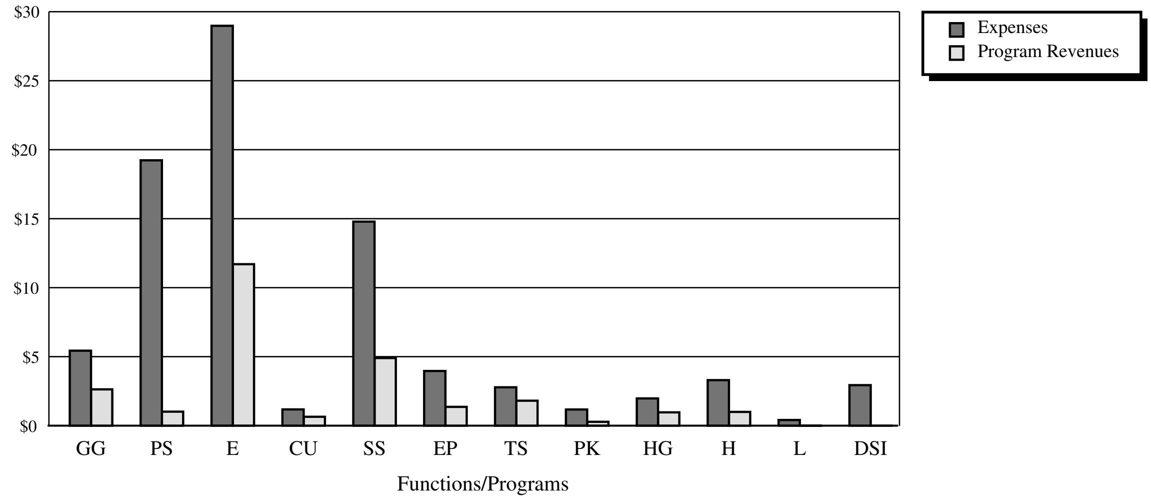
In Fiscal Year 2015, the government-wide revenues increased from Fiscal Year 2014 by approximately $6.8 billion and government-wide expenses increased by approximately $1.4 billion.

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

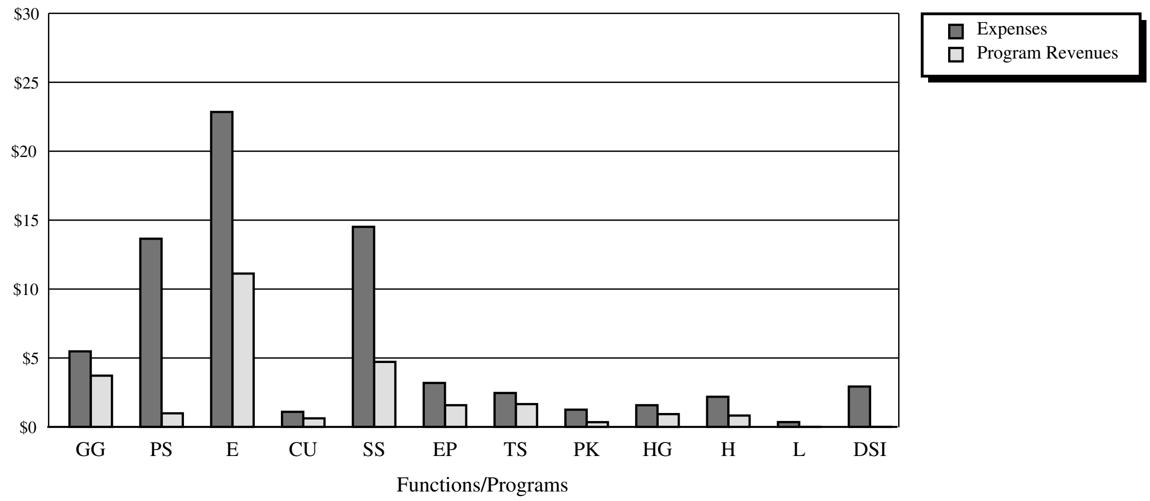
- Grants increased due to more reimbursements for costs associated with Superstorm Sandy which impacted New York City in October 2012.
- Tax revenues, net of refunds, increased overall, as a result of the following:
  - The increase in real estate taxes results from growth in billable assessed value 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 Community Development Block Grant Disaster Recovery 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.

The following charts compare the amounts of expenses and program revenues for Fiscal Years 2016 and 2015:

Expenses and Program Revenues — Governmental Activities for the Fiscal Year ended June 30, 2016 (in billions)



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

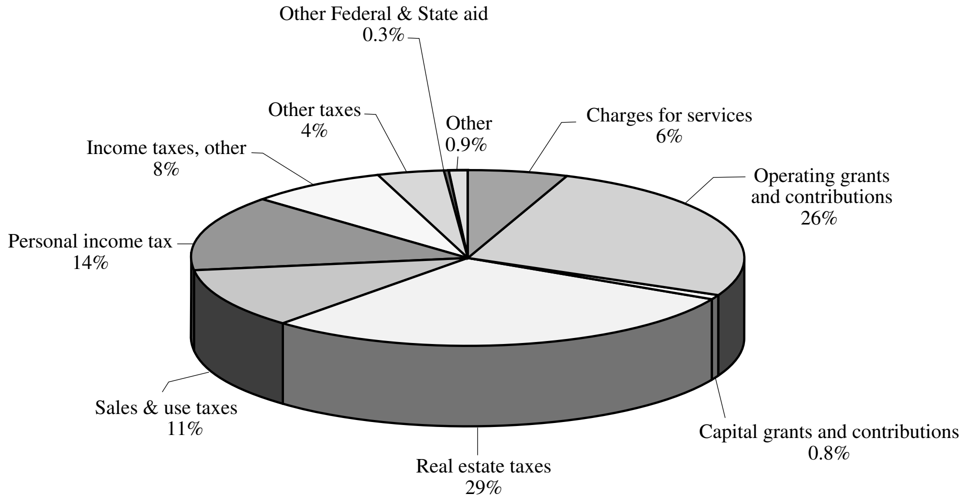


Functions/Programs

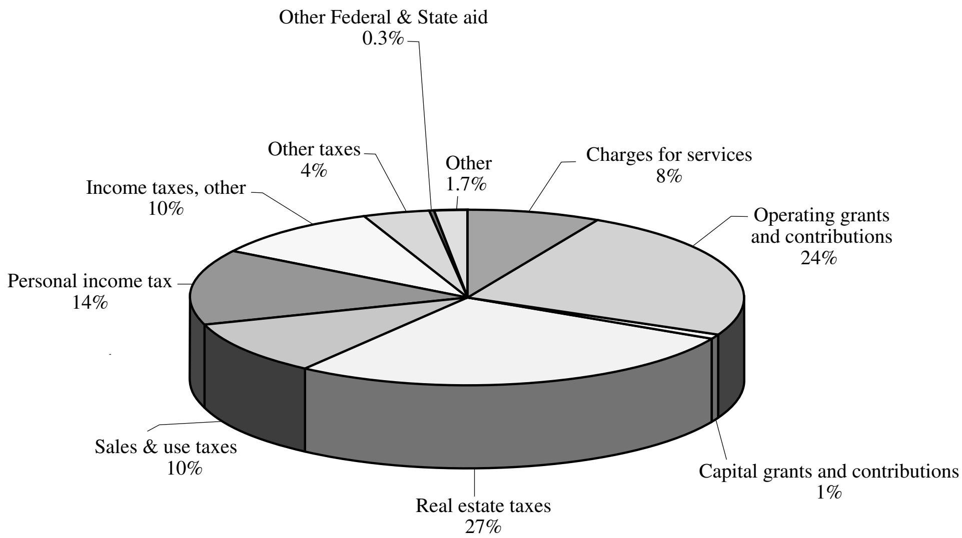
GG	General government
PS	Public safety and judicial
E	Education (Primary and Secondary)
CU	City University
SS	Social services
EP	Environmental protection
TS	Transportation services
PK	Parks, recreation, and cultural activities
HG	Housing
H	Health, including payments to HHC
L	Libraries
DSI	Debt service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

The following charts compare the amounts of program and general revenues for Fiscal Years 2016 and 2015:

Revenues by Source — Governmental Activities
for the Fiscal Year ended June 30, 2016



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



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 $188.2 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 (i.e., a decrease in the net deficit) of $5.1 billion from June 30, 2015 as restated, which in turn compares with the net position decrease (i.e. an increase to the net deficit) of $8.0 billion over the prior Fiscal Year 2014.

	Governmental Activities		
	2016	**2015 (restated)[a]**	**2014**
		(in thousands)	
Current and other assets	$ 39,227,499	$ 40,367,330	$ 36,647,566
Capital assets (net of depreciation)	54,952,234	53,122,237	51,662,105
Total assets	94,179,733	93,489,567	88,309,671
Deferred outflows of resources	13,387,451	5,334,087	544,247
Long-term liabilities outstanding	257,893,385	240,788,718	235,859,487
Other liabilities	22,316,416	22,860,910	22,339,115
Total liabilities	280,209,801	263,649,628	258,198,602
Deferred inflows of resources	15,528,681	18,255,939	21,758,503
Net position:			
Net investment in capital assets	(12,684,965)	(13,828,805)	(7,495,896)
Restricted	4,235,460	5,277,387	4,420,127
Unrestricted (deficit)	(179,721,793)	(174,530,495)	(188,027,418)
Total net position (deficit)	$(188,171,298)	$(183,081,913)	$(191,103,187)

[a] As previously discussed in MD&A and in Note E.5, there were restatements to pension amounts reported by three of the City's Pension Systems.

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, 2016 and 2015:

	Components of Net Deficit	
	2016	**2015 (restated)**
	(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	$ (12.7)	$ (13.8)
Net Position Restricted for:		
Debt Service	3.8	4.1
Capital Projects	0.4	1.2
Total restricted net position	4.2	5.3
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	(1.9)	(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.	(28.0)	(25.0)
Certain long-term obligations do not require current funding:		
OPEB liability	(89.4)	(85.5)
Judgments and claims	(7.1)	(6.8)
Vacation and sick leave	(4.3)	(3.9)
Pension liability	(64.8)	(53.1)
Landfill closure and postclosure costs	(1.5)	(1.5)
Deferred outflows of resources	13.4	5.3
Other:	4.9	(1.0)
Total unrestricted net position	(179.7)	(174.5)
Total net position (deficit)	$(188.2)	$(183.0)

The following chart provides key pension statistics by pension system as of and for the Fiscal Year ended June 30, 2016:

	Summary of City Pension Information Fiscal Year 2016					
	NYCERS*	TRS**	BERS**	POLICE*	FIRE*	Total
City Membership (active, inactive and retired) as of 6/30/14	187,548	206,481	45,358	84,555	27,138	551,080
			(in billions, except %)			
Total Pension Liability (TPL)	$ 43.7	$ 68.0	$ 4.8	$ 51.1	$ 20.6	$ 188.2
Less Plan Fiduciary Net Position (PFNP)	30.4	42.4	3.4	35.5	11.7	123.4
Net Pension Liability (NPL)	$ 13.3	$ 25.6	$ 1.4	$ 15.6	$ 8.9	$ 64.8
PFNP as a % of TPL***	69.6%	62.4%	70.8%	69.5%	56.8%	65.6%
Pension Expense	$ 1.7	$ 3.8	$ 0.3	$ 2.2	$ 1.1	$ 9.1

* 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, 2015:

	Summary of City Pension Information Fiscal Year 2015 (restated)					
	NYCERS*	TRS**	BERS**	POLICE*	FIRE*	Total
City Membership (active, inactive and retired) as of 6/30/13	187,527	201,761	45,592	83,727	27,039	545,646
			(in billions, except %)			
Total Pension Liability (TPL)	$ 41.9	$ 63.3	$ 4.5	$ 48.2	$ 19.4	$ 177.3
Less Plan Fiduciary Net Position (PFNP)	30.6	43.1	3.5	35.3	11.7	124.2
Net Pension Liability (NPL)	$ 11.3	$ 20.2	$ 1.0	$ 12.9	$ 7.7	$ 53.1
PFNP as a % of TPL***	73.0%	68.1%	77.8%	73.2%	60.3%	70.1%
Pension Expense	$ 1.2	$ 2.1	$ 0.1	$ 1.2	$ 0.7	$ 5.3

* Includes QPP and VSFs
** QPP only
*** Calculated based on whole dollar unrounded amounts.

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

Financial Analysis of the Governmental Funds

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

Governmental Funds

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
			(in thousands)			
Fund Balances (deficit), June 30, 2014	$ 462,519	$(3,035,881)	$ 638,852	$ 4,866,002	$ —	$ 2,931,492
Revenues	77,482,450	2,359,933	126,223	4,907,069	(3,230,345)	81,645,330
Expenditures	(70,196,875)	(7,836,311)	(3,781,824)	(8,965,577)	2,674,141	(88,106,446)
Other financing sources (uses)	(7,280,473)	6,732,668	4,986,969	3,570,692	556,204	8,566,060
Fund Balances (deficit), June 30, 2015	467,621	(1,779,591)	1,970,220	4,378,186	—	5,036,436
Revenues	79,399,507	1,996,759	87,611	3,827,148	(2,746,399)	82,564,626
Expenditures	(73,700,743)	(8,079,916)	(3,912,444)	(5,906,994)	2,566,109	(89,033,988)
Other financing sources (uses)	(5,693,566)	4,884,351	3,629,730	2,098,080	180,290	5,098,885
Fund Balances (deficit), June 30, 2016	$ 472,819	$(2,978,397)	$ 1,775,117	$ 4,396,420	$ —	$ 3,665,959

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 $4.0 billion and $3.6 billion before these expenditures and transfers (discretionary and other) for Fiscal Years 2016 and 2015, respectively. After these certain expenditures and transfers, the General Fund reported an operating surplus of $5 million in both Fiscal Years 2016 and 2015, 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, 2016 can be attributed principally to transfers (discretionary transfer and other) from the General Fund totaling $1.8 billion in Fiscal Year 2016 for Fiscal Year 2017 debt service. Similar transfers in Fiscal Year 2015 of $2.02 billion for Fiscal Year 2016 debt service also primarily account for the General Debt Service Fund balance at June 30, 2015.

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, 2016 and 2015 represent the amounts expected to be financed from future bond issues or intergovernmental reimbursements. To the extent the deficits will not be financed or reimbursed, transfers from the General Fund will be required.

General Fund Budgetary Highlights

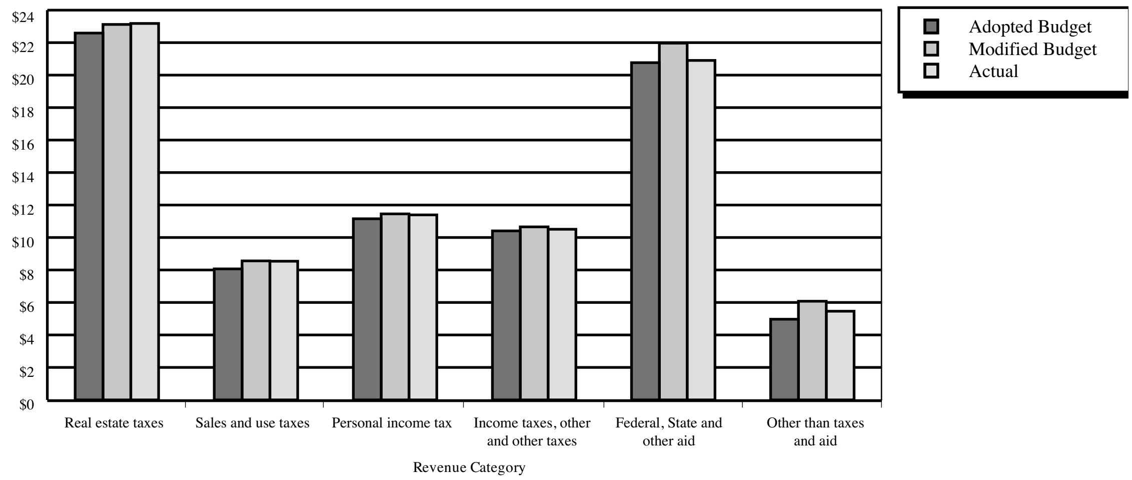
GAAP require recognition of pollution remediation obligations and generally preclude costs incurred for pollution remediation from being reported as capital expenditures. Thus, the City's Fiscal Year 2016 General Fund expenditures include approximately $163.9 million of pollution remediation expenditures associated with projects which were originally included in the City's capital program. The City also reported $159.2 million of City bond proceeds and $4.7 million of other revenues (New York City Municipal Water Finance Authority bond proceeds transferred to the City) supporting the $163.9 million of pollution remediation expenditures in the General Fund for Fiscal Year 2016. In Fiscal Year 2015, $241.1 million of City bond proceeds and $13.5 million of other revenues supported the $254.6 million of pollution remediation expenditures reported in the General Fund. Although amounts were not established in the Adopted Budget, a modification to the budget was made to accommodate the amount of pollution remediation expenditure charge in the General Fund. These pollution remediation expenditures were incurred by various agencies, as follows:

	General Fund Pollution Remediation Expenditures	
	2016	2015
	(in thousands)	
General government	$ 23,456	$ 42,730
Public safety and judicial	3,172	3,491
Education	107,083	130,514
Social services	154	301
Environmental protection	10.929	15,476
Transportation services	5,879	7,844
Parks, recreation, and cultural activities	3,227	47,941
Housing	1,892	1,726
Health, including HHC	7,665	4,346
Libraries	437	251
Total expenditures	$ 163,894	$ 254,620

General Fund Revenues

The following charts and tables summarize actual revenues by category for Fiscal Years 2016 and 2015 and compare revenues with each fiscal year's Adopted Budget and Modified Budget.

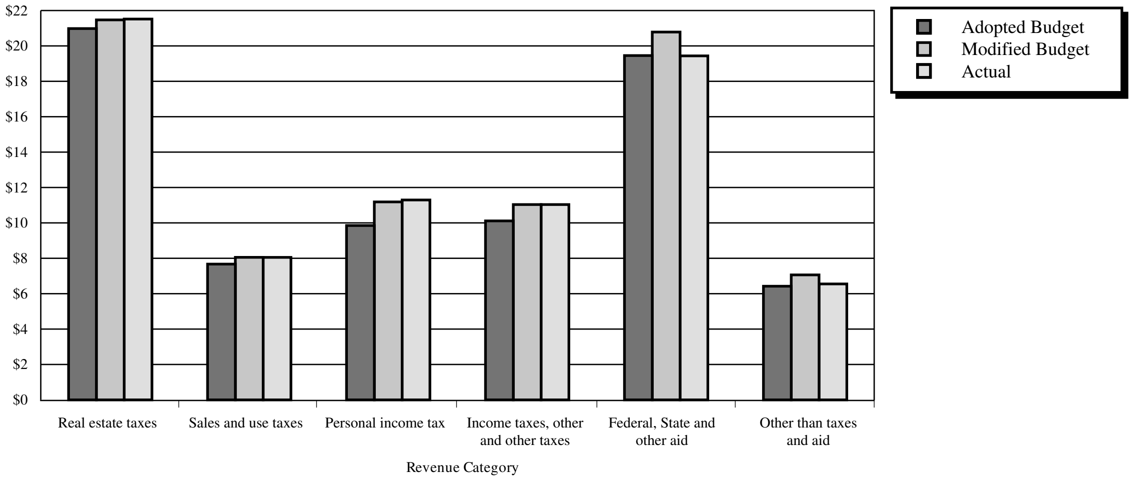
General Fund Revenues
Fiscal Year 2016
(in billions)



General Fund Revenues
Fiscal Year 2016

	Adopted Budget	Modified Budget (in millions)	Actual
Taxes (net of refunds):			
Real estate taxes	$22,589	$23,120	$23,181
Sales and use taxes	8,068	8,560	8,540
Personal income tax	11,154	11,454	11,392
Income taxes, other	6,662	7,171	6,948
Other taxes	3,745	3,484	3,560
Taxes (net of refunds)	52,218	53,789	53,621
Federal, State and other aid:			
Categorical	20,766	21,969	20,904
Federal, State and other aid	20,766	21,969	20,904
Other than taxes and aid:			
Charges for services	2,735	2,734	2,624
Other revenues	1,911	2,755	2,250
Bond proceeds	—	159	159
Transfers from Nonmajor Debt Service Fund	240	346	346
Transfers from General Nonmajor Debt Service Fund	82	82	82
Other than taxes and aid	4,968	6,076	5,461
Total revenues	$77,952	$81,834	$79,986

General Fund Revenues
Fiscal Year 2015
(in billions)



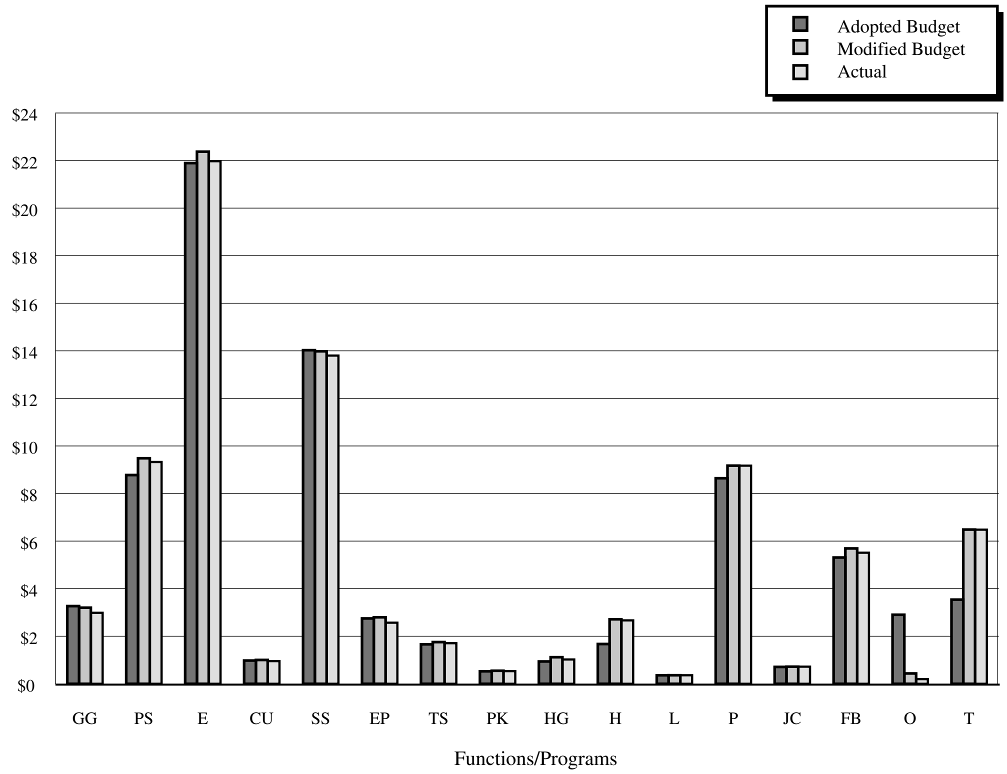
General Fund Revenues
Fiscal Year 2015

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

General Fund Expenditures

The following charts and tables summarize actual expenditures by function/program for Fiscal Years 2016 and 2015 and compare expenditures with each fiscal year's Adopted Budget and Modified Budget.

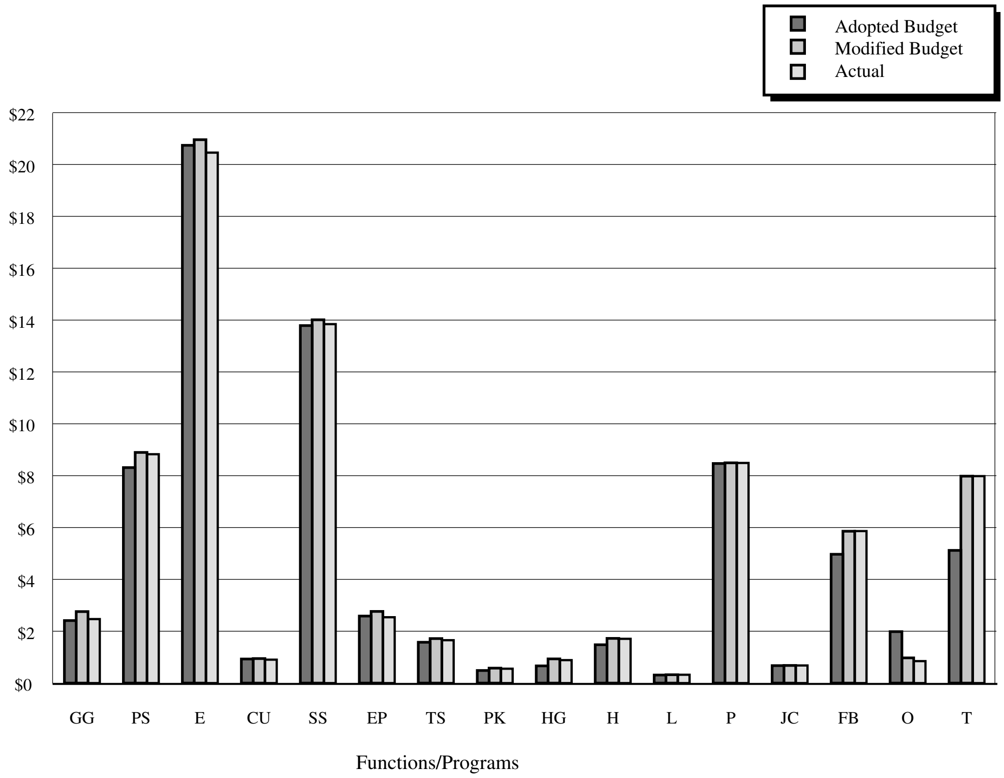
General Fund Expenditures
Fiscal Year 2016
(in billions)



General Fund Expenditures
Fiscal Year 2016

	Adopted Budget	Modified Budget (in millions)	Actual
General government (GG)	$ 3,267	$ 3,201	$ 2,985
Public safety and judicial (PS)	8,777	9,483	9,326
Education (E)	21,894	22,374	21,974
City university (CU)	978	1,003	955
Social services (SS)	14,027	13,980	13,800
Environmental protection (EP)	2,748	2,796	2,569
Transportation services (TS)	1,659	1,754	1,708
Parks, recreation and cultural activities (PK)	525	549	534
Housing (HG)	939	1,118	1,023
Health, including HHC (H)	1,673	2,712	2,667
Libraries (L)	358	360	360
Pensions (P)	8,643	9,173	9,171
Judgments and claims (JC)	710	720	720
Fringe benefits and other benefit payments (FB)	5,310	5,691	5,511
Other (O)	2,904	435	198
Transfers and other payments for debt service (T)	3,540	6,485	6,480
Total expenditure	$77,952	$81,834	$79,981

General Fund Expenditures
Fiscal Year 2015
(in billions)



General Fund Expenditures
Fiscal Year 2015

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

General Fund Surplus

The City had General Fund surpluses of $4.0 billion, $3.6 billion and $2.01 billion before certain expenditures and transfers (discretionary and other) for Fiscal Years 2016, 2015 and 2014, respectively. For the Fiscal Years 2016, 2015 and 2014, 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 2016, 2015 and 2014 budgets follow:

	Governmental Activities		
	2016	2015	2014
		(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	$ 382	$ 428	$ 481
Discretionary transfers to the General Debt Service Fund	1,378	1,548	140
Net equity contribution in bond refunding that accrued to future years debt service savings	44	47	23
Debt service prepayments for lease purchase debt service due in the fiscal year	100	—	—
Grant to TFA	1,734	1,578	1,362
Advance cash subsidies to the HHC	400	—	—
Total expenditures and transfers (discretionary and other)	4,038	3,601	2,006
Reported surplus	5	5	5
Total surplus	$4,043	$3,606	$2,011

Fiscal Year 2016

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 amount for the Fiscal Year ended 2016 Adopted Budget:

	2016
Additional Resources:	**(in millions)**
Lower than expected all other administrative OTPS costs	$1,148
Lower than expected all other personal services spending	1,031
Reallocation of the General Reserve	1,000
Greater than expected real estate tax collections	591
Lower than expected debt service costs	580
Higher than expected banking corporation tax collections	481
Lower than expected Medicaid spending	414
Greater than expected real property transfer tax collections	364
Higher than expected mortgage tax collections	319
Lower than expected current health insurance costs	302
Higher than expected Federal categorical aid	248
Greater than expected personal income tax collections	217
Lower than expected fuel and energy costs	208
Greater than expected revenues from fines and forfeitures	185
Lower than expected supplies and materials costs	168
Pollution remediation bond proceeds	159
Greater than expected sales tax collections	117
Higher than expected tobacco settlement proceeds	106
Greater than expected all other general government charges (collections)	100
Higher than expected revenues from licenses, permits & privileges	87
Higher than expected commercial rent tax collections	47
Greater than expected all other tax collections	47
Higher than expected all other miscellaneous revenues	34
Greater than expected proceeds from asset sales	33
Greater than expected State categorical aid (including prior year adjustments)	24
Lower than expected provisions for disallowance reserve	14
Greater than expected unincorporated business tax collections	9
Greater than expected rental revenues	8
Lower than expected public assistance spending	4
Total	8,045
Enabled the City to provide for:	
Additional prepayments for certain debt service costs and subsidies due in Fiscal Year 2017	3,994
Lower than expected general corporation tax collections	789
Higher than expected payments to New York City Health and Hospitals Corporation	574
Greater than expected pension costs	528
Higher than expected reserve for future retirees' health insurance costs	500
Greater than expected uniformed overtime costs	296
Lower than expected reimbursement and payment for the water and sewer system	219
Greater than expected all other overtime costs	193
Higher than expected all other fixed and miscellaneous charges	193
Greater than expected property and equipment costs	179
Pollution remediation costs	164
Lower than expected non-governmental grants	154
Higher than expected contractual services spending	126
Higher than expected all other social services spending (excluding Medicaid and public assistance)	102
Greater than expected judgments & claims costs	21
All other net overspending or revenues below budget	8
Total	8,040
Reported Surplus	$ 5

Fiscal Year 2015

The following table shows the variance between actuals and amounts for the Fiscal Year ended 2015 Adopted Budget:

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

Capital Assets

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

	Governmental Activities		
	2016	**2015**	**2014**
		(in millions)	
Land*	$ 1,941	$ 1,907	$ 1,771
Buildings	33,733	33,081	30,785
Equipment (including software)	2,643	2,602	2,571
Infrastructure**	13,124	12,552	12,275
Construction work-in-progress	3,511	2,980	4,260
Total	$54,952	$53,122	$51,662

* 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 2016 was $1.83 billion, a 3% increase. Capital assets additions in Fiscal Year 2016 were $7.71 billion, a decrease of $2.19 billion from Fiscal Year 2015.

In 2016 construction work-in-progress was $3.51 billion, representing a 18% net increase. The 2016 addition to work-in-progress was $3.04 billion, a 15% decrease from prior year. The increase in the work-in-progress ending balance was the result of a decrease in building additions (work-in-progress deletion) of $2.35 billion, which represents a 48% decrease from Fiscal Year 2015.

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.

Additional information on the City's capital assets can be found in Note D.2 of the Basic Financial Statements and in schedule CA1 through 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 2016, 2015 and 2014.

	New York City and City-Related Debt		
	2016	**2015**	**2014**
		(in millions)	
General Obligation Bonds[(a)]	$38,073	$40,460	$41,665
TFA Bonds	28,408	25,488	24,013
TFA Recovery Bonds	906	936	974
TFA BARBS	8,044	7,426	6,051
TSASC Bonds	1,145	1,222	1,228
IDA Bonds	84	87	90
STAR Bonds	1,961	2,035	1,975
FSC Bonds	175	198	231
HYIC Bonds	3,000	3,000	3,000
ECF Bonds	240	264	266
Tax Lien Collateralized Bonds	32	34	46
Total bonds and notes outstanding	82,068	81,150	79,539
Plus premiums / less discounts (net)	4,173	3,825	3,162
Total bonds and notes payable	$86,241	$84,975	$82,701

(a) Does not include capital contract liabilities.

General Obligation

On June 30, 2016, the City's outstanding General Obligation (GO) debt, including capital contract liabilities and TFA's outstanding debt above $13.5 billion totaled $62.21 billion (compared with $59.63 and $57.90 billion as of June 30, 2015 and 2014, 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 June 30, 2016, the City's 10% Debt Limit was $85.18 billion (compared with $81.35 and $79.10 billion as of June 30, 2015 and 2014 respectively). The City and TFA's combined debt incurring power as of June 30, 2016, after providing for capital contract liabilities, totaled $22.98 billion. As of July 1, 2016, the debt incurring power is $30.17 billion based on the change in the five-year full valuation average for fiscal year 2017.

As of June 30, 2016, the City's outstanding GO debt is $38.07 billion; consisting of $6.94 billion of variable rate bonds and $31.13 billion of fixed rate bonds. In Fiscal Year 2016, a total of $2.51 billion GO bonds were issued to refund certain outstanding bonds at lower interest rates and no bonds were 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 dissavings of $18.39 million in Fiscal Year 2016 and budgetary savings of $170.72 million and $82.53 million in Fiscal Years 2017 and 2018, respectively. The refundings will generate $428.53 million in budgetary savings over the life of the bonds and approximately $397.22 million on a net present value basis.

In Fiscal Year 2016, no traditional taxable fixed rate bonds were issued.

In addition, the City converted $74.06 million of bonds between different interest rate modes.

During Fiscal Year 2016, GO variable rate debt traded at the following average interest rates:

	Tax-Exempt	Taxable
Dailies[1]	0.10%	—
2-Day Mode[1]	0.10%	—
Weeklies[1]	0.12%	0.47%
Auction Rate Securities—7 Day	0.72%	—
Index Floaters	0.77%	1.08%

(1) Remarketed with bank credit and/or liquidity support; rates do not include bank fees.

During Fiscal Year 2016, 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 2016, the City had no short-term borrowings.

Transitional Finance Authority

The New York State Legislature created the New York City Transitional Finance Authority (TFA), a bankruptcy-remote separate legal entity, and, through various state legislative measures, authorized TFA 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 2016, TFA issued $4.05 billion TFA FTSB debt. This total included $3.65 billion issued for new money capital purposes and $399.66 million issued to refund certain outstanding bonds at lower interest rates. The refundings will generate $67.76 million in budgetary savings over the life of the bonds and approximately $63.21 million on a net present value basis.

As of June 30, 2016, the total outstanding FTSB and Recovery Bond debt was approximately $29.31 billion. Of the amount outstanding, variable rate debt totaled $4.25 billion, including $726.7 million of variable rate Recovery Bonds. During Fiscal Year 2016, TFA's variable rate debt traded at the following average interest rates:

	Tax-Exempt
Dailies[1]	0.13%
2-Day Mode[1]	0.10%
Weeklies[1]	0.17%
Auction Rate Securities—7 Day	0.46%
Index Floaters	0.79%

(1) Remarketed with bank credit and/or liquidity support; rates do not include bank fees.

In Fiscal Year 2016, 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.

TFA 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, 2016, the TFA BARBs outstanding totaled $8.04 billion. TFA issued $750 million of TFA BARB Bonds in Fiscal Year 2016.

Both Fitch Ratings and Standard & Poor's rate BARBs at AA, while Moody's Investor Services maintained their Aa2 rating.

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 2016. As of June 30, 2016, TSASC had approximately $1.14 billion of bonds outstanding.

TSASC bond ratings vary by maturity. As of June 30, 2016, 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-. On June 15, 2016 Fitch Ratings withdrew all ratings assigned on U.S. tobacco settlement asset-backed securities.

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, 2016, STAR had $1.96 billion of bonds outstanding. In Fiscal Year 2016, STAR had no financing activity.

STAR maintained its Aa1 rating from Moody's Investor Services and AA+ from Fitch Ratings throughout Fiscal 2016. 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, 2016, FSC had $175.17 million bonds outstanding. It had no financing activity in Fiscal Year 2016.

As of June 30, 2016, 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, 2016, HYIC had $3 billion bonds outstanding. HYIC had no financing activity in Fiscal Year 2016.

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 2016.

As of June 30, 2016, ECF had $240.41 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, 2016, the New York City Tax lien Trusts had $31.86 million in bonds outstanding. In Fiscal Year 2016, the New York City Tax Lien Trust, NYCTLT 2015-A, sold $71.80 million bonds. The bonds are rated AAA by Kroll Bond Rating Agency Inc. 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 new swaps were initiated in Fiscal Year 2016 and one outstanding swap was terminated. As of June 30, 2016, the outstanding notional amount on the City's various swap agreements in connection with General Obligation debt and City-related debt of the Dormitory Authority of the State of New York was $1.49 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 2016, the Authority did not initiate or terminate any swaps. As of June 30, 2016, 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, 2016, the City, TFA and NYCTLT completed the following long-term financings:

NYCTLT 2016-A: On July 27, 2016, NYCTLT 2016-A issued Tax Lien Collateralized Bonds, Series 2016-A of $64,997,000 to fund the purchase of certain liens from the City.

TFA Debt: On July 28, 2016, the New York City Transitional Finance Authority issued $1,050,000,000 of Fiscal 2017 Series A Future Tax Secured bonds for capital purposes.

On September 22, 2016 the New York City Transitional Finance Authority issued $1,150,000,000 of Fiscal 2017 Series B Future Tax Secured bonds for capital purposes.

City Debt: On August 18, 2016, the City of New York issued $1,431,000,000 of Fiscal 2017 Series A General Obligation bonds for capital purposes.

City Swap Portfolio: On October 5, 2016 the City novated two swaps with UBS AG to US Bank National Association. The total notional amount of the novation was $151,835,834. As a result of the novation the City received a payment of $150,000 from UBS AG.

Commitments

At June 30, 2016, the outstanding commitments relating to projects of the City's Capital Projects Fund amounted to approximately $15.8 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 2016 through 2025. To help meet the financing needs for its capital spending program, the City and TFA borrowed $3.65 billion in the public credit market in Fiscal Year 2016. The City and TFA plan to borrow $5.63 billion in the public credit market in Fiscal Year 2017.

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, 2016, the estimated value of damages and recovery costs was approximately $9.9 billion – this includes $7.8 billion for capital construction and $2.1 billion for cleanup, relief, and repairs.

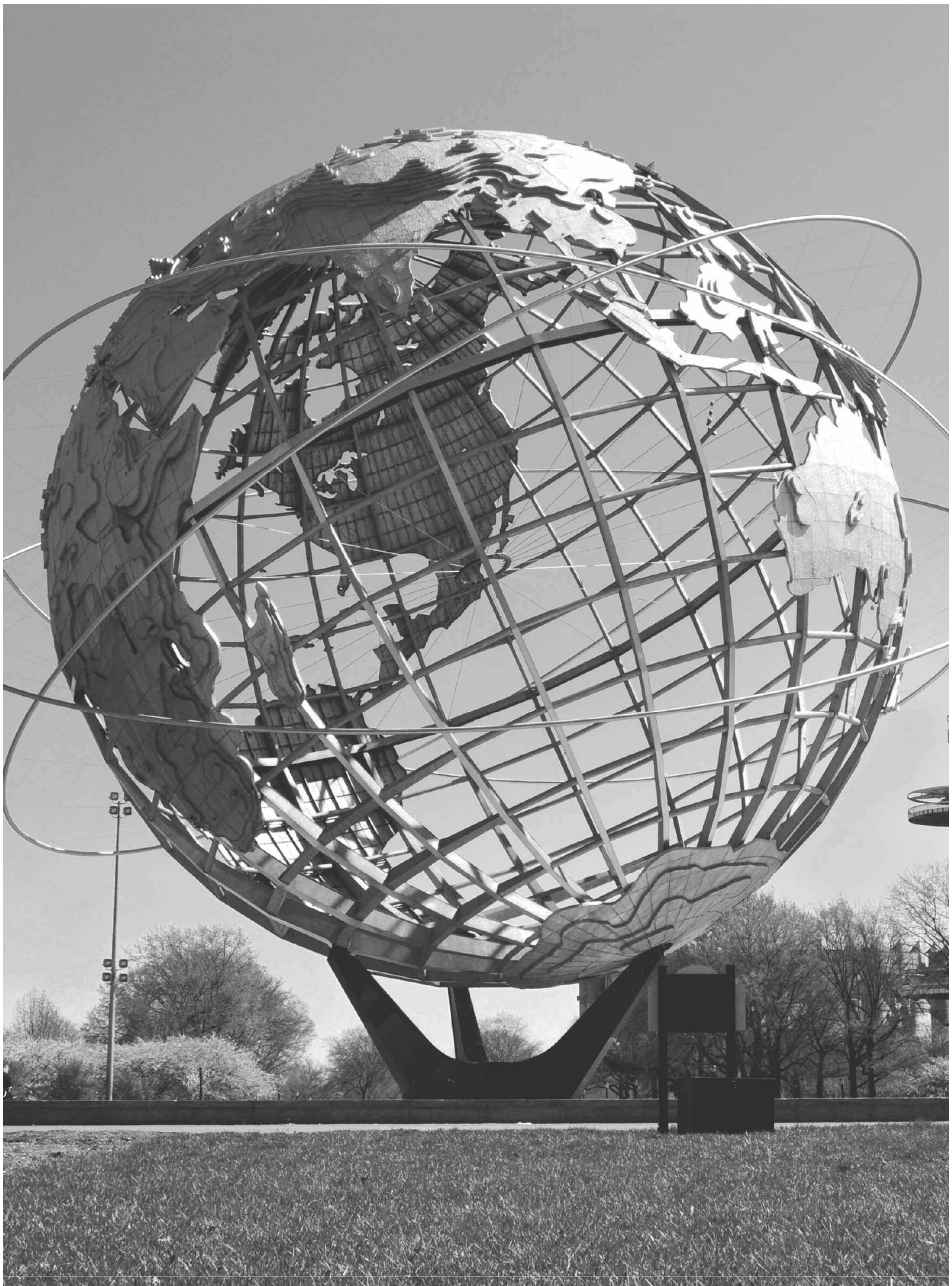
In response to the damage caused by Superstorm Sandy, President Obama signed a major disaster declaration on October 30, 2012, authorizing the Federal Emergency Management Agency (FEMA) to provide Public Assistance grants (PA) to government entities for response and recovery efforts. The emergency declaration 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 $4 billion in emergency and recovery spending was obligated for reimbursement by FEMA during the City's Fiscal Year 2016, 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, 2016, the FEMA reimbursement has been received or accrued as a receivable in Fiscal Year 2016.

Request for Information

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



The Unisphere

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The City of New York

Comprehensive
Annual Financial Report
of the
Comptroller

Part II-A

BASIC
FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 2016

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David N. Dinkins Municipal Building

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THE CITY OF NEW YORK
STATEMENT OF NET POSITION

JUNE 30, 2016
(in thousands)

	Primary Government (PG) Governmental Activities	Component Units (CU)
ASSETS:		
Cash and cash equivalents	$ 6,622,280	$ 2,468,937
Investments	9,878,993	2,180,002
Receivables:		
Real estate taxes (less allowance for uncollectible amounts of $223,031)	352,832	—
Federal, State and other aid	7,848,075	—
Taxes other than real estate	6,127,117	—
Leases	—	1,694,490
Other	1,684,793	4,282,706
Mortgage loans and interest receivable, net	—	9,663,493
Inventories	402,433	36,685
Due from PG	—	217,428
Due from CUs, net	1,781,185	—
Restricted cash, cash equivalents and investments	4,100,554	6,034,077
Other	429,237	287,969
Capital assets:		
Land and construction work-in-progress	5,452,463	7,907,403
Other capital assets (net of depreciation/amortization):		
Property, plant and equipment (including software)	36,376,135	31,688,833
Infrastructure	13,123,636	—
Total assets	94,179,733	66,462,023
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows from pensions	12,814,357	577,146
Other deferred outflows of resources	573,094	190,675
Total deferred outflows of resources	13,387,451	767,821
LIABILITIES:		
Accounts payable and accrued liabilities	14,774,910	3,554,506
Accrued interest payable	1,068,258	166,683
Unearned revenue	4,206	392,357
Due to PG	—	2,152,665
Due to CUs, net	217,428	—
Estimated disallowance of Federal, State and other aid	1,110,512	—
Other	5,084,548	237,049
Derivative instruments—interest rate swaps	56,554	161,319
Noncurrent liabilities:		
Due within one year	5,446,522	1,931,025
Bonds & notes payable (net of amount due within one year—$3,312,241 for PG)	82,928,584	43,175,695
Net pension liability	64,846,995	4,145,300
OPEB liability	89,403,007	7,604,611
Other (net of amount due within one year— $2,134,281 for PG)	15,268,277	1,478,941
Total liabilities	280,209,801	65,000,151
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pensions	7,210,537	95,935
Deferred real estate taxes	8,105,167	—
Other deferred inflows of resources	212,977	16,647
Total deferred inflows of resources	15,528,681	112,582
NET POSITION:		
Net investment in capital assets	(12,684,965)	8,447,201
Restricted for:		
Capital projects	416,919	47,875
Debt service	3,818,541	2,805,934
Loans/security deposits	—	60,265
Donor/statutory restrictions	—	171,693
Operations	—	314,721
Unrestricted (deficit)	(179,721,793)	(9,730,578)
Total net position (deficit)	$(188,171,298)	$ 2,117,111

See accompanying notes to financial statements.

THE CITY OF NEW YORK
STATEMENT OF NET POSITION

JUNE 30, 2015
(in thousands)

	Restated Primary Government (PG) Governmental Activities	Component Units (CU)
ASSETS:		
Cash and cash equivalents	$ 7,176,737	$ 2,669,890
Investments	8,093,660	1,640,990
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	3,880,231
Mortgage loans and interest receivable, net	—	8,790,966
Inventories	376,743	35,793
Due from PG	—	141,221
Due from CUs, net	1,923,475	—
Restricted cash, cash equivalents and investments	5,989,683	6,235,909
Other	526,354	239,257
Capital assets:		
Land and construction work-in-progress	4,887,666	6,856,101
Other capital assets (net of depreciation/amortization):		
Property, plant and equipment (including software)	35,682,778	31,918,658
Infrastructure	12,551,793	—
Total assets	93,489,567	64,127,834
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows from pensions	4,790,696	78,156
Other deferred outflows of resources	543,391	156,825
Total deferred outflows of resources	5,334,087	234,981
LIABILITIES:		
Accounts payable and accrued liabilities	15,805,775	3,481,135
Accrued interest payable	1,031,977	164,292
Unearned revenue	3,070	368,901
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	222,210
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	53,124,067	3,314,595
OPEB liability	85,484,552	7,459,733
Other (net of amount due within one year—$2,524,145 for PG)	14,680,885	1,462,389
Total liabilities	263,649,628	63,184,811
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows from pensions	11,048,854	527,124
Deferred real estate taxes	6,994,205	—
Other deferred inflows of resources	212,880	17,978
Total deferred inflows of resources	18,255,939	545,102
NET POSITION:		
Net investment in capital assets	(13,828,805)	8,087,953
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	—	154,343
Operations	—	279,304
Unrestricted (deficit)	(174,530,495)	(10,457,323)
Total net position (deficit)	$(183,081,913)	$ 632,902

See accompanying notes to financial statements.

THE CITY OF NEW YORK

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Component Units
Primary government:						
General government	$ 5,433,721	$ 928,917	$ 2,050,077	$ (347,632)	$ (2,802,359)	$ —
Public safety and judicial	19,230,156	311,520	690,006	13,669	(18,214,961)	—
Education	29,068,138	75,555	11,435,552	281,227	(17,275,804)	—
City University	1,177,695	394,974	248,789	484	(533,448)	—
Social services	14,788,160	61,592	4,832,462	7,226	(9,886,880)	—
Environmental protection	3,961,688	1,343,526	8,567	9,745	(2,599,850)	—
Transportation services	2,781,281	1,069,257	226,858	512,611	(972,555)	—
Parks, recreation and cultural activities	1,171,975	96,456	9,938	173,822	(891,759)	—
Housing	1,973,718	416,901	504,946	43,611	(1,008,260)	—
Health (including payments to HHC)	3,299,166	87,303	890,398	19,135	(2,302,330)	—
Libraries	410,538	—	—	9,140	(401,398)	—
Debt service interest	2,935,520	—	—	—	(2,935,520)	—
Total primary government	$86,231,756	$ 4,786,001	$20,897,593	$ 723,038	(59,825,124)	—
Component Units	$18,101,486	$13,412,815	$ 2,902,243	$1,193,194	—	$ (593,234)
General revenues:						
Taxes (net of refunds):						
Real estate taxes					23,171,276	—
Sales and use taxes					8,534,604	—
Personal income tax					11,565,473	—
Income taxes, other					6,760,614	—
Other taxes:						
Commercial rent					836,816	—
Conveyance of real property					1,788,182	—
Hotel room occupancy					568,069	—
Payments in lieu of taxes					320,634	—
Other					19,005	—
Investment income					201,724	109,157
Unrestricted federal and state aid					258,215	8,966
Other					711,127	1,959,320
Total general revenues					54,735,739	2,077,443
Change in net position					(5,089,385)	1,484,209
Net position (deficit)—beginning					(183,081,913)	632,902
Net position (deficit)—ending					$(188,171,298)	$2,117,111

See accompanying notes to financial statements.

THE CITY OF NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(in thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Restated Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Restated Net (Expense) Revenue and Changes in Net Position: Component Units
Primary government:						
General government	$ 5,479,762	$ 2,139,192	$ 1,529,203	$ 49,220	$ (1,762,147)	$ —
Public safety and judicial	13,840,502	318,318	649,500	18,158	(12,854,526)	—
Education	22,915,670	77,577	10,959,817	83,015	(11,795,261)	—
City University	1,094,172	383,012	237,559	592	(473,009)	—
Social services	14,514,037	55,827	4,593,584	67,848	(9,796,778)	—
Environmental protection	3,188,665	1,483,453	25,093	65,911	(1,614,208)	—
Transportation services	2,460,777	1,046,642	253,446	354,962	(805,727)	—
Parks, recreation and cultural activities	1,249,560	93,490	18,431	232,533	(905,106)	—
Housing	1,574,233	416,119	485,768	27,019	(645,327)	—
Health (including payments to HHC)	2,186,493	64,634	685,342	74,016	(1,362,501)	—
Libraries	350,475	—	—	156	(350,319)	—
Debt service interest	2,929,046	—	—	—	(2,929,046)	—
Total primary government	$71,783,392	$ 6,078,264	$19,437,743	$ 973,430	(45,293,955)	—
Component Units	$17,188,148	$12,941,245	$ 2,961,038	$1,179,583	—	$ (106,282)
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	236,645
Unrestricted federal and state aid					252,194	10,192
Other					1,403,787	641,984
Total general revenues					54,340,514	888,821
Change in net position					9,046,559	782,539
Net position (deficit)—beginning					(191,103,187)	(286,481)
Restatement of beginning net position					(1,025,285)	136,844
Net position (deficit)—ending					$(183,081,913)	$ 632,902

See accompanying notes to financial statements.

THE CITY OF NEW YORK

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2016

(in thousands)

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
ASSETS:						
Cash and cash equivalents	$ 6,218,872	$ 261,047	$ —	$ 142,361	$ —	$ 6,622,280
Investments	8,025,500	—	—	1,927,972	—	9,953,472
Accounts receivable:						
Real estate taxes (less allowance for uncollectible amounts of $223,031)	352,832	—	—	—	—	352,832
Federal, State and other aid	6,437,418	1,410,657	—	—	—	7,848,075
Taxes other than real estate	5,387,712	—	—	739,405	—	6,127,117
Other receivables, net	1,251,694	—	—	402,602	—	1,654,296
Due from other funds	3,230,864	6,668	—	414,751	(414,614)	3,237,669
Due from component units, net	1,155,612	625,573	—	—	—	1,781,185
Restricted cash and investments	—	129,509	1,778,906	2,192,139	—	4,100,554
Other assets	—	107,136	—	308,338	—	415,474
Total assets	$32,060,504	$ 2,540,590	$1,778,906	$6,127,568	$(414,614)	$42,092,954
LIABILITIES:						
Accounts payable and accrued liabilities	$12,657,086	$ 1,453,393	$ 3,789	$ 661,022	$ —	$14,775,290
Accrued tax refunds:						
Real estate taxes	45,308	—	—	—	—	45,308
Personal income tax	56,820	—	—	—	—	56,820
Other	36,093	—	—	—	—	36,093
Accrued judgments and claims	510,048	44,925	—	—	—	554,973
Unearned revenues	—	—	—	4,206	—	4,206
Due to other funds	—	3,581,794	—	70,489	(414,614)	3,237,669
Due to component units, net	217,428	—	—	—	—	217,428
Estimated disallowance of Federal, State and other aid	1,110,512	—	—	—	—	1,110,512
Other liabilities	3,808,801	438,875	—	—	—	4,247,676
Total liabilities	18,442,096	5,518,987	3,789	735,717	(414,614)	24,285,975
DEFERRED INFLOWS OF RESOURCES:						
Prepaid real estate taxes	8,105,167	—	—	—	—	8,105,167
Grant advances	30,613	—	—	—	—	30,613
Uncollected real estate taxes	287,280	—	—	—	—	287,280
Taxes other than real estate	4,496,113	—	—	—	—	4,496,113
Other deferred inflows of resources	226,416	—	—	995,431	—	1,221,847
Total deferred inflows of resources	13,145,589	—	—	995,431	—	14,141,020
FUND BALANCES:						
Nonspendable	472,819	—	—	612	—	473,431
Spendable:						
Restricted	—	129,509	382,005	2,330,834	—	2,842,348
Committed	—	—	1,393,112	—	—	1,393,112
Assigned	—	—	—	2,064,974	—	2,064,974
Unassigned	—	(3,107,906)	—	—	—	(3,107,906)
Total fund balances (deficit)	472,819	(2,978,397)	1,775,117	4,396,420	—	3,665,959
Total liabilities, deferred inflows of resources and fund balances	$32,060,504	$ 2,540,590	$1,778,906	$6,127,568	$(414,614)	$42,092,954

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, 2015
(in thousands)

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

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

JUNE 30, 2016
(in thousands)

Total fund balances—governmental funds	$	3,665,959
Amounts reported for *governmental activities* in the Statement of Net Position are different because:		
Inventories recorded in the Statement of Net Position are recorded as expenditures in the governmental funds		402,433
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		54,952,234
Certain other long-term assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are deferred in or excluded from the funds		
Deferred outflows of resources		13,387,451
Other long-term assets		44,260
Long-term liabilities and deferred inflows of resources are not due and payable in the current period and accordingly are not reported in the funds:		
Bonds and notes payable		(86,240,825)
OPEB liability		(89,403,007)
Accrued interest payable		(1,068,258)
Capital lease obligations		(1,571,006)
Accrued vacation and sick leave		(4,262,698)
Net pension liability		(64,846,995)
Landfill closure and post-closure care costs		(1,465,689)
Pollution remediation obligations		(208,873)
Accrued judgments and claims		(6,499,359)
Other accrued tax refunds		(1,765,000)
Deferred inflows of resources		(1,387,661)
Other long-term liabilities		(1,904,264)
Net position (deficit) of governmental activities		$(188,171,298)

See accompanying notes to financial statements.

THE CITY OF NEW YORK

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

JUNE 30, 2015
(in thousands)

Total fund balances—governmental funds	$ 5,036,436
Amounts reported for *governmental activities* in the Statement of Net Position are different because:	
Inventories recorded in the Statement of Net Position are recorded as expenditures in the governmental funds	376,743
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	53,122,237
Certain other long-term assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are deferred in or excluded from the funds	
Deferred outflows of resources	5,334,087
Other long-term assets	44,351
Long-term liabilities and deferred inflows of resources 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	(53,124,067)
Landfill closure and post-closure care costs	(1,508,360)
Pollution remediation obligations	(250,231)
Accrued judgments and claims	(6,147,347)
Other accrued tax refunds	(1,847,000)
Deferred inflows of resources	(5,312,410)
Other long-term liabilities	(1,694,782)
Net position (deficit) of governmental activities	$(183,081,913)

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, 2016
(in thousands)

	General Fund	Capital Projects Fund	General Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total Governmental Funds
REVENUES:						
Real estate taxes	$23,180,583	$ —	$ —	$ —	$ —	$23,180,583
Sales and use taxes	8,540,154	—	—	—	—	8,540,154
Personal income tax	11,392,473	—	—	180,290	(180,290)	11,392,473
Income taxes, other	6,947,614	—	—	—	—	6,947,614
Other taxes	3,559,825	—	—	—	—	3,559,825
Federal, State and other categorical aid	20,897,592	986,523	82,047	—	—	21,966,162
Unrestricted Federal and State aid	6,168	—	—	170,000	—	176,168
Charges for services	2,624,357	—	—	—	—	2,624,357
Tobacco settlement	—	—	—	365,783	—	365,783
Investment income	78,791	—	203	123,305	—	202,299
Other revenues	2,171,950	1,010,236	5,361	2,987,770	(2,566,109)	3,609,208
Total revenues	79,399,507	1,996,759	87,611	3,827,148	(2,746,399)	82,564,626
EXPENDITURES:						
General government	2,985,013	664,819	—	61,344	—	3,711,176
Public safety and judicial	9,325,708	327,079	—	—		9,652,787
Education	21,973,688	2,475,122	—	2,706,580	(2,566,109)	24,589,281
City University	955,775	56,994	—	—	—	1,012,769
Social services	13,800,868	60,086	—	—	—	13,860,954
Environmental protection	2,569,229	1,701,883	—	—	—	4,271,112
Transportation services	1,707,930	1,262,685	—	—	—	2,970,615
Parks, recreation and cultural activities	533,855	587,601	—	—	—	1,121,456
Housing	1,023,213	752,753	—	—	—	1,775,966
Health (including payments to HHC)	2,666,511	150,022	—	—	—	2,816,533
Libraries	359,548	40,872	—	—	—	400,420
Pensions	9,170,963	—	—	—	—	9,170,963
Judgments and claims	719,968	—	—	—	—	719,968
Fringe benefits and other benefit payments	5,511,572	—	—	—	—	5,511,572
Administrative and other	197,649	—	76,101	274,604	—	548,354
Debt Service:						
Interest	—	—	1,605,023	1,750,524	—	3,355,547
Redemptions	—	—	2,231,320	1,113,942	—	3,345,262
Lease payments	199,253	—	—	—	—	199,253
Total expenditures	73,700,743	8,079,916	3,912,444	5,906,994	(2,566,109)	89,033,988
Excess (deficiency) of revenues over expenditures	5,698,764	(6,083,157)	(3,824,833)	(2,079,846)	(180,290)	(6,469,362)
OTHER FINANCING SOURCES (USES):						
Transfers from (to) General Fund	—	—	3,619,487	2,052,943	—	5,672,430
Transfers from (to) Nonmajor Capital Projects Funds	—	4,836,353	—	3,794	—	4,840,147
Transfers from (to) Nonmajor Special Revenue Funds, net	—	—	—	86,893	—	86,893
Principal amount of bonds issued	159,154	—	—	4,471,797	—	4,630,951
Bond premium	—	—	430,131	477,299	—	907,430
Capitalized leases	—	47,998	—	—	—	47,998
Issuance of refunding debt	—	—	2,351,450	399,660	—	2,751,110
Transfers from (to) Capital Projects Fund	—	—	—	(4,836,353)	—	(4,836,353)
Transfers from (to) General Debt Service Fund, net	(3,619,487)	—	—	—	—	(3,619,487)
Transfers from (to) Nonmajor Debt Service Funds, net	(2,233,233)	—	—	(90,687)	180,290	(2,143,630)
Payments to refunded bond escrow holder	—	—	(2,771,338)	(467,266)	—	(3,238,604)
Total other financing sources (uses)	(5,693,566)	4,884,351	3,629,730	2,098,080	180,290	5,098,885
Net change in fund balances	5,198	(1,198,806)	(195,103)	18,234	—	(1,370,477)
FUND BALANCES (DEFICIT) AT BEGINNING OF YEAR	467,621	(1,779,591)	1,970,220	4,378,186	—	5,036,436
FUND BALANCES (DEFICIT) AT END OF YEAR	$ 472,819	$(2,978,397)	$ 1,775,117	$ 4,396,420	$ —	$ 3,665,959

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, 2015

(in thousands)

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

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, 2016
(in thousands)

Net change in fund balances—governmental funds		$(1,370,477)
Amounts reported for *governmental activities* in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Purchases of capital assets	$ 5,193,139	
Depreciation expense	(3,353,181)	1,839,958
The net effect of various miscellaneous transactions involving capital assets and other (*i.e.*, sales, trade-ins, and donations) is to decrease net position		83,098
The issuance of long-term debt (*i.e.*, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds from sales of bonds	(7,382,061)	
Principal payments of bonds	5,676,249	
Other	417,780	(1,288,032)
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		(585,453)
Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		11,831,546
Change in net pension liability		(11,722,928)
Change in OPEB liability		(3,918,455)
Change in pollution remediation obligations		41,358
Change in net position—governmental activities		$ (5,089,385)

See accompanying notes to financial statements.

THE CITY OF NEW YORK

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

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

Net change in fund balances—governmental funds		$ 2,104,944
Amounts reported for *governmental activities* in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Purchases of capital assets	$ 5,528,102	
Depreciation expense	(3,428,753)	2,099,349
The net effect of various miscellaneous transactions involving capital assets and other (*i.e.*, sales, trade-ins, and donations) is to decrease net position		(548,216)
The issuance of long-term debt (*i.e.*, bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Proceeds from sales of bonds	(10,136,264)	
Principal payments of bonds	7,422,523	
Other	307,849	(2,405,892)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds		116,332
Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		9,377,879
Change in net pension liability		(6,711,068)
Change in OPEB liability		4,000,570
Change in pollution remediation obligations		(12,624)
Change in net position—governmental activities		$ 8,021,274

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, 2016
(in thousands)

	Budget			Better (Worse) Than Modified Budget
	Adopted	Modified	Actual	
REVENUES:				
Real estate taxes	$22,589,192	$23,120,192	$23,180,583	$ 60,391
Sales and use taxes	8,068,000	8,560,220	8,540,154	(20,066)
Personal income tax	11,154,000	11,454,000	11,392,473	(61,527)
Income taxes, other	6,662,000	7,170,791	6,947,614	(223,177)
Other taxes	3,745,583	3,483,519	3,559,825	76,306
Federal, State and other categorical aid	20,765,775	21,963,335	20,897,592	(1,065,743)
Unrestricted Federal and State aid	—	6,155	6,168	13
Charges for services	2,735,296	2,734,077	2,624,357	(109,720)
Investment income	29,400	64,430	78,791	14,361
Other revenues	1,881,683	2,690,983	2,171,950	(519,033)
Total revenues	77,630,929	81,247,702	79,399,507	(1,848,195)
EXPENDITURES:				
General government	3,267,424	3,200,819	2,985,013	215,806
Public safety and judicial	8,777,557	9,483,114	9,325,708	157,406
Education	21,894,475	22,373,621	21,973,688	399,933
City University	977,677	1,003,118	955,775	47,343
Social services	14,026,800	13,980,252	13,800,868	179,384
Environmental protection	2,747,907	2,795,819	2,569,229	226,590
Transportation services	1,658,820	1,754,285	1,707,930	46,355
Parks, recreation and cultural activities	525,196	549,319	533,855	15,464
Housing	939,324	1,118,137	1,023,213	94,924
Health (including payments to HHC)	1,673,106	2,711,950	2,666,511	45,439
Libraries	357,731	360,295	359,548	747
Pensions	8,643,115	9,172,968	9,170,963	2,005
Judgments and claims	709,890	719,966	719,968	(2)
Fringe benefits and other benefit payments	5,309,527	5,691,328	5,511,572	179,756
Lease payments for debt service	169,678	199,255	199,253	2
Other	2,904,342	434,813	197,649	237,164
Total expenditures	74,582,569	75,549,059	73,700,743	1,848,316
Excess of revenues over expenditures	3,048,360	5,698,643	5,698,764	121
OTHER FINANCING SOURCES (USES):				
Principal amount of bonds issued	—	159,154	159,154	—
Transfer to Nonmajor Debt Service Fund	(1,024,767)	(2,578,096)	(2,579,009)	913
Transfer from Nonmajor Debt Service Fund	239,768	345,879	345,776	103
Transfers and other payments for debt service, net	(2,263,361)	(3,625,580)	(3,619,487)	(6,093)
Total other financing uses	(3,048,360)	(5,698,643)	(5,693,566)	(5,077)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ —	$ —	5,198	$ 5,198
FUND BALANCE AT BEGINNING OF YEAR			467,621	
FUND BALANCE AT END OF YEAR			$ 472,819	

See accompanying notes to financial statements.

THE CITY OF NEW YORK

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

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS:		
Cash and cash equivalents	$ 1,862,743	$1,299,970
Receivables:		
Member loans	2,319,160	—
Investment securities sold	4,181,594	—
Accrued interest and dividends	540,835	—
Other receivables	379	—
Total receivables	7,041,968	—
Investments:		
Short-term investments	5,117,216	—
Debt securities	40,119,759	3,172,406
Equity securities	59,731,778	—
Alternative investments	25,752,930	—
Mutual funds	10,352,595	—
Collective trust funds	51,716,410	—
Collateral from securities lending transactions	11,902,353	—
Guaranteed investment contracts	5,303,762	—
Total investments	209,996,803	3,172,406
Other assets	275,809	—
Total assets	219,177,323	4,472,376
LIABILITIES:		
Accounts payable and accrued liabilities	1,389,479	1,010,008
Payable for investment securities purchased	5,432,381	—
Accrued benefits payable	787,009	—
Securities lending transactions	11,902,353	—
Other liabilities	97,746	3,462,368
Total liabilities	19,608,968	4,472,376
NET POSITION:		
Restricted for benefits to be provided by QPPs	146,917,855	—
Restricted for benefits to be provided by VSFs	2,642,245	—
Restricted for benefits to be provided by TDA program	30,074,416	—
Restricted for other employee benefits	19,933,839	—
Total net position	$199,568,355	$ —

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	$ 1,072,112	$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:		
Short-term investments	9,912,775	—
Debt securities	41,948,003	2,161,656
Equity securities	60,297,544	—
Alternative investments	23,870,592	—
Mutual funds	10,204,567	—
Collective trust funds	49,232,865	—
Collateral from securities lending transactions	11,188,889	—
Guaranteed investment contracts	5,159,254	—
Total investments	211,814,489	2,161,656
Other assets	274,180	—
Total assets	221,177,630	3,535,037
LIABILITIES:		
Accounts payable and accrued liabilities	1,469,887	1,058,440
Payable for investment securities purchased	10,317,207	—
Accrued benefits payable	723,878	—
Securities lending transactions	11,188,889	—
Other liabilities	85,655	2,476,597
Total liabilities	23,785,516	3,535,037
NET POSITION:		
Restricted for benefits to be provided by QPPs	145,769,301	—
Restricted for benefits to be provided by VSFs	3,775,111	—
Restricted for benefits to be provided by TDA program	28,844,941	—
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 CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS:	
Contributions:	
Member contributions	$ 2,739,214
Employer contributions	13,679,102
Other employer contributions	58,145
Total contributions	16,476,461
Investment income:	
Interest income	2,356,503
Dividend income	2,561,066
Net depreciation in fair value of investments	(1,399,849)
Investment expenses	(673,517)
Investment income, net	2,844,203
Securities lending transactions:	
Securities lending income	88,389
Securities lending fees	(6,057)
Net securities lending income	82,332
Other	(106,450)
Total additions	19,296,546
DEDUCTIONS:	
Benefit payments and withdrawals	16,917,534
Administrative expenses	195,331
Other	7,440
Total deductions	17,120,305
Net increase in net position	2,176,241
NET POSITION:	
Restricted for Benefits:	
Beginning of year	197,392,114
End of year	$199,568,355

See accompanying notes to financial statements.

THE CITY OF NEW YORK

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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

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

See accompanying notes to financial statements.

THE CITY OF NEW YORK
COMPONENT UNITS
STATEMENT OF NET POSITION

JUNE 30, 2016
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2015	Housing Development Corporation October 31, 2015	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
ASSETS:							
Cash and cash equivalents	$ 356	$ 410,765	$ 782,027	$ 1,112,003	$ 82,265	$ 81,521	$ 2,468,937
Investments	6,096	796,424	375,587	405,906	175,693	420,296	2,180,002
Lease receivables	—	—	—	—	—	1,694,490	1,694,490
Other receivables	784,369	298,246	1,144,785	1,774,462	252,934	27,910	4,282,706
Mortgage loans and interest receivable, net	—	5	9,646,533	—	16,955	—	9,663,493
Inventories	—	13,394	—	23,291	—	—	36,685
Due from Primary Government	194,362	—	—	—	—	23,066	217,428
Restricted cash and investments	2,199,646	408,913	2,524,077	320,960	280,826	299,655	6,034,077
Other	73,556	105,249	9,133	—	76,910	23,121	287,969
Capital assets:							
Land and construction work-in-progress	5,227,182	2,028,773	—	371,259	112,912	167,277	7,907,403
Buildings and equipment	36,815,525	12,363,185	7,225	8,020,508	37,513	1,117,468	58,361,424
Accumulated depreciation	(12,976,917)	(8,458,707)	(5,429)	(4,983,098)	(8,862)	(239,578)	(26,672,591)
Total assets	32,324,175	7,966,247	14,483,938	7,045,291	1,027,146	3,615,226	66,462,023
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred outflows from pensions	275	83,162	2,063	491,646	—	—	577,146
Other deferred outflows of resources	142,802	6,284	10,287	12,785	—	18,517	190,675
Total deferred outflows of resources	143,077	89,446	12,350	504,431	—	18,517	767,821
LIABILITIES:							
Accounts payable and accrued liabilities	18,066	385,836	830,524	2,070,537	178,154	71,389	3,554,506
Accrued interest payable	49,745	15,361	89,441	12,136	—	—	166,683
Unearned revenues	141,741	95,120	83,198	—	34,205	38,093	392,357
Due to Primary Government	498,330	—	1,022,190	504,902	127,243	—	2,152,665
Other	—	48,617	—	5,061	32,667	150,704	237,049
Derivative instruments-interest rate swaps	142,802	—	—	—	—	18,517	161,319
Noncurrent Liabilities:							
Due within one year	578,028	217,698	429,706	679,185	—	26,408	1,931,025
Bonds & notes payable (net of amount due within one year)	30,251,327	689,405	9,671,638	868,626	—	1,694,699	43,175,695
Net pension liability	1,215	1,026,612	10,908	3,095,542	—	11,023	4,145,300
OPEB liability	1,270	2,689,623	8,919	4,883,995	20,719	85	7,604,611
Other (net of amount due within one year)	33,840	642,625	106,109	—	207,919	488,448	1,478,941
Total liabilities	31,716,364	5,810,897	12,252,633	12,119,984	600,907	2,499,366	65,000,151
DEFERRED INFLOWS OF RESOURCES:							
Deferred inflows from pensions	154	93,706	2,075	—	—	—	95,935
Other deferred inflows of resources	16,647	—	—	—	—	—	16,647
Total deferred inflows of resources	16,801	93,706	2,075	—	—	—	112,582
NET POSITION:							
Net investment in capital assets	(430,201)	5,407,064	1,796	2,520,920	28,651	918,971	8,447,201
Restricted for:							
Capital projects	—	—	—	—	40,279	7,596	47,875
Debt service	1,457,332	—	1,207,367	141,235	—	—	2,805,934
Loans/security deposits	—	—	—	—	54,865	5,400	60,265
Donor/statutory restrictions	—	—	—	148,130	—	23,563	171,693
Operations	250,447	—	64,274	—	—	—	314,721
Unrestricted (deficit)	(543,491)	(3,255,974)	968,143	(7,380,547)	302,444	178,847	(9,730,578)
Total net position (deficit)	$ 734,087	$ 2,151,090	$ 2,241,580	$ (4,570,262)	$ 426,239	$1,134,377	$ 2,117,111

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	$ 627,310	$ 570,451	$ 1,264,999	$ 106,289	$ 100,788	$ 2,669,890
Investments	6,212	550,725	323,658	249,868	81,814	428,713	1,640,990
Lease receivables	—	—	—	—	—	1,718,818	1,718,818
Other receivables	733,469	234,927	987,983	1,632,984	261,462	29,406	3,880,231
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	—	—	—	—	21,465	141,221
Restricted cash and investments	2,280,401	649,771	2,444,399	273,956	295,758	291,624	6,235,909
Other	71,772	103,852	9,489	—	52,028	2,116	239,257
Capital assets:							
Land and construction work-in-progress	4,558,225	1,719,935	—	304,394	108,412	165,135	6,856,101
Buildings and equipment	36,175,966	12,015,195	6,522	7,862,341	29,416	953,895	57,043,335
Accumulated depreciation	(12,070,070)	(8,115,141)	(5,178)	(4,728,794)	(9,621)	(195,873)	(25,124,677)
Total assets	31,875,784	7,801,463	13,107,692	6,880,657	946,151	3,516,087	64,127,834
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred outflows from pensions	105	77,701	350	—	—	—	78,156
Other deferred outflows of resources	103,182	7,992	11,985	15,349	—	18,317	156,825
Total 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	51,938	3,481,135
Accrued interest payable	57,535	15,810	78,077	12,870	—	—	164,292
Unearned revenues	149,226	48,773	77,173	—	39,667	54,062	368,901
Due to Primary Government	500,587	—	903,331	704,985	111,383	—	2,220,286
Other	—	45,001	—	5,061	32,773	139,375	222,210
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	—	9,739	3,314,595
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	474,062	1,462,389
Total liabilities	31,831,101	5,949,212	11,033,657	11,253,799	620,401	2,496,641	63,184,811
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	829,650	8,087,953
Restricted for:							
Capital projects	—	—	—	—	27,652	1,772	29,424
Debt service	1,224,925	—	1,117,381	135,961	—	—	2,478,267
Loans/security deposits	—	—	—	—	55,923	5,011	60,934
Donor/statutory restrictions	—	—	—	130,375	—	23,968	154,343
Operations	226,383	—	52,921	—	—	—	279,304
Unrestricted (deficit)	(723,166)	(3,630,743)	911,930	(7,415,086)	222,380	177,362	(10,457,323)
Total net position (deficit)	$ 129,793	$ 1,678,153	$ 2,083,576	$ (4,622,133)	$ 325,750	$1,037,763	$ 632,902

See accompanying notes to financial statements.

THE CITY OF NEW YORK

COMPONENT UNITS
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	Water and Sewer System	Housing Authority December 31, 2015	Housing Development Corporation October 31, 2015	Health and Hospitals Corporation	Economic Development Corporation	Nonmajor Component Units	Total
EXPENSES	$3,510,055	$3,274,759	$ 271,479	$ 9,756,868	$813,588	$ 474,737	$18,101,486
PROGRAM REVENUES:							
Charges for services	3,892,465	990,524	357,318	7,773,121	342,219	57,168	13,412,815
Operating grants and contributions	—	2,213,763	—	362,409	72,162	253,909	2,902,243
Capital grants, contributions and other	4,060	433,505	—	151,403	453,384	150,842	1,193,194
Total program revenues	3,896,525	3,637,792	357,318	8,286,933	867,765	461,919	17,508,252
Net (expenses) program revenues	386,470	363,033	85,839	(1,469,935)	54,177	(12,818)	(593,234)
GENERAL REVENUES:							
Investment income (loss)	53,322	10,249	32,324	12,389	1,929	(1,056)	109,157
Unrestricted federal and state aid	—	—	—	—	3,374	5,592	8,966
Other	164,502	99,655	39,841	1,509,417	41,009	104,896	1,959,320
Total general revenue	217,824	109,904	72,165	1,521,806	46,312	109,432	2,077,443
Change in net position (deficit)	604,294	472,937	158,004	51,871	100,489	96,614	1,484,209
Net position (deficit)—-beginning	129,793	1,678,153	2,083,576	(4,622,133)	325,750	1,037,763	632,902
Net position (deficit)—-ending	$ 734,087	$2,151,090	$2,241,580	$(4,570,262)	$426,239	$1,134,377	$ 2,117,111

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	$ 447,016	$17,188,148
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	234,118	2,961,038
Capital grants, contributions and other	223,791	330,548	—	106,915	365,598	152,731	1,179,583
Total program revenues	4,014,926	3,422,608	326,143	8,168,885	680,780	468,524	17,081,866
Net (expenses) program revenues	102,513	(89,210)	96,257	(173,787)	(63,563)	21,508	(106,282)
GENERAL REVENUES:							
Investment income (loss)	22,426	7,668	204,142	2,884	969	(1,444)	236,645
Unrestricted federal and state aid	—	—	—	—	4,744	5,448	10,192
Other	163,655	94,156	42,811	202,550	32,583	106,229	641,984
Total general revenue	186,081	101,824	246,953	205,434	38,296	110,233	888,821
Change in net position (deficit)	288,594	12,614	343,210	31,647	(25,267)	131,741	782,539
Net position (deficit)—beginning	(158,801)	1,665,539	1,740,366	(4,653,780)	351,017	769,178	(286,481)
Restatement of beginning net position	—	—	—	—	—	136,844	136,844
Net position (deficit)—ending	$ 129,793	$1,678,153	$2,083,576	$(4,622,133)	$325,750	$1,037,763	$ 632,902

See accompanying notes to financial statements.

A. Summary of Significant Accounting Policies

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

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

1. Reporting Entity

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

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

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

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

The New York City Transit Authority is an affiliated agency of the Metropolitan Transportation Authority (MTA) of the State of New York (State), which is a component unit of the 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, 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's authorizing legislation, which was amended several times, authorizes TFA 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. As of June 30, 2016, the City's and TFA's combined debt-incurring capacity was approximately $23.0 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, 2016, $8.0 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. 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 the 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, 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 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 appropriation for the five-year capital plan for the fiscal years 2015 through 2019 is $14.11 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. 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. 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 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, was created 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, was created 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 the collection of 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 2012-A
- NYCTLT 2013-A
- NYCTLT 2014-A
- NYCTLT 2015-A
- NYCTLT 2016-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. 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. For fiscal year 2017, a second one year contract renewal was registered to be effective on July 7, 2016. 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. 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 and commercial organizations through “straight lease” structures. The straight lease provides tax benefits to the participating organizations (the “Beneficiaries”) to incentivize the acquisition and capital improvement of their facilities. IDA may also assist Beneficiaries 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 Beneficiaries, 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. Whether IDA enters into a straight lease or issues IDBs, IDA may provide one or more of the following tax benefits: exemption from mortgage recording tax; payments in lieu of real property taxes (“PILOT”) that are less than full taxes; and exemption from City and State sales and use taxes as applied to construction materials and machinery and equipment. IDA is governed by a Board of Directors, which establishes official policies and reviews and approves requests for financial assistance. Its membership is prescribed by statue and includes a public official and mayoral appointees.

New York City Economic Development Corporation (EDC). EDC was organized under the State not-for-profit Corporation law. EDC’s primary activities consist of rendering a variety of services and administering certain economic development programs on behalf of the City relating to the attraction, retention and expansion of commerce in the City. These programs and services include encouragement of construction, acquisition, rehabilitation and improvement of commercial and industrial enterprises within the City and the provision of grants to qualifying business enterprises as a means to 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 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.

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. In July of 2015, a plan of dissolution was approved by BRAC’s Board of Directors and by the Attorney General of the State of New York. The assets of BRAC, all monetary for a total of $422 thousand, were transferred to the New York Business Assistance Corporation, a not-for-profit organization that is engaged in activities substantially similar to BRAC’s activities. BRAC had no assets or liabilities as of June 30, 2016.

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. 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 members of the Board of Directors serve at the pleasure of the Mayor of the City.

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 debt to finance the cost of capital improvements to the system 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, rendered 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 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 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 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 the 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 the 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. 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.

Brooklyn Public Library (BPL). BPL is a not-for-profit corporation, incorporated by the New York State Legislature in 1902. BPL serves more than 2.5 million Brooklynites with a Central Library, a Business Library and 58 branch locations. BPL receives significant support through governmental appropriations, primarily the State and the City. Its continuing operations are dependent upon such government support.

The Queens Borough Public Library Affiliate (QBPL). QBPL is a not-for-profit corporation, incorporated by the State Legislature in 1907. QBPL is a free association library and provides free public library service in the Borough of Queens. QBPL receives a substantial amount of support from the City, other governmental entities and private sources. A significant reduction in the level of support provided by the City may have an effect on QBPL's programs and activities. The operations of QBPL also include its affiliate, Queens Library Foundation, Inc., which supports QBPL.

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. 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, NYCNCC, QBPL, and BPL.** 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.

Change in Reporting Entity

As a result of a review of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, City management determined that it is preferable to present the QBPL and the BPL as discretely presented component units of the City. The analysis concluded that the City has financial accountability over the QBPL and the BPL because it appoints a voting majority, and a financial benefit/burden relationship exists with these two entities. The 2015 entity-wide financial statements, which originally did not include the QBPL and BPL as discretely presented component units, were restated to conform to this change. The financial reporting impact of this change was an increase of $145.3 million to component units' *Total Net Position* on the *Statement of Net Position* and an increase of $8.5 million to component units' *Change in Net Position* on the *Statement of Activities*.

New Accounting Standards Adopted

In Fiscal Year 2016, the City adopted six new statements of financial accounting standards issued by the Governmental Accounting Standards Board:

- 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.*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.*
- Statement No. 79, *Certain External Investment Pools and Pool Participants*
- Statement No. 81, *Irrevocable Split-Interest Agreements*

Statement No. 73 establishes requirements for defined benefit pension plans and defined contribution plans that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement extends 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 No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. There was no material impact on the City's financial statements as a result of the implementation of Statement No. 73.

Statement No. 76 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. There was no material impact on the City's financial statements as a result of the implementation of Statement No. 76.

Statement No. 77 defines a tax abatement and contains required disclosures about a reporting government's own tax abatement agreements and those agreements that are entered into by other governments and that reduce the reporting government's tax revenues. In 2016, the City and its discretely presented component units entered into agreements from eleven tax abatement programs which reduced tax revenues. In addition, there were agreements entered into by the State in two programs which also reduced the City's tax revenues. There was no impact on the City's financial statements as a result of the implementation of Statement No. 77. See Note D.7 for a table that summarizes essential information about the nature and magnitude of the reduction of tax revenues realized through tax abatement programs.

Statement No. 78 amends the scope and applicability of Statement No. 68 *Accounting and Financial Reporting for Pensions*—and amendment of GASB Statement No. 27 to exclude pension plans provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (a) is not a state or local government pension plan, (b) is used to provide defined benefits both to employees of state or local governmental employers and to employees of employers that are not state or local governments, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The Statement also establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. There was no material impact on the City's financial statements as a result of the implementation of Statement No. 78.

Statement No. 79 establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. The statement also establishes additional note disclosures for qualifying external investment pools. There was no material impact on the City's financial statement as a result of the implementation of Statement No. 79.

Statement No. 81, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. GASB 81 also provides expanded guidance for circumstances in which the government holds the assets. There was no material impact on the City's financial statement as a result of the implementation of Statement No. 81.

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.

Reclassifications—certain amounts have been reclassified in the 2015 financial statements to conform to the presentation in the 2016 financial statements. The reclassifications include a change in net investment in capital assets as presented on the Statement of Net Position. These reclassifications result in no change in the total net position (deficit) reported for 2015.

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 that do not result 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 2016 and 2015 were approximately $1.59 billion and $2.15 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 2016 and 2015 is included in Deposits and Investments (see Note D.1).

6. Inventories

Inventories on hand at June 30, 2016 and 2015, estimated based on average cost at $402 million and $377 million, respectively, 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), 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 generally uninsured with respect to risks including, but not limited to, property damage, personal injury, and workers' compensation. However, as required by the Stafford Act, the City insures certain assets, which have been restored with grant funds from the Federal Emergency Management Agency, through the National Flood Insurance Program. 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 *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, 2016, classified by type, and the changes in fair value of such derivative instruments for the fiscal year then ended, as reported in the 2016 financial statements are as follows:

Governmental Activities

		Changes in Fair Value from June 30, 2015		Fair Value at June 30, 2016		
Item	**Description**	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
			(in thousands)			
Cashflow Hedges:						
H	Pay-Fixed interest rate swap	Deferred Outflow	$(16,145)	Debt	$(56,194)	$250,000
L	Pay-Fixed interest rate swap	Deferred Outflow	885	Debt	(360)	32,165
Investment derivative instruments:						
A	Pay-Fixed interest rate swap	Investment Revenue	2,806	Investment	(14,229)	190,307
B	Pay-Fixed interest rate swap	Investment Revenue	936	Investment	(4,743)	63,436
C	Pay-Fixed interest rate swap	Investment Revenue	936	Investment	(4,743)	63,436
D	Pay-Fixed interest rate swap	Investment Revenue	936	Investment	(4,743)	63,436
E	Pay-Fixed interest rate swap	Investment Revenue	(1,540)	Investment	(16,077)	116,100
G	Basis Swap	Investment Revenue	(2,336)	Investment	0	0
H	Pay-Fixed interest rate swap	Investment Revenue	(6,297)	Investment	(22,478)	100,000
K	Basis Swap	Investment Revenue	3,984	Investment	(7,719)	500,000

On August 4, 2016 the City terminated Investment Derivative G. The total Notional Amount Terminated was $364.10 million and the City received a $2.41 million termination payment from the swap counterparty.

Fair Value for the derivate instruments is the estimated exit price that assumes a transaction takes place in the City's principal market, or 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 derivate instruments 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 derivate instruments 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, 2016, along with the credit rating of the associated counterparty. Regarding derivative instruments where the counterparty is unrated, the rating provided is that 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	32,165	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, as follows:

- 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, 2016 was $(56.19) 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, or 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 U.S. Government Agency securities in the amount equal to (when in the form of cash) or greater than (when 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 when required, the derivative instrument may be terminated by the counterparty. At June 30, 2016, the aggregate fair value of all derivative instruments with these collateral posting provisions is $(131.29) million. If the collateral posting requirements had been triggered at June 30, 2016, the City would have been required to post $38.84 million in collateral to its counterparties (assuming cash collateral). The collateral requirements would be $131.24 million for ratings below Baa3 or BBB- based on posting cash. The City's credit rating as of June 30, 2016 was Aa2 (Moody's) and AA (Standard & Poor's); therefore, no collateral was posted as of that date.

Swap Collateral Requirements upon a Rating Downgrade of the City(1)

Swap/Counterparty	Fair Value as of June 30, 2016(2) (in thousands)	Collateral Threshold at Baa2/BBB to Baa3/BBB-(3)	Collateral Amount(4) (in thousands)	Collateral Threshold below Baa3/BBB-	Collateral Amount(5) (in thousands)
Bank of New York Mellon	$ —	Infinity	$ —	—	$ —
JP Morgan Chase Bank, N.A.	(22,308)	3,000	19,300	—	22,300
Merrill Lynch Capital Services, Inc.	(4,743)	3,000	1,743	—	4,743
UBS AG	(20,820)	3,000	17,800	—	20,800
US Bank National Association	(4,743)	Infinity	—	—	4,700
Wells Fargo Bank, NA	(78,672)	Infinity	—	—	78,700
Total Fair Value	$(131,286)		$38,843		$131,243

(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. Based on the credit rating level, the amount of collateral required can range from zero to the amount of the counterparty's exposure based on the market value of the swap.

(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 highest 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, 2016, were due July 1, 2015 and January 1, 2016, 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, which were due in quarterly installments on the first day of each quarter beginning on July 1.

The levy date for Fiscal Year 2016 taxes was June 29, 2015. 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 2017 and 2016. Payment of real estate taxes before July 15, 2016, on properties with an assessed value of $250,000 or less and before July 1, 2016, on properties with an assessed value over $250,000 received the discount. Collections of these real estate taxes received on or before June 30, 2016 and 2015 were about $8.1 billion and $7.0 billion, respectively.

The City sold approximately $82.0 million of real property tax liens, fully attributable to Fiscal Year 2016, at various dates in Fiscal Year 2016. As in prior years' 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 $4.0 million worth of liens sold in Fiscal Year 2016 will require refunding. The estimated refund accrual amount of $6.0 million, including the surcharge and interest, resulted in Fiscal Year 2016 net sale proceeds of $76.0 million.

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 years' 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 Years 2016 and 2015, $223 million and $230 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, 2016 and 2015, excess amounts of $382 million and $428 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 receivable 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 including but not limited to Art and Cultural institutions. 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 2016		FY 2015*	
	Primary Government	Component units	Primary Government	Component units
	(in thousands)			
Deferred Outflows of Resources:				
Deferred Outflows from pension activities	$12,814,357	$577,146	$ 4,790,696	$ 78,156*
Accumulated decrease in fair value of hedging derivatives	15,260	176,706	41,294	140,522
Unamortized deferred bond refunding costs	73,446	13,969	82,477	16,033
Other	484,388	—	419,620	—
Total Deferred Outflows of Resources	$13,387,451	$767,821	$ 5,334,087	$234,711
Deferred Inflows of Resources:				
Deferred Inflows from pension activities	$ 7,210,537	$ 95,935	$11,048,854	$527,124*
Service concession arrangements	122,432	—	145,661	—
Real estate taxes	8,105,167	—	6,994,205	—
Grant advances	30,613	—	7,331	—
Unamortized deferred refunding costs	—	16,647	—	17,978
Other	59,932	—	59,888	—
Total Deferred Inflows of Resources	$15,528,681	$112,582	$18,255,939	$545,102

* Fiscal Year 2015 was restated to reflect the changes to deferred outflows and deferred inflows of resources pertaining to pension activities resulting from restatements to pension amounts reported by the POLICE, FIRE and BERS financial statements and disclosures for that year. See Note E.5 for additional information.

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 a 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, 2016 and 2015:

Fiscal Year 2016

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
			(in thousands)		
Nonspendable:					
General Fund balance.	$ 472,819	$ —	$ —	$ —	$ 472,819
Prepaid expenditures.	—	—	—	612	612
Spendable:					
Restricted					
Capital projects	—	129,509	—	287,410	416,919
Debt service.	—	—	382,005	2,043,424	2,425,429
Committed					
Debt service	—	—	1,393,112	—	1,393,112
Assigned					
Debt Service	—	—	—	1,899,644	1,899,644
Operations*	—	—	—	165,330	165,330
Unassigned					
Capital Projects Fund.	—	(3,107,906)	—	—	(3,107,906)
Total Fund Balance (Deficit)	$ 472,819	$(2,978,397)	$1,775,117	$4,396,420	$ 3,665,959

Fiscal Year 2015

	General Fund	Capital Projects Fund	Debt Services Fund	Nonmajor Governmental Funds	Total Governmental Fund
			(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

* 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. 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*. 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 January 2016, GASB issued Statement No 80, *Blending Requirements for Certain Component Units* – an amendment of GASB Statement No. 14. The Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments by providing an additional criterion. A component unit should be included in the reporting entity financial statements using the Blending method if the component unit is organized as a not-for-profit corporations in which the primary government is the sole corporate member as identified in the component unit's articles of incorporation and bylaws. The requirements of GASB 80 are effective for fiscal years beginning after June 15, 2016. The City has not completed the process of evaluating the impact of Statement No. 80 on its financial statements.

In March 2016, GASB issued Statement No 82, *Pension Issues* – an amendment of GASB Statements No. 67, No. 68, and No. 73. GASB 82 addresses practice issues raised with respect to GASB Statements No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25; GASB No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 25, 17, No. 68 and No. 73; and GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of GASB Statement No. 82 are effective for fiscal years beginning after June 15, 2016. The City has not completed the process of evaluating the impact of Statement No. 82 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 $3.88 billion and $5.10 billion subsequent to its original adoption in Fiscal Years 2016 and 2015, 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 $2.98 and $1.78 billion for the years ended June 30, 2016 and 2015, 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 considers a list of requirements to approve banks for designation, including but not limited to independent bank rating agency reports, bank regulators' reports, the banks' quarterly financial statements reported to the SEC, independently audited public financial statements and the New York State Department of Financial Services and Federal supervisory agency Community Reinvestment Act (CRA) reports 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. The FDIC insurance limits of $250 thousand are only applied one time to each bank relationship with multiple bank accounts. Each NYC Designated Bank must pledge Eligible Securities and/or Letters of Credit (LOC) that satisfy the minimum GML collateral requirements. The Designated Banks are required to closely monitor daily City bank account balances and adjust the amount of collateral pledged when the City's bank account balance changes to ensure that City deposits are always fully collateralized. With the exception of banks pledging a LOC as collateral, the banks are required on a daily basis to aggregate the total balances of all bank accounts under the City's tax ID, deduct the FDIC insurance limit of $250 thousand and pledge collateral which more than covers the remaining balances. The custodians provide collateral reports to the Department of Finance Collateral Committee on a regular basis; ranging from daily to monthly.

Cash & Cash Equivalents

The following is a summary of the cash and cash equivalents of the City as of June 30, 2016 and June 30, 2015:

	2016	2015
	(in thousands)	
Restricted cash and cash equivalents:		
Cash	$ 18,435	$ 1,668,133
Cash Equivalents	2,443,183	1,945,284
Total restricted cash and cash equivalents:	$2,461,618	$ 3,613,417
Unrestricted cash and cash equivalents:		
Cash	$2,106,736	$ 2,949,428
Cash Equivalents	4,515,544	4,227,309
Total unrestricted cash and cash equivalents:	$6,622,280	$ 7,176,737
Total cash and cash equivalents	$9,083,898	$10,790,154

At June 30, 2016 and 2015, the City's unrestricted bank balances were $2.33 billion and $4.29 billion, respectively. Of those amounts, there was no exposure to custodial credit risk at June 30, 2016; $51 thousand were exposed to custodial credit risk at June 30, 2015 (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). At June 30, 2016 and 2015, the City's restricted cash balances were $2.46 billion and $3.61 billion, respectively. Of those amounts $5 thousand and $4 thousand were exposed to custodial credit risk. Bank balances are exposed to custodial credit risk when they are uninsured and uncollateralized.

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, 2016 and 2015:

Governmental Activities:

	Investment Maturities (in years)					
	2016			2015		
Investment Type	**Less than 1**	**1 to 5**	**More than 5**	**Less than 1**	**1 to 5**	**More than 5**
	(in thousands)					
Unrestricted						
U.S. Government securities	$1,038,024	$5,259,266	$ —	$149,688	$5,350,429	$ —
U.S. Government agency obligations	1,899,994	245,850	—	1,718,306	125,041	—
Commercial paper	1,482,615	—	—	824,353	—	—
Time deposits	27,976	—				
Investment derivative instruments	—	—	(74,732)[(1)]	—	—	(74,157)[(2)]
Total unrestricted	$4,448,609	$5,505,116	$(74,732)	$2,692,347	$5,475,470	$(74,157)
Restricted						
U.S. Government securities	$ 506,460	$ 146,310	$ —	$ 544,700	$ 464,435	$ —
U.S. Government agency obligations	909,661	10,000	—	1,202,661	84,527	—
Commercial paper	—	—	—	19,999	—	—
Municipal bonds	—	—	17,389	—	—	16,900
Money market funds	39,783	—	—	33,710	—	—
Time deposits	9,333	—	—	9,334	—	—
Total restricted	$1,465,237	$ 156,310	$ 17,389	$1,810,404	$ 548,962	$ 16,900

(1) The City has five pay-fixed interest rate swaps and one basis swap that is treated as investment derivative instruments. Additionally, the City has one pay-fixed swap (H) that is partially treated as an investment derivative instrument. On June 30, 2016, the swaps had fair values of $(14,229) thousand, $(4,743) thousand, $(4,743) thousand, $(4,743) thousand, $(16,077) thousand, $(7,719) thousand, and $(22,478) thousand, respectively.

(2) The City has five pay-fixed interest rate swaps and two basis swaps 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. 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.

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, 2016 and June 30, 2015:

	6/30/2016			6/30/2015		
		Fair Value Measurements Using			Fair Value Measurements Using	
Investments[1] by Fair Value Level	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
			(in thousands)			
U.S. Government securities	$ 6,968,541	$367,074	$6,601,467	$ 6,596,073	$878,299	$ 5,717,774
U.S. Government agency obligations	3,263,130	—	3,263,130	3,120,686	—	3,120,686
Commercial paper	1,501,196	—	1,501,196	1,699,849	—	1,699,849
Money Market Funds	353,687	39,783	313,904	273,121	33,710	239,411
Municipal Bonds	17,389	—	17,389	16,900	—	16,900
Investment derivative instruments	(74,732)	—	(74,732)	(74,157)	—	(74,157)
Total Investment & Cash Equivalent by Fair Value Level	$12,029,211[2]	$406,857	$11,622,354	$11,632,472[2]	$912,009	$10,720,463

(1) Includes cash equivalents carried at fair value by blended components.

(2) As of June 30, 2016 and June 30, 2015, all ECF investment maturities were less than one year and recorded at carrying value. For the year ended June 30, 2016 and June 30, 2015, ECF's listed investments totaled $68.57 million and $44.23 million, respectively.

Investments classified in Level 1 of the fair value hierarchy, valued at $406.86 million and $912.01 million in Fiscal Years 2016 and 2015 respectively, are valued using quoted prices in active markets.

U.S. Government securities totaling $6.41 billion and $5.50 billion, U.S. Government agency obligations totaling $3.26 billion and $3.12 billion, commercial paper totaling $1.5 billion and $1.7 billion, money market funds totaling $313.90 million and $239.41 million and municipal bonds totaling $17.39 million and $16.90 million, in fiscal years 2016 and 2015 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 $190.47 million and $217.74 million in Fiscal Years 2016 and 2015 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 ($74.73 million) and ($74.16 million) in Fiscal Years 2016 and 2015, 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, 2016 and 2015, 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 also not be able to recover the value of its investments or collateral securities that are in the possession of the custodian. 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.

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 or custodian in the name of the City.

Investment Derivative Instruments

Note: More information on derivative instruments discussed herein can be found in Note A.12, by referencing the indicated derivative instrument's identifying letter.

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, and E is required to post collateral if one of its credit ratings goes below A3/A-. The counterparty with respect to derivative instrument H is required to post collateral if one of its credit ratings goes below A2/A. The counterparty with respect to derivative instruments A, C and K 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, 2016 was $(74.73) 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 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, 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 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 instrument 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., securities below BBB up to 10% of the total asset allocation and any bond that meets the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
2. Equity investments may be made only in those stocks that meet the qualifications of the New York State Retirement and Social Security Law, the New York State Banking Law, and the New York City Administrative Code.
3. Short-term investments may be made in the following:
   a. U.S. Government guaranteed securities or U.S. Government agency securities.
   b. Commercial paper rated A1, P1, or F1 by Standard & Poor's Corporation or Moody's Investors Service, Inc., or Fitch, respectively.
   c. Repurchase agreements collateralized in a range of 100% to 102% of matured value, purchased from primary dealers of U.S. Government securities.
   d. Investments in bankers' acceptances, certificates of deposit, and time deposits are limited to banks with worldwide assets in excess of $50 billion that are rated within the highest categories of the leading bank rating services, and selected regional banks also rated within the highest categories.
   e. Other top-rate securities maturing in less than 4 years.
4. Investments up to 25% of total pension fund assets in instruments not specifically covered by the New York State Retirement and Social Security Law.
5. No investment in any one corporation can be: (i) more than 2% of the pension plan net position; or (ii) more than 5% of the total outstanding issues of the corporation.

All investments are held by the City's custodial banks (in bearer or book-entry form) solely as an agent of the Comptroller of The City of New York on behalf of the various account owners. Payments for purchases are not released until evidence of ownership of the underlying investments are received by the City's custodial bank.

Securities Lending

State statutes and Board policies permit the Pension and Certain Other Employee Benefit Trust Funds to lend its securities to broker-dealers and other entities for collateral, for the same securities in the future with a simultaneous agreement to return the collateral in the form of cash, treasury and U.S. Government securities. The Funds' agent lends the following types of securities: short term securities, common stocks, long-term corporate bonds, U.S. Government and U.S. Government agency bonds, asset-backed securities and international equities and bonds held in collective investment funds. In return, the Funds receive collateral in the form of cash, U.S. Treasury and US. Government agency securities at 100% to 105% of the principal plus accrued interest for reinvestment. At June 30, 2016 and 2015, 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 Funds' custodians 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 66 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, 2015 and 2016:

	Primary Government						
Primary Government	**Balance June 30, 2014**	**Additions**	**Deletions**	**Balance June 30, 2015**	**Additions**	**Deletions**	**Balance June 30, 2016**
				(in thousands)			
Governmental Activities:							
Capital assets, not being depreciated/amortized:							
Land	$ 1,770,734	$ 137,076	$ 60	$ 1,907,750	$ 39,728	$ 6,107	$ 1,941,371
Construction work-in-progress	4,259,644	3,577,653	4,857,381	2,979,916	3,043,506	2,512,330	3,511,092
Total capital assets, not being depreciated/amortized	6,030,378	3,714,729	4,857,441	4,887,666	3,083,234	2,518,437	5,452,463
Capital assets, being depreciated/amortized:							
Buildings	52,084,999	4,372,039	414,345	56,042,693	2,512,330	161,618	58,393,405
Equipment (including software)	7,849,727	633,302	271,986	8,211,043	585,476	131,946	8,664,573
Infrastructure	19,542,136	1,180,428	448,903	20,273,661	1,525,297	241,546	21,557,412
Total capital assets, being depreciated/amortized	79,476,862	6,185,769	1,135,234	84,527,397	4,623,103	535,110	88,615,390
Less accumulated depreciation/amortization:							
Buildings	21,299,537	1,988,833	326,682	22,961,688	1,859,409	161,094	24,660,003
Equipment (including software)	5,278,340	548,257	217,327	5,609,270	540,318	127,748	6,021,840
Infrastructure	7,267,258	891,663	437,053	7,721,868	953,454	241,546	8,433,776
Total accumulated depreciation/amortization	33,845,135	3,428,753(1)	981,062	36,292,826	3,353,181(1)	530,388	39,115,619
Total capital assets, being depreciated/amortized, net	45,631,727	2,757,016	154,172	48,234,571	1,269,922	4,722	49,499,771
Governmental activities capital assets, net	$51,662,105	$6,471,745	$5,011,613	$53,122,237	$4,353,156	$2,523,159	$54,952,234

(1) Depreciation expense was charged to functions/programs of the City for the Fiscal Years ended June 30, 2016 and 2015 as follows:

	2016	2015
	(in thousands)	
Governmental activities:		
General government	$ 488,144	$ 535,537
Public safety and judicial	229,582	422,511
Education	1,343,771	1,230,095
City University	4,914	5,313
Social services	72,708	85,340
Environmental protection	133,938	129,380
Transportation services	642,043	596,550
Parks, recreation and cultural activities	352,453	348,016
Housing	3,471	8,838
Health	65,321	50,572
Libraries	16,836	16,601
Total depreciation expense-governmental activities	$3,353,181	$3,428,753

The following are the sources of funding for the governmental activities capital assets for the Fiscal Years ended June 30, 2016 and 2015. Sources of funding for capital assets are not available prior to Fiscal Year 1987.

	2016	2015
	(in thousands)	
Capital Projects Funds:		
Prior to Fiscal Year 1987	$ 6,598,498	$ 6,598,496
City and TFA bonds	84,339,652	79,707,160
Federal grants	544,003	519,030
State grants	80,180	75,842
Private grants	77,466	67,224
Capitalized leases	2,428,054	2,447,311
Total funding sources	$94,067,853	$89,415,063

At June 30, 2016 and 2015, 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, 2016 and 2015, are leased properties that have elements of ownership. These assets are recorded as capital assets as follows:

	Capital Leases	
Governmental activities:	2016	2015
	(in thousands)	
Capital asset:		
Buildings	$2,428,054	$2,447,311
Less accumulated amortization	857,048	808,068
Buildings, net	$1,571,006	$1,639,243

Capital Commitments

At June 30, 2016, the outstanding commitments relating to projects of the New York City Capital Projects Fund amounted to approximately $15.8 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 City Capital Projects Fund expenditures of $83.8 billion over Fiscal Years 2016 through 2025. To help meet its capital spending program, the City and TFA borrowed $3.65 billion in the public credit market in Fiscal Year 2016. The City and TFA plan to borrow $5.63 billion in the public credit market in Fiscal Year 2017.

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, 2016 and 2015 were approximately $988.0 million and $942.0 million, respectively.

As of June 30, 2016, the City (excluding discretely presented component units) had future minimum payments under capital and operating leases with a remaining term in excess of one year as follows:

	Capital Leases	Operating Leases	Total
		(in thousands)	
Governmental activities:			
Fiscal Year ending June 30:			
2017	$ 183,088	$ 653,581	$ 836,669
2018	179,561	611,625	791,186
2019	171,350	570,150	741,500
2020	171,525	541,547	713,072
2021	163,240	503,895	667,135
2022-2026	636,984	2,032,467	2,669,451
2027-2031	416,643	1,160,577	1,577,220
2032-2036	177,170	341,067	518,237
2037-2041	77,141	42,006	119,147
2042-2046	3,899	12,549	16,448
2047-2051	—	8,990	8,990
Future minimum payments	2,180,601	$6,478,454	$8,659,055
Less: Interest	609,595		
Present value of future minimum payments	$1,571,006		

The present value of future minimum lease payments includes approximately $1.056 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, 2016 and 2015 was approximately $279 million and $284 million, respectively. As of June 30, 2016, the following future minimum rentals are provided for by the leases:

	Capital Leases	Operating Leases	Total
Governmental activities:		(in thousands)	
Fiscal Year ending June 30:			
2017	$ 1,198	$ 197,061	$ 198,259
2018	1,198	195,532	196,730
2019	1,198	191,097	192,295
2020	1,201	188,312	189,513
2021	1,201	164,514	165,715
2022-2026	5,240	789,675	794,915
2027-2031	5,351	746,330	751,681
2032-2036	4,748	730,948	735,696
2037-2041	2,157	716,642	718,799
2042-2046	2,020	708,038	710,058
2047-2051	1,824	640,774	642,598
2052-2056	1,800	60,147	61,947
2057-2061	1,800	60,147	61,947
2062-2066	1,800	60,147	61,947
2067-2071	1,800	59,510	61,310
2072-2076	1,800	58,022	59,822
2077-2081	1,260	46,271	47,531
2082-2086	—	42,747	42,747
2087-2091	—	4,068	4,068
Thereafter until 2106	—	1	1
Future minimum lease rentals	37,596	$5,659,983	$5,697,579
Less interest	23,833		
Present value of future minimum lease rentals	$13,763		

4. Service Concession Arrangements

The City is the transferor in 63 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:

	2016			2015		
Concession Type	Number of concessions	Deferred inflows	Capital Assets Value	Number of concessions	Deferred inflows	Capital Assets Value
		(in thousands)			(in thousands)	
Restaurants	24	$ 40,983	$ 84,357	24	$ 48,063	$ 86,718
Sports Centers	11	18,305	47,507	15	21,926	52,102
Golf Courses	14	24,877	46,720	14	29,262	48,399
Gas Stations	7	454	905	6	517	783
Amusement Parks/Carousels	3	37,398	76,645	3	45,789	78,895
Stables	3	408	1,013	2	80	418
Other	1	7	100	2	24	230
Total	63	$122,432	$257,247	66	$145,661	$267,545

5. Long-Term Liabilities

Changes in Long-term liabilities

In Fiscal Years 2015 and 2016, the changes in long-term liabilities were as follows:

Primary Government	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
				(in thousands)				
Governmental activities:								
Bonds and notes payable								
General Obligation Bonds[1]	$ 41,664,633	$ 3,249,510	$ 4,454,196	$ 40,459,947	$ 2,510,604	$ 4,896,980	$38,073,571	$2,175,171
TFA bonds	31,038,820	5,175,795	2,364,510	33,850,105	4,799,660	1,292,285	37,357,480	1,008,920
TSASC bonds	1,228,370	—	6,335	1,222,035	—	77,510	1,144,525	—
IDA bonds	89,755	—	2,975	86,780	—	3,115	83,665	3,265
STAR bonds	1,974,530	2,035,330	1,974,530	2,035,330	—	73,935	1,961,395	76,895
FSC bonds	230,790	—	33,415	197,375	—	22,205	175,170	43,465
HYIC bonds	3,000,000	—	—	3,000,000	—	—	3,000,000	—
ECF bond	266,155	—	1,965	264,190	—	23,785	240,405	4,525
Tax lien collateralized bonds	45,781	95,479	107,029	34,231	71,797	74,164	31,864	—
Total before premiums/discounts(net)	79,538,834	10,556,114	8,944,955	81,149,993	7,382,061	6,463,979	82,068,075	3,312,241
Less premiums/(discounts)(net)	3,161,979	1,278,429	615,332	3,825,076	907,430	559,756	4,172,750	—
Total bonds and notes payable	82,700,813	11,555,789	9,281,533	84,975,069	8,289,491	7,023,735	86,240,825	3,312,241
Capital lease obligations	1,701,439	93,015	155,211	1,639,243	47,998	116,235	1,571,006	73,368
Other tax refunds	1,934,703	312,193	145,704	2,101,192	10,913	254,192	1,857,913	92,913
Judgments and claims	6,913,458	1,148,392	1,275,197	6,786,653	1,629,179	1,361,500	7,054,332	1,314,597
Real estate tax certiorari	885,961	205,290	152,629	938,622	224,981	181,556	982,047	170,931
Vacation and sick leave	3,935,666	355,296	310,233	3,980,729	576,845	294,876	4,262,698	294,876
Net pension liability	46,598,085	6,525,982	—	53,124,067	11,722,928	—	64,846,995	—
OPEB liability	89,485,122	(864,197)	3,136,373	85,484,552	6,816,123	2,897,668	89,403,007	—
Landfill closure and postclosure care costs	1,466,633	105,030	63,303	1,508,360	2,928	45,599	1,465,689	8,401
Pollution remediation obligation	237,607	228,622	215,998	250,231	101,035	142,393	208,873	179,195
Total changes in governmental activities long-term liabilities	$235,859,487	$19,665,412	$14,736,181	$240,788,718	$29,422,421	$12,317,754	$257,893,385	$5,446,522

(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, 2015 and 2016, summarized by type of issue are as follows:

Primary Government	2015 City General Obligation[1]	2015 Other bonds and notes payable[2]	2015 Revenue[3]	2015 Total	2016 City General Obligation[1]	2016 Other bonds and notes payable[2]	2016 Revenue[3]	2016 Total
				(in thousands)				
Governmental activities:								
Bonds and notes payable								
General obligation bonds	$40,459,947	$ —	$ —	$40,459,947	$38,073,571	$ —	$ —	$38,073,571
TFA bonds	—	26,424,345	—	26,424,345	—	29,313,725	—	29,313,725
TFA bonds BARBs	—	—	7,425,760	7,425,760	—	—	8,043,755	8,043,755
TSASC bonds	—	—	1,222,035	1,222,035	—	—	1,144,525	1,144,525
IDA bonds	—	86,780	—	86,780	—	83,665	—	83,665
STAR bonds	—	—	2,035,330	2,035,330	—	—	1,961,395	1,961,395
FSC bonds	—	—	197,375	197,375	—	—	175,170	175,170
HYIC bonds	—	—	3,000,000	3,000,000	—	—	3,000,000	3,000,000
ECF bonds	—	—	264,190	264,190	—	—	240,405	240,405
Tax lien collateralized bonds	—	—	34,231	34,231	—	—	31,864	31,864
Total before net of premium / discount	40,459,947	26,511,125	14,178,921	81,149,993	38,073,571	29,397,390	14,597,114	82,068,075
Premiums/(discounts)(net)	1,599,541	1,588,851	636,684	3,825,076	430,131	477,299	3,265,320	4,172,750
Total bonds payable	$42,059,488	$28,099,976	$14,815,605	$84,975,069	$38,503,702	$29,874,689	$17,862,434	$86,240,825

(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, 2016:

	Governmental Activities					
	City General Obligation Bonds		Other Bonds and Notes Payable		Revenue Bonds	
Primary Government	Principal	Interest[1]	Principal	Interest	Principal	Interest
	(in thousands)					
Fiscal year ending June 30:						
2017	$ 2,175,171	$ 1,590,051	$ 843,090	$ 1,150,666	$ 293,980	$ 717,016
2018	2,215,730	1,509,199	1,005,660	1,125,649	321,115	709,932
2019	2,138,761	1,411,131	1,287,175	1,085,670	351,970	695,338
2020	2,270,430	1,310,992	1,296,115	1,039,635	324,770	679,184
2021	2,223,186	1,208,726	1,338,335	992,308	317,050	664,169
2022-2026	10,779,078	4,541,044	6,333,430	4,243,977	2,063,805	3,055,728
2027-2031	7,732,953	2,416,869	6,170,595	2,980,883	2,426,594	2,481,656
2032-2036	5,356,937	1,018,673	5,133,990	1,798,822	2,875,415	1,806,049
2037-2041	2,680,412	212,647	4,656,165	582,423	1,573,510	1,196,072
2042-2046	500,868	17,179	1,332,835	22,680	1,048,905	833,650
2047-2051	4	16	—	—	3,000,000	—
Thereafter until 2147	41	141	—	—	—	—
Total future debt service requirements	38,073,571	15,236,668	29,397,390	15,022,713	14,597,114	12,838,794
Less interest component	—	15,236,668	—	15,022,713	—	12,838,794
Total principal outstanding	$38,073,571	$ —	$29,397,390	$ —	$14,597,114	$ —

(1) Includes interest for general obligation bonds estimated at a 3% rate on tax-exempt adjustable rate bonds and at a 4% rate on taxable adjustable rate bonds.

The average (weighted) interest rates for outstanding City General Obligation Bonds as of June 30, 2016 and 2015, were 4.52% and 4.35%, 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 2016 and 2015, the City issued $2.51 billion and $1.78 billion, respectively, of General Obligation Bonds to advance refund General Obligation Bonds of $2.67 billion and $1.96 billion, respectively, aggregate principal amounts. The net proceeds from the sales of the refunding bonds, together with other funds of $44.43 million and $49.12 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 2016, the refunding transactions will decrease the City’s aggregate debt service payments by $428.53 million and provide an economic gain of $397.22 million. In Fiscal Year 2015, the refunding transactions decreased the City’s aggregate debt service payments by $278.36 million and provided an economic gain of $241.97 million. At June 30, 2016 and 2015, $21.10 billion and $20.23 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 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 June 30, 2016 and 2015, the 10% general limitation was approximately $85.18 billion and $81.35 billion, respectively. Also, as of June 30, 2016, the City's remaining GO debt-incurring power totaled $22.98 billion, after providing for capital commitments. As of July 1, 2016, the debt incurring power is $30.17 billion based on the change in the five-year full valuation average for fiscal year 2017.

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 2016, prepayment transfers of $1.76 billion were made from the General Fund which included discretionary transfers of $1.38 billion to the General Debt Service Fund for Fiscal Year 2017 debt service. In Fiscal Year 2015, prepayment and other transfers of $1.98 billion were made from the General Fund to the General Debt Service Fund for Fiscal Year 2016 debt service.

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, 2016. 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, 2016 will remain the same for their term.

	Governmental Activities			
	General Obligation Bonds			
	Principal	**Interest**	**Hedging Derivative Instruments, Net**	**Total**
	(in thousands)			
Fiscal year ending June 30:				
2017	$ 14,125	$ 2,080	$ 6,853	$ 23,058
2018	18,040	1,431	6,750	26,221
2019	—	1,065	6,691	7,756
2020	—	1,065	6,691	7,756
2021	—	1,065	6,691	7,756
2022-2026	53,115	5,127	32,210	90,452
2027-2031	172,805	2,270	14,262	189,337
2032	24,080	51	322	24,453
Total	$282,165	$14,154	$80,470	$376,789

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, 2016 and 2015, claims in excess of $1.093 trillion and $1.15 trillion, respectively, were outstanding against the City for which the City estimates its potential future liability to be $7.05 billion and $6.78 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 Insurance Company, Inc. (the WTC Insurance Company) was formed to cover claims against the City and its private contractors relating to debris removal work at the World Trade Center site and the Fresh Kills landfill. The WTC Insurance Company was funded by a grant from the Federal Emergency Management Agency (FEMA) in the amount of $999.9 million. On June 10, 2010, the WTC Insurance Company announced that a settlement was reached with attorneys for the plaintiffs. On November 19, 2010, the District Court Judge announced that more than the required 95% of plaintiffs agreed to the settlement, thus making it effective. Approximately $700 million has been paid under the settlement, leaving residual funds of approximately $290 million to insure and defend the City and its contractors against any new claims. Since the applicable statute of limitations runs from the time a person learns of his or her injury or should reasonably be aware of the injury, additional plaintiffs may bring lawsuits in the future for late emerging cancers, which could result in substantial damages. No assurance can be given that the remaining insurance will be sufficient to cover all liability that might arise from such claims.

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

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.

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 (USAO-SDNY). 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.

In July 2014, disability rights advocates organizations and disabled individuals commenced a putative class action against the City in the (USAO-SDNY). 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.

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

A personal injury lawsuit commenced in 2005 alleged that the City failed to properly equip its firefighters. The lawsuit claims that as a result of the alleged failure three firefighters died and three others sustained significant injuries. On February 22, 2016, a verdict was rendered in the amount of $183 million against the City and a co-defendant. The co-defendant has already paid $43 million. The City appealed the verdict as to both liability and the excessiveness of the award. The lawsuit was subsequently settled in the amount of $29.5 million in mid September 2016.

In West v. City of New York, a putative class action on behalf of blind and visually impaired persons served on the City in April, 2016 in the USAO-SDNY, plaintiffs allege that they are excluded from using pedestrian rights of way on the City's sidewalks because of the allegedly low number of Accessible Pedestrian Signals (APS) on pedestrian crossings. Plaintiffs claim that this is not only a violation of their rights, but hazardous. Plaintiffs allege violations of the Americans with Disabilities Act, Rehabilitation Act, and New York City Human Rights Law. Plaintiffs seek declaratory relief that the City has violated the disability statutes, that the City develop a remedial plan, that all future new construction and street alterations provide for APS installations, and attorneys' fees. If plaintiffs were to prevail, the City could be subject to substantial compliance costs.

In late 2015, a putative class action was filed against the City and the New York City Taxi and Limousine Commission alleging numerous commercial claims in connection with the November 2013 and February 2014 auctions of wheelchair accessible taxi medallions. Plaintiffs allege that the New York City Taxi and Limousine Commission negligently posted false information about average medallion transfer prices in advance of the auction falsely inducing plaintiffs to bid higher amounts for their medallions. If plaintiffs were to prevail and a class of plaintiffs who purchased medallions at the auctions were certified, damages of several hundred million dollars could be sought.

In an action filed in late November 2015, plaintiffs, which consist of owners of independent taxi medallions and an owner-advocacy group, challenged the constitutionality of the New York City Taxi and Limousine Commission's rule requiring taxi medallion owners to place wheelchair accessible taxis on the street by 2020. The potential cost to the City is uncertain at this time but could be significant if plaintiffs were to prevail.

In an action filed in December 2015, plaintiffs that include owners of taxi medallions, taxi drivers, groups that finance taxi medallions, and taxi medallion interest groups, raised numerous constitutional claims challenging regulations on taxi medallions that allegedly are not applied to other for hire vehicle transportation that utilize apps for their service. If the plaintiffs were to ultimately prevail, the City could be subject to substantial 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 $982 million and $938 million at June 30, 2016 and 2015, 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 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, 2016, 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 19, 2016, 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, 2016, the financial assurance cost estimate for the Fresh Kills Landfill is $1.02 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 2016, expenditures for landfill and inactive hazardous waste site closure and postclosure care costs totaled $45.2 million.

The following represents the City's total landfill and hazardous waste sites liability which is recorded in the government-wide *Statement of Net Position*:

	Amount (in thousands)
Landfill	$1,272,938
Hazardous waste sites	192,751
Total landfill and hazardous waste sites liability	$1,465,689

Pollution Remediation Obligations

The pollution remediation obligations (PROs) at June 30, 2016 and June 30, 2015, summarized by obligating event and pollution type, respectively, are as follows:

Obligating Event	**Fiscal Year 2016**		**Fiscal Year 2015**	
	Amount (in thousands)	**Percentage**	**Amount (in thousands)**	**Percentage**
Imminent endangerment	$ 111	0.1%	$ 111	—%
Violation of pollution prevention-related permit or license	2,123	1.0	—	—
Named by regulator as a potentially responsible party	50,970	24.4	50,964	20.4
Voluntary commencement	155,669	74.5	199,156	79.6
Total	$208,873[(1)]	100.0%	$250,231[(1)]	100.0%

Pollution Type	**Amount (in thousands)**	**Percentage**	**Amount (in thousands)**	**Percentage**
Asbestos removal	$ 97,802	46.8%	$135,900	54.3%
Lead paint removal	12,515	6.0	8,501	3.4
Soil remediation	39,075	18.7	46,338	18.5
Water remediation	57,784	27.7	57,784	23.1
Other	1,697	0.8	1,708	0.7
Total	$208,873[(1)]	100.0%	$250,231[(1)]	100.0%

(1) There are no expected recoveries to reduce the liability.

The PRO liability is derived from registered multi-year contracts which offsets cumulative expenditures (liquidated/unliquidated) against original encumbered contractual amounts. The potential for changes to existing PRO estimates is recognized due to such factors as: additional remediation work arising during the remediation of an existing pollution project; remediation activities may find unanticipated site conditions resulting in necessary modifications to work plans; changes in methodology during the course of a project may cause cost estimates to change, e.g., the new ambient air quality standard for lead considered a drastic change will trigger the adoption of new/revised technologies for compliance purposes; and changes in the quantity which is paid based on actual field measured quantity for unit price items measured in cubic meters, linear meters, etc. Consequently, changes to original estimates are processed as change orders. Further, regarding pollution remediation liabilities that are not yet recognized because they are not reasonably estimable, the Law Department relates that we have approximately 12 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 is also one case involving environmental review and land use, and one case involving polychlorinated biphenyls caulk in the public schools. Due to the uncertainty of the legal proceedings we cannot estimate a future liability.

The City, in compliance with the 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, 2016, which equates to the total current cost, is $970 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 closure costs are 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 $9.9 billion. Of such amount, approximately $2.1 billion represents expense funding for emergency response, debris removal and emergency protective measures, and approximately $7.8 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 June 2013, the City released a report, updated in April 2015 with the release of One New York: the Plan for a Strong and Just City, that analyzed the City’s climate risks and outlined certain recommendations to address those risks. The report outlined a $20 billion climate resiliency plan covering over 1,000 individual projects citywide. The climate resiliency plan includes City and non-City assets and programs, and reflects both expense and capital funding from the City and from other sources. City capital funding for City infrastructure and coastal protection is included in the Ten Year Capital Strategy, and the City has secured significant federal relief for long-term recovery, largely from FEMA and HUD. However, there are currently approximately $5 billion in unfunded climate resiliency proposals, particularly for investments in the City’s coastal protection plan and resiliency retrofits for buildings beyond the City’s existing efforts. These additional costs would require increased federal or other funding and increased City capital or expense funding.

On March 2, 2010, the United States Environmental Protection Agency (EPA) listed the Gowanus Canal (the Canal), a waterway located in the City, as a federal Superfund site under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). EPA considers the City a potentially responsible party (PRP) under CERCLA, based on contaminants from currently and formerly City-owned and operated properties, as well as from the City’s combined sewer overflows (CSOs). On September 30, 2013 EPA issued the Record of Decision (ROD) for the Canal, setting forth requirements for dredging contaminated sediment in the Canal and covering it with a cap as well as source control requirements. The ROD requires that two CSO retention tanks be constructed as part of the source control component of the remedy. EPA estimates that the costs of the tanks will be approximately $85 million and the overall cleanup costs (to be allocated among potentially responsible parties) will be $506 million. The City anticipates that the actual cleanup costs could substantially exceed EPA’s cost estimate. On May 28, 2014, EPA issued a unilateral administrative order requiring the City to design major components of the remedy for the Canal, including the CSO retention tanks, remediation of the First Street basin (a currently filled-in portion of the Canal), and storm water controls. As required under the Unilateral Order, the City submitted its siting recommendations for the CSO tanks to EPA on June 30, 2015. As set forth in a consent order which was fully executed on June 9, 2016, EPA agrees with the City's preferred location for one of the tanks and, with respect to the other tank, EPA has directed the City to site the tank at the City's preferred location subject to certain milestones. In addition, the City is participating in an ongoing arbitration process with approximately 20 other parties to determine each party's share of liability for the design of the in-canal (dredging and capping) portion of the remedy.

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).The City's share will be determined in a future allocation proceeding. The settlement does not cover any remedy that may ultimately be chosen by EPA to address the contamination identified as a result of the investigation and evaluation.

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

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

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

6. Interfund Receivables, Payables, and Transfers

At June 30, 2016 and 2015, 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	2016	2015
		(in thousands)	
General Fund	Capital Projects Fund	$3,167,180[1]	$2,915,207[1]
	TDC—General Fund	277	191
	TFA—Debt Service	63,405	107,735
Capital Projects Fund	TFA—Capital Projects Fund	6,321	990,794
	HYIC—Capital Projects Fund	347	2,233
HYDC—Capital Projects Fund	HYIC—Capital Projects Fund	45	124
HYIC—Debt Service Fund	HYIC—Capital Projects Fund	94	255
Total due from/to other funds		$3,237,669	$4,016,539

Component Units:

Due from/to City and Component Units:

Receivable by	Payable by	2016	2015
		(in thousands)	
City—General Fund	Component units—HDC	$1,022,190	$ 903,331
	HHC	504,902	704,985
	Less:allowance for uncollectable amounts	(371,480)	(296,811)
		1,155,612	1,311,505
City—Capital Projects Fund	Component units—Water Authority	498,330	500,587
	EDC	127,243	111,383
		625,573	611,970
Total due from Component Units		$1,781,185	$1,923,475
Component Unit—Water Board	City—General Fund	$ 194,362	$ 119,756
Component Unit—Brooklyn Public Library	City—General Fund	717	—
Component Unit—Queens Public Library	City—General Fund	22,349	—
Total due to Component Units		$ 217,428	$ 119,756

(1) Net of eliminations within the same fund type.

Note: During Fiscal Years 2016 and 2015, 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 2016					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
			(in thousands)			
Transfer From (to):						
General Fund	$ —	$ —	$3,619,487	$ 2,052,943	$ —	$ 5,672,430
General Debt Service Fund	(3,619,487)	—	—	—	—	(3,619,487)
Capital Projects Fund	—	—	—	(4,836,353)	—	(4,836,353)
Nonmajor Debt Service Funds	(2,233,233)	—	—	(90,687)	180,290	(2,143,630)
Nonmajor Capital Projects Funds	—	4,836,353	—	3,794	—	4,840,147
Nonmajor Special Revenue Funds	—	—	—	86,893	—	86,893
Total	$(5,852,720)	$ 4,836,353	$3,619,487	$(2,783,410)	$180,290	$ —

	Fiscal Year 2015					
	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Adjustments/ Eliminations	Total
			(in thousands)			
Transfer from (to):						
General Fund	$ —	$ —	$4,979,173	$ 1,986,222	$ —	$6,965,395
General Debt Service Fund	(4,979,173)	—	—	—	—	(4,979,173)
Capital Projects Fund	—	—	—	(5,765,533)	—	(5,765,533)
Nonmajor Debt Service Funds	(2,542,426)	—	—	(123,341)	556,204	(2,109,563)
Nonmajor Capital Projects Funds	—	5,765,533	—	2,083	—	5,767,616
Nonmajor Special Revenue Funds	—	—	—	121,258	—	121,258
Total	$(7,521,599)	$ 5,765,533	$4,979,173	$(3,779,311)	$556,204	$ —

(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 2016, the City made the following transfer: A transfer from the General Fund in the amount of $1.7 billion on June 23, 2016 to TFA. These funds were used to fund debt service requirements for future tax secured debt.

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).

7. Tax Abatements

NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	**Programs Administered by NYC Housing Preservation & Development (HPD)**			
	J51 Program	**Commercial Conversion Programs 421-a, 421-b and 421-g**	**Division of Alternative Management Programs (DAMP)**	**Urban Development Action Area Programs (UDAAP)**
1) Purpose of Program	Encourages the renovation of residential properties to owners of residential real property who perform rehabilitation work.	Designed to encourage the new construction of multiple dwellings (421-a), new construction or conversion or reconstruction of owner-occupied one- and two-family homes (421-b), and the construction and conversion of commercial buildings to residential apartment buildings (421-g) by providing real property tax benefits for eligible parcels.	DAMP encourages community growth by returning City-owned buildings to responsible private owners. DAMP offers incentive programs that select alternative managers for residential properties foreclosed by the City for nonpayment of taxes, with the goal of returning these properties to the tax roll.	UDAAP offers incentive programs for rehabilitating housing or building new housing.
2) Tax being abated.	Real Property Tax	Real Property Tax	Real Property Tax	Real Property Tax
3) Authority under which abatement agreements are entered into.	New York State (NYS) Real Property Tax Law (RTPL): Article 4, Title 2, Section 489 and the NYC Administrative Code, Title 11, Chapter 2, Subchapter 2, Parts 1, 11-242, 11-243, 11-244 and 11-245.8	NYS RTPL: Article 4, Title 2, Section 421-a, 421-b, and 421-g.	Housing Finance Law: Article XI: Section 577.	General Municipal Law 696: Article 16.
4) Criteria to be eligible to receive abatement.	The projects may be government-assisted or privately financed for moderate and gut rehabilitation of multiple dwellings. The projects may also be for major capital improvements, conversions of lofts and non-residential buildings into multiple dwellings, and for certain cooperative/condominium and conversions to residential property projects.	a) 421-a Program: The buildings must receive governmental assistance, contain 20% affordable units, or the owner must participate in an affordable housing production program. b) 421-b Program: The homes must be owner-occupied and may not include commercial or other non-residential space. c) 421-g Program: The conversions must have an alteration Type 1 permit dated before June 30, 2006. All of the programs have eligible abatement zones.	The benefits are limited to residential properties that were foreclosed on by the City for nonpayment of taxes.	The housing must be designated by the City Council as an area in need of urban renewal.
5) How recipients' taxes are reduced.	Through both a reduction of the property's assessed value and as a credit to the amount of taxes owed.	421-a and 421-b: Through a reduction of the property's assessed value; 421-g: Through both a reduction of the property's assessed value and as a credit to the amount of taxes owed.	Through a reduction of the property's assessed value.	Through a reduction of the property's assessed value

NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	**Programs Administered by NYC Housing Preservation & Development (HPD) (continued)**			
	J51 Program (continued)	**Commercial Conversion Programs 421-a, 421-b and 421-g (continued)**	**Division of Alternative Management Programs (DAMP) (continued)**	**Urban Development Action Area Programs (UDAAP) (continued)**
6) How amount of abatement is determined.	The amount of the direct reduction to the remaining billable amount due is based on the calculated "Certified Reasonable Cost"; a percentage is applied to that figure to determine the Lifetime Abatement Amount or Abatement Pool.	a) 421-a Program: The benefit is based on a reduction of assessment value of the new construction for a three year construction benefit period, up to 25 years following the construction period. b) 421-b Program: The building assessment is exempt during the construction period and for an additional two years; the benefit then declines until the ninth year. c) 421-g Program: There is a construction period abatement from the increase in real estate taxes resulting from the work, and a 14 year abatement (ten years full and four year phase out) based on the existing real estate taxes in year one of the benefit term.	The benefit is equal to the assessed value times an eligible percentage less the DAMP ceiling, which sets a limit on the maximum taxable assessment that can be placed on a property.	The UDAAP benefit is equal to the delta between the building Assessed Value (AV) in the base year and the building AV in the benefit year, up to 20 years.
7) Provisions for recapturing abated taxes.	N/A	N/A	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes.	Commitments, other than reducing taxes, may only be applicable with 34-year government-assisted construction projects. In these instances the City supports in the associated construction costs.	N/A	N/A	N/A
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement.	2016 / 2015 (in thousands) $266,200 / $259,700	2016 / 2015 (in thousands) $1,286,900 / $1,188,400	2016 / 2015 (in thousands) $34,100 / $30,400	2016 / 2015 (in thousands) $24,100 / $24,800

NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	**Programs Administered by NYC Department of Finance (DOF)**			
	The Commercial Revitalization (CRP) and Commercial Expansion (CEP) Programs	**Industrial and Commercial Incentive Program (ICIP) and Industrial and Commercial Abatement Program (ICAP)**	**Relocation and Assistance Programs—(REAP), Lower Manhattan Relocation and Employment Assistance Program for Eligible Benefits (LMREAP-EB) and Lower Manhattan Relocation and Employment Assistance Program for Special Eligible Benefits (LMREAP-SEB)**	**Sports Arena Used by the NHL and NBA**
1) Purpose of Program	CRP provides a real property tax reduction in lower Manhattan by encouraging owners to invest in building improvements for offices, retail or elementary or secondary schools. The CEP provides a real property tax reduction for space that has been leased for commercial offices, industrial/manufacturing spaces, retail or elementary or secondary schools in the outer boroughs or Manhattan above 96th street and the Garment District.	ICAP replaced ICIP in 2008. Both programs encourage economic development for construction and rehabilitation of commercial, industrial or mixed-use structures.	Offers business income tax credits for relocating jobs outside of the City to designated locations within the City.	Ensure the viability of a major league sports facility in the City.
2) Tax being abated.	Real Property Tax	Real Property Tax	The credits may be taken against the City's general corporation tax, banking corporation tax, unincorporated business tax, and/or utility tax.	Real Property Tax
3) Authority under which abatement agreements are entered into.	The CRP is governed by the NYS RPTL: Title 4; the CEP is governed by the NYS RPTL: Title 4a.	NYS RPTL: Article 4, Title 2F, Section 489; aaaaaa-kkkkkk the NYC Administrative Code: Title 11, Chapter 2, Subchapter 2, Part 5.	NYC Administrative Code: Title 11, Chapter 6, Subchapter 3, Part 4, Section 11-643.9, 11-1105.211-1105.3	NYS RPTL: Section 429.
4) Criteria to be eligible to receive abatement.	Both programs require commercial tenant occupancy in commercial offices and that the space leased out be located in a non-residential or mixed-use building. Both programs also have minimum requirements regarding expenditures for tenant improvement per square foot. In addition, the CEP requires a minimum aggregate floor area of 25,000 square feet.	The programs require industrial construction work where, after completion, at least 75 percent of the total net square footage is used or available for manufacturing activities. The buildings must also be located in an allowable zone within the City, which varies depending on whether the project is for a commercial new construction, a commercial renovation construction, or an industrial construction. Depending on the property's taxable assessed value, applicants must meet a minimum required expenditure amount in order to be eligible in the tax year, with a taxable status date immediately preceding the issuance of the first building permit or, if no permit is required, the start of construction.	For REAP, LMREAP-EB, and LMREAP-SEB, eligible businesses must have conducted substantial business operations outside of the City for at least 24 consecutive months before relocating; most retail and hotel services do not qualify. The eligibility requirements are that the premises must be nonresidential; have been improved by construction or renovation; the lease term must be at least three years; and expenditures for improvements must be more than $25 per square foot. For LMREAP-SEB, eligible businesses must move at least 250 employees or increase its payroll by 25%	For Madison Square Garden

NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	Programs Administered by NYC Department of Finance (DOF) (continued)			
	The Commercial Revitalization (CRP) and Commercial Expansion (CEP) Programs (continued)	**Industrial and Commercial Incentive Program (ICIP) and Industrial and Commercial Abatement Program (ICAP) (continued)**	**Relocation and Assistance Programs—(REAP), Lower Manhattan Relocation and Employment Assistance Program for Eligible Benefits (LMREAP-EB) and Lower Manhattan Relocation and Employment Assistance Program for Special Eligible Benefits (LMREAP-SEB) (continued)**	**Sports Arena Used by the NHL and NBA (continued)**
5) How recipients' taxes are reduced.	Through a reduction of the property's assessed value.	As a credit to the amount of taxes owed.	As a credit to the amount of taxes owed.	Through a reduction of the property's assessed value.
6) How amount of abatement is determined.	The granted abatement is realized from a calculation formula base abatement (the lower of the tax liability/building sq. ft. or $2.50 per sq. ft.) multiplied by square footage multiplied by abatement percentage.	The base abatement amount year is the amount that the post-completion tax liability exceeds 115% of the initial tax liability for each type of abatement, except for the additional industrial abatement. The calculated base abatement is then subjected to a corresponding timetable.	For REAP, LMREAP-EB and LMREAP-SEB, eligible business receives a $3,000 annual credit, per eligible employee, up to 12 years. REAP allows an additional credit of $1,000 per share for relocating to parts of the eligible area that are not revitalization areas.	100% reduction of the property tax.
7) Provisions for recapturing abated taxes.	N/A	N/A	N/A	N/A
8) Types of commitments made by the City other than to reduce taxes.	N/A	N/A	N/A	N/A
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement.	2016: $18,500; 2015: $15,500 (in thousands)	2016: $709,400; 2015: $700,100 (in thousands)	2016: $22,000; 2015: $27,000 (in thousands)	2016: $41,500; 2015: $44,000 (in thousands)

NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	**Program Administered by NYC Department of Buildings (DOB)**	**Programs Administered by NYC Industrial Development Agency (IDA)**	**Program Administered by Build NYC Resource Corporation[3]**
	Solar Electric Generating System (SEGS) Abatement Program	**Commercial Growth and Industrial Incentive Programs**	**Build NYC Tax Abatement Program**
1) Purpose of Program	The program provides tax benefits to properties that use solar power. This process allows for a reliable alternative energy source to be available during peak hours and power outages. Additionally, less energy being produced by traditional combustion of fossil fuels means less air pollution and cleaner air, and solar energy does not emit greenhouse gas emissions.	Designed to encourage economic development in the City. The Commercial Growth[1] and Industrial Incentive[2] programs retain, expand, and attract commercial and industrial businesses, and the related economic benefits and job creation and retention associated with them.	As a conduit bond issuer, the primary goal is to facilitate access to private activity tax-exempt bond financing for qualified projects.
2) Tax being abated.	Real Property Tax	a) Real Property Tax (via a PILOT); b) State and Local Sales Tax (ST); and c) Mortgage Recording Tax (MRT).	Mortgage Recording Tax (MRT)
3) Authority under which abatement agreements are entered into.	RPTL: Title 4C (499 aaaa - 499 gggg) parcel.	Industrial Development Act of 1969 as governed by Article 18: A of the General Municipal Law[3].	Section 411 of the New York Not-for-profit Law.
4) Criteria to be eligible to receive abatement.	The abatement is applied to the property for a four-year period starting on July 1, following DOB approval. Class 1, 2, and 4 properties are eligible; however, if you receive ICAP, 421-a, 421-b, 421-g, or pay payments in-lieu-of-tax (PILOTs), your property is NOT eligible for the Solar Electric Generating System Tax Abatement.	All applicants must satisfy eligibility requirements and must demonstrate a need for assistance. Applicants are selected based on an analysis of the economic benefit of the proposed project in compliance with the uniform Tax Exemption Policy of IDA. Stores that benefit from the Fresh Project Program must be located in an eligible area.	The projects must have been undertaken by Build NYC, as mortgagee, who records a mortgage, for the creation or retention of jobs. Build NYC assists qualified projects in obtaining tax-exempt bond financing as a conduit bond issuer.
5) How recipients' taxes are reduced	Through both a reduction of the property's assessed value and as a credit to the amount of taxes owed.	The projects are tax exempt but businesses receiving such benefits typically make PILOTs. PILOT payments are a stepped-down percentage of full real estate tax rates.	Build NYC has authorization to exempt MRT due upon the recording of a mortgage associated with Build NYC sponsored bond transactions.

NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	**Program Administered by NYC Department of Buildings (DOB) (continued)**	**Programs Administered by NYC Industrial Development Agency (IDA) (continued)**	**Program Administered by Build NYC Resource Corporation[3] (continued)**
	Solar Electric Generating System (SEGS) Abatement Program (continued)	**Commercial Growth and Industrial Incentive Programs (continued)**	**Build NYC Tax Abatement Program (continued)**
6) How amount of abatement is determined.	Depending on the date the system was placed in service, the benefit is the lesser of 2.5%-8.75% of the installation costs limited to the property tax for the year, or $62,000.	a) PILOT tax abatements are typically granted for a 20 year period followed by a 5 year "phase in" period during which the tax rates paid by the PILOT recipient are increased each year by 20% of the abated amount until the full rate is reached in year 25. b) The MRT abatement is a singular benefit received at closing only for projects that are financed, and c) The ST abatements apply for eligible purchases to be used at project facilities. The Yankee and Mets stadium projects coincide with the underlying debt service related to the construction of the stadiums and the length of the abatements cover a 36-40 year period.	One hundred percent reduction of the MRT.
7) Provisions for recapturing abated taxes.	N/A	Program participants are required to adhere to various lease provisions as a prerequisite to receive abatement benefits. The lease provisions authorize benefit recapture in the case of non-compliance	A change in the utilization of the facility that compromises the tax exempt status of the underlying tax exempt debt, the sale of the property, absent specific preauthorization, that includes the maintenance of the original tax exempt utilization of the property and/or the bankruptcy or cessation of operations of the facility/entity. Projects are subject to a benefit recapture period of ten years.
8) Types of commitments made by the City other than to reduce taxes.	N/A	N/A	N/A
9) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement.	2016 / 2015 (in thousands) $4,600 / $3,000	2016 / 2015 (in thousands) **Commercial Growth Programs:** a) PILOT $74,600 / $65,100 b) ST $5,000 / $26,000 **Industrial Incentive Programs:** a) PILOT $28,600 / $22,000 b) ST $2,000 / $800 c) MRT $8,800 / $3,600	2016 / 2015 (in thousands) $11,700 / $6,000

NYC Tax Abatement Disclosure as required by Statement No. 77 of the Governmental Accounting Standards Board	Programs Administered by the State of New York	
	Battery Park City Authority (The Authority)	**Urban Development Corporation (currently known as Empire State Development Corporation [ESDC])**
1) Purpose of Program	The Authority was created for the benefit of the people of the State of New York, the county of New York, and the City, and is a public purpose, regarded as performing a governmental function in the exercise of the powers conferred upon it, and shall be required to pay no taxes upon any of the properties acquired by it or under its jurisdiction or control or supervision or upon its activities.	The acquisition, construction, reconstruction, rehabilitation, or improvement of such industrial, manufacturing, and commercial facilities, and of such cultural, educational, and recreational facilities including but not limited to facilities identified as projects are public uses and public purposes for which public money be loaned and private property may be acquired and tax exemption granted, and that the powers and duties of the Urban Development Corporation as hereinafter prescribed are necessary and proper for the purpose of achieving the ends here recited.
2) Tax being abated.	Real Property Tax	Real Property Tax
3) Authority under which abatement agreements are entered into.	Public Authority Law: Section 1981.	McKinney's Unconsolidated Laws of NY: Section 6252.
4) Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of abatement agreement.	2016: $185,100; 2015: $173,700 (in thousands)	2016: $315,700; 2015: $272,300 (in thousands)

(1) Stadia transactions are a unique subset within the Commercial Growth portfolio. There are only two such transactions and they relate to the construction of the Yankee and Mets baseball stadiums in the Bronx and Queens, respectively. These transactions are unique in that the related PILOT payments coincide with the underlying debt service related to the construction of the stadiums. As such, the length of these abatements related to the Yankee and Mets stadiums cover a 36 and 40 year period, respectively.

(2) These businesses include Warehousing, Distribution Centers and Logistics. The FRESH projects are a subset of the Industrial Incentive Transactions and target food distribution companies.

(3) City Charter 1301(1) (b) requires NYCEDC, NYCIDA and Build NYC to report on projects undertaken for the purposes of the creation or retention of jobs if, in connection with such projects, Financial Assistance was provided in the form of loans, grants or tax benefits. In compliance with this requirement, a detailed report is prepared annually and posted on the NYCEDC web site that lists both summary and transaction level detail for all active projects. This report can be accessed at www.nycedc.com/about-nycedc/financial-public-documents.

Note: There were no amounts received or receivable from other governments; there were no government made commitments other than to reduce taxes; there were no abatements disclosed separately, and no information was omitted if required by GASB Statement No. 77.

N/A denotes program agreements that do not contain provisions related to this disclosure requirement.

8. 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 20, 2016, the estimated value of damages and recovery costs was approximately $9.9 billion—this includes $7.8 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 $4 billion in emergency and recovery spending was obligated for reimbursement by FEMA during the City's Fiscal Year 2016, 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, 2016, the FEMA reimbursement has been received or accrued as receivable in Fiscal Year 2016.

E. Other Information

1. Audit Responsibility

In Fiscal Years 2016 and 2015, respectively, the separately administered organizations included in the financial statements of the City audited by auditors other than Grant Thornton, LLP and the City's predecessor auditors Deloitte & Touche LLP for both Fiscal Years 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, the New York City Neighborhood Capital Corporation, New York City Transitional Finance Authority*, New York City Technology Development Corporation*, New York City Water and Sewer System*, the Brooklyn Public Library, the Queens Borough Public Library and Affiliates, New York City Employees' Retirement System*, Teachers' Retirement System of the City of New York*, New York City Board of Education Retirement System*, New York City Police Pension Funds*, New York City Fire Pension Funds*, and the New York City Other Postemployment Benefits Plan*.

	Government-wide				Fund-based			
	Governmental Activities		Component Units		Nonmajor Governmental Funds		Fiduciary Funds	
	2016	2015	2016	2015	2016	2015	2016	2015
Total assets	7%	3%	100%	50%	100%	37%	98%	7%
Revenues, other financing sources and net position held in trust	5%	4%	100%	76%	100%	71%	100%	8%

* Represents entities audited by Deloitte & Touche LLP in Fiscal Year 2015.

2. Subsequent Events

The following events occurred subsequent to June 30, 2016:

Long-Term Financing

NYCTLT 2016-A: On July 27, 2016, NYCTLT 2016-A issued Tax Lien Collateralized Bonds, Series 2016-A of $64,997,000 to fund the purchase of certain liens from the City.

TFA Debt: On July 28, 2016, the New York City Transitional Finance Authority issued $1,050,000,000 of Fiscal 2017 Series A Future Tax Secured bonds for capital purposes. On September 22, 2016, the New York City Transitional Finance Authority issued $1,150,000,000 of Fiscal 2017 Series B Future Tax Secured bonds for capital purposes.

City Debt: On August 18, 2016, the New York City of New York issued $1,431,000,000 of Fiscal 2017 Series A General Obligation bonds for capital purposes.

City Swap Portfolio: On October 5, 2016 the City novated two swaps with UBS AG to US Bank National Association. The total notional amount of the novation was $151,835,834. As a result of the novation the City received a payment of $150,000 from UBS AG.

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 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. Postemployment benefits other than pensions (OPEB) provided to eligible retirees of the City and their eligible beneficiaries and dependents (hereafter referred to collectively as "Retiree Participants") include: health insurance, Medicare Part B Premium reimbursements and welfare fund contributions. OPEB are funded by the OPEB Plan.

Funding Policy. The Administrative Code of The City of New York (ACNY) defines OPEB stemming from the City's various collective bargaining agreements. The City is not required by law or contractual agreement to provide funding for the OPEB other than the pay-as-you-go (PAYG) amounts necessary to provide current benefits to Retiree Participants and eligible beneficiaries/dependents. For the fiscal year ended June 30, 2016, the City paid $2.9 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 and Medicare-eligible Retiree Participants. The costs of these benchmark plans are reflected in the actuarial valuations by using age and gender adjusted premium amounts. 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 retirees and eligible spouses 100% of the Medicare Part B Premium rate applicable to a given year and there is no Retiree Participant 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, 2015 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, and changes in the City's net OPEB obligation for the year ended June 30, 2016:

	Amount (in thousands)
Annual required contribution	$ 92,300,676
Interest on net OPEB obligation	3,419,382
Adjustment to annual required contribution	(88,903,935)
Annual OPEB expense	6,816,123
Payments made	2,897,668
Increase in net OPEB obligation	3,918,455
Net OPEB obligation-beginning of year	85,484,552
Net OPEB obligation-end of year	$ 89,403,007

The City's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation for the fiscal years ended June 30, 2016, 2015, 2014, 2013, 2012, and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
	($ in thousands)		
6/30/16	$ 6,816,123	42.5%	$89,403,007
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

** 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, 2015, the most recent actuarial valuation date, the funded status was 4.4%. The actuarial accrued liability for benefits was $76.4 billion, and the actuarial value of assets was $3.4 billion, resulting in an unfunded actuarial accrued liability (UAAL) of $73.0 billion. The covered payroll (annual payroll of active employees covered) was $21.4 billion, and the ratio of the UAAL to the covered payroll was 341.4%. 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, 2015, 2014, 2013, 2012, 2011, 2010, 2009, 2008, and 2007 and the schedule provides a nine year information trend about whether the actuarial values 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, 2015 and 2014 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), with revisions proposed by the Actuary and adopted by each respective Board of Trustees in fiscal year 2016. 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, 2015 OPEB actuarial valuation of the Plan are as follows:

Valuation Date	June 30, 2015.
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 for June 30, 2015 and June 30, 2014 valuations. For June 30, 2015 valuation, Other HMOs reflect age adjusted premiums

GHI/EBCBS non-Medicare premiums adjusted for Health Savings Agreement changes. Age adjustment based on assumed age distribution of covered population used for non-Medicare retirees and HIP and Other HMO Medicare retirees.

Age adjustment based on actual age distribution of the GHI/EBCBS Medicare covered population.

For June 30, 2014 valuation, insured premiums without age adjustment for other coverage.

All reported premiums assumed to include administrative costs.

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(1) 2.5% CPI, 1.5% real rate of return on short-term investments.

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

Initial monthly premium rates used in valuations are shown in the following tables:

	Monthly Rates	
Plan	FY'16[1]	FY'15[2]
HIP HMO		
Non-Medicare Single	$ 603.02	$ 586.10
Non-Medicare Family	1,477.41	1,435.95
Medicare	160.05	157.55
GHI/EBCBS		
Non-Medicare Single	524.44[3]	497.39[3]
Non-Medicare Family	1,376.15[3]	1,292.81[3]
Medicare	160.75	160.86
Others		
Non-Medicare Single	923.23[4]	586.10[4]
Non-Medicare Family	2,010.43[4]	1,435.95[4]
Medicare Single	245.19[4]	160.86[4]
Medicare Family	501.71[4]	321.72[4]

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(1) Used in June 30, 2015 OPEB actuarial valuation.

(2) Used in June 30, 2014 OPEB actuarial valuation.

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

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

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

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

Welfare Fund rates are 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	
	6/30/2015	6/30/2014
NYCERS	$1,692	$1,693
TRS	1,746	1,746
BERS	1,677	1,677
POLICE	1,584	1,614
FIRE	1,705	1,707

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 the June 30, 2015 valuation, the assumed increase is replaced by the negotiated $25 increase for the next 2 fiscal years. In addition to current increasing payments an expected one time $100 increase was also reflected for Fiscal Year 2016.

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

Medicare Part B Premiums . . . .

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

* Reflected only in the June 30, 2015 OPEB actuarial valuation.

2016 Medicare Part B Premium is assumed to increase by Medicare Part B trend rates.

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

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

Future Calendar Year Medicare Part B Premium rates are projected from the Calendar Year 2016 rate of $121.80 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 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 are based on CMS income distribution published statistics and provisions of Social Security Act related to Medicare Part B Premium amounts, both before and after MACRA changes.

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

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

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

	HCCTR Assumptions		
Year Ending[1]	**Pre-Medicare Plans**	**Medicare Plans**	**Medicare Part B Premiums**
2016[2][3]	8.5%	5.0%	5.5%
2017[3]	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, 2015 OPEB actuarial valuation, rates shown for 2016 were not reflected since actual values for the Fiscal Year 2016 per capita costs, Fiscal Year 2016 Welfare Fund contributions and Calendar Year 2016 Medicare Part B Premium amounts were used.

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

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

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

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, 2015 valuation, the premiums for the Other HMOs are age and gender adjusted.

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* (Yamamoto Study).

* 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 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 are as follows:

Age	Male	Female	Age	Male	Female
20	0.170	0.225	43	0.325	0.480
21	0.157	0.227	44	0.340	0.487
22	0.147	0.236	45	0.355	0.495
23	0.143	0.252	46	0.372	0.505
24	0.143	0.274	47	0.391	0.519
25	0.146	0.301	48	0.412	0.536
26	0.151	0.329	49	0.437	0.556
27	0.157	0.357	50	0.463	0.576
28	0.165	0.384	51	0.491	0.597
29	0.173	0.408	52	0.519	0.616
30	0.181	0.428	53	0.547	0.635
31	0.190	0.444	54	0.577	0.653
32	0.199	0.456	55	0.608	0.671
33	0.208	0.463	56	0.641	0.690
34	0.217	0.466	57	0.676	0.710
35	0.227	0.466	58	0.711	0.732
36	0.237	0.465	59	0.747	0.756
37	0.249	0.464	60	0.783	0.783
38	0.261	0.464	61	0.822	0.813
39	0.274	0.465	62	0.864	0.846
40	0.286	0.467	63	0.909	0.881
41	0.299	0.471	64	0.957	0.917
42	0.312	0.475			

Children costs were assumed to represent a relative factor of 0.229.

For Medicare costs, relative factors based on the Yamamoto Study for net Medicare costs for 2010 for inpatient, outpatient and professional costs were blended. Prescription drug costs were not reflected as NYCHBP excludes most drugs from coverage. Professional costs were weighted at 64%, based on the GHI portion of the combined GHI/EBCBS premiums reported historically. Inpatient costs were weighted as twice as prevalent as outpatient costs based on the relative allocation suggested in the Yamamoto Study. Costs prior to age 65 were approximated using the non-Medicare data, but assuming that individuals under age 65 on Medicare had an additional disability-related morbidity factor. The resultant Medicare relative factors are as follows:

Age	Males	Females	Age	Males	Females
20	0.323	0.422	60	1.493	1.470
21	0.297	0.426	61	1.567	1.526
22	0.280	0.443	62	1.646	1.588
23	0.272	0.474	63	1.731	1.653
24	0.272	0.516	64	1.822	1.721
25	0.278	0.565	65	0.919	0.867
26	0.288	0.618	66	0.917	0.864
27	0.300	0.671	67	0.918	0.864
28	0.314	0.721	68	0.924	0.867
29	0.329	0.766	69	0.933	0.875
30	0.346	0.804	70	0.946	0.885
31	0.363	0.834	71	0.961	0.898
32	0.380	0.856	72	0.978	0.911
33	0.397	0.869	73	0.996	0.925
34	0.414	0.875	74	1.013	0.939
35	0.432	0.876	75	1.032	0.953
36	0.452	0.874	76	1.049	0.967
37	0.474	0.872	77	1.067	0.982
38	0.497	0.871	78	1.085	0.996
39	0.521	0.873	79	1.103	1.012
40	0.545	0.878	80	1.122	1.029
41	0.569	0.885	81	1.141	1.047
42	0.594	0.893	82	1.161	1.065
43	0.620	0.902	83	1.180	1.083
44	0.647	0.914	84	1.199	1.100
45	0.676	0.929	85	1.217	1.116
46	0.708	0.949	86	1.234	1.130
47	0.744	0.975	87	1.250	1.143
48	0.785	1.007	88	1.264	1.155
49	0.832	1.043	89	1.277	1.164
50	0.883	1.082	90	1.287	1.169
51	0.935	1.120	91	1.295	1.171
52	0.988	1.156	92	1.301	1.167
53	1.042	1.191	93	1.305	1.156
54	1.099	1.225	94	1.306	1.139
55	1.159	1.260	95	1.304	1.113
56	1.222	1.295	96	1.299	1.077
57	1.288	1.333	97	1.292	1.033
58	1.355	1.374	98	1.281	0.978
59	1.423	1.419	99+	1.281	0.978

For the June 30, 2015 and June 30, 2014 OPEB actuarial valuations, an actual age and gender distribution based on reported census information was used for GHI/EBCBS Medicare eligible participants. For the June 30, 2015 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, 2015 valuation, the Medicare participants in the Other HMO arrangements were assumed to have the same age and gender distribution as the data underlying the Yamamoto Study.

For the June 30, 2015 and June 30, 2014 OPEB actuarial valuations, the age and gender of non-Medicare eligible participants were based on the following assumed distribution table, assuming a total of 2,354 single contracts and 2,492 family contracts.

	Members Used	
Age Range	**Male**	**Female**
00-00	64	64
01-01	67	67
02-04	210	210
05-09	373	373
10-14	403	403
15-19	388	371
20-24	310	323
25-29	338	357
30-34	431	447
35-39	481	499
40-44	495	530
45-49	446	486
50-54	392	422
55-59	271	272
60-64	173	166
65+	89	76

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 $254.27 out of $537.76 single and $674.06 out of $1,411.11 Family for Fiscal Year 2016 rates) and a 3% reduction in the EBCBS portion of the premium (with the EBCBS portion representing the remainder of the premiums) for the estimated margin anticipated to be returned.

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 2016 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, 2015 and the June 30, 2014 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 the reported calendar year 2016 and 2015 HIP Medicare Advantage premium is within 1/2% of the Fiscal Year 2016 and 2015 GHI/EBCBS Medicare rates, respectively, 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.

	Factor*	
Fiscal Year	**6/30/15 Valuation**	**6/30/14 Valuation**
2015	1.00	1.00
2016	1.00	1.00
Thereafter	1.00	1.00

* 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:

Proportion based on portion of recent disability retirees who have been retired at least 2.5 years who are reported with Medicare.

	Valuation as of June 30	
	2015	**2014**
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, 2015 and June 30, 2014 Valuations				
	NYCERS	**TRS**	**BERS**	**POLICE**	**FIRE**
Pre-Medicare					
–GHI/EBCBS	65%	83%	73%	76%	71%
–HIP HMO	22	6	16	13	16
–Other HMO	8	4	3	9	12
–Waiver	5	7	8	2	1
Medicare					
–GHI	72	87	78	82	77
–HIP HMO	21	9	16	12	16
–Other HMO	4	2	2	4	6
–Waiver	3	2	4	2	1
Post-Medicare Migration					
–Other HMO to GHI	50	0	33	50	50
–HIP HMO to GHI					
–Pre-Med. Waiver					
To GHI @ 65	13	35	50	0	0
To HIP @ 65	13	35	0	0	0

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

Dependent Coverage .... Dependent coverage is assumed to terminate when a retiree dies, except in the following situations.

I Lifetime coverage is provided to the surviving spouse or domestic partner and to children (coverage to age 26 based on legislative mandates under National Health Care Reform) of uniformed members of the Police or Fire Departments who die in the Line of Duty.

II Effective November 13, 2001, other surviving spouses of retired uniformed members of the Police and Fire Departments may elect to continue coverage for life by paying 102% of stated premium.

III Effective August 31, 2010, surviving spouses of retired uniformed members of the Departments of Correction and Sanitation may elect to continue coverage for life by paying 102% of stated premium.

For survivors of POLICE and FIRE who die other than in the Line of Duty (assumed to be all who terminate with Accidental Death Benefits), and for all survivors of uniformed members of the Departments of Correction and Sanitation, the valuation assumes that 30% of spouses eligible for survivor continuation will elect the benefit, with costs equal to 30% greater than the age-adjusted premiums for surviving spouses for HIP HMO and GHI/EBCBS participants.

Beginning with the June 30, 2010 OPEB actuarial valuation, the valuation includes an estimate of the value of benefits provided to existing survivors of POLICE and FIRE retirees who died other than in the Line of Duty, who qualified for lifetime continuation coverage prior to the valuation date, based on the assumptions outlined above. Beginning with the June 30, 2012 OPEB actuarial valuation, the valuation includes an estimate of the value of benefits provided to existing survivors of retired uniformed members of the Departments of Correction and Sanitation who qualified for lifetime continuation coverage prior to the valuation date, based on the assumptions outlined above.

The valuation includes the entire cost of additional surviving spouse benefits for basic coverage and Medicare Part B Premium reimbursement for Line of Duty survivors, although the OA understands that some of this amount may be reimbursed through Welfare Funds.

Dependents .... Dependent assumptions based on distribution of coverage of recent retirees are shown in the following table. Actual spouse data for current retirees. Child dependents of current retirees are assumed to receive coverage until age 26.

Beginning with the June 30, 2012 valuation, based on experience under the Plan, for NYCERS, TRS and BERS employees, male retirees were assumed to be four (4) years older than their wives, and female retirees were assumed to be two (2) years younger than their husbands; for POLICE and FIRE employees, husbands are assumed to be two (2) years older than their wives.

Children are assumed to be covered for eight (8) years after retirement. For employees eligible to retire based only on service, children are assumed to be covered for an additional five (5) years.

Dependent Coverage Assumptions

Group	**June 30, 2015 and June 30, 2014 Valuations**				
	NYCERS	**TRS**	**BERS**	**POLICE**	**FIRE**
Male					
–Single Coverage	30%	45%	35%	15%	10%
–Spouse	40	35	55	15	20
–Child/No Spouse	5	5	2	5	5
–Spouse and Child	25	15	8	65	65
Total	100%	100%	100%	100%	100%
Female					
–Single Coverage	70%	60%	60%	45%	10%
–Spouse	20	32	35	10	20
–Child/No Spouse	5	3	2	25	5
–Spouse and Child	5	5	3	20	65
Total	100%	100%	100%	100%	100%

Note: For accidental death, 80% of POLICE and FIRE members are assumed to have family coverage.

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

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, 2015 OPEB actuarial valuation of a lump-sum COBRA cost of $925 for terminations during Fiscal Year 2016 ($875 lump-sum cost during Fiscal Year 2015 was assumed in the June 30, 2014 OPEB actuarial valuation). The $925 ($875) 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 2020 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%). Indexing of limits starts in 2018; tax first applies in 2020 (legislative change reflected in June 30, 2015 valuation).

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.
- 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 0.4% load is applied on all City GASB 45 obligations (0.6% last year) The same loads apply to the GASB 43 obligations in the current and preceding valuation. The load is not applicable to Component Units.
Educational Construction Fund	The actuarial assumptions used for determining GASB 45 obligations for ECF are shown in Appendix E of the Eleventh Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program (Report) dated September 23, 2016. 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 Eleventh Annual Actuarial Valuation of Other Postemployment Benefits Provided under the New York City Health Benefits Program (Report) dated September 23, 2016. The Report is available at the Office of the Comptroller, Bureau of Accountancy-Room 200 South, 1 Centre Street, New York, New York 10007 and on the website of the New York City Office of the Actuary (http://www.nyc.gov/html/actuary).

5. Pensions

Plan Descriptions

The City sponsors or participates in five pension trusts providing benefits to its employees, the majority of whom are members of one of these pension trusts (collectively referred to as NYCRS). Each of the trusts administers a qualified pension plan (QPP) and one or more variable supplements funds (VSFs) or tax-deferred annuity programs (TDA Programs) that supplement the pension benefits provided by the QPP. The trusts administered by NYCRS function in accordance with existing State statutes and City laws, which are the basis by which benefit terms and employer and member contribution requirements are established. The QPPs combine features of a defined benefit pension plans with those of a defined contribution pension plans; however, they are considered defined benefit plans for financial reporting purposes. The VSFs are considered defined benefit pension plans and the TDA Programs are considered defined contribution plans for financial reporting purposes. A brief description of each of the NYCRS and the individual plans they administer follows:

1. New York City Employees' Retirement System (NYCERS) administers the NYCERS QPP and five VSFs. The NYCERS QPP is a cost-sharing multiple-employer pension plan that provides pension benefits for employees of the City not covered by one of the other NYCRS, and employees of certain component units of the City and certain other governmental units.

   NYCERS 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 from 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 from 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 from 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 from service on or after July 1, 1987 as Housing Police Superior Officers with 20 or more years of service.
- Correction Officers' Variable Supplements Fund (COVSF), which provides supplemental benefits to NYCERS QPP members who retire for service on or after July 1, 1999 (with 20 or 25 years of service, depending upon the plan) as members of the Uniformed Correction Force.

TPOVSF, TPSOVSF, HPOVSF, and HPSOVSF are closed to new entrants.

2. Teachers' Retirement System of The City of New York (TRS) administers the TRS QPP and the TRS TDA Program. The TRS QPP is a cost-sharing, multiple-employer pension plan for pedagogical employees in the public schools of the City and certain Charter Schools and certain other specified school and CUNY employees. The TRS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b) and Chapter 4 of Title 13 of ACNY. The TRS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the TRS QPP have the option to participate in the TRS TDA Program.

3. New York City Board of Education Retirement System (BERS) administers the BERS QPP and the BERS TDA Program. The BERS QPP is a cost-sharing, multiple-employer pension plan for non-pedagogical employees of the Department of Education and certain Charter Schools and certain employees of the School Construction Authority. The BERS TDA Program was established and is administered pursuant to Internal Revenue Code Section 403(b), the New York State Education Law and the BERS Rules and Regulations. The BERS TDA Program provides a means of deferring income tax payments on members' voluntary pre-tax contributions and earnings thereon until the periods after retirement or upon withdrawal of contributions. Members of the BERS QPP have the option to participate in the BERS TDA Program.

4. New York City Police Pension Fund (POLICE) administers the POLICE QPP, along with the Police Officers' Variable Supplements Fund (POVSF) and Police Superior Officers' Variable Supplements Fund (PSOVSF). The POLICE QPP is a single-employer pension plan for all full-time uniformed employees of the New York City Police Department.

   POVSF and PSOVSF operate pursuant to the provisions of Title 13, Chapter 2 of the ACNY. POVSF provides supplemental benefits to POLICE QPP members who retire for service on or after October 1, 1968 with 20 or more years of service as police officers. PSOVSF provides supplemental benefits to POLICE QPP members who retire for service on or after October 1, 1968 as police superior officers with 20 or more years of service.

5. New York Fire Department Pension Fund (FIRE) administers the FIRE QPP, along with the Firefighters' Variable Supplements Fund (FFVSF) and the Fire Officers' Variable Supplements Fund (FOVSF). The FIRE QPP is a single-employer pension plan for full-time uniformed employees of the New York City Fire Department.

   FFVSF and FOVSF operate pursuant to the provisions of Title 13, Chapter 3 of the ACNY. FFVSF provides supplemental benefits to FIRE QPP members who retire for service on or after October 1, 1968 with 20 or more years of service as firefighters or wipers. FOVSF provides supplemental benefits to FIRE QPP members who retire for service on or after October 1, 1968 as fire officers, and all pilots and marine uniformed engineers, with 20 or more years of service.

Except for NYCERS and BERS, permanent, full-time employees are generally required to become members of a NYCRS QPP upon employment. Permanent full-time employees who are eligible to participate in the NYCERS QPP and BERS QPP are generally required to become members within six months of their permanent employment status but may elect to become members earlier. Other employees who are eligible to participate in the NYCERS QPP and BERS QPP may become members at their option.

As of June 30, 2014 and June 30, 2013, the dates of the most recent actuarial valuations, system-wide membership data for the QPPs are as follows:

	NYCERS	TRS	BERS	POLICE	FIRE	Total
QPP Membership at June 30, 2014						
Retirees and Beneficiaries Receiving Benefits	142,095	80,419	15,995	48,212	16,763	303,484
Terminated Vested Members Not Yet Receiving Benefits	9,674	12,349	195	572	40	22,830
Other Inactives	16,527	8,702	4,005	1,369	16	30,619
Active Members	184,762	111,726	25,182	34,402	10,319	366,391
Total QPP Membership	353,058	213,196	45,377	84,555	27,138	723,324

	NYCERS	TRS	BERS	POLICE	FIRE	Total
QPP Membership at June 30, 2013						
Retirees and Beneficiaries Receiving Benefits	139,399	78,177	15,455	46,950	16,807	296,788
Terminated Vested Members Not Yet Receiving Benefits	10,086	10,867	182	715	33	21,883
Other Inactives	16,482	6,683	4,127	1,287	17	28,596
Active Members	185,971	112,481	25,848	34,775	10,182	369,257
Total QPP Membership	351,938	208,208	45,612	83,727	27,039	716,524

As of June 30, 2015 and 2014, the dates of the most recent actuarial valuations, membership data for the NYCERS VSFs are as follows:

	TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Total
Membership at June 30, 2015						
Retirees Receiving or Eligible to Receive Benefits	333	255	170	224	6,850	7,832
Active Members	—	—	—	—	8,466	8,466
Total Membership	333	255	170	224	15,316	16,298

	TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Total
Membership at June 30, 2014						
Retirees Receiving or Eligible to Receive Benefits	339	258	175	232	6,645	7,649
Active Members	—	—	—	—	8,612	8,612
Total Membership	339	258	175	232	15,257	16,261

As of June 30, 2015 and 2014, the dates of the most recent actuarial valuations, membership data for the POLICE and FIRE VSFs are as follows:

	PSOVSF	POVSF	Total POLICE	FOVSF	FFVSF	Total FIRE
Membership at June 30, 2015						
Retirees Receiving Benefits	18,029	12,367	30,396	1,593	3,621	5,214
Active Members	12,273	22,162	34,435	2,699	8,081	10,780
Total Membership	30,302	34,529	64,831	4,292	11,702	15,994

	PSOVSF	POVSF	Total POLICE	FOVSF	FFVSF	Total FIRE
Membership at June 30, 2014						
Retirees Receiving Benefits	17,608	12,251	29,859	1,629	3,691	5,320
Active Members	12,198	22,204	34,402	2,696	7,623	10,319
Total Membership	29,806	34,455	64,261	4,325	11,314	15,639

Summary of Plan Benefits

QPPs

The NYCRS QPPs provide pension benefits to retired employees generally based on salary, length of service, and pension tier. For certain members of the NYCRS QPPs, voluntary member contributions also impact pension benefits provided. The NYCRS also provide automatic Cost-of-Living Adjustments (COLA) and other supplemental pension benefits to certain retirees and beneficiaries. In the event of disability during employment, participants may receive retirement allowances based on satisfaction of certain service requirements and other provisions. The NYCRS QPPs also provide death benefits. Subject to certain conditions, members become fully vested as to benefits upon the completion of 5 or 10 years of service depending on tier. Upon termination of employment before retirement, certain members are entitled to refunds of their own contributions, including accumulated interest, less any outstanding loan balances.

The State Constitution provides that pension rights of public employees are contractual and shall not be diminished or impaired. In 1973, 1976, 1983 and 2012, significant amendments made to the State Retirement and Social Security Law (RSSL) modified certain benefits for employees joining the QPPs on or after the effective date of such amendments, creating membership tiers. Currently, there are several tiers referred to as Tier I, Tier II, Tier III, Tier IV and Tier VI. Members are assigned a tier based on membership date. The specific membership dates for each tier may vary depending on the respective QPP. The Tier II Plan ended as of June 30, 2009. This affects new hires into the uniformed forces of the New York City Police Department and the New York City Fire Department (new members of the POLICE QPP and FIRE QPP) and Detective Investigators who become new members of the NYCERS QPP from July 1, 2009 to March 31, 2012. Chapter 18 of the Laws of 2012 (Chapter 18/12) amended the retirement benefits of public employees who establish membership in one of the NYCRS on or after April 1, 2012. Chapter 18/12 is commonly referred to as Tier VI.

VSFs

The VSFs provide supplemental benefits for their respective eligible members at a maximum annual 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 Years 2014 and 2015. 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 supplemental benefits to be paid regardless of the sufficiency of assets in the COVSF.

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, 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 to the aggregate original principal amounts contributed by TDA Program members to the fixed return funds, plus accrued interest at the statutory rate, less member withdrawals, is owned by the TDA Program. The balance of TDA Program fixed return funds held by the TRS QPP as of June 30, 2016 and 2015 were $20.3 billion and $18.7 billion, respectively, and interest paid on TDA Program fixed return funds by the TRS QPP for the years then ended were $1.4 billion and $1.2 billion, respectively. The balance of TDA Program fixed return funds held by the BERS QPP as of June 30, 2016 and 2015 are $1,283 million and $1,145 million, respectively, and interest paid on TDA Program fixed return funds by the BERS QPP for the years then ended were $94.8 million and $85.1 million, respectively, based on restated assets. Under the variable return funds, members' TDA Program accounts are adjusted for actual returns on the underlying investments of the specific fund selected. Members may switch all or a part of their TDA contributions between the fixed and variable return funds on a quarterly basis.

Contributions and Funding Policy

QPPs

The City's funding policy is to contribute statutorily-required contributions (Statutory Contributions). Statutory Contributions for the NYCRS, determined by the Actuary in accordance with State statutes and City laws, are generally funded by the employers within the appropriate Fiscal Year. The Statutory Contributions are determined under the One-Year Lag Methodology (OYLM). Under OYLM, the actuarial valuation date is used for calculating the Employer Contributions for the second following Fiscal Year. For example, the June 30, 2014 actuarial valuation was used for determining the Fiscal Year 2016 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 all participating employers for Fiscal Years 2016 and 2015 and the amount of the City's Statutory and Actual contribution to each QPP for such fiscal years are as follows (in millions):

QPP	Fiscal Year 2016 Aggregate Statutory Contribution	Fiscal Year 2016 City Statutory/Actual Contribution	Fiscal Year 2015 Aggregate Statutory Contribution	Fiscal Year 2015 City Statutory/Actual Contribution
	(in millions)			
NYCERS	$3,365	$1,843	$3,160	$1,758
TRS	3,703	3,594	3,270	3,181
BERS	266	265	258	258
POLICE	2,394	2,394	2,310	2,310
FIRE	1,054	1,054	989	989

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 2016, there were no Excess Earnings on equity investments, and therefore, no transfers of assets from the QPPs to their respective VSFs were required.

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.

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 and Pension Related Restatements

The City's net pension liabilities for each of the QPPs reported at June 30, 2016 and 2015 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, 2014 and June 30, 2013, 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.

Previously published Fiscal Year 2015 financial statements have been restated, primarily because it was determined that certain previously reported pension liabilities and related disclosures, pertaining to the City's obligations for Special Accidental Death Benefits ("SADB") of uniformed members of the Police and Fire Departments, erroneously excluded SADB obligations based on New York State ("State") General Municipal Law Section 208-f (e); that Law requires the State to reimburse the City for SADB benefits. However, beginning with Fiscal 2009 and for every year since, the State has adopted budgets that override this law, and paid the City less than the cost of SADB. Moreover, in accordance with new GASB standards adopted by the City in 2014, the liability should have been reported regardless of the State's reimbursement rate. Additionally, a restatement by BERS to that system's allocation of assets between its QPP and its TDA also contributed, to a significantly smaller extent, to the restatement.

A summary of the net effects of such restatements on the Fiscal Year 2015 financial statements, and related disclosures follows:

	Total Pension Liability (millions)		
	As originally presented	Changes	As restated
Balance at June 30, 2014	$169,621	$ —	$169,621
Post-Publication Adjustment	—	(1,096)	1,096
Revised Balance at June 30, 2014	169,621	(1,096)	170,717
Net Change in activity for year	6,400	(101)	6,501
Change in Proportionate Share	—	(70)	70
Balances at June 30, 2015	$176,021	$(1,267)	$177,288

	Net Pension Liability (millions)		
	As originally presented	Changes	As restated
Balance at June 30, 2014	$ 46,598	$ —	$ 46,598
Post-Publication Adjustment	—	(1,025)	1,025
Revised Balance at June 30, 2014	46,598	(1,025)	47,623
Net Change in activity for year	5,401	(77)	5,478
Change in Proportionate Share	—	(17)	17
Other	—	(6)	6
Balances at June 30, 2015	$ 51,999	$(1,125)	$ 53,124

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 and June 30, 2013 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

	June 30, 2014	June 30, 2013
Investment Rate of Return	*7.0% per annum, net of investment expenses (Actual Return for Variable Funds).*	*7.0% per annum, net of investment expenses (Actual Return for Variable Funds).*
Post-Retirement Mortality	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2016.*	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.*
Active Service: Withdrawal, Death, Disability, Retirement	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.*	*Tables adopted by the respective Boards of Trustees during Fiscal Year 2012.*
Salary Increases[1]	*In general, Merit and Promotion increases, plus assumed General Wage Increases of 3.0% per year.*	*In general, Merit and Promotion increases, plus assumed General Wage Increases of 3.0% per year.*
Cost-of-Living Adjustments[1]	*1.5% per annum for Tiers I, II, IV, and certain Tier III and Tier VI retirees. 2.5% per annum for certain Tier III and Tier VI retirees.*	*1.5% per annum for Tiers I, II, IV and certain Tier III and Tier VI retirees. 2.5% per annum for certain Tier III and Tier VI retirees.*

(1) *Developed assuming a long-term Consumer Price Inflation assumption of 2.5% per year.*

Pursuant to Section 96 of the New York City Charter, studies of the actuarial assumptions used to value liabilities of the five actuarially-funded QPPs are conducted by an independent actuarial firm every two years.

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 experience studies completed in November 2006 by the Segal Company (Segal) and in December 2011 by The Hay Group (Hay), 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.

In October 2015 the independent actuarial auditor, Gabriel, Roeder, Smith & Company (GRS), issued a report on their NYC Charter-mandated actuarial experience studies for the four-year and ten-year periods ended June 30, 2013 (the GRS Report).

Based, in part, on the GRS Report, on published studies of mortality improvement, and on input from the City's outside consultants and auditors, the Actuary proposed, and the Boards of Trustees of the NYCRS adopted, new post-retirement mortality tables for use in determining employer contributions beginning in Fiscal Year 2016. The new tables of post-retirement mortality are based primarily on the experience of the NYCRS (the Base Tables) and the application of Mortality Improvement Scale MP-2015, published by the Society of Actuaries in October 2015 (the Valuation Tables). Scale MP-2015 replaced Mortality Improvement Scale AA.

In addition, beginning in Fiscal Year 2016, the Actuary revised the Actuarial Asset Valuation Method to constrain the Actuarial Asset Value to be within a 20% corridor of the Market Value of Assets.

Management of each of the pension funds has determined its long-term expected rate of return to be 7.0% per annum. This is based upon weighted expected real rates of return (RROR) ranging from 5.34% to 5.58% and a long-term Consumer Price Inflation assumption of 2.5% offset by investment related expenses. The target asset allocation of each of the funds and the expected RROR for each of the asset classes are summarized in the following tables:

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

	TRS	
Asset Class	Target Asset Allocation	Long-Term Expected RROR
U.S. Public Market Equities	34.00%	6.60%
International Public Market Equities	9.00%	7.00%
Emerging Public Market Equities	8.00%	7.90%
Private Market Equities	6.00%	9.90%
Fixed Income	37.00%	2.70%
Alternatives (Real Assets, Hedge Funds)	6.00%	4.00%
Total	100.00%	

	BERS	
Asset Class	Target Asset Allocation	Long-Term Expected RROR
U.S. Public Market Equities	35.00%	6.60%
International Public Market Equities	17.00%	7.00%
Emerging Public Market Equities	5.00%	7.90%
Private Market Equities	6.00%	9.90%
Fixed Income	30.00%	2.70%
Alternatives (Real Assets, Hedge Funds)	7.00%	4.00%
Total	100.00%	

	POLICE	
Asset Class	Target Asset Allocation	Long-Term Expected RROR
U.S. Public Market Equities	34.00%	6.60%
International Public Market Equities	10.00%	7.00%
Emerging Public Market Equities	6.00%	7.90%
Private Market Equities	7.00%	9.90%
Fixed Income	32.00%	2.70%
Alternatives (Real Assets, Hedge Funds)	11.00%	4.00%
Total	100.00%	

Asset Class	FIRE Target Asset Allocation	FIRE Long-Term Expected RROR
U.S. Public Market Equities	32.00%	6.60%
International Public Market Equities	10.00%	7.00%
Emerging Public Market Equities	6.50%	7.90%
Private Market Equities	7.00%	9.90%
Fixed Income	34.50%	2.70%
Alternatives (Real Assets, Hedge Funds)	10.00%	4.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability of each QPP as of June 30, 2016 and 2015 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, 2016 and 2015 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 6/30/2014	$46,287	$34,456	$11,831	$17,980	$11,458	$6,522
Adjustment attributable to SADB	313	—	313	783	—	783
Revised Balances at 6/30/2014	46,600	34,456	12,144	18,763	11,458	7,305
Changes for the Fiscal Year 2015:						
Service cost	1,326	—	1,326	419	—	419
Interest	3,245	—	3,245	1,313	—	1,313
Differences between expected and actual experience.	(215)	—	(215)	171	—	171
Contributions—employer	—	2,310	(2,310)	—	989	(989)
Contributions—employee	—	241	(241)	—	109	(109)
Net investment income	—	1,098	(1,098)	—	302	(302)
Benefit payments, including refunds of employee contributions	(2,747)	(2,747)	—	(1,220)	(1,220)	—
Administrative expense	—	(18)	18	—	—	—
Other changes	—	5	(5)	—	41	(41)
Net changes	1,609	889	720	683	221	462
Balances at 6/30/2015	48,209	35,345	12,864	19,446	11,679	7,767
Changes for the Fiscal Year 2016:						
Service cost	1,341	—	1,341	431	—	431
Interest	3,441	—	3,441	1,396	—	1,396
Differences between expected and actual experience	233	—	233	324	—	324
Change of Assumptions	794	—	794	405	—	405
Contributions—employer	—	2,394	(2,394)	—	1,054	(1,054)
Contributions—employee	—	250	(250)	—	117	(117)
Net investment income	—	404	(404)	—	203	(203)
Benefit payments, including refunds of employee contributions	(2,878)	(2,878)	—	(1,359)	(1,359)	—
Administrative expense	—	(18)	18	—	—	—
Other changes	—	6	(6)	—	44	(44)
Net changes	2,931	158	2,773	1,197	59	1,138
Balances at 6/30/2016	$51,140	$35,503	$15,637	$20,643	$11,738	$8,905

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 2016			Fiscal Year 2015 (Restated)		
	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	$21,344	$15,638	$10,900	$18,093	$12,864	$8,522
FIRE	11,203	8,906	6,981	9,825	7,767	5,993

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, 2016 and 2015, and the proportion percentage of the aggregate net pension liability of each QPP allocated to the City:

	June 30, 2016			June 30, 2015[1]		
	NYCERS	TRS	BERS	NYCERS	TRS	BERS
	(in millions, except for %)					
City's proportion of the net pension liability	54.77%	97.07%	99.99%	55.64%	97.27%	99.98%
City's proportionate share of the net pension liability	$13,307	$25,600	$1,384	$11,262	$20,219	$1,006

The City's proportion of the respective QPP's net pension liability was based on actual required contributions of each of the participating employers.

The following table presents the City's proportionate share of net pension liability for the NYCERS, TRS, and BERS QPPs calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the respective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	Fiscal Year 2016			Fiscal Year 2015		
QPPs	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
	(in millions)					
NYCERS	$18,246	$13,307	$ 9,171	$15,575	$11,262	$ 7,255
TRS	32,714	25,600	19,651	26,453	20,219	15,065
BERS	1,948	1,384	911	1,596	1,006	666

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, 2016 and 2015 related to the NYCRS are as follows:

NYCRS	2016	2015[1]
	(in millions)	
NYCERS	$1,658	$1,171
TRS (Excluding TDA)	3,763	2,103
BERS (Excluding TDA)	302	111[2]
POLICE	2,213	1,241[3]
FIRE	1,139	664[3]
TOTAL	$9,075	$5,290

[1] Revised due to a refinement in the proportionate share calculations.

[2] Based on Restated assets as of June 30, 2015.

[3] Restated due to Special Accidental Death Benefits pursuant to Section 208-f of the General Municipal Law.

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2016 and 2015 for each NYCRS are as follows:

Fiscal Year 2016

	NYCERS		TRS		BERS		POLICE		FIRE		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)											
Differences between expected and actual experience	$ —	$ 377,739	$1,592,013	$ —	$ 19,753	$ 52,105	$ 138,171	$ 39,566	$235,136	$ —	$1,985,073	$ 469,410
Changes of assumptions	982,278	—	1,746,686	—	126,081	—	470,321	—	248,328	—	3,573,694	—
Net difference between projected and actual earning on pension plan investments	2,027,717	1,307,820	2,271,911	3,096,249	86,300	377,671	2,433,621	1,488,560	785,619	486,857	7,605,168	6,757,157
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	(137,886)	(12,753)	(211,670)	(3,279)	(22)	2	—	—	—	—	(349,578)	(16,030)
Total	$2,872,109	$1,672,806	$5,398,940	$3,092,970	$232,112	$429,778	$3,042,113	$1,528,126	$1,269,083	$486,857	$12,814,357	$7,210,537

Fiscal Year 2015

	NYCERS		TRS		BERS		POLICE		FIRE		TOTAL	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
	(in thousands)											
Differences between expected and actual experience	$ —	$ 112,928	$1,088,801	$ —	$34,945	$ —	$ —	$ 127,492	$104,152	$ —	$1,227,898	$ 240,420
Changes of assumptions	—	—	—	—	—	—	—	—	—	—	—	—
Net difference between projected and actual earning on pension plan investments	1,168,314	2,103,705	1,078,088	4,955,787	43,210	617,015	1,045,207	2,358,962	397,376	772,965	3,732,195	10,808,434
Changes in proportion and differences between City contributions and proportionate share of contributions (cost-sharing plans)	15,985	—	(185,269)	—	(113)	—	—	—	—	—	(169,397)	—
Total	$1,184,299	$2,216,633	$1,981,620	$4,955,787	$78,042	$617,015	$1,045,207	$2,486,454	$501,528	$772,965	$4,790,696	$11,048,854

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2016 will be recognized in pension expense as follows:

	NYCERS	TRS	BERS	POLICE	FIRE	TOTAL
			(in thousands)			
Year ending June 30:						
2017	$ 50,596	$ 81,578	$(166,140)	$ 183,411	$254,690	$ 404,135
2018	275,043	592,669	(75,700)	244,417	184,398	1,220,827
2019	609,897	1,295,828	30,698	673,731	221,241	2,831,395
2020	263,767	335,895	13,476	412,428	121,897	1,147,463
Total	$ 1,199,303	$ 2,305,970	$(197,666)	$1,513,987	$782,226	$ 5,603,820

The Flatiron Building

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The City of New York

Comprehensive
Annual Financial Report
of the
Comptroller

Part II-B

Required Supplementary Information

Fiscal Year Ended June 30, 2016

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A. Schedule of Changes in the City's Net Pension Liability and Related Ratios for Single-Employer Pension Plans at June 30,

	POLICE		FIRE	
	2016	**2015[1]**	**2016**	**2015[1]**
		(in thousands, except %)		
Total pension liability:				
Service cost	$ 1,340,615	$ 1,325,808	$ 431,268	$ 419,575
Interest	3,441,398	3,245,225	1,395,735	1,312,814
Changes of Assumptions	794,680	—	405,498	—
Benefit payments and withdrawals	(2,878,451)	(2,746,784)	(1,359,095)	(1,220,441)
Difference b/t Expected and Actual Experience	233,462	(215,418)	323,609	171,347
Net change in total pension liability	2,931,704	1,608,831	1,197,015	683,295
Total pension liability—beginning	48,209,042	46,600,211	19,446,792	18,763,497
Total pension liability—ending[a]	51,140,746	48,209,042	20,643,807	19,446,792
Plan fiduciary net position:				
Employer contributions	2,393,940	2,309,619	1,054,478	988,784
Member contributions	249,921	241,102	116,619	108,582
Net investment income	403,534	1,098,220	203,104	302,567
Benefit payments and withdrawals	(2,878,451)	(2,746,784)	(1,359,095)	(1,220,441)
Administrative expenses	(18,478)	(17,903)	—	—
Other	6,756	4,616	43,673	41,201
Net change in plan fiduciary net position	157,222	888,870	58,779	220,693
Plan fiduciary net position—beginning	35,345,052	34,456,182	11,679,331	11,458,638
Plan fiduciary net position—ending[b]	35,502,274	35,345,052	11,738,110	11,679,331
Employer's net pension liability-ending[a]-[b]	$15,638,472	$12,863,990	$ 8,905,697	$ 7,767,461
Plan fiduciary net position as a percentage of the total pension liability	69.4%	73.3%	56.9%	60.1%
Covered-employee payroll	$ 3,540,326	$ 3,512,778	$ 1,129,470	$ 1,111,744
Employer's net pension liability as a percentage of covered-employee payroll	441.7%	366.2%	788.5%	698.7%

[1] Revised due to Special Accidental Death Benefits pursuant to Section 208-f of the General Municipal Law.

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	
	2016	2015[1]	2016	2015	2016	2015[1]
			(in millions, except %)			
City's proportion of the net pension liability	54.77%	55.64%	97.07%	97.27%	99.99%	99.98%
City's proportionate share of the net pension liability	$13,307.9	$11,262.0	$25,599.9	$20,219.1	$1,384.1	$1,006.1
City's covered-employee payroll	$ 6,462.2	$ 6,500.5	$ 8,039.3	$ 7,869.8	$1,007.5	$1,016.8
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	205.93%	173.25%	318.43%	256.92%	137.38%	98.95%
Plan fiduciary net position as a percentage of the total pension liability	69.57%	73.13%	62.33%	68.04%	71.17%	75.33%

(1) Revised due to a refinement in the proportionate share calculations.

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

	2016	2015	2014	2013	2012*	2011*	2010*	2009*	2008*	2007*
					(in thousands except %)					
NYCERS										
Contractually required contribution	$1,843,323	$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
Contributions in relation to the contractually required contribution	1,843,323	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
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	6,462,231	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
Contributions as a percentage of covered-employee payroll	28.524%	27.050%	26.583%	26.768%	25.540%	20.820%	20.020%	20.570%	19.001%	15.556%
TRS										
Contractually required contribution	$3,594,301	$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
Contributions in relation to the contractually required contribution	3,594,301	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
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	8,039,326	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
Contributions as a percentage of covered-employee payroll	44.709%	40.419%	37.530%	36.155%	33.747%	31.114%	31.604%	30.792%	27.386%	25.471%
BERS										
Contractually required contribution	$ 265,497	$ 258,055	$ 214,574	$ 196,231	$ 213,651	$ 180,191	$ 147,349	$ 134,225	$ 143,100	$ 129,820
Contributions in relation to the contractually required contribution	265,497	258,055	214,574	196,231	213,651	180,191	147,349	134,225	143,100	129,820
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	1,007,499	1,016,277	988,757	885,491	879,476	880,656	826,782	755,516	729,098	696,421
Contributions as a percentage of covered-employee payroll	26.352%	25.392%	21.701%	22.161%	24.293%	20.461%	17.822%	17.766%	19.627%	18.641%
POLICE										
Contractually required contribution	$2,393,940	$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
Contributions in relation to the contractually required contribution	2,393,940	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
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	3,540,326	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
Contributions as a percentage of covered-employee payroll	67.619%	65.749%	67.857%	70.080%	69.176%	64.058%	63.955%	65.570%	64.267%	55.386%
FIRE										
Contractually required contribution	$1,054,478	$ 988,784	$ 969,956	$ 962,173	$ 976,895	$ 890,706	$ 874,331	$ 843,751	$ 780,202	$ 683,193
Contributions in relation to the contractually required contribution	1,054,478	988,784	969,956	962,173	976,895	890,706	874,331	843,751	780,202	683,193
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered-employee payroll	1,129,470	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
Contributions as a percentage of covered-employee payroll	93.360%	88.940%	87.986%	85.154%	84.990%	84.248%	82.491%	83.238%	82.608%	74.537%

* For City Fiscal Years 2012, 2011, 2010, 2009, 2008 and 2007, reported contributions and covered payroll amounts are those of each retirement system as a whole (i.e., the sums for all participating employers.) City-only covered payroll is not readily available for years prior to 2013; and due to methodological changes during the periods 2005 through 2012, the City-only employer contributions are not comparable over the ten year period.

Notes to Schedule C:

The above actuarially determined and contractually required contributions were developed using a One-Year Lag Methodology, under which the actuarial valuation determines the employer contribution for the second following fiscal year (e.g. Fiscal Year 2016 contributions were determined using an actuarial valuation as of June 30, 2014). The methods and assumptions used to determine the actuarially determined and contractually required contributions are as follows:

Fiscal Year	2016	2015	2014	2013	2012
Valuation Dates	June 30, 2014 (Lag)	June 30, 2013 (Lag)	June 30, 2012 (Lag)	June 30, 2011 (Lag)	June 30, 2010 (Lag)
Actuarial cost method	Entry Age[5]	Entry Age[5]	Entry Age[5]	Entry Age[5]	Entry Age[5]
Amortization method for Unfunded Actuarial Accrued Liabilities (UAAL):					
Pre-2010 UAALs	NA	NA	NA	NA	NA
Initial 2010 UAAL	Increasing Dollar Payments.	Increasing Dollar Payments.	Increasing Dollar Payments.	Increasing Dollar Payments.	Increasing Dollar Payments.
Post-2010 UAALs	Level Dollar Payments.	Level Dollar Payments.	Level Dollar Payments.	Level Dollar Payments.	Level Dollar Payments
Remaining amortization period:					
Pre-2010 UAALs	NA	NA	NA	NA	NA
Initial 2010 UAAL	18 Years (Closed).	19 Years (Closed).	20 Years (Closed).	21 years (Closed).	22 years (Closed).
2010 ERI	2 Years (Closed).	3 Years (Closed).	4 Years (Closed).	5 Years (Closed).	NA
2011 (G)/L	12 Years (Closed).	13 Years (Closed).	14 Years (Closed).	15 Years (Closed).	NA
2012 (G)/L	13 Years (Closed).	14 Years (Closed).	15 Years (Closed).	NA	NA
2013 (G)/L	14 Years (Closed).	15 Years (Closed).	NA	NA	NA
2013 Transit Refunds	4 Years (Closed).	5 Years (Closed).	NA	NA	NA
2014 (G)/L	15 years (Closed).	NA	NA	NA	NA
2014 Assumption Change	20 Years (Closed).	NA	NA	NA	NA
2014 Method Change	20 Years (Closed).	NA	NA	NA	NA
Actuarial Asset Valuation Method	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6]. Actuarial Asset Value (AAV) is constrained to be no more than 20% from Market Value	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6]. NA	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6]. NA	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6]. NA	Modified 6-year moving average of Market Value with "Market Value Restart" as of June 30, 2011[6]. NA
Actuarial assumptions:					
Assumed rate of return	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	7.0% per annum, net of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).
Post-retirement mortality	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2012.	Tables adopted by Boards of Trustees during Fiscal Year 2012.
Active service: withdrawal, death, disability, service retirement	Tables adopted by Boards of Trustees during Fiscal Year 2016.	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.
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 year4.	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.

Notes to Schedule C:

Fiscal Year	2011	2010	2009	2008	2007
Valuation Dates	June 30, 2009 (Lag)	June 30, 2008 (Lag)	June 30, 2007 (Lag)	June 30, 2006(Lag)	June 30, 2005 (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	N/A	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 FIRE2. 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.
Initial 2010 UAAL	NA	NA	NA	NA	NA
Post-2010 UAALs	NA	NA	NA	NA	NA
Remaining amortization period:					
Pre-2010 UAALs	N/A	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).
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
2014 (G)/L	NA	NA	NA	NA	NA
2014 Assumption Change	NA	NA	NA	NA	NA
2014 Method Change	NA	NA	NA	NA	NA
Actuarial Asset Valuation 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, gross of investment expenses (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).	8.0% per annum[4] (4.0% per annum for benefits payable under the variable annuity programs of TRS and BERS).
Post retirement morality	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.
Active service: withdrawal, death, disability, service retirement	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.	Tables adopted by Boards of Trustees during Fiscal Year 2006.

Notes to Schedule C:

Fiscal Year	2011	2010	2009	2008	2007
Salary Increases	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]	In general, Merit and Promotion Increases plus assumed General Wage Increases of 3.0% per year.[4]
Cost-of-Living Adjustments[4]	1.3% per annum	1.3% per annum	1.3% per annum	1.3% per annum	1.3% per annum

[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 %)			
6/30/15	$3,396,524	$76,442,396	$73,045,872	4.4%	$21,395,786	341.4%
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

* Based on the Frozen Entry Age Actuarial Cost Method.

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THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2015	The New York City Other Postemployment Benefits Plan	Total
ASSETS:				
Cash and cash equivalents	$ 344,051	$ 15,372	$1,503,320	$ 1,862,743
Receivables:				
Member loans	2,089,798	229,362	—	2,319,160
Investment securities sold	4,181,594	—	—	4,181,594
Accrued interest and dividends	537,647	—	3,188	540,835
Other receivables	14	—	365	379
Total receivables	6,809,053	229,362	3,553	7,041,968
INVESTMENTS:				
Short-term investments	5,117,216	—	—	5,117,216
Debt securities	37,207,963	—	2,911,796	40,119,759
Equity securities	59,731,778	—	—	59,731,778
Alternative investments	25,752,930	—	—	25,752,930
Mutual funds	—	10,352,595	—	10,352,595
Collective trust funds	51,716,410	—	—	51,716,410
Collateral from securities lending transactions	11,902,353	—	—	11,902,353
Guaranteed investment contracts	—	5,303,762	—	5,303,762
Total investments	191,428,650	15,656,357	2,911,796	209,996,803
Other assets	273,223	2,545	41	275,809
Total assets	198,854,977	15,903,636	4,418,710	219,177,323
LIABILITIES:				
Accounts payable and accrued liabilities	1,056,030	6,128	327,321	1,389,479
Payable for investment securities purchased	5,377,323	—	55,058	5,432,381
Accrued benefits payable	787,009	—	—	787,009
Securities lending transactions	11,902,353	—	—	11,902,353
Other liabilities	97,746	—	—	97,746
Total liabilities	19,220,461	6,128	382,379	19,608,968
NET POSITION:				
Restricted for benefits to be provided by QPPs	146,917,855	—	—	146,917,855
Restricted for benefits to be provided by VSFs	2,642,245	—	—	2,642,245
Restricted for benefits to be provided by TDA Program	30,074,416	—	—	30,074,416
Restricted for other employee benefits	—	15,897,508	4,036,331	19,933,839
Total net position	$179,634,516	$15,897,508	$4,036,331	$199,568,355

* 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, 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	$ 159,639	$ 14,820	$ 897,653	$ 1,072,112
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:				
Short-term investments	9,912,775	—	—	9,912,775
Debt securities	38,817,775	—	3,130,228	41,948,003
Equity securities	60,297,544	—	—	60,297,544
Alternative investments	23,870,592	—	—	23,870,592
Mutual funds	—	10,204,567	—	10,204,567
Collective trust funds	49,232,865	—	—	49,232,865
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	271,226	2,732	222	274,180
Total assets	201,534,097	15,612,476	4,031,057	221,177,630
LIABILITIES:				
Accounts payable and accrued liabilities	938,826	6,239	524,822	1,469,887
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	85,655	—	—	85,655
Total liabilities	23,144,744	6,239	634,533	23,785,516
NET POSITION:				
Restricted for benefits to be provided by QPPs	145,769,301	—	—	145,769,301
Restricted for benefits to be provided by VSFs	3,775,111	—	—	3,775,111
Restricted for benefits to be provided by TDA program	28,844,941	—	—	28,844,941
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 CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2015	The New York City Other Postemployment Benefits Plan	Total
ADDITIONS:				
Contributions:				
Member contributions	$ 1,859,350	$ 879,864	$ —	$ 2,739,214
Employer contributions.	10,781,973	—	2,897,129	13,679,102
Other employer contributions	58,145	—	—	58,145
Total contributions	12,699,468	879,864	2,897,129	16,476,461
Investment income:				
Interest income	2,212,985	122,953	20,565	2,356,503
Dividend income	2,561,066	—	—	2,561,066
Net depreciation in fair value of investments	(1,323,067)	(76,782)	—	(1,399,849)
Investment expenses	(640,509)	(33,008)	—	(673,517)
Investment income, net	2,810,475	13,163	20,565	2,844,203
Securities lending transactions:				
Securities lending income.	88,389	—	—	88,389
Securities lending fees.	(6,057)	—	—	(6,057)
Net securities lending income	82,332	—	—	82,332
Other	(106,450)	—	—	(106,450)
Total additions	15,485,825	893,027	2,917,694	19,296,546
DEDUCTIONS:				
Benefit payments and withdrawals	14,052,394	587,624	2,277,516	16,917,534
Administrative expenses	180,828	14,132	371	195,331
Other	7,440	—	—	7,440
Total deductions	14,240,662	601,756	2,277,887	17,120,305
Net increase in net position	1,245,163	291,271	639,807	2,176,241
NET POSITION:				
Restricted for benefits:				
Beginning of year	178,389,353	15,606,237	3,396,524	197,392,114
End of year	$179,634,516	$15,897,508	$4,036,331	$199,568,355

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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

		Other Employee Benefit Trust Funds		
	Pension Funds*	Deferred Compensation Plans December 31, 2014	The New York City Other Postemployment Benefits Plan	Total
ADDITIONS:				
Contributions:				
Member contributions	$ 1,752,458	$ 773,269	$ —	$ 2,525,727
Employer contributions	9,986,767	—	3,135,897	13,122,664
Other employer contributions	55,521	—	—	55,521
Total contributions	11,794,746	773,269	3,135,897	15,703,912
Investment income:				
Interest income	1,991,785	126,421	10,030	2,128,236
Dividend income	2,832,442	—	—	2,832,442
Net appreciation in fair value of investments	631,087	784,761	—	1,415,848
Investment expenses	(708,866)	(32,748)	—	(741,614)
Investment income, net	4,746,448	878,434	10,030	5,634,912
Securities lending transactions:				
Securities lending income	82,478	—	—	82,478
Securities lending fees	(5,353)	—	—	(5,353)
Net securities lending income	77,125	—	—	77,125
Other	2,713	—	—	2,713
Total additions	16,621,032	1,651,703	3,145,927	21,418,662
DEDUCTIONS:				
Benefit payments and withdrawals	13,443,504	582,006	2,127,022	16,152,532
Administrative expenses	170,701	13,637	524	184,862
Other	7,142	—	—	7,142
Total deductions	13,621,347	595,643	2,127,546	16,344,536
Net increase in net position	2,999,685	1,056,060	1,018,381	5,074,126
NET POSITION:				
Restricted for benefits:				
Beginning of year	175,389,668	14,550,177	2,378,143	192,317,988
End of year	$178,389,353	$15,606,237	$3,396,524	$197,392,114

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(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	$ 166,041	$ 9,856	$ 532	$ 118,867	$ 48,755	$ 344,051
Receivables:						
Member loans	1,081,783	643,568	85,669	251,861	26,917	2,089,798
Investment securities sold	1,413,529	1,802,207	119,970	668,224	177,664	4,181,594
Accrued interest and dividends	280,765	164,612	873	69,223	22,174	537,647
Other receivables	11	—	3	—	—	14
Total receivables	2,776,088	2,610,387	206,515	989,308	226,755	6,809,053
Investments:						
Short-term investments	1,614,900	2,314,459	113,900	857,866	216,091	5,117,216
Debt securities	11,446,576	15,196,888	890,152	7,312,481	2,361,866	37,207,963
Equity securities	18,523,033	31,885,457	726,951	6,793,390	1,802,947	59,731,778
Alternative investments	9,873,044	6,872,850	506,922	6,382,258	2,117,856	25,752,930
Collective trust funds:						
Debt securities	4,078,137	4,576,038	354,248	2,462,140	1,096,178	12,566,741
Domestic equity	—	—	1,401,665	6,013,129	2,103,107	9,517,901
International equity	9,220,895	11,507,149	942,911	5,856,080	2,104,733	29,631,768
Collateral from securities lending transactions	5,267,092	2,141,284	493,265	3,078,231	922,481	11,902,353
Total investments	60,023,677	74,494,125	5,430,014	38,755,575	12,725,259	191,428,650
Other assets	84,632	42,280	124,031	16,104	6,176	273,223
Total assets	63,050,438	77,156,648	5,761,092	39,879,854	13,006,945	198,854,977
LIABILITIES:						
Accounts payable and accrued liabilities	177,909	499,669	6,907	279,398	92,147	1,056,030
Payable for investment securities purchased	1,794,940	2,338,120	104,115	904,834	235,314	5,377,323
Accrued benefits payable	314,386	103,690	14,140	305,412	49,381	787,009
Securities lending transactions	5,267,092	2,141,284	493,265	3,078,231	922,481	11,902,353
Other liabilities	1,590	—	96,156	—	—	97,746
Total liabilities	7,555,917	5,082,763	714,583	4,567,875	1,299,323	19,220,461
NET POSITION:						
Restricted for benefits to be provided by QPPs	55,489,504	43,629,545	3,416,433	33,482,610	10,899,763	146,917,855
Restricted for benefits to be provided by VSFs	5,017	—	—	1,829,369	807,859	2,642,245
Restricted for benefits to be provided by TDA Program	—	28,444,340	1,630,076	—	—	30,074,416
Total net position	$55,494,521	$72,073,885	$5,046,509	$35,311,979	$11,707,622	$179,634,516

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.
** Investment categories include fixed return funds and variable funds of the QPPs.

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	$ 16,265	$ 52,320	$ 20,768	$ 159,639
Receivables:						
Member loans	1,027,069	618,116	81,184	256,288	29,124	2,011,781
Investment securities sold	1,639,525	2,856,517	55,004	521,013	188,635	5,260,694
Accrued interest and dividends	267,572	158,439	829	63,697	19,769	510,306
Other receivables	11	—	—	—	—	11
Total receivables	2,934,177	3,633,072	137,017	840,998	237,528	7,782,792
Investments:						
Short-term investments	2,673,869	3,945,043	215,612	2,354,399	723,852	9,912,775
Debt securities	12,231,677	15,495,329	861,891	7,622,814	2,606,064	38,817,775
Equity securities	18,188,567	32,713,127	784,214	6,668,018	1,943,618	60,297,544
Alternative investments	9,824,907	6,002,260	385,819	5,770,380	1,887,226	23,870,592
Collective trust funds:						
Debt securities	3,258,890	3,456,238	249,171	1,838,110	827,186	9,629,595
Domestic equity	—	—	1,432,065	5,940,312	1,951,729	9,324,106
International equity	9,501,921	11,615,671	969,838	6,030,187	2,161,547	30,279,164
Collateral from securities lending transactions	4,789,313	2,438,758	331,742	2,792,751	836,325	11,188,889
Total investments	60,469,144	75,666,426	5,230,352	39,016,971	12,937,547	193,320,440
Other assets	140,813	3,681	106,257	14,879	5,596	271,226
Total assets	63,588,430	79,329,169	5,489,891	39,925,168	13,201,439	201,534,097
LIABILITIES:						
Accounts payable and accrued liabilities	142,088	481,746	6,199	233,964	74,829	938,826
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	—	83,901	—	—	85,655
Total liabilities	8,559,400	7,740.922	524,523	4,766,639	1,553,260	23,144,744
NET POSITION:						
Restricted for benefits to be provided by QPPs	54,889,324	44,254,665	3,454,009	32,355,973	10,815,330	145,769,301
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	1,511,359	—	—	28,844,941
Total net position	$55,029,030	$71,588,247	$4,965,368	$35,158,529	$11,648,179	$178,389,353

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

** Investment categories include fixed return fund and variable funds of the QPPs.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(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	$ 485,508	$ 891,262	$ 116,040	$ 249,921	$ 116,619	$ 1,859,350
Employer contributions	3,365,454	3,702,569	265,532	2,393,940	1,054,478	10,781,973
Other employer contributions	—	58,145	—	—	—	58,145
Total contributions	3,850,962	4,651,976	381,572	2,643,861	1,171,097	12,699,468
Investment income:						
Interest income	692,957	893,691	48,122	433,009	145,206	2,212,985
Dividend income	836,490	1,024,591	57,316	484,994	157,675	2,561,066
Net (depreciation) appreciation in fair value of investments	(174,204)	(780,798)	71,243	(379,436)	(59,872)	(1,323,067)
Investment expenses	(212,996)	(209,423)	(14,998)	(156,771)	(46,321)	(640,509)
Investment income, net	1,142,247	928,061	161,683	381,796	196,688	2,810,475
Securities lending transactions:						
Securities lending income.	31,719	22,796	3,763	23,249	6,862	88,389
Securities lending fees	(2,062)	(1,785)	(253)	(1,511)	(446)	(6,057)
Net securities lending income	29,657	21,011	3,510	21,738	6,416	82,332
Other	2,928	1,233	(161,040)	6,756	43,673	(106,450)
Total additions	5,025,794	5,602,281	385,725	3,054,151	1,417,874	15,485,825
DEDUCTIONS:						
Benefit payments and withdrawals	4,496,180	5,024,644	290,916	2,882,223	1,358,431	14,052,394
Administrative expenses	56,683	91,999	13,668	18,478	—	180,828
Other	7,440	—	—	—	—	7,440
Total deductions	4,560,303	5,116,643	304,584	2,900,701	1,358,431	14,240,662
Net increase in net position	465,491	485,638	81,141	153,450	59,443	1,245,163
NET POSITION:						
Restricted for benefits:						
Beginning of year	55,029,030	71,588,247	4,965,368	35,158,529	11,648,179	178,389,353
End of year	$55,494,521	$72,073,885	$5,046,509	$35,311,979	$11,707,622	$179,634,516

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

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

	New York City Employees' Retirement System	Teachers' Retirement System	Board of Education Retirement System	New York City Police Pension Funds	New York City Fire Pension Funds	Total
ADDITIONS:						
Contributions:						
Member contributions	$ 467,129	$ 821,191	$ 114,454	$ 241,102	$ 108,582	$ 1,752,458
Employer contributions	3,160,258	3,270,007	258,099	2,309,619	988,784	9,986,767
Other employer contributions	—	55,521	—	—	—	55,521
Total contributions	3,627,387	4,146,719	372,553	2,550,721	1,097,366	11,794,746
Investment income:						
Interest income	635,757	791,153	40,009	402,092	122,774	1,991,785
Dividend income	795,259	1,016,098	51,814	730,243	239,028	2,832,442
Net (depreciation) appreciation in fair value of investments	(50,658)	422,297	116,300	139,762	3,386	631,087
Investment expenses	(231,760)	(205,719)	(10,851)	(192,509)	(68,027)	(708,866)
Investment income, net	1,148,598	2,023,829	197,272	1,079,588	297,161	4,746,448
Securities lending transactions:						
Securities lending income	28,196	25,524	3,050	19,927	5,781	82,478
Securities lending fees	(1,685)	(1,792)	(206)	(1,295)	(375)	(5,353)
Net securities lending income	26,511	23,732	2,844	18,632	5,406	77,125
Other	4,140	329	(47,573)	4,616	41,201	2,713
Total additions	4,806,636	6,194,609	525,096	3,653,557	1,441,134	16,621,032
DEDUCTIONS:						
Benefit payments and withdrawals	4,325,756	4,885,617	262,466	2,749,775	1,219,890	13,443,504
Administrative expenses	54,635	84,174	13,989	17,903	—	170,701
Other	7,142	—	—	—	—	7,142
Total deductions	4,387,533	4,969,791	276,455	2,767,678	1,219,890	13,621,347
Net increase in net position	419,103	1,224,818	248,641	885,879	221,244	2,999,685
NET POSITION:						
Restricted for benefits:						
Beginning of year	54,609,927	70,363,429	4,716,727	34,272,650	11,426,935	175,389,668
End of year	$55,029,030	$71,588,247	$4,965,368	$35,158,529	$11,648,179	$178,389,353

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK
PENSION TRUST FUNDS*
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(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	$ 165,685	$ 29	$ 40	$ 30	$ 44	$ 213	$ —	$ 166,041
Receivables:								
Member loans	1,081,783	—	—	—	—	—	—	1,081,783
Investment securities sold	1,413,529	—	—	—	—	—	—	1,413,529
Accrued interest and dividends	280,740	—	—	—	—	25	—	280,765
Other receivables.	—	—	—	—	—	11	—	11
Transferrable earnings due from QPP to VSFs	—	—	—	—	—	3,000	(3,000)	—
Total receivables	2,776,052	—	—	—	—	3,036	(3,000)	2,776,088
Investments:								
Short-term investments	1,571,207	—	—	—	—	43,693	—	1,614,900
Debt securities	11,446,576	—	—	—	—	—	—	11,446,576
Equity securities	18,523,033	—	—	—	—	—	—	18,523,033
Alternative investments	9,873,044	—	—	—	—	—	—	9,873,044
Collective trust funds:								
Debt securities	4,078,137	—	—	—	—	—	—	4,078,137
International equity	9,220,895	—	—	—	—	—	—	9,220,895
Collateral from securities lending transactions	5,267,092	—	—	—	—	—	—	5,267,092
Total investments	59,979,984	—	—	—	—	43,693	—	60,023,677
Due from QPP	—	1,967	1,448	991	1,318	—	(5,724)	—
Other assets	84,632	—	—	—	—	—	—	84,632
Total assets	63,006,353	1,996	1,488	1,021	1,362	46,942	(8,724)	63,050,438
LIABILITIES:								
Accounts payable and accrued liabilities	177,887	22	—	—	—	—	—	177,909
Payable for investment securities purchased	1,794,940	—	—	—	—	—	—	1,794,940
Accrued benefits payable	266,616	1,974	1,488	1,021	1,362	41,925	—	314,386
Transferrable earnings due from QPP to VSFs	3,000	—	—	—	—	—	(3,000)	—
Due to VSFs	5,724	—	—	—	—	—	(5,724)	—
Securities lending transactions	5,267,092	—	—	—	—	—	—	5,267,092
Other liabilities	1,590	—	—	—	—	—	—	1,590
Total liabilities	7,516,849	1,996	1,488	1,021	1,362	41,925	(8,724)	7,555,917
NET POSITION:								
Restricted for benefits to be provided by QPP	55,489,504	—	—	—	—	—	—	55,489,504
Restricted for benefits to be provided by VSFs	—	—	—	—	—	5,017	—	5,017
Total net position	$55,489,504	$ —	$ —	$ —	$ —	$ 5,017	$ —	$55,494,521

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK
PENSION TRUST FUNDS*
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2015
(in thousands)

	NYCERS Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)					Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF		
ASSETS:								
Cash and cash equivalents	$ 40,548	$ 16	$ 33	$ 30	$ 38	$ 3,631	$ —	$ 44,296
Receivables:								
Member loans	1,027,069	—	—	—	—	—	—	1,027,069
Investment securities sold	1,639,525	—	—	—	—	—	—	1,639,525
Accrued interest and dividends	267,570	—	—	—	—	2	—	267,572
Other receivables	—	—	—	—	1	10	—	11
Transferrable earnings due from QPP to VSFs	—	—	—	—	—	49,000	(49,000)	—
Total receivables	2,934,164	—	—	—	1	49,012	(49,000)	2,934,177
Investments:								
Short-term investments	2,547,113	—	—	—	—	126,756	—	2,673,869
Debt securities	12,231,677	—	—	—	—	—	—	12,231,677
Equity securities	18,188,567	—	—	—	—	—	—	18,188,567
Alternative investments	9,824,907	—	—	—	—	—	—	9,824,907
Collective trust funds:								
Debt securities	3,258,890	—	—	—	—	—	—	3,258,890
International equity	9,501,921	—	—	—	—	—	—	9,501,921
Collateral from securities lending transactions	4,789,313	—	—	—	—	—	—	4,789,313
Total investments	60,342,388	—	—	—	—	126,756	—	60,469,144
Due from QPP	—	2,019	1,530	1,044	1,354	—	(5,947)	—
Other assets	140,813	—	—	—	—	—	—	140,813
Total assets	63,457,913	2,035	1,563	1,074	1,393	179,399	(54,947)	63,588,430
LIABILITIES:								
Accounts payable and accrued liabilities	142,067	21	—	—	—	—	—	142,088
Payable for investment securities purchased	3,368,991	—	—	—	—	—	—	3,368,991
Accrued benefits payable	211,517	2,014	1,563	1,074	1,393	39,693	—	257,254
Transferrable earnings due from QPP to VSFs	49,000	—	—	—	—	—	(49,000)	—
Due to VSFs	5,947	—	—	—	—	—	(5,947)	—
Securities lending transactions	4,789,313	—	—	—	—	—	—	4,789,313
Other liabilities	1,754	—	—	—	—	—	—	1,754
Total liabilities	8,568,589	2,035	1,563	1,074	1,393	39,693	(54,947)	8,559,400
NET POSITION:								
Restricted for benefits to be provided by QPP	54,889,324	—	—	—	—	—	—	54,889,324
Restricted for benefits to be provided by VSFs	—	—	—	—	—	139,706	—	139,706
Total net position	$54,889,324	$ —	$ —	$ —	$ —	$139,706	$ —	$55,029,030

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK
PENSION TRUST FUNDS*
NEW YORK CITY EMPLOYEES' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	NYCERS Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)					Eliminations	Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF		
ADDITIONS:								
Contributions:								
Member contributions	$ 485,508	$ —	$ —	$ —	$ —	$ —	$ —	$ 485,508
Employer contributions	3,365,454	—	—	—	—	—	—	3,365,454
Total contributions	3,850,962	—	—	—	—	—	—	3,850,962
Investment income:								
Interest income	692,773	—	—	—	—	184	—	692,957
Dividend income	836,490	—	—	—	—	—	—	836,490
Net depreciation in fair value of investments	(174,204)	—	—	—	—	—	—	(174,204)
Investment expenses	(212,996)	—	—	—	—	—	—	(212,996)
Investment income, net	1,142,063	—	—	—	—	184	—	1,142,247
Securities lending transactions:								
Securities lending income	31,719	—	—	—	—	—	—	31,719
Securities lending fees	(2,062)	—	—	—	—	—	—	(2,062)
Net securities lending income	29,657	—	—	—	—	—	—	29,657
Payments from QPP	—	3,945	2,964	1,968	2,648	—	(11,525)	—
Transferrable earnings due from QPP to VSFs	—	—	—	—	—	(52,724)	52,724	—
Other	2,928	—	—	—	—	—	—	2,928
Total additions	5,025,610	3,945	2,964	1,968	2,648	(52,540)	41,199	5,025,794
DEDUCTIONS:								
Benefit payments and withdrawals	4,402,506	3,945	2,964	1,968	2,648	82,149	—	4,496,180
Payments to VSFs	11,525	—	—	—	—	—	(11,525)	—
Transferrable earnings due from QPP to VSFs	(52,724)	—	—	—	—	—	52,724	—
Administrative expenses	56,683	—	—	—	—	—	—	56,683
Other	7,440	—	—	—	—	—	—	7,440
Total deductions	4,425,430	3,945	2,964	1,968	2,648	82,149	41,199	4,560,303
Net increase (decrease) in net position	600,180	—	—	—	—	(134,689)	—	465,491
NET POSITION:								
Restricted for benefits:								
Beginning of year	54,889,324	—	—	—	—	139,706	—	55,029,030
End of year	$55,489,504	$ —	$ —	$ —	$ —	$ 5,017	$ —	$55,494,521

* 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)						Total New York City Employees' Retirement System
		TPOVSF	TPSOVSF	HPOVSF	HPSOVSF	COVSF	Eliminations	
Additions:								
Contributions:								
Member contributions	$ 467,129	$ —	$ —	$ —	$ —	$ —	$ —	$ 467,129
Employer contributions	3,160,258	—	—	—	—	—	—	3,160,258
Total contributions	3,627,387	—	—	—	—	—	—	3,627,387
Investment income:								
Interest income	635,747	—	—	—	—	10	—	635,757
Dividend income	795,259	—	—	—	—	—	—	795,259
Net depreciation in fair value of investments	(50,658)	—	—	—	—	—	—	(50,658)
Investment expenses	(231,760)	—	—	—	—	—	—	(231,760)
Investment income, net	1,148,588	—	—	—	—	10	—	1,148,598
Securities lending transactions:								
Securities lending income	28,196	—	—	—	—	—	—	28,196
Securities lending fees	(1,685)	—	—	—	—	—	—	(1,685)
Net securities lending income	26,511	—	—	—	—	—	—	26,511
Payments from QPP	—	4,040	3,080	2,100	2,686	12	(11,918)	—
Transferrable earnings due from QPP to VSFs	—	—	—	—	—	30,000	(30,000)	—
Other	4,140	—	—	—	—	—	—	4,140
Total additions	4,806,626	4,040	3,080	2,100	2,686	30,022	(41,918)	4,806,636
Deductions:								
Benefit payments and withdrawals	4,235,565	4,040	3,080	2,100	2,686	78,285	—	4,325,756
Payments to VSFs	11,918	—	—	—	—	—	(11,918)	—
Transferrable earnings due from QPP to VSFs	30,000	—	—	—	—	—	(30,000)	—
Administrative expenses	54,635	—	—	—	—	—	—	54,635
Other	7,142	—	—	—	—	—	—	7,142
Total deductions	4,339,260	4,040	3,080	2,100	2,686	78,285	(41,918)	4,387,533
Net increase (decrease) in net position	467,366	—	—	—	—	(48,263)	—	419,103
Net Position:								
Restricted for benefits:								
Beginning of year	54,421,958	—	—	—	—	187,969	—	54,609,927
End of year	$54,889,324	$ —	$ —	$ —	$ —	$139,706	$ —	$55,029,030

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Eliminations	Total Teachers' Retirement System
ASSETS:				
Cash and cash equivalents	$ 5,157	$ 4,699	$ —	$ 9,856
Receivables:				
Member loans	275,704	367,864	—	643,568
Investment securities sold	1,772,521	29,686	—	1,802,207
Accrued interest and dividends	151,330	13,282	—	164,612
Total receivables	2,199,555	410,832	—	2,610,387
Investments:				
Fixed return funds:				
Short-term investments	2,179,314	—	—	2,179,314
Debt securities	14,655,009	—	—	14,655,009
Equity securities	22,284,584	—	—	22,284,584
Alternative investments	6,872,850	—	—	6,872,850
Collective trust funds:				
International equity	11,507,149	—	—	11,507,149
Debt securities	4,576,038	—	—	4,576,038
Collateral from securities lending transactions	1,774,456	—	—	1,774,456
Variable Funds:				
Short-term investments	30,113	105,032	—	135,145
Debt securities	74,934	466,945	—	541,879
Equity securities	2,226,196	7,374,677	—	9,600,873
Collateral from securities lending transactions	84,226	282,602	—	366,828
Total investments	66,264,869	8,229,256	—	74,494,125
Investment in fixed return funds	—	20,292,733	(20,292,733)	—
Other assets	49,873	13,429	(21,022)	42,280
Total assets	68,519,454	28,950,949	(20,313,755)	77,156,648
LIABILITIES:				
Accounts payable and accrued liabilities	417,408	103,283	(21,022)	499,669
Payable for investment securities purchased	2,308,523	29,597	—	2,338,120
Accrued benefits payable	12,563	91,127	—	103,690
Due to TDA fixed return funds	20,292,733	—	(20,292,733)	—
Securities lending transactions	1,858,682	282,602	—	2,141,284
Total liabilities	24,889,909	506,609	(20,313,755)	5,082,763
NET POSITION:				
Restricted for benefits to be provided by QPP	43,629,545	—	—	43,629,545
Restricted for benefits to be provided by TDA Program	—	28,444,340	—	28,444,340
Total net position	$43,629,545	$28,444,340	$ —	$72,073,885

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2015
(in thousands)

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Eliminations	Total Teachers' Retirement System
ASSETS:				
Cash and cash equivalents	$ 22,674	$ 3,316	$ —	$ 25,990
Receivables:				
Member loans	257,043	361,073	—	618,116
Investment securities sold	2,766,976	89,541	—	2,856,517
Accrued interest and dividends	145,968	12,471	—	158,439
Total receivables	3,169,987	463,085	—	3,633,072
Investments:				
Fixed return funds:				
Short-term investments	3,804,020	—	—	3,804,020
Debt securities	14,936,440	—	—	14,936,440
Equity securities	21,988,143	—	—	21,988,143
Alternative investments	6,002,260	—	—	6,002,260
Collective trust funds:				
International equity	11,615,671	—	—	11,615,671
Debt securities	3,456,238	—	—	3,456,238
Collateral from securities lending transactions	1,663,710	—	—	1,663,710
Variable Funds:				
Short-term investments	34,767	106,256	—	141,023
Debt securities	97,139	461,750	—	558,889
Equity securities	2,822,011	7,902,973	—	10,724,984
Collateral from securities lending transactions	200,213	574,835	—	775,048
Total investments	66,620,612	9,045,814	—	75,666,426
Investment in fixed return funds	—	18,699,332	(18,699,332)	—
Other assets	27,855	3,725	(27,899)	3,681
Total assets	69,841,128	28,215,272	(18,727,231)	79,329,169
LIABILITIES:				
Accounts payable and accrued liabilities	391,945	117,700	(27,899)	481,746
Payable for investment securities purchased	4,616,284	93,595	—	4,709,879
Accrued benefits payable	14,979	95,560	—	110,539
Due to TDA program fixed return funds	18,699,332	—	(18,699,332)	—
Securities lending transactions	1,863,923	574,835	—	2,438,758
Total liabilities	25,586,463	881,690	(18,727,231)	7,740,922
NET POSITION:				
Restricted for benefits to be provided by QPP	44,254,665	—	—	44,254,665
Restricted for benefits to be provided by TDA program	—	27,333,582	—	27,333,582
Total net position	$44,254,665	$27,333,582	$ —	$71,588,247

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Total Teachers' Retirement System
ADDITIONS:			
Contributions:			
Member contributions	$ 173,696	$ 717,566	$ 891,262
Employer contributions	3,702,569	—	3,702,569
Other employer contributions	58,145	—	58,145
Total contributions	3,934,410	717,566	4,651,976
Investment income:			
Interest income	860,222	33,469	893,691
Dividend income	896,208	128,383	1,024,591
Net depreciation in fair value of investments	(598,443)	(182,355)	(780,798)
Investment expenses	(215,068)	5,645	(209,423)
Investment income (loss), net	942,919	(14,858)	928,061
Securities lending transactions:			
Securities lending income	18,742	4,054	22,796
Securities lending fees	(1,395)	(390)	(1,785)
Net securities lending income	17,347	3,664	21,011
Other	1,233	—	1,233
Total additions	4,895,909	706,372	5,602,281
DEDUCTIONS:			
Benefit payments and withdrawals	4,107,455	917,189	5,024,644
Administrative expenses	59,367	32,632	91,999
Interest on TDA Program fixed return funds	1,354,207	(1,354,207)	—
Total deductions	5,521,029	(404,386)	5,116,643
Net (decrease) increase in net position	(625,120)	1,110,758	485,638
NET POSITION:			
Restricted for benefits:			
Beginning of year	44,254,665	27,333,582	71,588,247
End of year	$43,629,545	$28,444,340	$72,073,885

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
TEACHERS' RETIREMENT SYSTEM
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

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

	TRS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Total Teachers' Retirement System
ADDITIONS:			
Contributions:			
Member contributions	$ 158,590	$ 662,601	$ 821,191
Employer contributions	3,270,007	—	3,270,007
Other employer contributions	55,521	—	55,521
Total contributions	3,484,118	662,601	4,146,719
Investment income:			
Interest income	758,526	32,627	791,153
Dividend income	889,231	126,867	1,016,098
Net appreciation in fair value of investments	146,833	275,464	422,297
Investment expenses	(202,961)	(2,758)	(205,719)
Investment income, net	1,591,629	432,200	2,023,829
Securities lending transactions:			
Securities lending income	21,713	3,811	25,524
Securities lending fees	(1,413)	(379)	(1,792)
Net securities lending income	20,300	3,432	23,732
Interest on TDA program fixed return funds	(1,248,988)	1,248,988	—
Other	329	—	329
Total additions	3,847,388	2,347,221	6,194,609
DEDUCTIONS:			
Benefit payments and withdrawals	4,024,272	861,345	4,885,617
Administrative expenses	58,391	25,783	84,174
Total deductions	4,082,663	887,128	4,969,791
Net (decrease) increase in net position	(235,275)	1,460,093	1,224,818
NET POSITION:			
Restricted for benefits:			
Beginning of year	44,489,940	25,873,489	70,363,429
End of year	$44,254,665	$27,333,582	$71,588,247

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
BOARD OF EDUCATION RETIREMENT SYSTEM
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

	BERS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Eliminations	Total Board of Education Retirement System
ASSETS:				
Cash and cash equivalents	$ 327	$ 205	$ —	$ 532
Receivables:				
Member loans	46,748	38,921	—	85,669
Investment securities sold	119,062	908	—	119,970
Accrued interest and dividends	247	626	—	873
Other receivables	3	—	—	3
Total receivables	166,060	40,455	—	206,515
Investments:				
Fixed return funds:				
Short-term investments	107,821	—	—	107,821
Debt securities	879,762	—	—	879,762
Equity securities	291,144	—	—	291,144
Alternative investments	506,922	—	—	506,922
Collective trust funds:				
Debt securities	354,248	—	—	354,248
Domestic equity	1,401,665	—	—	1,401,665
International equity	942,911	—	—	942,911
Collateral from securities lending transactions	476,001	—	—	476,001
Variable funds:				
Short-term investments	571	5,508	—	6,079
Debt securities	976	9,414	—	10,390
Equity securities	40,953	394,854	—	435,807
Collateral from securities lending transactions	1,622	15,642	—	17,264
Total investments	5,004,596	425,418	—	5,430,014
Investment in fixed return funds	—	1,283,481	(1,283,481)	—
Other assets	124,031	—	—	124,031
Total assets	5,295,014	1,749,559	(1,283,481)	5,761,092
LIABILITIES:				
Accounts payable and accrued liabilities	6,907	—	—	6,907
Payable for investment securities purchased	103,213	902	—	104,115
Accrued benefits payable	7,357	6,783	—	14,140
Due to TDA Program fixed return funds	1,283,481	—	(1,283,481)	—
Securities lending transactions	477,623	15,642	—	493,265
Other liabilities	—	96,156		96,156
Total liabilities	1,878,581	119,483	(1,283,481)	714,583
NET POSITION:				
Restricted for benefits to be provided by QPP	3,416,433	—	—	3,416,433
Restricted for benefits to be provided by TDA Program	—	1,630,076	—	1,630,076
Total net position	$3,416,433	$1,630,076	$ —	$5,046,509

* 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	$ 16,143	$ 122	$ —	$ 16,265
Receivables:				
Member loans	44,675	36,509	—	81,184
Investment securities sold	50,839	4,165	—	55,004
Accrued interest and dividends	239	590	—	829
Total receivables	95,753	41,264	—	137,017
Investments:				
Fixed return funds:				
Short-term investments	210,042	—	—	210,042
Debt securities	851,577	—	—	851,577
Equity securities	334,325	—	—	334,325
Alternative investments	385,819	—	—	385,819
Collective trust funds:				
Debt securities	249,171	—	—	249,171
Domestic equity	1,432,065	—	—	1,432,065
International equity	969,838	—	—	969,838
Collateral from securities lending transactions	298,872	—	—	298,872
Variable funds:				
Short-term investments	553	5,017	—	5,570
Debt securities	1,024	9,290	—	10,314
Equity securities	44,666	405,223	—	449,889
Collateral from securities lending transactions	3,263	29,607	—	32,870
Total investments	4,781,215	449,137	—	5,230,352
Investment in fixed return funds	—	1,144,817	(1,144,817)	—
Other assets	106,257	—	—	106,257
Total assets	4,999,368	1,635,340	(1,144,817)	5,489,891
LIABILITIES:				
Accounts payable and accrued liabilities	6,199	—	—	6,199
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	1,144,817	—	(1,144,817)	—
Securities lending transactions	302,135	29,607	—	331,742
Other liabilities	—	83,901	—	83,901
Total liabilities	1,545,359	123,981	(1,144,817)	524,523
NET POSITION:				
Restricted for benefits to be provided by QPP	3,454,009	—	—	3,454,009
Restricted for benefits to be provided by TDA Program	—	1,511,359	—	1,511,359
Total net position	$3,454,009	$1,511,359	$ —	$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, 2016
(in thousands)

	BERS Qualified Pension Plan (QPP)	Tax-Deferred Annuity Program (TDA)	Total Board of Education Retirement System
ADDITIONS:			
Contributions:			
Member contributions	$ 38,581	$ 77,459	$ 116,040
Employer contributions	265,532	—	265,532
Total contributions	304,113	77,459	381,572
Investment income:			
Interest income	44,782	3,340	48,122
Dividend income	51,328	5,988	57,316
Net appreciation (depreciation) in fair value of investments	79,014	(7,771)	71,243
Investment expenses	(14,296)	(702)	(14,998)
Investment income, net	160,828	855	161,683
Securities lending transactions:			
Securities lending income	3,547	216	3,763
Securities lending fees	(231)	(22)	(253)
Net securities lending income	3,316	194	3,510
Interest on TDA Program fixed return funds	(94,789)	94,789	—
Other receipts from other retirement systems	(157,499)	(3,541)	(161,040)
Total additions	215,969	169,756	385,725
DEDUCTIONS:			
Benefit payments and withdrawals	240,727	50,189	290,916
Administrative expenses	12,818	850	13,668
Total deductions	253,545	51,039	304,584
Net (decrease) increase in net position	(37,576)	118,717	81,141
NET POSITION:			
Restricted for benefits:			
Beginning of year	3,454,009	1,511,359	4,965,368
End of year	$3,416,433	$1,630,076	$5,046,509

* 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	(85,104)	85,104	—
Other receipts from other retirement systems	(52,021)	4,448	(47,573)
Total additions	337,704	187,392	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	103,504	145,137	248,641
NET POSITION:			
Restricted for benefits:			
Beginning of year	3,279,265	1,437,462	4,716,727
Prior year adjustment	71,240	(71,240)	—
Beginning of year balance restated	3,350,505	1,366,222	4,716,727
End of year	$3,454,009	$1,511,359	$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*
NEW YORK CITY POLICE PENSION FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

	POLICE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs) POVSF	PSOVSF	Eliminations	Total New York City Police Pension Funds
ASSETS:					
Cash and cash equivalents	$ 116,153	$ 1,851	$ 863	$ —	$ 118,867
Receivables:					
Member loans	251,861	—	—	—	251,861
Investment securities sold	575,823	65,948	26,453	—	668,224
Transferrable earnings due to/from QPP to VSFs	326,195	330,000	260,000	(916,195)	—
Accrued interest and dividends	66,102	2,317	804	—	69,223
Total receivables	1,219,981	398,265	287,257	(916,195)	989,308
Investments:					
Short-term investments	832,596	21,064	4,206	—	857,866
Debt securities	6,870,189	322,512	119,780	—	7,312,481
Equity securities	6,180,793	612,597	—	—	6,793,390
Alternative investments	6,382,258	—	—	—	6,382,258
Collective trust funds:					
Debt securities	2,462,140	—	—	—	2,462,140
Domestic equity	5,803,115	—	210,014	—	6,013,129
International equity	5,402,281	338,978	114,821	—	5,856,080
Collateral from securities lending transactions	2,945,709	97,014	35,508	—	3,078,231
Total investments	36,879,081	1,392,165	484,329	—	38,755,575
Other assets	16,104	—	—	—	16,104
Total assets	38,231,319	1,792,281	772,449	(916,195)	39,879,854
LIABILITIES:					
Accounts payable and accrued liabilities	260,836	12,289	6,273	—	279,398
Payable for investment securities purchased	837,047	48,023	19,764	—	904,834
Accrued benefits payable	115,117	76,586	113,709	—	305,412
Transferrable earnings due from/to QPP to VSFs	590,000	250,751	75,444	(916,195)	—
Securities lending transactions	2,945,709	97,014	35,508	—	3,078,231
Total liabilities	4,748,709	484,663	250,698	(916,195)	4,567,875
NET POSITION:					
Restricted for benefits to be provided by QPP	33,482,610	—	—	—	33,482,610
Restricted for benefits to be provided by VSFs	—	1,307,618	521,751	—	1,829,369
Total net position	$33,482,610	$1,307,618	$521,751	$ —	$35,311,979

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY POLICE PENSION FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2015
(in thousands)

	POLICE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)		Eliminations	Total New York City Police Pension Funds
		POVSF	PSOVSF		
ASSETS:					
Cash and cash equivalents	$ 48,152	$ 3,027	$ 1,141	$ —	$ 52,320
Receivables:					
Member loans	256,288	—	—	—	256,288
Investment securities sold	461,115	46,598	13,300	—	521,013
Transferrable earnings due from QPP to VSFs	—	459,000	362,000	(821,000)	—
Accrued interest and dividends	60,370	2,299	1,028	—	63,697
Total receivables	777,773	507,897	376,328	(821,000)	840,998
Investments:					
Short-term investments	2,272,902	41,182	40,315	—	2,354,399
Debt securities	7,074,891	371,413	176,510	—	7,622,814
Equity securities	6,668,018	—	—	—	6,668,018
Alternative investments	5,770,380	—	—	—	5,770,380
Collective trust funds:					
Debt securities	1,838,110	—	—	—	1,838,110
Domestic equity	4,989,666	642,058	308,588	—	5,940,312
International equity	5,411,168	430,625	188,394	—	6,030,187
Collateral from securities lending transactions	2,678,845	70,156	43,750	—	2,792,751
Total investments	36,703,980	1,555,434	757,557	—	39,016,971
Other assets	14,879	—	—	—	14,879
Total assets	37,544,784	2,066,358	1,135,026	(821,000)	39,925,168
LIABILITIES:					
Accounts payable and accrued liabilities	233,964	—	—	—	233,964
Payable for investment securities purchased	1,347,025	72,623	25,776	—	1,445,424
Accrued benefits payable	107,977	75,645	110,878	—	294,500
Transferrable earnings due from QPP to VSFs	821,000	—	—	(821,000)	—
Securities lending transactions	2,678,845	70,156	43,750	—	2,792,751
Total liabilities	5,188,811	218,424	180,404	(821,000)	4,766,639
NET POSITION:					
Restricted for benefits to be provided by QPP	32,355,973	—	—	—	32,355,973
Restricted for benefits to be provided by VSFs	—	1,847,934	954,622	—	2,802,556
Total net position	$32,355,973	$1,847,934	$ 954,622	$ —	$35,158,529

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY POLICE PENSION FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	POLICE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs)		Eliminations	Total New York City Police Pension Funds
		POVSF	PSOVSF		
Additions:					
Contributions:					
Member contributions	$ 249,921	$ —	$ —	$ —	$ 249,921
Employer contributions	2,393,940	—	—	—	2,393,940
Total contributions	2,643,861	—	—	—	2,643,861
Investment income:					
Interest income	416,038	11,930	5,041	—	433,009
Dividend income	449,480	25,507	10,007	—	484,994
Net depreciation in fair value of investments	(85,518)	(170,921)	(122,997)	—	(379,436)
Investment expenses	(156,155)	(437)	(179)	—	(156,771)
Investment income (loss), net	623,845	(133,921)	(108,128)	—	381,796
Securities lending transactions:					
Securities lending income	21,896	967	386	—	23,249
Securities lending fees	(1,423)	(63)	(25)	—	(1,511)
Net securities lending income	20,473	904	361	—	21,738
Transferrable earnings due from QPP to VSFs	326,195	—	—	(326,195)	—
Other	6,479	147	130	—	6,756
Total additions	3,620,853	(132,870)	(107,637)	(326,195)	3,054,151
Deductions:					
Benefit payments and withdrawals	2,475,738	156,695	249,790	—	2,882,223
Transferrable earnings due from QPP to VSFs	—	250,751	75,444	(326,195)	—
Administrative expenses	18,478	—	—	—	18,478
Total deductions	2,494,216	407,446	325,234	(326,195)	2,900,701
Net increase (decrease) in net position	1,126,637	(540,316)	(432,871)	—	153,450
Net Position:					
Restricted for benefits:					
Beginning of year	32,355,973	1,847,934	954,622	—	35,158,529
End of year	$33,482,610	$1,307,618	$521,751	$ —	$35,311,979

* 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)		Eliminations	Total New York City Police Pension Funds
		POVSF	PSOVSF		
ADDITIONS:					
Contributions:					
Member contributions	$ 241,102	$ —	$ —	$ —	$ 241,102
Employer contributions	2,309,619	—	—	—	2,309,619
Total contributions	2,550,721	—	—	—	2,550,721
Investment income:					
Interest income	392,792	7,280	2,020	—	402,092
Dividend income	703,701	19,099	7,443	—	730,243
Net appreciation in fair value of investments	96,151	34,438	9,173	—	139,762
Investment expenses	(192,099)	(288)	(122)	—	(192,509)
Investment income, net	1,000,545	60,529	18,514	—	1,079,588
Securities lending transactions:					
Securities lending income	19,209	524	194	—	19,927
Securities lending fees	(1,248)	(34)	(13)	—	(1,295)
Net securities lending income	17,961	490	181	—	18,632
Payments from QPP	—	—	313	(313)	—
Transferrable earnings due from QPP to VSFs	—	330,000	260,000	(590,000)	—
Other	4,554	25	37	—	4,616
Total additions	3,573,781	391,044	279,045	(590,313)	3,653,557
DEDUCTIONS:					
Benefit payments and withdrawals	2,360,484	152,045	237,246	—	2,749,775
Payments to VSFs	313	—	—	(313)	—
Transferrable earnings due from QPP to VSFs	590,000	—	—	(590,000)	—
Administrative expenses	17,903	—	—	—	17,903
Total deductions	2,968,700	152,045	237,246	(590,313)	2,767,678
Net increase in net position	605,081	238,999	41,799	—	885,879
NET POSITION:					
Restricted for benefits:					
Beginning of year	31,750,892	1,608,935	912,823	—	34,272,650
End of year	$32,355,973	$1,847,934	$954,622	$ —	$35,158,529

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY FIRE PENSION FUNDS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

JUNE 30, 2016
(in thousands)

	FIRE Qualified Pension Plan (QPP)	Variable Supplements Funds (VSFs) FFVSF	FOVSF	Eliminations	Total New York City Fire Pension Funds
ASSETS:					
Cash and cash equivalents	$ 37,457	$ 10,740	$ 558	$ —	$ 48,755
Receivables:					
Member loans	26,917	—	—	—	26,917
Investment securities sold	153,595	12,433	11,636	—	177,664
Accrued interest and dividends	20,518	985	671	—	22,174
Transferrable earnings due from QPP to VSFs	—	59,739	29,134	(88,873)	—
Total receivables	201,030	73,157	41,441	(88,873)	226,755
Investments:					
Short-term investments	197,458	12,719	5,914	—	216,091
Debt securities	2,211,925	93,304	56,637	—	2,361,866
Equity securities	1,802,947	—	—	—	1,802,947
Alternative investments	2,117,856	—	—	—	2,117,856
Collective trust funds:					
Debt securities	1,034,765	37,279	24,134	—	1,096,178
Domestic equity	1,736,914	221,610	144,583	—	2,103,107
International equity	1,966,228	85,780	52,725	—	2,104,733
Collateral from securities lending transactions	854,211	37,719	30,551	—	922,481
Total investments	11,922,304	488,411	314,544	—	12,725,259
Other assets	6,176	—	—	—	6,176
Total assets	12,166,967	572,308	356,543	(88,873)	13,006,945
LIABILITIES:					
Accounts payable and accrued liabilities	89,435	—	2,712	—	92,147
Payable for investment securities purchased	215,792	10,514	9,008	—	235,314
Accrued benefits payable	18,893	21,225	9,263	—	49,381
Transferrable earnings due from QPP to VSFs	88,873	—	—	(88,873)	—
Securities lending transactions	854,211	37,719	30,551	—	922,481
Total liabilities	1,267,204	69,458	51,534	(88,873)	1,299,323
NET POSITION:					
Restricted for benefits to be provided by QPP	10,899,763	—	—	—	10,899,763
Restricted for benefits to be provided by VSFs	—	502,850	305,009	—	807,859
Total net position	$10,899,763	$502,850	$305,009	$ —	$11,707,622

* 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) FFVSF	FOVSF	Eliminations	Total New York City Fire Pension Funds
ASSETS:					
Cash and cash equivalents	$ 8,375	$ 11,750	$ 643	$ —	$ 20,768
Receivables:					
Member loans	29,124	—	—	—	29,124
Investment securities sold	178,385	6,383	3,867	—	188,635
Accrued interest and dividends	18,568	743	458	—	19,769
Transferrable earnings due from QPP to VSFs	—	41,000	11,000	(52,000)	—
Total receivables	226,077	48,126	15,325	(52,000)	237,528
Investments:					
Short-term investments	695,095	20,850	7,907	—	723,852
Debt securities	2,463,809	88,272	53,983	—	2,606,064
Equity securities	1,943,618	—	—	—	1,943,618
Alternative investments	1,887,226	—	—	—	1,887,226
Collective trust funds:					
Debt securities	767,331	36,331	23,524	—	827,186
Domestic equity	1,516,030	273,828	161,871	—	1,951,729
International equity	2,022,335	77,890	61,322	—	2,161,547
Collateral from securities lending transactions	795,944	22,251	18,130	—	836,325
Total investments	12,091,388	519,422	326,737	—	12,937,547
Due from QPP	—	—	15	(15)	—
Due from FFVSF	—	—	32	(32)	—
Other assets	5,596	—	—	—	5,596
Total assets	12,331,436	579,298	342,752	(52,047)	13,201,439
LIABILITIES:					
Accounts payable and accrued liabilities	74,773	—	56	—	74,829
Payable for investment securities purchased	574,447	9,941	7,639	—	592,027
Accrued benefits payable	18,927	21,630	9,522	—	50,079
Transferrable earnings due from QPP to VSFs	52,000	—	—	(52,000)	—
Due to FOVSF	15	32	—	(47)	—
Securities lending transactions	795,944	22,251	18,130	—	836,325
Total liabilities	1,516,106	53,854	35,347	(52,047)	1,553,260
NET POSITION:					
Restricted for benefits to be provided by QPP	10,815,330	—	—	—	10,815,330
Restricted for benefits to be provided by VSFs	—	525,444	307,405	—	832,849
Total net position	$10,815,330	$525,444	$307,405	$ —	$11,648,179

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

PENSION TRUST FUNDS*
NEW YORK CITY FIRE PENSION FUNDS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016
(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	$ 116,619	$ —	$ —	$ —	$ 116,619
Employer contributions	1,054,478	—	—	—	1,054,478
Total contributions	1,171,097	—	—	—	1,171,097
Investment income:					
Interest income	137,160	4,796	3,250	—	145,206
Dividend income	145,276	7,957	4,442	—	157,675
Net depreciation in fair value of investments	(44,510)	(8,428)	(6,934)	—	(59,872)
Investment expenses	(46,321)	—	—	—	(46,321)
Investment income, net	191,605	4,325	758	—	196,688
Securities lending transactions:					
Securities lending income	6,196	368	298	—	6,862
Securities lending fees	(403)	(24)	(19)	—	(446)
Net securities lending income	5,793	344	279	—	6,416
Transferrable earnings due from QPP to VSFs	—	18,739	18,134	(36,873)	—
Other	43,673	—	—	—	43,673
Total additions	1,412,168	23,408	19,171	(36,873)	1,417,874
DEDUCTIONS:					
Benefit payments and withdrawals	1,290,862	46,002	21,567	—	1,358,431
Transferrable earnings due from QPP to VSFs	36,873	—	—	(36,873)	—
Total deductions	1,327,735	46,002	21,567	(36,873)	1,358,431
Net increase (decrease) in net position	84,433	(22,594)	(2,396)	—	59,443
NET POSITION:					
Restricted for benefits:					
Beginning of year	10,815,330	525,444	307,405	—	11,648,179
End of year	$10,899,763	$502,850	$305,009	$ —	$11,707,622

* 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) FFVSF	FOVSF	Eliminations	Total New York City Fire Pension Funds
ADDITIONS:					
Contributions:					
Member contributions	$ 108,582	$ —	$ —	$ —	$ 108,582
Employer contributions	988,784	—	—	—	988,784
Total contributions	1,097,366	—	—	—	1,097,366
Investment income:					
Interest income	115,571	4,297	2,906	—	122,774
Dividend income	227,390	7,138	4,500	—	239,028
Net (depreciation) appreciation in fair value of investments	(8,490)	7,226	4,650	—	3,386
Investment expenses	(68,027)	—	—	—	(68,027)
Investment income, net	266,444	18,661	12,056	—	297,161
Securities lending transactions:					
Securities lending income	5,332	243	206	—	5,781
Securities lending fees	(346)	(16)	(13)	—	(375)
Net securities lending income	4,986	227	193	—	5,406
Transferrable earnings due from QPP to VSFs	—	30,000	10,000	(40,000)	—
Other	41,201	—	—	—	41,201
Total additions	1,409,997	48,888	22,249	(40,000)	1,441,134
DEDUCTIONS:					
Benefit payments and withdrawals	1,150,505	47,415	21,970	—	1,219,890
Transferrable earnings due from QPP to VSFs	40,000	—	—	(40,000)	—
Total deductions	1,190,505	47,415	21,970	(40,000)	1,219,890
Net increase in net position	219,492	1,473	279	—	221,244
NET POSITION:					
Restricted for benefits:					
Beginning of year	10,595,838	523,971	307,126	—	11,426,935
End of year	$10,815,330	$525,444	$307,405	$ —	$11,648,179

* Includes VSFs and TDAs, which are not pension funds or retirement systems under ACNY.

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

DECEMBER 31, 2015
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ASSETS:					
Cash and cash equivalents	$ 14,177	$ 1,174	$ 21	$ —	$ 15,372
Receivables:					
Member loans	205,085	24,277	—	—	229,362
Total receivables	205,085	24,277	—	—	229,362
Investments:					
Mutual funds	8,923,630	1,302,456	110,054	16,455	10,352,595
Guaranteed investment contracts	4,419,597	751,391	130,227	2,547	5,303,762
Total investments	13,343,227	2,053,847	240,281	19,002	15,656,357
Other assets	1,427	1,116	—	2	2,545
Total assets	13,563,916	2,080,414	240,302	19,004	15,903,636
LIABILITIES:					
Accounts payable and accrued liabilities	5,822	137	169	—	6,128
Total liabilities	5,822	137	169	—	6,128
NET POSITION:					
Restricted for other employee benefits	13,558,094	2,080,277	240,133	19,004	15,897,508
Total net position	$13,558,094	$2,080,277	$240,133	$19,004	$15,897,508

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF FIDUCIARY NET POSITION

DECEMBER 31, 2014
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ASSETS:					
Cash and cash equivalents	$ 14,089	$ 718	$ 13	$ —	$ 14,820
Receivables:					
Member loans	207,615	23,488	—	—	231,103
Total receivables	207,615	23,488	—	—	231,103
Investments:					
Mutual funds	8,879,252	1,210,934	97,555	16,826	10,204,567
Guaranteed investment contracts	4,353,060	682,009	121,666	2,519	5,159,254
Total investments	13,232,312	1,892,943	219,221	19,345	15,363,821
Other assets	1,007	1,724	—	1	2,732
Total assets	13,455,023	1,918,873	219,234	19,346	15,612,476
LIABILITIES:					
Accounts payable and accrued liabilities	5,628	474	137	—	6,239
Total liabilities	5,628	474	137	—	6,239
NET POSITION:					
Restricted for other employee benefits	13,449,395	1,918,399	219,097	19,346	15,606,237
Total net position	$13,449,395	$1,918,399	$219,097	$19,346	$15,606,237

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2015
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ADDITIONS:					
Contributions:					
Member contributions	$ 622,019	$ 226,803	$ 31,018	$ 24	$ 879,864
Total contributions	622,019	226,803	31,018	24	879,864
Investment income:					
Interest income	104,207	15,972	2,722	52	122,953
Net depreciation in fair value of investments	(64,767)	(10,966)	(940)	(109)	(76,782)
Investment expenses	(28,062)	(4,363)	(547)	(36)	(33,008)
Investment income (loss), net	11,378	643	1,235	(93)	13,163
Total additions	633,397	227,446	32,253	(69)	893,027
DEDUCTIONS:					
Benefit payments and withdrawals	512,324	63,961	11,068	271	587,624
Administrative expenses	12,374	1,607	149	2	14,132
Total deductions	524,698	65,568	11,217	273	601,756
Net increase (decrease) in net position	108,699	161,878	21,036	(342)	291,271
NET POSITION:					
Restricted for other employee benefits:					
Beginning of year	13,449,395	1,918,399	219,097	19,346	15,606,237
End of year	$13,558,094	$2,080,277	$240,133	$19,004	$15,897,508

THE CITY OF NEW YORK

OTHER EMPLOYEE BENEFIT TRUST FUNDS
DEFERRED COMPENSATION PLANS
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2014
(in thousands)

	Deferred Compensation Plans			Defined Contribution Plan	
	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan	Total
ADDITIONS:					
Contributions:					
Member contributions	$ 545,251	$ 197,072	$ 30,231	$ 715	$ 773,269
Total contributions	545,251	197,072	30,231	715	773,269
Investment income:					
Interest income	108,160	15,510	2,700	51	126,421
Net appreciation in fair value of investments	694,877	82,004	6,557	1,323	784,761
Investment expenses	(28,090)	(4,100)	(522)	(36)	(32,748)
Investment income, net	774,947	93,414	8,735	1,338	878,434
Total additions	1,320,198	290,486	38,966	2,053	1,651,703
DEDUCTIONS:					
Benefit payments and withdrawals	508,158	62,163	11,268	417	582,006
Administrative expenses	11,984	1,520	130	3	13,637
Total deductions	520,142	63,683	11,398	420	595,643
Net increase in net position	800,056	226,803	27,568	1,633	1,056,060
NET POSITION:					
Restricted for other employee benefits:					
Beginning of year	12,649,339	1,691,596	191,529	17,713	14,550,177
End of year	$13,449,395	$1,918,399	$219,097	$19,346	$15,606,237

THE CITY OF NEW YORK
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2016
(in thousands)

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
ASSETS:				
Cash and investments	$3,535,037	$2,094,708	$1,157,369	$4,472,376
LIABILITIES:				
Other	$3,535,037	$2,094,708	$1,157,369	$4,472,376

THE CITY OF NEW YORK
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

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

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

APPENDIX C

NORTON ROSE FULBRIGHT

October 3, 2017

Norton Rose Fulbright US LLP
666 Fifth Avenue, 31st Floor
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United States

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Honorable Scott M. Stringer
Comptroller
The City of New York
Municipal Building
New York, New York 10007

Dear Comptroller Stringer:

We have acted as counsel to The City of New York (the "City"), a municipal corporation of the State of New York (the "State"), in connection with the issuance by the City on the date hereof of its General Obligation Bonds, Fiscal 2018 Subseries B-1 (the "Tax Exempt Bonds"), General Obligation Bonds, Fiscal 2018 Subseries B-2, and General Obligation Bonds, Fiscal 2018 Subseries B-3 (said Subseries B-2 Bonds and Subseries B-3 Bonds, together with the Tax Exempt Bonds, the "Bonds").

The Bonds are issued pursuant to the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance of the City dated the date hereof and related proceedings. We have examined, and in expressing the opinions hereinafter described we rely upon, certificates of the City and such other agreements, documents and matters as we deem necessary to render our opinions. We have not undertaken an independent investigation of the matters described or contained in the foregoing certificates, agreements and documents. We have assumed, without undertaking to verify, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified copies, the genuineness of all signatures, the due and legal execution and delivery thereof by, and validity against, any parties other than the City, and the accuracy of the statements contained in such documents.

Based upon the foregoing and our examination of existing law, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City for the payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of ad valorem taxes, without limit as to rate or amount, for payment of the principal of and interest on the Bonds.

2. Interest on the Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

3. The City has covenanted in a tax certificate dated the date hereof to comply with certain provisions of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), relating to the exclusion from gross income of the interest on the Tax-Exempt Bonds for purposes of federal income taxation. Assuming compliance by the City with such covenants, interest on the Tax-Exempt Bonds will be excludable from the gross income of the owners thereof for federal income tax purposes.

NORTON ROSE FULBRIGHT

4. Interest on the Tax-Exempt Bonds is not an item of tax preference for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which we render no opinion, as a result of ownership of such Tax-Exempt Bonds or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

We express no opinion with respect to any other federal, state or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Furthermore, we express no opinion as to the effect on the exclusion from gross income of interest on the Tax-Exempt Bonds of any action (including without limitation a change in the interest rate mode with respect to any of the Tax-Exempt Bonds) taken or not taken after the date of this opinion without our approval. Ownership of tax-exempt obligations such as the Tax-Exempt Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, "S" corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted, to the extent constitutionally applicable, and the enforcement of related contractual and statutory covenants of the City and the State may also be subject to the exercise of the State's police powers and of judicial discretion in appropriate cases.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very truly yours,

APPENDIX D

VARIABLE RATE BONDS

Variable Rate Demand Bonds

Series	Outstanding Principal Amount	Provider	Facility Type	Expiration
1994H-3	75,700,000	State Street Bank and Trust Company	SBPA[1]	October 12, 2018
2002A-6	70,000,000	Dexia Crédit Local	SBPA	November 1, 2017[2]
2004A-2	75,000,000	Bank of America, N.A.	LOC[3]	June 29, 2018
2004A-3	100,000,000	Morgan Stanley Bank, N.A.	LOC	October 4, 2017[2]
2004A-4	25,000,000	Bank of Montreal	LOC	August 12, 2020
2004A-5	50,000,000	Bank of Montreal	LOC	August 12, 2020
2004H-1	40,300,000	The Bank of New York Mellon	LOC	October 31, 2017[2]
2004H-2	60,455,000	California Public Employees' Retirement System	LOC	October 31, 2017[2]
2004H-3	60,455,000	California Public Employees' Retirement System	LOC	October 31, 2017[2]
2004H-4	40,300,000	The Bank of New York Mellon	LOC	October 31, 2017[2]
2004H-5	26,415,000	Dexia Crédit Local	LOC	February 2, 2022
2004H-6	31,305,000	Bank of America, N.A.	LOC	February 28, 2019
2004H-8	31,335,000	Bank of America, N.A.	LOC	February 28, 2019
2006E-2	87,530,000	Bank of America, N.A.	LOC	August 1, 2019
2006E-3	87,530,000	Bank of America, N.A.	LOC	August 1, 2019
2006E-4	87,525,000	Bank of America, N.A.	LOC	August 1, 2019
2006F-3	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 17, 2021
2006F-4A	40,000,000	Sumitomo Mitsui Banking Corporation	LOC	September 17, 2021
2006F-4B	35,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	November 15, 2019
2006H-1	50,535,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2019
2006H-2	50,530,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2019
2006I-3	50,000,000	Bank of America, N.A.	LOC	May 12, 2020
2006I-4	125,000,000	TD Bank, N.A.	LOC	May 24, 2019
2006I-5	75,000,000	The Bank of New York Mellon	LOC	May 31, 2019
2006I-6	75,000,000	The Bank of New York Mellon	LOC	May 31, 2019
2006I-7	50,000,000	Bank of America, N.A.	LOC	May 12, 2020
2006I-8	50,000,000	State Street Bank and Trust Company	SBPA	July 10, 2019
2008D-3	50,000,000	Bank of Montreal	SBPA	December 3, 2019
2008D-4	50,000,000	Bank of Montreal	SBPA	December 3, 2019
2008J-3	75,000,000	Barclays Bank, PLC	SBPA	March 29, 2019
2008J-5	101,405,000	Bank of America, N.A.	SBPA	March 30, 2018
2008J-6	111,225,000	Landesbank Hessen-Thüringen Girozentrale	LOC	December 14, 2020
2008J-8	74,060,000	Sumitomo Mitsui Banking Corporation	LOC	August 2, 2021
2008J-10	100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD.	LOC	April 27, 2020
2008L-3	80,000,000	Bank of America, N.A.	LOC	April 21, 2020
2008L-4	100,000,000	US Bank, N.A.	LOC	December 20, 2017
2008L-5	145,400,000	Bank of America, N.A.	SBPA	April 20, 2018
2009B-3	100,000,000	TD Bank, N.A.	LOC	January 15, 2020
2010G-4	150,000,000	Barclays Bank, PLC	SBPA	March 29, 2019
2012A-3	25,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	December 14, 2020
2012A-4	100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD.	LOC	June 26, 2020
2012D-3A	76,665,000	California Public Employees' Retirement System	LOC	October 31, 2017

See footnotes on page D-2

Series	Outstanding Principal Amount	Provider	Facility Type	Expiration
2012G-3	300,000,000	Citibank, N.A.	LOC	March 30, 2018
2012G-4	100,000,000	Citibank, N.A.	LOC	March 30, 2018
2012G-6	200,000,000	Mizuho Bank, Ltd.	LOC	April 2, 2018
2012G-7	85,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	April 2, 2018
2013A-2	100,000,000	Mizuho Bank, Ltd.	LOC	October 15, 2018
2013A-3	100,000,000	Mizuho Bank, Ltd.	LOC	October 15, 2018
2013A-4	75,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 15, 2020
2013A-5	50,000,000	Sumitomo Mitsui Banking Corporation	LOC	October 15, 2020
2013F-3	180,000,000	Bank of America, N.A.	SBPA	March 15, 2019
2014D-3	225,000,000	JPMorgan Chase Bank, N.A.	SBPA	October 14, 2019
2014D-4	100,000,000	TD Bank, N.A.	LOC	October 16, 2018
2014D-5	75,000,000	PNC Bank, National Association	LOC	October 14, 2019
2014I-2	100,000,000	JPMorgan Chase Bank, N.A.	SBPA	March 24, 2020
2015F-4	100,000,000	Bank of Tokyo-Mitsubishi UFJ, LTD	LOC	June 15, 2018
2015F-5	100,000,000	Barclays Bank, PLC	SBPA	June 18, 2019
2015F-6	100,000,000	JPMorgan Chase Bank, N.A.	SBPA	June 18, 2018
2017A-4	200,000,000	Citibank, N.A.	LOC	August 16, 2019
2017A-5	81,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	August 17, 2021
2017A-6	50,000,000	Landesbank Hessen-Thüringen Girozentrale	SBPA	August 17, 2021
2017A-7	50,000,000	Bank of the West	LOC	August 16, 2019
	$5,334,670,000			

Index Rate Bonds(4)

Series	Outstanding Principal Amount	Step up Date
1994E-4	$ 50,000,000	none
1995F-4	50,000,000	none
2004A-6	50,250,000	April 2, 2018
2008J-4	100,000,000	April 2, 2018
2008J-11	100,000,000	April 1, 2019
2008L-6	150,000,000	June 23, 2019
2011F-3	75,000,000	December 1, 2020
2012A-5	50,000,000	June 28, 2022
2012D-3B	50,000,000	June 28, 2022
2012G-5	75,000,000	April 3, 2020
2014I-3	200,000,000	April 1, 2019
2015F-7	50,000,000	June 28, 2022
	$1,000,250,000	

Auction Rate Bonds

Series	Outstanding Principal Amount
Various	$ 634,900,000

(1) Standby Bond Purchase Agreement.

(2) Expected to be converted to the fixed rate mode on the date of delivery of the Bonds.

(3) Letter of Credit.

(4) The City's index rate bonds pay interest based on a specified index. Such bonds, other than the Series 1994E-4 and 1995F-4 Bonds, also provide for an increased rate of interest commencing on an identified step up date if such bonds are not converted or refunded.